

Annual Report 2009



Solid performance in a challenging year

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Group at a glance

Ahold is an international food retailing group based in the Netherlands. We operate leading supermarket companies in Europe and the United States. At the end of 2009, we had 2,909 stores, 206,000 employees and total sales of €28 billion.

Our supermarkets are powerful local brands with a strong focus on the customer. We offer great value, a convenient and innovative shopping experience and a wide range of products and healthy choices.

We act responsibly and are committed to serving the interests of our customers, employees, suppliers and shareholders. Our companies are actively involved in the communities we serve.

We are working to simplify and streamline our businesses to build a strong platform for future growth. Our innovative products, services and store formats ensure we stay at the forefront of consumer trends and customer needs.

Our employees are the key to our success. Their unwavering focus on caring for the customer and their commitment to providing a great shopping experience continue to set us apart and contribute to the profitable growth of our company.

European operations



U.S. operations



Group highlights

In 2009, we made good progress with our strategy for sustainable profitable growth. Highlights include:

Ahold

€27.9
BILLION

Net sales of €27.9 billion, an increase of 6.0 percent at constant exchange rates

€1.3
BILLION

Operating income of €1.3 billion, up €95 million or 7.9 percent from 2008

5.1%

Underlying retail operating income was €1.4 billion, or 5.1 percent of net sales, consistent with our mid-term target of 5 percent

€0.23

We propose a dividend of €0.23 per common share, up 28 percent compared to last year's dividend

2009
CORPORATE RESPONSIBILITY
REPORT

We have commissioned a third-party review of our corporate responsibility report for the first time

Net sales (€ million, % of group total)

Albert Heijn			
09		9,843	35.2%
08		8,972	35.0%
Albert/Hypernova			
09		1,683	6.0%
08		1,772	6.9%
Stop & Shop/Giant-Landover			
09		12,839	46.0%
08		11,666	45.5%
Giant-Carlisle			
09		3,560	12.8%
08		3,238	12.6%

Retail operating income (€ million, % of group total)

Albert Heijn			
09		654	48.1%
08		647	50.0%
Albert/Hypernova			
09		(76)	(5.6)%
08		1	0.1%
Stop & Shop/Giant-Landover			
09		625	46.0%
08		485	37.5%
Giant-Carlisle			
09		157	11.5%
08		160	12.4%

Group highlights – continued

Ahold Europe

- Albert Heijn continued the roll-out of its new supermarket format and launched a new label for responsible products, AH puur&eerlijk;
- Albert Heijn's XL store was named best supermarket in the Netherlands;
- Etos was named the best drugstore and best drugstore chain in the Netherlands;
- Gall & Gall rebranded and refreshed all of its stores by mid-2009;
- Albert/Hypernova completed the rebranding of its Hypernova stores to the Albert brand in the Czech Republic;
- Albert closed 23 underperforming stores and downsized 12 hypermarkets in the Czech Republic.

Ahold USA

- Stop & Shop/Giant-Landover:
 - Launched a new value initiative to further increase revenue and profitability;
 - Named winner of Supermarket News' Retail Excellence Award 2009;
 - Giant-Landover continued Project Refresh, bringing the total for store remodels to 65 out of approximately 100 planned for this program;
- Giant-Carlisle/Martin's:
 - Showed strong volume growth as a result of successful price improvement program;
 - Agreed to purchase 25 Ukrop's Super Markets, and opened the third Giant Super Store.

Message from our CEO



“ *In 2009, Ahold delivered solid results. Our achievements demonstrate the benefits of a consistent, customer-focused strategy.* **”**

Dear shareholders,

In 2009, Ahold delivered solid results despite the severity of the economic downturn. Our achievements demonstrate the benefits of a consistent, customer-focused strategy. We gained market share in the Netherlands and at each of our banners in the United States and improved customer satisfaction, while successfully balancing sales and margin. Our sales grew six percent and we achieved an underlying retail margin of 5.1 percent, consistent with our mid-term target of five percent. Operating income from continuing operations increased by 9.6 percent. Reflecting the confidence in our strategy, our ability to generate cash and our strong balance sheet, we will complete a €500 million share buyback program over the next 12 months and propose a 28 percent increase in our dividend.

The economic environment remains challenging for our industry. The combination of deflation, down-trading by customers and the resulting increase in competitor activity will continue to affect us all. I continue to believe the weak will get weaker and the strong stronger. As a consequence of the decisive actions we have taken in recent years and the restructuring of our businesses, we are among the strong.

We successfully completed a €500 million cost reduction program at the end of 2009 and announced a new three-year €350 million program to be delivered by the end of 2012. It is essential that we continue to reduce costs and improve efficiency so that we can invest in price, service and quality for our customers.

In Europe, Albert Heijn continued to delight customers and perform strongly. The company yet again improved its price positioning and significantly increased its market share to 32.8 percent, primarily as a result of the successful integration of the 56 former Schuitema stores acquired in 2008. The market in the Czech Republic remains challenging, reflecting the economic and competitive environment. To improve our competitive position, we completed a major repositioning program in 2009 that included streamlining and rebranding our store portfolio, substantial cost-saving initiatives, and strengthening our customer offering.

In Scandinavia, our joint venture, ICA, also performed well. ICA Sweden had a particularly strong year, increasing market share, improving margin and delivering record profits. In Norway, the turnaround program began to show results and the business returned to profit in the fourth quarter. The extreme economic environment in the Baltic region severely impacted revenues and, despite exceptional cost savings and increasing market share, the operation lost money.

In the United States, our Stop & Shop and Giant-Landover businesses performed well, driving volume growth, market share, and winning new customers. This resulted in a 24 percent increase in operating income compared to 2008. As part of our ongoing

Message from our CEO – continued

repositioning of these businesses, we launched a new Value Program in the summer to provide even greater value to our customers. The initiative involved a new customer loyalty card program, new in-store signage, and more targeted promotional activity. At Giant-Landover, we continued to see the benefits of our Project Refresh store remodeling program. 2009 was the second year of the three-year program and we remodeled another 34 stores. At Giant-Carlisle, our improved price positioning and perception resulted in strong volume growth and increased market share in a highly competitive environment. In December, we announced Giant-Carlisle's acquisition of 25 stores from Ukrop's Super Markets in Virginia and Stop & Shop recently acquired five stores in Connecticut formerly operated by Shaw's.

In November, we announced a series of changes to our European and U.S. organizations to create a strong platform for future growth. The reorganization is designed to ensure a sharper focus on local customer needs, create more efficient and effective support functions in each continent, and provide a more robust approach to business development. The changes will also further simplify and standardize processes and structure and ensure Ahold can integrate acquisitions more efficiently as it pursues its growth strategy. As a result of these changes, we named Carl Schlicker President and CEO of Ahold USA Retail and in the Netherlands appointed Sander van der Laan as General Manager for Albert Heijn.

At the Corporate Center, Lodewijk Hijmans van den Bergh joined Ahold as our new Chief Corporate Governance Counsel on December 1, 2009. He has been nominated for appointment to the Corporate Executive Board at this year's annual General Meeting of Shareholders. His predecessor, Peter Wakkie, retired at the end of the year. Peter had been a member of our executive board since 2003 and played a major role in transforming Ahold. I would like to thank him for the enormous contribution he made and wish him well for the future.

We also continued to make progress with our corporate responsibility strategy. Along with over 500 of the world's largest companies, we signed the Copenhagen Communiqué and supported the Consumer Goods Forum initiative on climate change. Locally, each of our businesses focused on activities in the community, including making donations to, and working with, food banks, non-profit organizations, governments and community groups. We also worked with national and local governments on a variety of issues. To help customers, we launched new healthy product symbols and additional products in our stores to make it easier for them to identify and choose a broader range. You can read more about our corporate responsibility strategy and our activities in our 2009 Corporate Responsibility Report.

In summary, I am pleased with our achievements in 2009. We continued to perform well, strengthen our business, increase market share, and attract new customers. Our employees – the core of our business – again made the difference with their unwavering commitment to caring for our customers. I, along with my colleagues on the Corporate Executive Board, extend our thanks and appreciation to them for their support and hard work. As we look to the year ahead, I am confident that with our strong position we will be able to take advantage of opportunities to further strengthen and grow Ahold for the benefit of our customers, employees and shareholders.

John Rishton

Chief Executive Officer

March 3, 2010

Our strategy



Ahold's strategy for sustainable profitable growth is designed to accelerate identical sales growth, improve returns, and build on our strong foundation to create value for shareholders. The strategy focuses on five areas:

- Portfolio
- Growth
- Organization
- Financial targets
- Corporate responsibility

Our portfolio

We operate food retail businesses in Europe and the United States. Our objective is to be number one or two in each market and to have clear prospects for sustainable profitable growth. In November we announced that Giant-Carlisle would acquire Ukrop's, a leading local food retailer in Richmond, Virginia, which is a new market area for Ahold. In addition, Stop & Shop announced the purchase of five former Shaw's stores in Connecticut, a move that further strengthens our market-leading position.

Growth strategy

To achieve our growth objectives, we have transformed our retail banners into powerful local consumer brands through repositioning programs that have improved the price, quality and service we provide to our customers.

Our focus remains on:

Product and service offering

All of our operating companies are improving their assortments, including their private label product lines, to give customers better value and choice. We are also making shopping easier for customers by providing more convenient products and services and by improving the customer experience with new store formats and technology.

Everyday competitive prices

We are improving everyday value for customers by investing in price and increasing our range of private label products so customers have a wider selection of price levels to choose from.

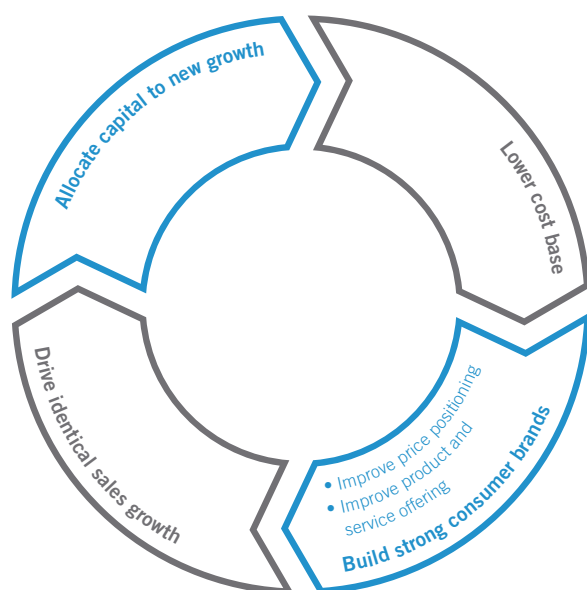
Understanding our customers

We gather and analyze detailed customer data to deepen our understanding of customer behavior. Having a clear understanding of consumer trends and customer needs enables us to see changing patterns, respond to them, and develop targeted strategies. We are able to maintain our competitive advantage by understanding and serving our customers better than the competition.

Our strategy – continued

Our business model

Our business model is a continuous cycle. We work to lower our cost base in order to invest in price, value and our product and service offering. This, in turn, drives sales, wins new customers, and allows us to allocate capital to further grow our business.



Lowering cost base

We reduce costs by simplifying all aspects of our business. We work on streamlining and standardizing processes to improve efficiency and achieve further economies of scale. We completed a three-year, €500 million cost reduction program at the end of 2009 and, to enable further investment to benefit our customers, we announced a new three-year €350 million cost reduction program (2010-2012). The program will focus on all aspects of our business, including store expenses, supply chain, and overhead. We will also deliver additional sourcing cost savings over the same period.

Building strong consumer brands

We build powerful consumer brands in each of our markets by repositioning our businesses to provide value, the right offering of products and services, and an appealing shopping experience for our customers.

Driving identical sales growth

Our brand positioning and customer offering in each of our markets increase customer loyalty, attract new customers and drive identical sales growth in our businesses.

Allocating capital to new growth

We continue to grow in existing and new markets where we can achieve an attractive return. We are improving our store formats in all of our operating companies and opening innovative new format concepts.

Our strategy – continued

Organizational structure

We operate from two continental platforms, Ahold Europe and Ahold USA, each led by a Chief Operating Officer. This structure helps us balance local, continental and global decision-making and leverage continental scale and talent effectively.

Ahold Europe is comprised of Albert Heijn, Etos and Gall & Gall in the Netherlands and Albert/Hypernova in the Czech Republic and Slovakia. In Europe, each operating company has a general manager reporting to the COO of Ahold Europe.

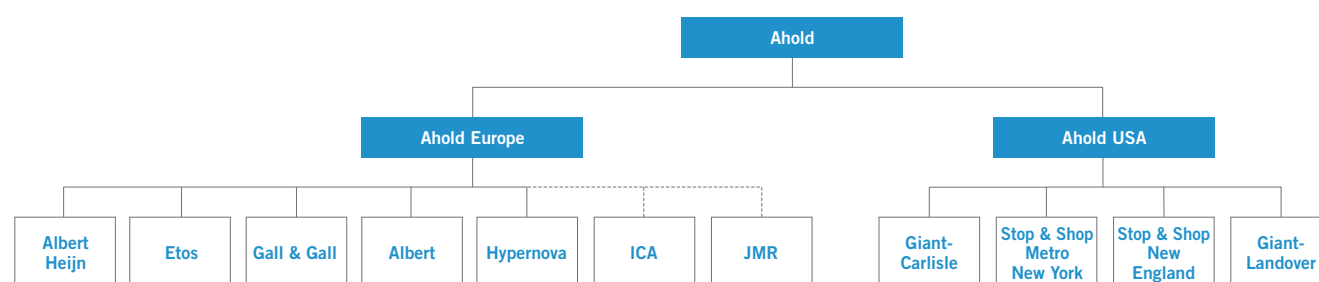
Ahold USA is organized into four retail divisions: Giant-Carlisle, Giant-Landover, Stop & Shop New England and Stop & Shop Metro New York. Each has a divisional president reporting to the CEO of Ahold USA Retail, who reports to the COO of Ahold USA.

We also hold a 60 percent interest in ICA AB (ICA), and a 49 percent interest in Jerónimo Martins Retail (JMR).

In November 2009, we announced a reorganization to further simplify and standardize processes and structures in both continents and to create a strong platform for future growth. The reorganization is designed to ensure a sharper focus on local customer needs, create more efficient and effective support functions in each continent, and provide a more robust approach to business development. The changes will also ensure the Company can integrate acquisitions more easily as it pursues its growth strategy.

Corporate Center

Ahold's headquarters are based in Amsterdam, the Netherlands. Our Corporate Center is responsible for group strategy and support functions to the business, including finance, internal audit, legal, insurance, human resources, communications, corporate responsibility and information technology. We also have Corporate Center offices in the United States and Switzerland.



--- Unconsolidated joint venture

Our strategy – continued

Financial targets

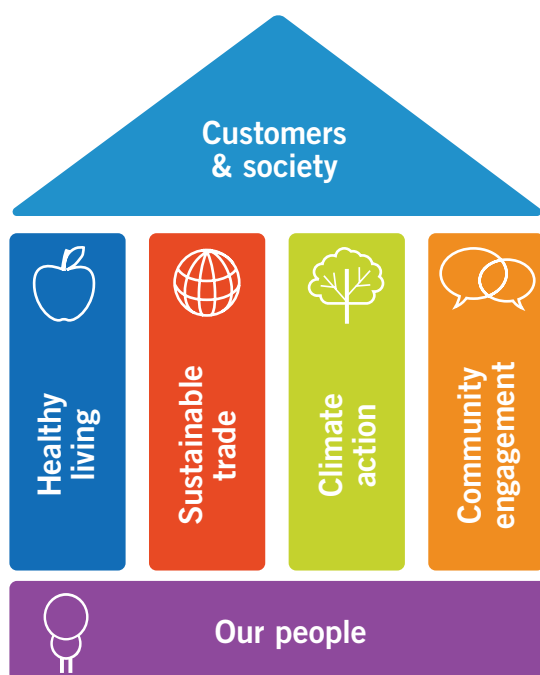
Our mid-term financial targets are to achieve a sustainable net sales growth of 5 percent (mainly from identical sales growth) and a sustainable retail operating margin of 5 percent, while maintaining an investment grade credit rating.

Corporate responsibility

Corporate responsibility is fully integrated into our day-to-day operations. Our corporate responsibility activities are organized around four main themes – healthy living, sustainable trade, climate action and community engagement. These are the areas most relevant to our business and where we can make a positive impact. We balance the interests of people, planet and profit to ensure our business is responsible, sustainable and profitable. Our corporate responsibility strategy, goals and targets are set globally by the Ahold Corporate Executive Board and implemented locally.

In 2009, we further strengthened the way we monitor and measure our progress in corporate responsibility. This year we have, for the first time, commissioned a third-party review of our corporate responsibility report. Our reporting approach is based on the standards developed by the Global Reporting Initiative (GRI).

To find out more about our corporate responsibility strategy, activities and performance, see our 2009 Corporate Responsibility Report.



Group performance



In 2009, we delivered solid performance in a challenging environment. In the course of the year, we saw consumer and competitor behavior changing rapidly, with an increased focus on price and promotions.

In 2009, Ahold successfully managed the balance between sales and margins, improved market share and increased volumes in the Netherlands and the United States. We have taken aggressive restructuring actions in Central Europe, including the closure or downsizing of underperforming stores.

We completed our three-year €500 million cost reduction program in 2009. To continue to provide value to our customers, we have launched a new €350 million cost reduction program for the three years ending 2012. Separately, we will deliver additional sourcing cost savings over the same period.

We reported an underlying retail margin of 5.1 percent, consistent with our mid-term target of 5 percent. Net interest expense was at the lower end and capital expenditures were below our 2009 guidance.

Net sales in 2009 were €27.9 billion, up 8.9 percent compared to 2008. At constant exchange rates, net sales growth was 6.0 percent. Our operating income was up 7.9 percent to €1.3 billion. Income from continuing operations was €972 million, up 9.6 percent compared to last year.

The economic environment remains challenging and conditions impacting our industry are unprecedented. We will continue to reduce costs, improve our offer and provide value to our customers. We have a proven ability to adapt and respond quickly and effectively to changes in consumer behavior. As in 2009, we will manage the balance between sales, margin and market share and use the strength of our balance sheet to seize opportunities for growth as they arise.

Reflecting the confidence in our strategy, our ability to generate cash and our strong balance sheet, we will complete a €500 million share buyback program over the next 12 months and propose a 28 percent increase in dividend to €0.23 per common share.

Group performance – continued

Results from operations

Ahold's 2009 and 2008 consolidated income statements are summarized as follows:

	2009 (53 weeks)		2008 (52 weeks)		% change
	€ million	% of net sales	€ million	% of net sales	
Net sales	27,925	100.0	25,648	100.0	8.9%
Gross profit	7,587	27.2	6,871	26.8	10.4%
Retail operating expenses	(6,172)	(22.1)	(5,575)	(21.7)	10.7%
Underlying retail operating income	1,415	5.1	1,296	5.1	9.2%
Unusual items excluded from underlying retail operating income:					
Impairments and impairment reversals – net	(39)	(0.1)	(13)	(0.1)	n/m
Gains (losses) on the sale of assets – net	7	0.0	46	0.2	n/m
Restructuring and related charges	(23)	(0.1)	(36)	(0.2)	n/m
Retail operating income	1,360	4.9	1,293	5.0	5.2%
Corporate Center costs	(63)	(0.2)	(91)	(0.3)	30.8%
Operating income	1,297	4.6	1,202	4.7	7.9%
Net financial expense	(283)		(213)		(32.9)%
Income taxes	(148)		(226)		34.5%
Share in income of joint ventures	106		124		(14.5)%
Income from continuing operations	972		887		9.6%
Income (loss) from discontinued operations	(78)		195		n/m
Net income	894		1,082		(17.4)%

Week 53

Our financial year consists of 52 or 53 weeks and ends on the Sunday nearest to December 31. Financial year 2009 consisted of 53 weeks, while 2008 consisted of 52 weeks. Net sales in 2009 were positively impacted by the additional week, while the impact on operating margins was negligible. In some of the discussions below, we have included comparisons of the 53 weeks of 2009 with a 53-week period consisting of the 52 weeks of 2008 plus the first week of 2009 (referred to as adjusted 2008).

Net sales

Net sales in 2009 were €27.9 billion, up 8.9 percent compared to 2008. At constant exchange rates, net sales increased by 6.0 percent. Compared to the adjusted 2008 and at constant exchange rates, net sales growth in 2009 was 3.9 percent. Net sales growth was positively impacted by identical sales growth, store remodeling and expansion and the conversion of 56 former Schuitema stores into the Albert Heijn format in the second half of 2008, partially offset by store closures and downsizings at Albert/Hypernova. You can read more about our operating companies' net sales in Performance by segment.

Our net sales consist of consumer sales and sales to franchise stores. Franchise stores typically operate under the same format as Ahold-operated stores, and are indistinguishable from them. Franchisees generally purchase merchandise from Ahold, pay a franchise fee and receive support services, including management training, field support and marketing and administrative assistance.

Net sales (€ million)

09		27,925	3.9%*
08		25,648	6.9%*
07		24,824	6.6%*
06		24,584	4.2%*
05		23,700	4.3%*

*Net sales growth at constant exchange rates.
Sales growth in 2009 and 2005 are adjusted for the impact of week 53.

Net sales (€ million, % of group total)

Albert Heijn			
09		9,843	35.2%
08		8,972	35.0%
Albert/Hypernova			
09		1,683	6.0%
08		1,772	6.9%
Stop & Shop/Giant-Landover			
09		12,839	46.0%
08		11,666	45.5%
Giant-Carlisle			
09		3,560	12.8%
08		3,238	12.6%

Group performance – continued

Operating income

In 2009, operating income was €1.3 billion, up €95 million or 7.9 percent compared to 2008. Higher operating profits were primarily driven by significantly improved results at Stop & Shop/Giant-Landover following the completion of the Value Improvement Program (including rebranding) during 2008 and lower Corporate Center costs. Underlying retail operating income (which excludes impairments, gains and losses on the sale of assets and restructuring and related charges) was €1.4 billion, or 5.1 percent of net sales, consistent with our mid-term target of 5 percent. You can read more about our operating companies' results under Performance by segment. Impairments, gains and losses on the sale of assets and restructuring and related charges are listed below.

Corporate Center costs were €63 million, down almost 31 percent compared to 2008, positively impacted by results from our self-insurance activities. A one-off loss related to our takeover of certain insurance liabilities was more than offset by lower provisions to cover future insurance claims as a result of improved loss development and higher interest rates. The net positive impact of our self-insurance activities on Corporate Center costs was €11 million (2008: negative impact of €8 million). Core Corporate Center costs (as defined in Non-GAAP financial measures) were €76 million, down €10 million compared to 2008 as a result of lower costs related to management incentive plans and continued effective cost control.






Impairment of assets

Ahold recorded the following impairments and reversals of impairments of assets in 2009 and 2008:

	2009 € million	2008 € million
Stop & Shop/Giant-Landover	(16)	(10)
Giant-Carlisle	–	–
Albert Heijn	(6)	(4)
Albert/Hypernova	(17)	1
Total Retail	(39)	(13)
Corporate Center	–	–
Total	(39)	(13)









In 2009, impairments at Stop & Shop/Giant-Landover were related to real estate and the closing of a number of in-store Starbucks locations. At Albert/Hypernova, impairments were due to store closures and underperforming stores. In 2008, the majority of impairments related to store closures at Stop & Shop/Giant-Landover, primarily as part of the operating company's network rationalization program.

Operating income (€ million)

09		1,297	4.9%*
08		1,202	5.0%*
07		1,071	4.9%*
06		992	4.8%*
05		81	4.7%*

* Retail operating margin.

Retail operating income (€ million, % of group total)

Albert Heijn			
09		654	48.1%
08		647	50.0%
Albert/Hypernova			
09		(76)	(5.6)%
08		1	0.1%
Stop & Shop/Giant-Landover			
09		625	46.0%
08		485	37.5%
Giant-Carlisle			
09		157	11.5%
08		160	12.4%

Group performance – continued

Gains and losses on the sale of assets

Ahold recorded the following gains on the sale of non-current assets in 2009 and 2008:

	2009 € million	2008 € million
Stop & Shop/Giant-Landover	–	19
Giant-Carlisle	–	–
Albert Heijn	6	24
Albert/Hypernova	1	3
Total Retail	7	46
Corporate Center	–	–
Total	7	46

In 2009, no significant gains or losses were realized on the sale of assets. In 2008, the most significant gains on the sale of assets were the sale of a shopping center at Stop & Shop/Giant-Landover and the sale of stores at Albert Heijn. Some of these stores were sold to franchisees.

Restructuring and related charges

In 2009, restructuring and related charges of €23 million primarily resulted from the closure of underperforming stores and the downsizing of large hypermarkets in the Czech Republic.

In 2008, restructuring and related charges of €36 million related to Stop & Shop/Giant-Landover (€29 million) and Giant-Carlisle (€7 million), and resulted primarily from the lease termination of an office building used by Ahold USA's IT organization. Restructuring and related charges at Stop & Shop/Giant-Landover also included store closure costs and a loss related to withdrawing from a multi-employer pension plan.

Net financial expense

Net financial expense increased by €70 million compared to 2008, as a result of a decrease in interest income of €83 million. This significant decline was primarily the result of lower yields on cash investments. Interest expense, at €316 million, was down €27 million following significant debt reductions in 2008 (€1.1 billion) and 2009 (€0.5 billion), partially offset by a stronger U.S. dollar against the euro in 2009. Net interest expense was €289 million.

Income taxes

In 2009, income tax expense was €148 million compared to €226 million last year. The effective tax rate, calculated as a percentage of income before income taxes, was 14.6 percent (22.9 percent in 2008). The lower effective tax rate in 2009 was primarily the result of the recognition of €101 million in deferred tax assets primarily arising from U.S. net operating losses carried over from previous years.

Share in income of joint ventures

As of 2009, Ahold's 49 percent stake in JMR was reclassified from assets held for sale to investments in joint ventures, because its sale was no longer considered highly probable (as defined in IFRS 5). Accordingly, our share in JMR's results is presented as income of joint ventures in both 2009 and 2008. For more information, see Notes 3 and 14 to the consolidated financial statements.

Ahold's share in income of joint ventures of €106 million decreased by €18 million. These results primarily related to our 60 percent shareholding in ICA and our 49 percent shareholding in JMR. Improved operating results at both ICA and JMR were more than offset by lower gains on the sale of assets and higher income taxes. You can read more about ICA's and JMR's results under Performance by segment.

Group performance – continued

Income (loss) from discontinued operations






In 2009, losses from discontinued operations of €78 million consisted of a €62 million provision (net of tax) related to Ahold's former subsidiaries BI-LO and Bruno's as well as various adjustments to the results of prior years' divestments (primarily U.S. Foodservice, Tops and Poland). BI-LO and Bruno's filed for protection under Chapter 11 of the U.S. Bankruptcy Code in 2009; the net loss is our best estimate of our obligations under various lease guarantees.

The 2008 income from discontinued operations of €195 million related primarily to the divestment of our 73.2 percent stake in Schuitema. For further information about discontinued operations, see Note 5 to the consolidated financial statements.

Earnings per share

Diluted income from continuing operations per common share was €0.81, an increase of 9.5 percent compared to 2008. The average number of outstanding common shares increased by 0.5 percent, as a result of shares that were issued under employee share-based compensation programs. Since its 2007 share buyback program, the Company has held treasury shares in order to deliver shares under share-based compensation programs.

Income from continuing operations (€) per common share (diluted)

09		0.81
08		0.74
07		0.53
06		0.44
05		(0.07)

Financial position

Ahold's consolidated balance sheets as of January 3, 2010 and December 28, 2008 are summarized as follows:

	January 3, 2010		December 28, 2008	
	€ million	%	€ million	%
Property, plant and equipment	5,407	38.8	5,526	40.6
Other non-current assets	3,421	24.6	2,940	21.6
Cash, cash equivalents and short-term deposits	2,983	21.4	2,863	21.1
Other current assets	2,122	15.2	2,274	16.7
Total assets	13,933	100.0	13,603	100.0
Equity	5,440	39.0	4,687	34.5
Non-current portion of long-term debt	3,242	23.3	3,782	27.8
Other non-current liabilities	1,226	8.8	996	7.3
Short-term borrowings and current portion of long-term debt	458	3.3	459	3.4
Other current liabilities	3,567	25.6	3,679	27.0
Total equity and liabilities	13,933	100.0	13,603	100.0

Property, plant and equipment decreased by €119 million, primarily reflecting the weakening of the U.S. dollar against the euro. Capital expenditures amounted to €789 million, or 2.8 percent of sales, and related primarily to remodels, expansions, relocations and other investments in existing stores.

The increase in other non-current assets primarily relates to our investments in joint ventures and the improved financial position of our pension plans. Our investments in joint ventures increased by €94 million, as a result of our share in income exceeding dividends received as well as foreign exchange differences positively impacting the valuation of our 60 percent stake in ICA. Other non-current assets also include pension assets, primarily related to the Dutch pension plan, which increased by €166 million compared to December 28, 2008. For the total group, our defined benefit plans showed a deficit of €78 million as of January 3, 2010 compared to a deficit of €199 million as of December 28, 2008. This improvement was due to positive investment results on the plan assets and cash contributions made to the plans, partially offset by lower interest rates.

Group performance – continued

In addition, a significant number of union employees in the United States are covered by multi-employer plans. Based on the most recent available information that these plans have provided (largely related to financial years ending between July 1, 2008 and December 31, 2008), we estimate our proportionate share of the total deficit to be €626 million (pre-tax). We have adjusted this information, with the help of external actuaries, for market trends and conditions through the end of 2009 and estimate that our proportionate share of the total deficit increased to €705 million (pre-tax). While this is our best estimate based on the information available to us, it is imprecise and not necessarily reliable. For more information see Note 23 to the consolidated financial statements.

Equity increased by €753 million, mainly as a result of the addition of the current year's net income, partially offset by the dividend payment related to 2008.

In 2009, gross debt decreased from €4.2 billion to €3.7 billion as a result of loan repayments of €0.5 billion. Ahold's net debt to equity ratio was 13 percent as of January 3, 2010 compared to 29 percent as of December 28, 2008. This does not include our commitments under operating lease contracts, which, on an undiscounted basis, amount to €5.8 billion.

Liquidity and cash flows

Liquidity

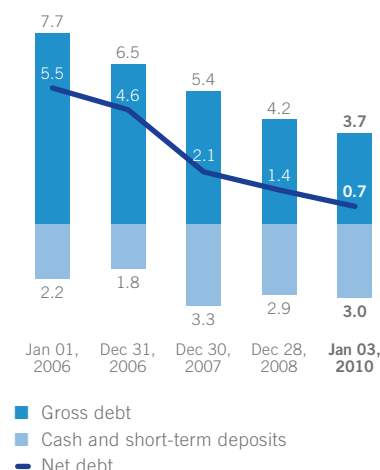
Ahold relies on cash provided by operating activities as a primary source of liquidity in addition to debt and equity issuances in the capital markets, letters of credit under credit facilities and available cash balances. Based on our current operating performance and liquidity position, we believe that cash provided by operating activities and available cash balances (including short-term deposits) will be sufficient for working capital, capital expenditures, dividend payments, interest payments and scheduled debt repayment requirements for the next 12 months and the foreseeable future. A total of €369 million in loans will mature in 2010, €0.5 billion in 2011 through 2014 and €1.2 billion after 2014.

Our strategy over the past years has positively impacted the credit ratings assigned to Ahold by Moody's and Standard & Poor's (S&P). In June 2009, S&P upgraded Ahold's corporate credit rating to BBB with a stable outlook. Moody's affirmed Ahold's Baa3 issuer credit rating and changed its outlook from stable to positive in November 2009.

Group credit facility

Ahold's €1.2 billion committed unsecured syndicated multi-currency credit facility has a base term of five years ending in August 2012. The credit facility may be used for working capital and for general corporate purposes and provides for the issuance of \$550 million in letters of credit. As of January 3, 2010, there were no outstanding borrowings under the credit facility other than letters of credit to an aggregate amount of \$407 million.

Gross and net debt (€ billion)



Group performance – continued

Condensed cash flow statement

	2009 € million	2008 € million
Cash generated from operations	1,940	1,871
Other operating cash flows	(48)	(129)
Net cash from operating activities	1,892	1,742
Purchase of non-current assets	(770)	(1,019)
Divestment of businesses, net of cash divested	(8)	321
Investment in short-term deposits	(289)	–
Other investing cash flows	114	227
Net cash from investing activities	(953)	(471)
Cash flow before financing activities	939	1,271
Interest paid	(310)	(348)
Repayments of loans	(524)	(1,069)
Dividends on common shares	(212)	(188)
Other financing cash flows	(62)	(111)
Net cash from financing activities	(1,108)	(1,716)
Net cash from operating, investing and financing activities	(169)	(445)

Cash generated from operations increased by €69 million compared to 2008, despite additional cash contributions of €112 million to our U.S. and Dutch pension plans. Net cash from operating activities increased by €150 million compared to 2008, positively impacted by lower income taxes paid.

Net cash used in investing activities increased by €482 million compared to 2008, primarily reflecting lower disposal proceeds (€329 million) and short-term investments (€289 million), partially offset by lower capital expenditures (€249 million). The investment in six-month deposits in 2009 is, given its maturity, not classified as cash and is therefore shown as a cash outflow in the cash flow statement. Lower capital expenditures were primarily a result of the conversion of former Schuitema stores into Albert Heijn stores in 2008.

Net cash used in financing activities was €1.1 billion, a €0.6 billion lower outflow than in 2008. This was mainly due to loan repayments of €1.1 billion in 2008, whereas these amounted to €0.5 billion in 2009. Dividends paid in 2009 amounted to €212 million, an increase of 12.8 percent over 2008.

Group performance – continued

Properties

At the end of 2009, we operated 2,909 stores, excluding the stores of our joint ventures ICA and JMR, a net increase of 12 stores.

	January 3, 2010	Opened/ Acquired	Closed/ Sold	December 28, 2008
Stop & Shop/Giant-Landover	561	3	5	563
Giant-Carlisle	152	4	—	148
Albert Heijn/Etos/Gall & Gall	1,892	50	19	1,861
Albert/Hypernova	304	5	26	325
Total	2,909	62	50	2,897

Franchisees operated 783 of the Albert Heijn, Etos and Gall & Gall stores, 463 of which were either owned by the franchisees or leased independently from Ahold. Of the remaining 2,446 stores, 20 percent were company-owned and 80 percent were leased (67 percent under operating leases and 13 percent under finance leases and financings). Ahold's stores range in size from 20 to over 10,000 square meters, with the average store size in the U.S. being approximately 3,700 square meters and in Europe approximately 1,300 square meters (excluding Etos and Gall & Gall, which operate much smaller stores).

Our leased properties have terms ranging up to 25 years, with renewal options for additional periods. Store rentals are normally payable on a monthly basis at a stated amount or, in a limited number of cases, at a guaranteed minimum amount plus a percentage of sales over a defined base.

We also operated the following other properties as of January 3, 2010:

Warehouses/distribution centers/production facilities/offices	63
Properties under construction/development	42
Investment properties	803
Total	908

Of these other properties, 42 percent were company-owned and 58 percent were leased (52 percent under operating leases and 6 percent under finance leases and financings).

The 803 investment properties consist of buildings and land. Virtually all these properties were subleased to third parties. The majority were shopping centers containing one or more Ahold stores and third-party retail units generating rental income. In 2007, Ahold completed a review of its global real estate portfolio. The review concluded that the majority of Ahold's investment property has strategic importance for operating purposes and will remain in the portfolio; the non-strategic assets were to be sold in subsequent years, with estimated cash proceeds of approximately €100 million. The majority of this €100 million was realized in the course of 2008. In 2009, market conditions deteriorated and we did not enter into any significant transactions. We remain committed to selling the remaining non-strategic assets.

Capital expenditures of €789 million in 2009 and €1,128 million in 2008 were primarily related to the construction, remodeling and expansion of stores and supply chain infrastructure improvements. The relatively high level of investments in 2008 was primarily due to the remodeling of stores that were transferred from Schuitema to Albert Heijn and store remodels in the Czech Republic. Both 2008 and 2009 included significant investments related to Project Refresh, the three-year investment plan announced in October 2007 to remodel or replace approximately 100 Giant-Landover stores.

Performance by segment

Albert Heijn / Etos / Gall & Gall



Albert Heijn is the leading food retailer in the Netherlands and one of the country's best-known brands. In 2009, Albert Heijn increased its number of stores and continued to grow sales and market share by providing value and an extensive range of private label products. Albert Heijn is also innovating its store formats and its offering to meet changing customer needs and local preferences.

Albert Heijn supermarkets, together with Etos, Gall & Gall, the home shopping service albert.nl and the Ahold Coffee Company comprise the entity known as Albert Heijn.

Albert Heijn B.V.

Established: 1887

Joined Ahold: The Ahold group was established by Albert Heijn

Market area: The Netherlands, Europe

Store formats: Compact hypermarkets, supermarkets, convenience stores and home shopping.

Private labels include: AH Huismerk (house brand), AH Excellent, AH puur&eerlijk (responsible choices), and Euroshopper



Etos is a leading health and beauty retailer in the Netherlands, offering shoppers a wide selection of quality health and beauty products at affordable prices and service from knowledgeable employees.

In 2009, Etos was awarded both Best Drugstore, for the second year in a row, and Best Drugstore Chain in the Netherlands. During the year, the company focused on improving its price perception to enhance its positioning in the market.

Etos B.V.

Established: 1918

Joined Ahold: 1974

Market area: The Netherlands, Europe

Store formats: Drugstores

Private labels include: Etos Huismerk (house brand) and Etos Voordeelselectie (value selection)



Gall & Gall is the leading wine and liquor specialist in the Netherlands, and in 2009 celebrated its 125 year anniversary.

During the year, as part of its repositioning strategy, Gall & Gall introduced a new brand identity and refreshed all its stores to make them more appealing to customers. Store employees were also given additional training to provide quality service and advice to different customer groups.

Gall & Gall also began the roll-out of a new wine and liquor store format to make its stores more friendly and accessible and simpler to shop.

Gall & Gall B.V.

Established: 1884

Joined Ahold: 1989

Market area: The Netherlands, Europe

Store formats: Wine and liquor stores

Private labels include: Range of selected Gall & Gall private label wines and spirits

Performance by segment – continued

The following table contains operational information including net sales and operating income for Albert Heijn in 2009 and 2008:

(in millions except percentages and employees)

	2009	2008
Net sales in €	9,843	8,972
Change in identical sales: Albert Heijn supermarkets	1.7%	9.2%
Operating income in €	654	647
Operating income as a percentage of net sales	6.6%	7.2%
Underlying operating income as a percentage of net sales	6.6%	7.0%
Number of employees at year-end (headcount)	80,471	76,065
Number of employees at year-end (FTE)	27,399	27,382
Sales area of own operated stores (in thousands of square meters)	865	846

Net sales

Net sales increased 9.7 percent to €9.8 billion in 2009. This sales growth was positively impacted by an additional week in 2009 and the inclusion of 56 former Schuitema stores that were transferred to Albert Heijn, mainly during the second half of 2008. Adjusted for the additional week, sales increased by 7.3 percent. Despite the competitive market, economic downturn, and inflation turning into deflation, Albert Heijn supermarkets identical sales increased by 1.7 percent, largely due to effective promotions.

Operating income

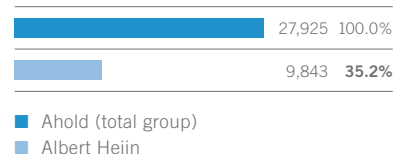
In 2009, operating income increased €7 million or 1.1 percent to €654 million. Albert Heijn benefited from identical sales growth and a focus on cost efficiencies. This was partially offset by significantly increased pension charges.

Impairments of €6 million were offset by a €6 million gain on the sale of real estate, as discussed in Results from operations under Group performance in this Annual Report.

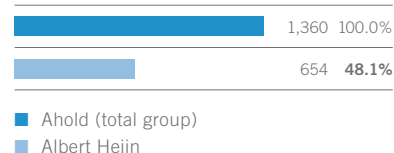
Store portfolio development

	January 3, 2010	December 28, 2008
Number of stores		
Albert Heijn supermarkets	835	823
Etos	518	506
Gall & Gall	539	532
The Netherlands	1,892	1,861

Sales (€ million)



Retail operating income (€ million)



Highlights of the year

- Albert Heijn continued the roll-out of its new supermarket format and launched a new private label for responsible products, AH puur&eerlijk
- Albert Heijn's XL store format was named best supermarket in the Netherlands
- Etos was named the best drugstore and best drugstore chain in the Netherlands
- Gall & Gall rebranded and refreshed all of its stores by mid-2009
- One headquarters for Albert Heijn/Etos/Gall & Gall in Zaandam

Performance by segment – continued

Albert and Hypernova



Albert and Hypernova are among the best-known food retail brands in the Czech Republic and Slovakia.

In 2009, the company finished rebranding all of its Hypernova stores in the Czech Republic to one brand, Albert, to achieve a stronger position in the market. Its offering, particularly fresh food and private label, is playing an important part in strengthening the brand. In response to changing consumer preferences and trends in the Czech Republic, the company streamlined its store portfolio and downsized 12 former large hypermarkets to its compact hyper format. In both countries, Albert/Hypernova also invested in lowering prices to change customer perception of its value proposition.

The following table contains operational information including net sales and operating income (loss) for Albert/Hypernova in 2009 and 2008:

(in millions except percentages and employees)

	2009	2008
Net sales in €	1,683	1,772
Change in identical sales (excluding gasoline sales): Albert/Hypernova	(1.2)%	3.1%
Operating income/(loss) in €	(76)	1
Operating income as a percentage of net sales	(4.5)%	0.1%
Underlying operating income as a percentage of net sales	(2.1)%	(0.2)%
Number of employees at year-end (headcount)	12,927	14,656
Number of employees at year-end (FTE)	12,096	13,913
Sales area (in thousands of square meters)	462	525

Net sales

Net sales decreased 5 percent to €1.7 billion in 2009, down 2.4 percent at constant exchange rates and adjusted for the additional week in 2009. The decline was primarily due to the closing of 23 loss-making stores and lower average consumer prices impacted by significant deflation; this was partially offset by increased identical volumes as customers bought more products at our stores.

Operating income

Albert/Hypernova reported an operating loss of €76 million, mainly due to significant restructuring charges related to simplifying the business, reducing its cost base, downsizing large hypermarkets and closing 23 loss-making stores. In total, the operating loss included €41 million restructuring and impairments charges and a €1 million gain on the sale of real estate. Additionally, operating income included one-off net costs of €10 million, related to the rebranding program.

Store portfolio development

	January 3, 2010	December 28, 2009
Number of stores		
Czech Republic	278	300
Slovakia	26	25
Albert/Hypernova	304	325

Albert/Hypernova

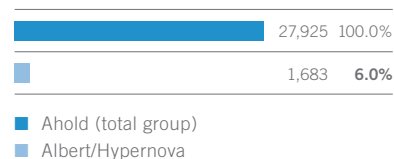
Established: Ahold Czech Republic (1991), Ahold Retail Slovakia (2001)

Market area: The Czech Republic and Slovakia, Europe

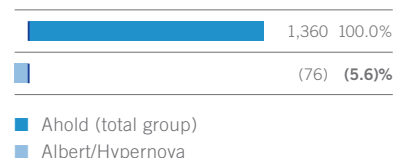
Store formats: Hypermarkets, compact hypermarkets and supermarkets

Private labels include: Albert Quality, Albert Excellent, Albert Bio, Euroshopper

Sales (€ million)



Retail operating income (€ million)



Highlights of the year

- Albert/Hypernova completed the rebranding of its Hypernova stores to the Albert brand in the Czech Republic
- Albert closed 23 underperforming stores in the Czech Republic
- Completed the downsizing of 12 hypermarkets in the Czech Republic
- Albert established the Albert Foundation in the Czech Republic to support people in need and promote healthy lifestyles

Performance by segment – continued

Stop & Shop / Giant-Landover / Peapod



Stop & Shop is a leading supermarket brand, operating in six states in the northeast United States. In 2009, the company launched a new value initiative to further increase revenue and profitability. The initiative involved the launch of a new loyalty card program, new in-store signage, and sharpening promotional activity.

The Stop & Shop Supermarket Company LLC

Established: 1914

Joined Ahold: 1996

Market area: Connecticut, Massachusetts, New Hampshire, New Jersey, New York and Rhode Island, in the United States

Store formats: Supermarkets and superstores

Private labels include: Stop & Shop, Nature's Promise, Simply Enjoy, CareOne, Guaranteed Value



Giant-Landover is a leading supermarket brand, operating in four states in the mid-Atlantic United States. In 2009, the company launched a new value initiative to further increase revenue and profitability. The initiative involved the launch of a new loyalty card program, new in-store signage, and sharpening promotional activity.

Giant-Landover's three-year "Project Refresh" program launched in 2008 continued, with 34 stores remodeled, bringing the total to 65 out of the approximately 100 stores planned as part of the program.

Giant of Maryland LLC

Established: 1936

Joined Ahold: 1998

Market area: Virginia, Maryland, Delaware and the District of Columbia, in the United States

Store formats: Supermarkets and superstores

Private labels include: Giant, Nature's Promise, Simply Enjoy, CareOne, Guaranteed Value, Cottontails, Simply Dry and Companion



Peapod is an online grocery delivery service working in partnership with Stop & Shop and Giant-Landover. It also serves the metropolitan areas of Chicago, Illinois; Milwaukee and Madison, Wisconsin; and the northern areas of Indiana. Sales figures for Peapod are included in the sales figures of Stop & Shop/Giant-Landover.

The company celebrated its 20th anniversary in 2009 by donating over 20,000 pounds of food to the Chicago Food Depository.

Peapod, LLC

Established: 1989

Joined Ahold: 2000

Market area: Connecticut, District of Columbia, Illinois, Indiana, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Virginia and Wisconsin, in the United States

Store formats: Online grocery ordering and delivery

Performance by segment – continued

The following table contains operational information including net sales and operating income for Stop & Shop/Giant-Landover in 2009 and 2008:

(in millions except percentages and employees)

	2009	2008
Net sales in €	12,839	11,666
Net sales in \$	17,867	17,074
Change in identical sales (excluding gasoline sales): Stop & Shop	2.2%	2.1%
Giant-Landover	2.6%	(0.5)%
Change in comparable sales (excluding gasoline sales): Stop & Shop	2.7%	2.4%
Giant-Landover	3.0%	(0.3)%
Operating income in €	625	485
Operating income in \$	869	701
Operating income as a percentage of net sales	4.9%	4.1%
Underlying operating income as a percentage of net sales	5.0%	4.3%
Number of employees at year-end (headcount)	85,539	84,664
Number of employees at year-end (FTE)	61,090	59,860
Sales area (in thousands of square meters)	2,102	2,086

Net sales

Net sales increased 4.6 percent in 2009 to \$17.9 billion, or 2.6 percent when adjusted for the additional week in 2009. The increase was due to identical sales growth as both banners succeeded in selling more products and attracting more customers to their stores. Both banners grew market share.

Stop & Shop's identical sales, excluding gasoline, increased 2.2 percent in 2009, despite a decline in prices in some food categories. For the full year, Giant-Landover's identical store sales growth, excluding gasoline, was 2.6 percent. The figures reflect the success of the Value Improvement Program, the Value Launch in 2009 and Project Refresh, the three-year program to remodel the majority of Giant-Landover's stores. During 2009, Giant-Landover increased the number of store gasoline facilities by five to seven.

Operating income

In 2009, operating income increased \$168 million, or 24 percent, to \$869 million. The increase was largely due to the continuing success of value repositioning and improved cost efficiencies. The operating income included a \$28 million release of insurance provisions, a non-recurring rent charge of \$15 million and one-off net charges related to pensions of \$6 million. Additionally, results included impairments of \$22 million, as discussed in Results from operations in this Annual Report.

Store portfolio development

	January 3, 2010	December 28, 2009
Number of stores		
Stop & Shop	381	381
Giant-Landover	180	182
Stop & Shop/Giant-Landover	561	563

Sales (€ million)

Ahold (total group)	27,925	100.0%
Stop & Shop/Giant-Landover	12,839	46.0%

■ Ahold (total group)
■ Stop & Shop/Giant-Landover

Retail operating income (€ million)

Ahold (total group)	1,360	100.0%
Stop & Shop/Giant-Landover	625	46.0%

■ Ahold (total group)
■ Stop & Shop/Giant-Landover

Highlights of the year

- Announced the reorganization of Ahold USA into four geographic divisions under one retail executive leadership team
- Launched a new value initiative to further increase revenue and profitability
- Relaunched customer loyalty card programs with significant new benefits
- Named winner of Supermarket News' Retail Excellence Award 2009
- Giant-Landover continued Project Refresh completing 34 store remodels, bringing the total to 65 out of approximately 100 stores planned as part of the program
- Peapod celebrated its 20th anniversary and expanded its delivery service to two new states, Indiana and New Hampshire

Performance by segment – continued

Giant-Carlisle / Martin's



Giant-Carlisle is a leading supermarket chain in the mid-Atlantic United States. It operates grocery stores in four states under the names of Giant Food Stores and Martin's Food Markets.



In December 2009, Ahold announced that Giant-Carlisle would acquire 25 Ukrop's Super Markets, expanding its presence in Virginia. Giant-Carlisle continues to grow its business through acquisitions, new store openings, and innovative format development.

The following table contains operational information including net sales and operating income for Giant-Carlisle in 2009 and 2008:

(in millions except percentages and employees)	2009	2008
Net sales in €	3,560	3,238
Net sales in \$	4,958	4,738
Change in identical sales (excluding gasoline sales): Giant-Carlisle	2.2%	4.7%
Change in comparable sales (excluding gasoline sales): Giant-Carlisle	3.0%	5.4%
Operating income in €	157	160
Operating income in \$	218	233
Operating income as a percentage of net sales	4.4%	4.9%
Underlying operating income as a percentage of net sales	4.4%	5.1%
Number of employees at year-end (headcount)	27,063	26,890
Number of employees at year-end (FTE)	17,260	17,087
Sales area (in thousands of square meters)	587	561

Net sales

In 2009, net sales increased 4.6 percent to \$5.0 billion. Identical sales excluding gasoline increased 2.2 percent in 2009, compared to 4.7 percent in 2008. Giant-Carlisle continues to grow in a competitive market by offering quality products and services and running effective promotional activities. During 2009, the company further improved its price positioning.

Operating income

In 2009, operating income decreased \$15 million or 6.4 percent to \$218 million. Price reduction initiatives resulted in volume growth and an increased number of customers visiting our stores. Increased employee benefits costs, impacted by reduced turnover of store personnel, including those related to health and welfare, were partially offset by cost efficiencies and cost savings initiatives. Results were impacted by \$1 million of restructuring and related charges and by \$4 million from a release of insurance provisions.

Store portfolio development

	January 3, 2010	December 28, 2009
Number of stores		
Giant-Carlisle	126	123
Martin's	26	25
Giant Carlisle/Martin's	152	148

Giant Food Stores, LLC

Established: 1923

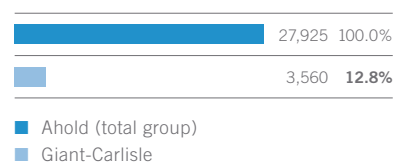
Joined Ahold: 1981

Market area: Pennsylvania, Virginia, Maryland and West Virginia in the United States

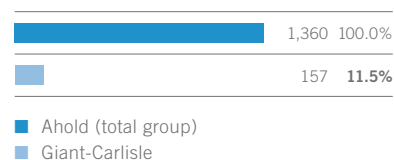
Store formats: Supermarkets and super stores

Private labels include: Giant, Nature's Promise, Simply Enjoy, CareOne, and Guaranteed Value

Sales (€ million)



Retail operating income (€ million)



Highlights of the year

- Announced the reorganization of Ahold USA into four geographic divisions under one retail executive leadership team
- Strong volume growth as a result of successful price improvement program
- Agreed to purchase 25 Ukrop's Super Markets; will expand presence in Virginia
- Opened the third Giant Super Store, the largest in the chain to date

Performance by segment – continued

Joint ventures

The information presented in this report relating to ICA and JMR (on a 100 percent basis) represents amounts that are not consolidated in the Company's financial statements since Ahold's investment in ICA and JMR is accounted for under the equity method, as described in Notes 3 and 14 to the consolidated financial statements in this Annual Report.

ICA

In April 2000, Ahold acquired a 50 percent partnership stake in ICA AB ("ICA"), which in turn owns the ICA group. In November 2004, the Company increased its stake in ICA to 60 percent. The other 40 percent stake in ICA is held by Hakon Invest AB, a Swedish company listed on the Stockholm Stock Exchange. Under the shareholders' agreement with Hakon Invest AB, Ahold's 60 percent shareholding stake in ICA does not entitle it to unilateral decision-making authority over ICA, because the agreement provides that strategic, financial and operational decisions will be made only on the basis of mutual consent. The shareholders' agreement also provides for a call and put option exercisable by Ahold or Hakon Invest AB as the case may be, if there is a change of control over the other party.



ICA is a food retail group, headquartered in Stockholm, Sweden. As of year end 2009, ICA served over 2,300 retailer-owned and company-operated retail food stores in Sweden, Norway and the Baltic States. ICA also provides limited consumer financial services in Sweden through its bank.

Net sales

Net sales decreased 5.7 percent in 2009 to €8.9 billion, and increased 1.8 percent at constant exchange rates. The increase was due to continuing solid performance in Sweden, where a price repositioning program was implemented in 2009, and improved performance in Norway. This increase was partially offset by performance in the Baltic countries, which were heavily impacted by the economic downturn, including a large increase in unemployment.

Operating income

In 2009, operating income increased €41 million to €252 million. The increase was due to a strong performance in Sweden and improved, though still negative, operating income in Norway. This increase was partially offset by performance in the Baltic countries and changes in exchange rates.

Net income

In 2009, net income decreased €28 million to €146 million, as an improved operating income was offset by higher income taxes and a negative impact from changes in exchange rates.

Performance by segment – continued

Jerónimo Martins Retail

In 1992, Ahold became a 49 percent partner in Jerónimo Martins Retail (“JMR”) with Gestão de Empresas de Retalho, SGPS, S.A. JMR is headquartered in Lisbon, Portugal. Under the terms of the shareholders’ agreement, the Company shares equal voting power in JMR with Gestão de Empresas de Retalho, SGPS, S.A.

At the end of 2009, JMR owned and operated 358 retail food stores in Portugal under the brand names Pingo Doce and Feira Nova. As of 2009, Ahold’s 49% stake in its joint venture JMR was reclassified from assets held for sale to investments in joint ventures because the sale of JMR is no longer considered to be highly probable as defined in IFRS 5.

Net sales

Net sales increased by 8.1 percent to €2.7 billion, helped in 2009 by the contribution from the former Plus stores, acquired in May 2008.

Operating income

In 2009, operating income increased €5 million to €86 million, with the operating margin remaining at 3.1 percent.

Net income

In 2009, net income increased €14 million to €45 million, with higher operating income and lower financial charges only being partly offset by higher taxes.



Non-GAAP measures

This Annual 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.

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.

Underlying retail operating income

Total retail operating income, adjusted for impairment 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.

Core Corporate Center costs

Core Corporate Center costs relate to the core responsibilities of the Corporate Center, including Corporate Finance, Corporate Strategy, Internal Audit, Legal, Human Resources, Information Technology, Communications, Corporate Responsibility and the Corporate Executive Board. Total corporate costs also include results from other activities coordinated centrally but not allocated to any operating company. Management believes that this measure provides a better insight into the Company's operating performance.

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.

Cash flow before financing activities

Cash flow before financing activities is the sum of net cash from operating activities and net cash from investing activities. Ahold's management believes that because this measure excludes net cash from financing activities, this measure is useful where such financing activities are discretionary, as in the case of voluntary debt prepayments.

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.

How we manage risk



Ahold's risk management and control systems are designed to provide reasonable assurance that the Company's business objectives are achieved. We take a structured and consistent approach to risk management and internal control by aligning strategy, policies, procedures, people and technology to manage the uncertainties that Ahold faces.

Risk management and internal control

Enterprise risk management

Ahold's enterprise risk management program is designed to provide executive management with an understanding of our key business risks and associated risk management practices. At each operating company, functional management identifies the principal risks to the achievement of key business objectives and the mitigating actions needed to manage these risks. Business risk committees comprised of senior executives at each operating company periodically review these risks and the related mitigation practices. The findings are consolidated into an enterprise risk management report that is presented to the Corporate Executive Board and the Supervisory Board. Executive management at each operating company are required to review the principal risks and risk management practices with the Corporate Executive Board as a regular part of the business planning and performance cycle. The outcome of the Company's enterprise risk management program influences the formation of our controls and procedures, the scope of internal audit activities and the focus of the business planning and performance process.

Ahold Business Control Framework

We maintain the Ahold Business Control Framework (ABC Framework), which incorporates risk assessment, control activities and monitoring into our business practices at entity-wide and functional levels. The aim of the ABC Framework is to provide reasonable assurance that risks to achieving important objectives are identified and mitigated. The ABC Framework is based on the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Ahold has developed uniform governance and control standards in areas such as ethical conduct, agreements, and accounting policies. These and other Corporate Executive Board-approved policies and procedures are incorporated into the ABC Framework as mandatory guidelines for all Ahold consolidated entities. Within this framework, management is responsible for local business operations including risk mitigation and compliance with laws and regulations. Authority limits have been established to ensure that all expenditures and decisions are approved by the appropriate levels of management.

Our key controls are documented in Ahold Control Memoranda (ACMs). Compliance with the ACMs is mandatory for all of Ahold's fully-owned entities. The ACMs include the requirement for management to assess the operating effectiveness of all key controls.

How we manage risk – continued

Code of Conduct

Our Global Code of Professional Conduct and Ethics is based on Ahold's core values. It is intended to help each employee understand and follow relevant compliance and integrity rules, and know when and where to ask for advice. The code applies to Ahold, our operating companies and all management-level employees, as well as to third parties hired by or acting on behalf of Ahold. It coexists with the local codes of conduct at each of our operating companies. The code is available in the corporate governance section of Ahold's public website (www.ahold.com).

Monitoring

We use a comprehensive business planning and performance review process to monitor our performance. This process covers the adoption of strategy, budgeting, and the reporting of current and projected results. Business performance is assessed according to both financial and non-financial targets. A group-wide management certification process is in place to meet business needs and the requirements of the Dutch Corporate Governance Code. Each quarter, executive management of each reporting entity send letters of representation to the Corporate Executive Board confirming compliance with Ahold's Global Code of Professional Conduct and Ethics, policies on fraud prevention and detection, accounting and internal control standards, disclosure requirements and corporate responsibility. Our Internal Audit function helps to ensure that we maintain and improve the integrity and effectiveness of our system of risk management and internal control by undertaking regular risk-based, objective and critical evaluations. Internal Audit also monitors the effectiveness of corrective actions undertaken by management with specific follow-up procedures to significant audit findings.

Governance Risk and Compliance Committee

In 2009 we established a Governance Risk and Compliance (GRC) Committee that replaced our former Disclosure and Compliance Committee. Ahold's Chief Financial Officer and Chief Corporate Governance Counsel sit on the GRC Committee, as do other members of management responsible for key governance, risk and compliance functions. The GRC Committee, which meets at least quarterly, oversees GRC activities within the Ahold Group and reviews relevant reports that are submitted to the Corporate Executive Board, the Supervisory Board and the Audit Committee.

Declaration

Annual declaration on risk management and control systems regarding financial reporting risks

Ahold supports the Dutch Corporate Governance Code and makes the following declaration in accordance with best practice provision II.1.5:

The Corporate Executive Board is responsible for establishing and maintaining adequate internal risk management and control systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve important business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

With respect to financial reporting, management has assessed whether the risk management and control systems provide reasonable assurance that the 2009 financial statements do not contain any material misstatements. This assessment was based on the criteria set out in COSO: Internal Control – Integrated Framework. It included tests of the design and operating effectiveness of entity level controls, transactional controls at significant locations, and relevant general computer controls. Any control weaknesses not fully remediated at year-end were evaluated. Based on this assessment, management determined that the Company's financial reporting systems are adequately designed and operated effectively in 2009.

How we manage risk – continued

Risk factors

The principal risk factors that may impede the achievement of Ahold's objectives with respect to strategy, operations and compliance are described hereafter in the Annual Report. The enterprise risk management system, the governance and control standards incorporated into Ahold's ABC Framework and the monitoring systems described above are the principal means used by Ahold to manage these risks. Management is not aware of any important failings in these systems per year-end 2009.

The following discussion of risks relating to Ahold should be read carefully when evaluating its business, its prospects and the forward-looking statements contained in this Annual Report. Any of the following risks could have a material adverse effect on Ahold's financial position, results of operations and liquidity or could cause actual results to differ materially from the results contemplated in the forward-looking statements contained in this Annual Report.

Ahold recognizes different strategic, operational, financial and legal compliance risk categories. The risks described below are not the only risks Ahold faces. There may be additional risks that the Company is currently unaware of or risks that Ahold's management believes are immaterial or otherwise common to most companies, but which may in the future have a material adverse effect on the Company's financial position, results of operations, liquidity and the actual outcome of matters referred to in the forward-looking statements contained in this Annual Report. For additional information regarding forward-looking statements, see the Cautionary notice included in this Annual Report.

Strategic risks

Ahold may not be able to successfully implement its strategy or may not achieve the anticipated benefits due to adverse macro-economic conditions and competitive pressures.

Ahold's strategy for profitable and sustainable growth has several main areas of focus. We have realigned our portfolio to focus on our core retail businesses in the United States and Europe, building our individual retail banners into powerful local brands. We are using our continental organizational structures to ensure that management decisions are made at the most appropriate level and economies of scale and best practices can be effectively leveraged to support our local operating companies. In addition, we are working to meet our financial targets, including a €350 million cost reduction program and bringing a more focused and coordinated approach to our Corporate Responsibility program. For more information see Our strategy in this Annual Report. However, Ahold is subject to a number of risks, mainly macro-economic and competitive, that may impair our ability to effectively implement our strategy or realize the anticipated benefits.

The current global economic downturn has impacted all of the economies and markets in which we operate. Rising unemployment, reduced consumer confidence and disposable incomes and food and fuel price volatility can negatively affect customer demand and may negate the results of investments we have made through our Value Improvement Programs. The global financial crisis has restricted the availability of credit, which may impact customer demand, cause the failure of key suppliers or otherwise disrupt our supply chains, impacting the cost and availability of goods. As a result of the current economic climate, our competitors are taking aggressive actions. These factors or other unforeseen effects of the current economic climate could impair the effectiveness of Ahold's strategy, reduce the anticipated benefits of our price repositioning and cost savings programs or our other strategic initiatives and may have a material adverse effect on the Company's financial position, results of operations and liquidity.

How we manage risk – continued

Operational risks

Risk related to collective bargaining

A significant portion of Ahold's employees are represented by unions and are covered by collective bargaining agreements. As the collective bargaining agreements with those unions expire, the Company might not be able to negotiate extensions or replacements on terms acceptable to the Company. Although Ahold considers its relations with the relevant trade unions to be stable and has organized its human resource functions to support the Company's union relations and collective bargaining negotiations, any failure of our operating companies to effectively renegotiate these agreements could result in work stoppages or other organized labor actions. Ahold may not be able to resolve any issues in a timely manner and its contingency plans may not be sufficient to avoid an impact on the business. A work stoppage due to failure of one or more of its operating companies to renegotiate a collective bargaining agreement, or otherwise, could have a material adverse effect on Ahold's financial position, results of operations and liquidity.

Risks related to information security

Ahold's business operations generate and maintain confidential commercial and personal information concerning customers, employees, suppliers, and the Company. Our information security policy mandates that we implement and maintain controls, processes and tools which ensure confidentiality, privacy, integrity and availability of confidential and sensitive information. We also manage and monitor compliance with our policy and with the various legal and regulatory requirements. However, disclosure of confidential information to unintended third parties may negatively impact Ahold's competitive position and corporate reputation or result in litigation or regulatory action. This could have a material adverse effect on Ahold's financial position, results of operations and liquidity.

Risks related to business and IT continuity

A number of Ahold's critical business processes and functions are concentrated in a limited number of centralized facilities and/or are dependent on IT systems and infrastructure, key personnel, an IT outsourcing provider and other key suppliers for which Ahold has limited or no comparable back-up available. If any of these critical business processes or functions suffer a severe disruption which renders such facilities, critical IT systems or infrastructure, key suppliers or key personnel unavailable, Ahold could experience disruption to its supply chain, store and administrative operations. Ahold continues to invest in recovery plans and security initiatives with respect to its facilities and its technology systems which support its critical business processes and takes steps to mitigate the dependency risks associated with our key strategic suppliers. However, these measures cannot fully prevent business interruptions that could have a material adverse effect on our financial position, results of operations and liquidity.

Risks related to food and product safety

The growing internationalization of our supply chain, the increased penetration of Ahold's own brand products in its assortment and increasing levels of regulation continue to render food and product safety one of Ahold's most significant business risks. Ahold's food and product safety policies and practices cover the complete supply chain, from farm and production level to the Company's own operations. However, we may face food and product safety problems, including disruptions to the supply chain caused by food-borne illnesses and negative consumer reaction to publicity surrounding any incidents, which may have a material adverse effect on our reputation, sales, financial position, results of operations and liquidity.

How we manage risk – continued

Risks related to corporate responsibility

Increased regulatory demands, stakeholder awareness and the growing sentiment that large retailers must address environmental and sustainability issues across the entire supply chain mean that Ahold's brand and reputation may suffer if it does not adequately address relevant corporate responsibility issues affecting the food retail industry. Furthermore, if we fail to effectively increase the fuel and energy efficiency of our operations or to reduce waste, our operational and cost competitiveness may be adversely affected. Ahold continues to develop a broad range of coordinated and focused programs to address issues such as climate change, energy efficiency, waste reduction, labor standards in the supply chain, sustainability, healthy living, community engagement and corporate responsibility reporting. If these programs are not successful or are otherwise inadequate, Ahold's reputation and competitive position could suffer. See Ahold's Corporate Responsibility Report 2009 for additional information about our policies and programs in the area of Corporate Responsibility.

Risks related to business transformation

Ahold is making changes in its U.S. and European businesses to create a strong platform for future growth. The reorganization in both continents delineates areas of responsibility and will further simplify and standardize processes and structures so that the Company can integrate acquisitions more easily. These projects are carefully planned and implemented and proceed with a high degree of ongoing attention from executive management. However, it is possible that some transformation initiatives will not be completed in a fully effective or timely manner. Any inability to effectively implement these changes could impact numerous processes and procedures across the organization. Key associates might choose to leave Ahold rather than relocate, or prior to project completion. Business and IT resource knowledge and availability are limited. The timing of required changes across the business could conflict, causing processes to fail or changes to be delayed. Therefore, these transformation activities could cause disruption as systems, processes and resource talent changes and could adversely affect Ahold's financial position, results of operations and liquidity.

Financial risks

Risks related to contingent liabilities associated with lease guarantees

Following the divestment of subsidiary businesses, such as BI-LO/Bruno and Tops, and the closure of certain other facilities, Ahold has outstanding contingent liabilities to third parties in respect of lease guarantees it has issued. For further information, see Note 34 to the consolidated financial statements.

How we manage risk – continued

Risks associated with its insurance programs

Ahold manages its insurable risks through a combination of self-insurance and commercial insurance coverage. Our U.S. operations are self-insured for workers' compensation, general liability, vehicle accident and certain health care-related claims. Self-insurance liabilities are estimated based on actuarial valuations. While Ahold believes that the actuarial estimates are reasonable, they are subject to changes caused by claim reporting patterns, claim settlement patterns and legislative and economic conditions. This makes it possible that the final resolution of some claims may require us to make significant expenditures in excess of our existing reserves. In addition, third-party insurance companies that provide the fronting insurance that is part of our self-insurance programs require us to provide certain collateral. We take measures to assess and monitor the financial strength and credit-worthiness of the commercial insurers from whom we purchase insurance. However, we remain exposed to a degree of counterparty credit risk with respect to such insurers. If conditions of economic distress were to cause the liquidity or solvency of our counterparties to deteriorate, we may not be able to recover collateral funds or be indemnified from the insurer in accordance with the terms and conditions of our policies.

Risks related to health care and pension funding requirements

Ahold has a number of defined benefit pension plans covering a large number of its employees in the Netherlands and in the United States. Falling stock market values and interest rates negatively affect Ahold's pension funds, which may lead to higher pension charges and contributions payable. In addition, a significant number of union employees in the U.S. are covered by multi-employer plans. The unfunded portion of the liabilities of these plans may result in increased future payments by Ahold and the other participating employers. Ahold's risk of such increased contributions may be greater if any of the participating employers in an underfunded multi-employer plan withdraws from the plan due to insolvency and is not able to contribute an amount sufficient to fund the unfunded liabilities associated with its participants of the plan. For additional information, see Note 23 to Ahold's consolidated financial statements included in this Annual Report. If Ahold is unable at any time to meet any required funding obligations for some of its U.S. pension plans, or if the Pension Benefit Guaranty Corporation (the PBGC), as the insurer of certain U.S. plan benefits, concludes that its risk may increase unreasonably if the plans continue, the PBGC could terminate the plans and place liens on material amounts of the Company's assets, under the U.S. Employee Retirement Income Security Act of 1974 (ERISA). Ahold's pension plans covering its Dutch operations are regulated by the Dutch Central Bank (De Nederlandsche Bank or DNB). DNB may require Ahold to make additional contributions to its pension plans in case minimum funding requirements are not met. In addition, U.S. health care costs have risen significantly in recent years and this trend is expected to continue. Ahold may be required to pay significantly higher amounts to fund U.S. employee health care plans in the future. Significant increases in health care and pension funding requirements could have a material adverse effect on the Company's financial position, results of operations and liquidity.

How we manage risk – continued

Other financial risks:

- Foreign currency translation risk arising from various currency exposures, primarily with respect to the U.S. dollar, relating to cash flows, including lease payment obligations, dividends and firm purchase commitments and assets and liabilities denominated in foreign currencies;
- Credit risk related to cash and cash equivalents, short-term deposits and derivative financial instruments;
- Interest rate risk, arising primarily from debt.

For further information in respect of these financial risks, see Note 30 to the consolidated financial statements, which are incorporated and repeated here by reference.

Compliance and regulatory risks

Risks related to unforeseen tax liabilities

Because Ahold operates in a number of countries, its income is subject to taxation in differing jurisdictions and at differing tax rates. Significant judgment is required in determining the consolidated income tax position. Ahold seeks to organize its affairs in a tax-efficient and balanced manner, taking into account the applicable regulations of the jurisdictions in which it operates. As a result of Ahold's multi-jurisdictional operations, it is exposed to a number of different tax risks including, but not limited to, changes in tax laws or interpretations of such tax laws. The tax authorities in the jurisdictions where Ahold operates may audit the Company's tax returns and may disagree with the positions taken in those returns. An adverse outcome resulting from any settlement or future examination of the Company's tax returns may result in additional tax liabilities and may adversely affect its effective tax rate, which could have a material adverse effect on Ahold's financial position, results of operations and liquidity. In addition, any examination by the tax authorities could cause Ahold to incur significant legal expenses and divert management's attention from the operation of its business.

Risks related to the legislative and regulatory environment and litigation

Ahold is subject to federal, regional, state and local laws and regulations in each country in which it operates relating to, among others, zoning, land use, antitrust restrictions, work place safety, public health including food safety, environmental protection, community right-to-know, alcoholic beverage sales and pharmaceutical sales. A number of jurisdictions regulate the licensing of supermarkets, which may entail the restriction or prohibition of certain business operations. Employers are also subject to laws governing their relationship with associates, including but not limited to minimum wage, overtime, working conditions, health care, disabled access and work permit requirements. Compliance with, or changes in, these laws could reduce the revenues and profitability of Ahold's stores and could affect its business, financial condition or results of operations. Ahold is subject to a variety of antitrust and similar laws and regulations in the jurisdictions in which it operates. In a number of markets, Ahold has market positions that may make future significant acquisitions more difficult and may limit its ability to expand by acquisition or merger, if it wished to do so. Due to the wider scope of activity of various regulatory and governing bodies, and the litigious environment that Ahold may experience in the markets in which it operates, litigation may increase in frequency and materiality.

Our leadership – Corporate Executive Board



John Rishton

Chief Executive Officer

John Rishton (February 21, 1958) is a British national. He was appointed Chief Executive Officer on November 15, 2007, after having served as acting CEO since July 1, 2007. John joined Ahold on January 1, 2006, as Executive Vice President and Chief Financial Officer. Ahold's shareholders appointed him to the Corporate Executive Board on May 18, 2006. John is former Chief Financial Officer of British Airways Plc. He has also worked for Ford Europe in various executive positions. John is non-executive director of Rolls-Royce Group Plc.



Kimberly Ross

Executive Vice President and Chief Financial Officer

Kimberly Ross (May 5, 1965) is a U.S. national. She was appointed to the position of Executive Vice President and Chief Financial Officer and acting member of the Corporate Executive Board on November 15, 2007, after having served as Deputy Chief Financial Officer since July 1, 2007. On April 23, 2008, Ahold's shareholders appointed Kimberly to the Corporate Executive Board.

Kimberly joined Ahold in September 2001 as Assistant Treasurer. In April 2002, she became Vice President and Group Treasurer and was promoted to Senior Vice President and Group Treasurer in January 2004. She was appointed Senior Vice President and Chief Treasury and Tax Officer in April 2005.

Prior to joining Ahold, Kimberly held the position of Senior Manager at Ernst & Young in New York and Director of Corporate Finance for the Americas at Joseph E. Seagram & Sons Inc. She also held a number of other management positions at Joseph E. Seagram & Sons Inc. from 1995 through 2001 as well as at Anchor Glass from 1992 to 1995.

Kimberly is a member of the Advisory Board of the Rotterdam School of Management, Erasmus University.



Dick Boer

Executive Vice President and Chief Operating Officer Ahold Europe

Dick Boer (August 31, 1957) is a Dutch national. He was appointed Chief Operating Officer Ahold Europe on November 6, 2006. On May 3, 2007, Ahold's shareholders appointed him to the Corporate Executive Board.

Dick joined Ahold in 1998 as CEO of Ahold Czech Republic and was appointed President and CEO of Albert Heijn in 2000. In 2003, he became President and CEO of the Ahold Netherlands operating companies.

Prior to joining Ahold, Dick spent more than 17 years in various retail positions for SHV Holdings in the Netherlands and abroad, and for Unigro N.V.

Dick is Co-Chairman of ECR Europe, Chairman of Central Office Food Trade (CBL) and a member of the Supervisory Boards of AMS Sourcing B.V. and the Red Cross Hospital in Beverwijk, the Netherlands. Dick is a member of the Executive Boards of VNO-NCW, the Dutch Retail Trade Council and the Platform Retail Trade Nederland and a member of the European Retail Round Table.



Lawrence Benjamin

Executive Vice President and Chief Operating Officer Ahold USA

Lawrence Benjamin (November 6, 1955) is a U.S. national. He was appointed Chief Operating Officer of Ahold USA as of November 6, 2006. On April 28, 2009, Ahold's shareholders appointed him to the Corporate Executive Board.

Larry joined Ahold in October 2003 as President and Chief Executive Officer of U.S. Foodservice. From 1994 to 2003, he worked with several private equity firms where he served in operating positions including Chief Executive Officer of the NutraSweet Company, President and CEO of Specialty Foods Corporation and President and CEO of Stella Foods. From 1986 to 1994 he also held a number of management-level positions in the retail and ingredient divisions of Kraft Foods.



Acting member and nominee to the Corporate Executive Board

Lodewijk Hijmans van den Bergh

Executive Vice President and Chief Corporate Governance Counsel

Lodewijk Hijmans van den Bergh (September 16, 1963) is a Dutch national. In September 2009, Ahold announced his nomination by the Supervisory Board for appointment to the Corporate Executive Board as Chief Corporate Governance Counsel, succeeding Peter Wakkie. His appointment will be proposed at the General Meeting of Shareholders on April 13, 2010. Lodewijk joined the Company on December 1, 2009, assuming his responsibilities as acting member of the Corporate Executive Board and Chief Corporate Governance Counsel.

Prior to joining Ahold, Lodewijk was a partner and member of the managing committee of Amsterdam-based law firm De Brauw Blackstone Westbroek, where he was head of the corporate practice group. He was the resident partner of De Brauw's London office from 1994 to 1998.

Lodewijk is also the deputy chairman of the board of the Royal Concertgebouw Orchestra.

Our leadership – Supervisory Board



René Dahan, Chairman

Chairman of the Selection and Appointment Committee

René Dahan (August 26, 1941) is a Dutch national. He was first appointed to the Supervisory Board on June 2, 2004, and his term runs until 2012. René is former Executive Vice President and Director of Exxon Mobil Corporation. He is a member of the international advisory boards of the Guggenheim Group in New York, United States, and the Instituto de Empresa, Madrid, Spain.



Tom de Swaan, Vice-Chairman

Chairman of the Audit Committee

Tom de Swaan (March 4, 1946) is a Dutch national. He was first appointed to the Supervisory Board on May 3, 2007, and his term runs until 2011. Tom is former CFO of ABN AMRO Bank N.V. He also held various executive positions at the Dutch Central Bank and was a non-executive director of the Financial Services Authority in London. Tom is a member of the Board of GlaxoSmithKline Plc and chairman of its audit committee, and a member of the Board of Directors of Zurich Financial Services. He is chairman of the Supervisory Board of Van Lanschot Bankiers N.V. and a member of the Supervisory Board of Royal DSM and chairman of its audit committee. In addition, Tom De Swaan is chairman of the Advisory Board of the Rotterdam School of Management, Erasmus University.



Karen de Segundo

Karen de Segundo (December 12, 1946) is a Dutch national. She was first appointed to the Supervisory Board on June 2, 2004 and her term runs until 2012. Karen is former CEO of Shell International Renewables and President of Shell Hydrogen and prior to that CEO of Shell International Gas & Power. She is a member of the Supervisory Board of E.ON AG, member of the Board of Pöyry Oyj, and non-executive director of British American Tobacco Plc, Lonmin Plc and Ensus Holding Ltd. Karen is a former non-executive director of BlackRock New Energy Investment Trust Plc (2000 – 2009) and member of the Eco Advisory Board of General Electric (2006 – 2009).



Derk C. Doijer

Chairman of the Remuneration Committee

Derk Doijer (October 9, 1949) is a Dutch national. He was first appointed to the Supervisory Board on May 18, 2005, and his term runs until 2013. Derk is a former member of the Executive Board of Directors of SHV Holdings N.V. and, prior to that, held several executive positions in the Netherlands and South America. He is Chairman of the Supervisory Board of Lucas Bols B.V. and a member of the Supervisory Boards of Corio N.V., NSPB, Stihl Group and ZBG.



Stephanie M. Shern

Stephanie M. Shern (January 7, 1948) is a U.S. national. She was first appointed to the Supervisory Board on May 18, 2005, and her term runs until 2013. Stephanie was with Ernst & Young for over 30 years, most recently as Vice Chairman and Global Director of Retail and Consumer Products and a member of Ernst & Young's U.S. Management Committee. She is the Lead Director of GameStop. Stephanie is a member of the Boards and Chair of the Audit Committees of GameStop and Scotts Miracle-Gro, and she is a member of the Compensation Committee of CenturyLink. Stephanie is also a member of the Accounting Advisory Board of Pennsylvania State University, Smeal School of Business.



Judith Sprieser

Judith Sprieser (August 3, 1953) is a U.S. national. She was first appointed to the Supervisory Board on May 18, 2006 and her term runs until 2010. Judith is former CEO of Transora, Inc. Prior to founding Transora in 2000, she was Executive Vice President and CFO of Sara Lee Corporation. She is a director of Allstate Corporation, USG Corporation, Reckitt Benckiser plc, Intercontinental Exchange, Inc. and Adecco S.A.



Mark McGrath

Mark McGrath (August 10, 1946) is a U.S. national. He was appointed to the Supervisory Board on April 23, 2008 and his term runs until 2012. Mark is a former Director of McKinsey & Company. He led the firm's Americas' Consumer Goods Practice from 1998 until 2004 when he retired from McKinsey & Company. Mark is a Director of GATX and Aware, Inc and a member of the Board of Lincoln Park Zoo, Chicago. He is Chairman of the Advisory Board of the University of Notre Dame's Kellogg Institute of International Studies and a member of the Advisory Councils of the University of Chicago Graduate School of Business and Notre Dame's Kroc International Peace Studies Institute. Mark is a senior advisor with Broadpoint Gleacher.



Ben Noteboom

Ben Noteboom (July 4, 1958) is a Dutch national. He was appointed to the Supervisory Board on April 28, 2009, and his term runs until 2013. Mr. Noteboom currently holds the position of CEO and chairman of the executive board of Randstad. He joined Randstad in 1993 and since then has held various senior management positions within the company. From 2000, he was responsible for in-house services Europe-wide, joining the executive board in 2001. In March 2003 he was appointed CEO and chairman of the executive board of Randstad Holding nv.

Corporate governance



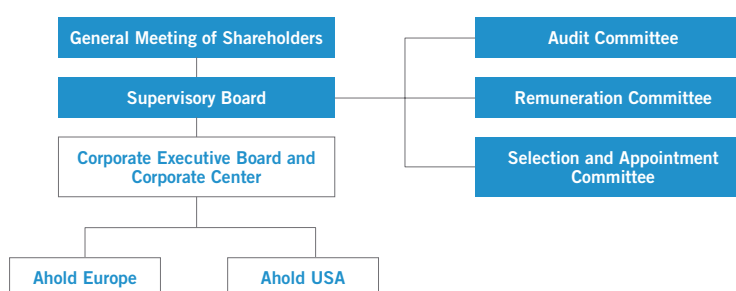
Ahold is committed to a corporate governance structure that best suits its business and stakeholders and that complies with relevant rules and regulations. This section contains an overview of Ahold's corporate governance structure and includes information required under the Dutch Corporate Governance Code.

Governance structure

Koninklijke Ahold N.V. is a public company under Dutch law with a two-tier board structure. Ahold is managed by a Corporate Executive Board, which is supervised and advised by a Supervisory Board. The two boards are accountable to the General Meeting of Shareholders.

The Company is structured to effectively execute its strategy and to balance local, continental and global decision-making. It is comprised of a Corporate Center and two continental platforms, Ahold Europe and Ahold USA, each of which contains a number of operating companies.

The following diagram shows the governance structure of Ahold and its businesses. A list of subsidiaries, joint ventures and associates is included in Note 36 to the consolidated financial statements in this Annual Report.



Corporate governance – continued

Corporate Executive Board

The Corporate Executive Board is responsible for the management and the general affairs of Ahold. For a more detailed description of the responsibilities of the Corporate Executive Board, please refer to its charter in the corporate governance section of Ahold's public website at www.ahold.com.

Composition

According to Ahold's Articles of Association, the Corporate Executive Board must consist of at least three members. The current members of the Corporate Executive Board are: John Rishton, Chief Executive Officer; Kimberly Ross, Executive Vice President and Chief Financial Officer; Dick Boer, Executive Vice President and Chief Operating Officer Ahold Europe and Lawrence Benjamin, Executive Vice President and Chief Operating Officer Ahold USA.

Lawrence Benjamin, Chief Operating Officer Ahold USA, was appointed to the Corporate Executive Board at the annual General Meeting of Shareholders on April 28, 2009, having served as acting member since July 2008.

In December 2009, Lodewijk Hijmans van den Bergh, Chief Corporate Governance Counsel, started serving as acting member of the Corporate Executive Board, succeeding Peter Wakkie. He will be nominated for appointment to the Corporate Executive Board at the annual General Meeting of Shareholders scheduled for April 13, 2010.

Appointment, suspension and dismissal

The General Meeting of Shareholders can appoint, suspend, or dismiss a Corporate Executive Board member by an absolute majority of votes cast, upon a proposal made by the Supervisory Board. If another party makes the proposal, an absolute majority of votes cast, representing at least one-third of the issued share capital, is required. If this qualified majority is not achieved, but a majority of the votes exercised was in favor of the proposal, then a second meeting may be held. In the second meeting, only a majority of votes exercised, regardless of the number of shares represented at the meeting, is required to adopt the proposal.

Corporate Executive Board members are appointed for four-year terms and may be reappointed for additional terms not exceeding four years. The Supervisory Board may at any time suspend a Corporate Executive Board member.

Remuneration

On May 18, 2006, Ahold's General Meeting of Shareholders adopted its current remuneration policy for Corporate Executive Board members. Details of this policy can be found in the "Remuneration" section of this Annual Report. For detailed information on the individual remuneration of Corporate Executive Board members, see Notes 31 and 32 to the consolidated financial statements in this Annual Report.

Retirement and possible reappointment schedule

Name	Date of birth	Date of appointment	Date of possible reappointment
John Rishton	February 21, 1958	May 18, 2006	2010
Dick Boer	August 31, 1957	May 3, 2007	2011
Kimberly Ross	May 5, 1965	April 23, 2008	2012
Lawrence Benjamin	November 6, 1955	April 28, 2009	2013

Corporate governance – continued

Supervisory Board

The Supervisory Board is responsible for supervising and advising Ahold's Corporate Executive Board and for overseeing the general course of affairs. The Supervisory Board is guided in its duties by Ahold's interests, taking into consideration the overall good of the enterprise and the relevant interests of all its stakeholders.

The Supervisory Board is responsible for monitoring and assessing its own performance.

Ahold's Articles of Association require the approval of the Supervisory Board for certain major resolutions proposed to be taken by the Corporate Executive Board, including:

- Issuance of shares;
- Acquisitions, redemptions, repurchases of shares and any reduction in issued and outstanding capital;
- Allocation of duties within the Corporate Executive Board and the adoption or amendment of the Corporate Executive Board Charter;
- Significant changes in the identity or the nature of the Company or its enterprise.

Appointment

The General Meeting of Shareholders can appoint, suspend or dismiss a Supervisory Board member by an absolute majority of votes cast, upon a proposal made by the Supervisory Board. If another party makes the proposal, an absolute majority of votes cast, representing at least one-third of the issued share capital, is required. If this qualified majority is not achieved but a majority of the votes exercised was in favor of the proposal, then a second meeting may be held. In the second meeting, only a majority of votes exercised, regardless of the number of shares represented at the meeting, is required. A Supervisory Board member is appointed for a four-year term and is eligible for reappointment. However, a Supervisory Board member may not serve for more than 12 years.

For more detailed information on the Supervisory Board, please go to the "Supervisory Board report" section of this Annual Report. The following charters can be found in the corporate governance section of Ahold's website at www.ahold.com: the Supervisory Board Charter, the Audit Committee Charter, the Remuneration Committee Charter and the Selection and Appointment Committee Charter.

Conflict of interest

Each member of the Corporate Executive Board is required to immediately report any potential conflict of interest to the Chairman of the Supervisory Board and to the other members of the Corporate Executive Board and provide them with all relevant information. Each Supervisory Board member is required to immediately report any potential conflict of interest to the Chairman of the Supervisory Board and provide him or her with all relevant information. The Chairman determines whether there is a conflict of interest.

If a member of the Supervisory Board or a member of the Corporate Executive Board has a conflict of interest with the Company, the member may not participate in the discussions and/or decision-making process on a subject or transaction relating to the conflict of interest. The Chairman of the Supervisory Board will arrange for such transactions to be disclosed in the Annual Report. No conflicts of interest occurred in 2009. In accordance with best practice provision III.6.4 of the Dutch Corporate Governance Code, Ahold reports that no transactions between the Company and legal or natural persons who hold at least 10 percent of the shares in the Company occurred in 2009.

Corporate governance – continued

Shares and shareholders' rights

General Meeting of Shareholders

Ahold shareholders exercise their rights through annual and extraordinary General Meetings of Shareholders. Ahold is required to convene an annual General Meeting of Shareholders in the Netherlands each year, no later than six months following the end of the Company's financial year. Additional extraordinary General Meetings of Shareholders may be convened at any time by the Supervisory Board, the Corporate Executive Board or by one or more shareholders representing at least 10 percent of the issued share capital. The agenda for the annual General Meeting of Shareholders must contain certain matters as specified in Ahold's Articles of Association and under Dutch law, including, among other things, the adoption of Ahold's annual financial statements. Shareholders are entitled to propose items for the agenda of the General Meeting of Shareholders provided that they hold at least 1 percent of the issued share capital or the shares that they hold represent a market value of at least €50 million. The adoption of such a proposal requires a majority of votes cast at the General Meeting of Shareholders representing at least one-third of the issued shares. If this qualified majority is not achieved but a majority of the votes exercised was in favor of the proposal, then a second meeting may be held. In the second meeting, only a majority of votes exercised is required to adopt the proposal, regardless of the number of shares represented at the meeting (unless the law or Articles of Association provide otherwise). Proposals for agenda items for the General Meeting of Shareholders must be submitted at least 60 days prior to the date of the meeting. Ahold may, however, refrain from including an item on the agenda if to do so would prejudice its vital interests. The General Meeting of Shareholders is also entitled to vote on important decisions regarding the identity or the character of Ahold, including major acquisitions and divestments.

The Corporate Executive Board may set a record date to determine whether a person may attend and exercise the rights relating to a General Meeting of Shareholders. Shareholders registered at that date are entitled to attend and to exercise their rights as shareholders in relation to the General Meeting of Shareholders, regardless of a sale of shares after the record date. Shareholders may be represented by written proxy.

Ahold encourages participation in General Meetings of Shareholders; to this end, it participates in the Shareholder Communication Channel (Stichting Communicatiekanaal Aandeelhouders) in the Netherlands. Ahold uses The Bank of New York, the Depositary for Ahold's ADR facility, to enable ADR holders to exercise their voting rights, which are represented by the common shares underlying the ADRs.

Voting rights

Each common share entitles its holder to cast one vote. Subject to certain exceptions provided by Dutch law or Ahold's Articles of Association, resolutions are passed by a majority of votes cast. A resolution to amend the Articles of Association that would change the rights vested in the holders of a particular class of shares requires the prior approval of a meeting of that particular class. A resolution to dissolve the Company may be adopted by the General Meeting of Shareholders following a proposal of the Corporate Executive Board made with the approval of the Supervisory Board. Any proposed resolution to wind up the Company must be disclosed in the notice calling the General Meeting of Shareholders at which that proposal is to be considered.

Neither Ahold nor any of its subsidiaries can cast a vote on any share they hold in the Company. These shares are not taken into account for the purpose of determining how many shareholders are represented, or how much of the share capital is represented at a General Meeting of Shareholders.

Corporate governance – continued

Holders of depositary receipts of cumulative preferred financing shares may attend the General Meeting of Shareholders. The voting rights on the underlying shares may be exercised by Stichting Administratiekantoor Preferente Financierings Aandelen Ahold (SAPFAA), a foundation organized under the laws of the Netherlands.

Cumulative preferred financing shares

All outstanding cumulative preferred financing shares were issued to SAPFAA. Holders of depositary receipts can obtain proxies from SAPFAA. In accordance with its articles, the board of SAPFAA consists of three members: one A member, one B member and one C member.

The A member is appointed by the general meeting of depositary receipt holders, the B member is appointed by the Company and the C member is appointed by a joint resolution of the A member and the B member. As of March 3, 2010, the members of the board of SAPFAA are:

Member A:	J.H. Ubas, Chairman
Member B:	W.A. Koudijs
Member C:	Vacancy

Ahold pays a mandatory annual dividend on cumulative preferred financing shares, which is calculated in accordance with the provisions of article 39.4 of the Company's Articles of Association. For further details on cumulative preferred financing shares and the related voting rights, see Note 22 to the consolidated financial statements in this Annual Report.

Cumulative preferred shares

No cumulative preferred shares are currently outstanding. Ahold entered into an option agreement with the Dutch foundation Stichting Ahold Continuïteit (SAC) designed to exercise influence in the event of a potential change in control over the Company. The purpose of SAC, according to its articles, is to safeguard the interests of the Company and all stakeholders in the Company and to resist, to the best of its ability, influences that might conflict with those interests by affecting the Company's continuity, independence or identity. As of March 3, 2010, the members of the board of SAC are:

Name	Principal or former occupation
N.J. Westdijk, Chairman	Former CEO of Royal Pakhoed N.V.
M. Arentsen	Former CFO of CSM N.V.
G.H.N.L. van Woerkom	President & CEO of ANWB
W.G. van Hassel	Former lawyer and former chairman Dutch Bar Association

SAC is independent from the Company. For details on Ahold's cumulative preferred shares, see Note 20 to the consolidated financial statements in this Annual Report.

Issue of additional shares and pre-emptive rights

Shares may be issued pursuant to a resolution by the General Meeting of Shareholders upon a proposal of the Corporate Executive Board and with the approval of the Supervisory Board. The General Meeting of Shareholders may resolve to delegate this authority to the Corporate Executive Board for a period of time not exceeding five years. A resolution of the General Meeting of Shareholders to issue shares, or to authorize the Corporate Executive Board to do so, is also subject to the approval of each class of shares whose rights would be adversely affected by the proposed issuance or delegation. The General Meeting of Shareholders approved a delegation of this authority to the Corporate Executive Board, relating to the issuance and/or granting of rights to acquire common shares up to a maximum of 10 percent of the issued common shares through October 28, 2010 and

Corporate governance – continued

subject to the approval of the Supervisory Board.

Upon the issuance of new common shares, holders of Ahold's common shares have a pre-emptive right to subscribe to common shares in proportion to the total amount of their existing holdings of Ahold's common shares. According to the Company's Articles of Association, this pre-emptive right does not apply to any issuance of shares to employees of Ahold. The General Meeting of Shareholders may resolve to restrict or exclude pre-emptive rights. The General Meeting of Shareholders may also designate by resolution the Corporate Executive Board as the corporate body authorized to restrict or exclude pre-emptive rights for a period not exceeding five years. The General Meeting of Shareholders has delegated to the Corporate Executive Board, subject to approval of the Supervisory Board, the authority to restrict or exclude the pre-emptive rights of holders of common shares upon the issuance of common shares and/or upon the granting of rights to subscribe for common shares through October 28, 2010.

Repurchase by Ahold of its own shares

Ahold may acquire fully paid shares of any class in its capital for a consideration only following authorization by the General Meeting of Shareholders and subject to certain provisions of Dutch law and the Company's Articles of Association, if:

1. Shareholders' equity minus the payment required to make the acquisition is not less than the sum of paid-in and called-up capital and any reserves required by Dutch law or Ahold's Articles of Association; and
2. Ahold and its subsidiaries would not, as a result, hold a number of shares exceeding a total nominal value of 10 percent of the issued share capital.

The Corporate Executive Board has been authorized to acquire a number of common shares in the Company or depository receipts for shares, as permitted within the limits of the law and the Articles of Association and subject to the approval of the Supervisory Board. Such acquisition of shares, at the stock exchange or otherwise, shall take place at a price between par value and 110 percent of the opening price of the shares at Euronext Amsterdam by NYSE Euronext on the date of their acquisition. The authorization takes into account the possibility to cancel the repurchased shares. This authorization is valid through October 28, 2010. Ahold may acquire shares in its capital for no consideration or for the purpose of transferring these shares to employees through share plans or option plans, without such authorization.

Major shareholders

Ahold is not directly or indirectly owned or controlled by another corporation or by any government. The Company does not know of any arrangements that may, at a subsequent date, result in a change of control, except as described under "Cumulative preferred shares" above.

Significant ownership of voting shares

According to the Dutch Financial Markets Supervision Act, any person or legal entity who, directly or indirectly, acquires or disposes of an interest in Ahold's capital or voting rights must immediately give written notice to the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten or AFM), if the acquisition or disposal causes the percentage of outstanding capital interest or voting rights held by that person or legal entity to reach, exceed or fall below any of the following thresholds:

5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

The obligation to notify the AFM also applies when such percentage of capital interest or voting rights referred to above changes as a result of a change in the total outstanding capital or voting rights of Ahold.

Corporate governance – continued

In addition, local rules may apply to investors.

The following table lists the shareholders on record in the AFM register on March 3, 2010 that hold an interest of 5 percent or more in the share capital of the Company.

Shareholder	Date of disclosure	Capital interest ²	Voting rights ²
BlackRock, Inc.	December 1, 2009	0%	6.74%
Stichting Administratiekantoor Preferente Financieringsaandelen Ahold ¹	January 3, 2008	18.38%	5.87%
ING Groep N.V.	April 8, 2008	9.26%	4.92%
DeltaFort Beleggingen B.V.	August 23, 2007	11.23%	3.82%

1. All of the outstanding cumulative preferred financing shares are held by SAPFAA, for which SAPFAA issued corresponding depositary receipts to investors that filed under ING Groep N.V. and DeltaFort Beleggingen B.V.
2. In accordance with the filing requirements the percentages shown include both direct and indirect capital interests and voting rights and both real and potential capital interests and voting rights. Further details can be found at www.afm.nl

For details on the number of outstanding shares, see Note 20 to the consolidated financial statements included in this Annual Report. For details on capital structure, listings, share performance, and dividend policy in relation to Ahold's common shares, see the "Investor relations" section.

Articles of Association

Ahold's Articles of Association set forth certain aspects governing organization and corporate governance. The current text of the Articles of Association is available at the Trade Register of the Chamber of Commerce and Industry for Amsterdam and on Ahold's public website (www.ahold.com).

The Articles of Association may be amended by the General Meeting of Shareholders. A resolution to amend the Articles of Association may be adopted by an absolute majority of the votes cast upon a proposal of the Corporate Executive Board. If another party makes the proposal, an absolute majority of votes cast, representing at least one-third of the issued share capital, is required. If this qualified majority is not achieved but a majority of the votes is in favor of the proposal, then a second meeting may be held. In the second meeting, only a majority of votes, regardless of the number of shares represented at the meeting, is required. The prior approval of a meeting of holders of a particular class of shares is required for a proposal to amend the Articles of Association that makes any change in the rights that vest in the holders of shares of that particular class.

Auditor

The General Meeting of Shareholders appoints the external auditor. The Audit Committee recommends to the Supervisory Board the external auditor to be proposed for reappointment by the General Meeting of Shareholders. In addition, the Audit Committee evaluates and, where appropriate, recommends the replacement of the external auditors.

On April 28, 2009, the General Meeting of Shareholders appointed Deloitte Accountants B.V. as external auditor for the Company for the financial year 2009.

Corporate governance – continued

Decree Article 10 EU Takeover Directive

According to the Decree Article 10 Takeover Directive, Ahold has to report on, inter alia, its capital structure, restrictions on voting rights and the transfer of securities, significant shareholdings in Ahold, the rules governing the appointment and dismissal of members of the Corporate Executive Board and the Supervisory Board and the amendment of the Articles of Association, the powers of the Corporate Executive Board (in particular the power to issue shares or to repurchase shares), significant agreements to which Ahold is a party and which are effectuated, changed or dissolved upon a change of control of Ahold following a takeover bid and any agreements between Ahold and the members of the Corporate Executive Board or employees providing for compensation if their employment ceases because of a takeover bid.

The information required by the Decree Article 10 EU Takeover Directive is included in this “Corporate governance” section and the “Investors” section, and the notes referred to in these sections, or included in the description of any relevant contract.

Compliance with Dutch Corporate Governance Code

Ahold applies the relevant principles and best practices of the Dutch Corporate Governance Code applicable to the Company, to the Corporate Executive Board and to the Supervisory Board, in the manner as set out in the “Governance” section in this Annual Report. The Dutch Corporate Governance Code was last amended on December 10, 2008 and can be found at www.commissiecorporategovernance.nl.

Ahold shareholders consented to apply the Dutch Corporate Governance Code during the Extraordinary General Meeting of Shareholders on March 3, 2004. Ahold continues to seek ways to improve its corporate governance by measuring itself against international best practice.

Corporate governance – continued

Corporate Governance statement

This is a statement concerning corporate governance as referred to in article 2a of the decree on additional requirements for annual reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) last amended as of January 1, 2010 (the Decree). The information required to be included in this corporate governance statement as described in articles 3, 3a and 3b of the Decree, which are incorporated and repeated here by reference, can be found in the following sections of this Annual Report:

- The information concerning compliance with the Dutch Corporate Governance Code (published at www.commissiecorporategovernance.nl), as required by article 3 of the Decree, can be found in the section “Compliance with the Dutch Corporate Governance Code” in this Annual Report;
- The information concerning Ahold’s risk management and control frameworks relating to the financial reporting process, as required by article 3a sub a of the Decree, can be found in the relevant sections under “How we manage risk” in this Annual Report;
- The information regarding the functioning of Ahold’s General Meeting of Shareholders, and the authority and rights of Ahold’s shareholders, as required by article 3a sub b of the Decree, can be found in the relevant sections under “Shares and shareholders’ rights” in this Annual Report;
- The information regarding the composition and functioning of Ahold’s Corporate Executive Board, the Supervisory Board and its committees, as required by article 3a sub c of the Decree, can be found in the relevant sections under “Corporate Governance” in this Annual Report;
- The information concerning the inclusion of the information required by the Decree Article 10 EU Takeover Directive, as required by article 3b of the Decree, can be found in the section “Decree Article 10 EU Takeover Directive” in this Annual Report.

Supervisory Board report



The Supervisory Board is an independent corporate body responsible for supervising and advising Ahold's Corporate Executive Board and overseeing the general course of affairs and strategy of the Company. The Supervisory Board is guided in its duties by Ahold's interests, taking into consideration the overall good of the enterprise and the relevant interests of all its stakeholders.

Composition of the Supervisory Board

Ahold's Supervisory Board determines the number of its members. The Supervisory Board profile is published on Ahold's public website (www.ahold.com). The composition of the Supervisory Board should match this profile in terms of combined experience and expertise, independence and variety of ages and genders. The Supervisory Board is of the opinion that its composition is currently in accordance with the profile.

The Supervisory Board Charter states that if a member is concurrently a member of another company's Supervisory Board, the main duties arising from and/or the number and nature of any other supervisory board memberships must not conflict or interfere with that person's duties as a member of Ahold's Supervisory Board. On April 28, 2009, the General Meeting of Shareholders appointed Ben Noteboom to the Supervisory Board and reappointed Derk Doijer and Stephanie Shern, both for a second term.

Induction

Ongoing education is an important part of good governance. New members of the Supervisory Board attend a full-day induction program at Ahold's offices in Amsterdam at which they are briefed on their responsibilities as members of the Supervisory Board and briefed by senior management on the financial, social, corporate responsibility, human resources, legal and reporting affairs of the Company and its businesses. Throughout the year, all members of the Supervisory Board visit several operating companies and other parts of the business to gain greater familiarity with senior management, and to develop deeper knowledge of local operations, opportunities and challenges.

Supervisory Board Diversity profile

Name	Date of birth	Date of initial appointment	US	Europe	Retail	Food industry	Finance	Social/employment	CR	Disclosure/communication	Marketing	Management experience	Active management	Gender
Dahan	August 26, 1941	June 2, 2004	•	•				•		•		•		m
De Segundo	December 12, 1946	June 2, 2004		•				•	•	•		•		f
Doijer	October 9, 1949	May 18, 2005		•	•	•						•		m
Shern	January 7, 1948	May 18, 2005	•		•		•				•	•		f
Sprieser	August 3, 1953	May 18, 2006	•	•		•	•	•		•		•		f
De Swaan	March 4, 1946	May 3, 2007		•			•	•		•		•		m
McGrath	August 10, 1946	April 23, 2008	•		•	•					•	•		m
Noteboom	July 4, 1958	April 28, 2009		•				•	•	•	•	•	•	m

Supervisory Board report – continued

Retirement and reappointment schedule

Name	Date of birth	Date of initial appointment	Date of reappointment	Date of possible reappointment
René Dahan	August 26, 1941	June 2, 2004	April 23, 2008	2012
Karen de Segundo	December 12, 1946	June 2, 2004	April 23, 2008	2012
Derk Doijer	October 9, 1949	May 18, 2005	April 28, 2009	2013
Stephanie Shern	January 7, 1948	May 18, 2005	April 28, 2009	2013
Judith Sprieser	August 3, 1953	May 18, 2006		2010
Tom de Swaan	March 4, 1946	May 3, 2007		2011
Mark McGrath	August 10, 1946	April 23, 2008		2012
Ben Noteboom	July 4, 1958	April 28, 2009		2013

Meetings of the Supervisory Board

In 2009, the Supervisory Board held seven meetings in person and two meetings by conference call. The members of the Corporate Executive Board attended the meetings and other members of senior corporate, continental and local management were regularly invited to present to the Supervisory Board. The Supervisory Board held three private meetings without other attendees to independently review certain issues and to discuss matters related to the functioning of the Corporate Executive and Supervisory Board. The external auditor attended the meeting in February 2009 at which the 2008 Annual Report and financial statements were endorsed. In November 2009, in a separate private meeting, the Supervisory Board assessed its own performance, that of its committees and its individual members, as well as the performance of the Corporate Executive Board and its individual members. All members received the criteria for this evaluation ahead of the meeting. Supervisory Board members discussed the performance of the Corporate Executive Board and its members and the Supervisory Board and its members and committees in that private meeting, which was partly attended by the CEO. The members of the Supervisory Board have regular contact with the members of the Corporate Executive Board and other company management outside the scheduled meetings of the Supervisory Board.

Activities of the Supervisory Board

During 2009, the Supervisory Board reviewed matters related to all aspects of Ahold's activities, results, strategies and management, including:

- Establishment of the annual compensation of Corporate Executive Board members in accordance with the remuneration policy and with the assistance of the Remuneration Committee;
- Decisions on nominations for appointments to the Corporate Executive Board and Supervisory Board with the assistance of the Selection and Appointment Committee.

With the assistance of the Audit Committee:

- Review of the financial reporting process and, in particular, the approval of quarterly earnings statements and related press releases and the 2008 Annual Report;
- Review of reports related to the enterprise risk management of the group, on subjects including the main risks of the business and the result of the Corporate Executive Board's assessment of the design and effectiveness of the internal risk management and control systems, and any changes required;
- Review of the reports by the internal and the external auditor;

Supervisory Board report – continued

- Approval of the proposal for the nomination of the external auditor;
- Review and approval of the annual budget;
- Review of the annual update of the three-year business plan;
- Reviews of updates on the functioning of IT systems and the implementation of improvements, where necessary;
- Regular reviews of the U.S. businesses, including the reorganization announced in November 2009;
- Regular reviews of the European businesses;
- Review of Company strategies as part of the annual strategic planning cycle;
- Review of Ahold's corporate responsibility strategy and initiatives and of the 2008 Corporate Responsibility Report;
- Regular updates on major legal proceedings with potential impact on Ahold;
- Review of reports of the various committees of the Supervisory Board;
- Regular assessment of the Corporate Executive Board, including the plans for succession of its members;
- Regular assessment of organizational strategy, talent management and succession planning.

Attendance, independence

No Supervisory Board member was frequently absent from the meetings held in 2009. The Supervisory Board confirms that as of March 3, 2010 all Supervisory Board members are independent within the meaning of provision III.2.2 of the Dutch Corporate Governance Code.

Remuneration

The annual remuneration of the members of the Supervisory Board was determined by the General Meeting of Shareholders in May 2005 and has remained unchanged since then. Remuneration is subject to a yearly review by the Supervisory Board.

Chairman Supervisory Board	€55,000
Vice-Chairman Supervisory Board	€47,500
Member Supervisory Board	€40,000
Chairman Audit Committee	€10,000
Member Audit Committee	€8,000
Chairman Remuneration Committee or Selection and Appointment Committee	€5,000
Member Remuneration Committee or Selection and Appointment Committee	€3,000

In addition, for each meeting of the Supervisory Board and the Audit Committee, each member receives an attendance fee of €1,250 when no intercontinental travel is required, or €3,000 when the meeting is held at a location that requires intercontinental travel from the residence of a member.

For detailed information on the individual remuneration of Supervisory Board members, see Note 31 to Ahold's consolidated financial statements.

For 2010 an amendment to the annual remuneration of the members of the Supervisory Board will be proposed to the General Meeting of Shareholders.

Supervisory Board report – continued

Committees of the Supervisory Board

The Supervisory Board has three permanent committees to which certain tasks are assigned. The composition of each committee is detailed in the following table.

	Audit Committee	Remuneration Committee	Selection and Appointment Committee
René Dahan, Chairman			Chairman
Tom de Swaan, Vice-Chairman	Chairman		
Karen de Segundo	Member		Member
Derk Doijer		Chairman	Member
Stephanie Shern	Member	Member	
Judith Sprieser	Member	Member	
Mark McGrath		Member	Member
Ben Noteboom		Member	Member

Audit Committee

The Audit Committee assists the Supervisory Board in its responsibility to oversee Ahold's financing, financial statements, financial reporting process and system of internal business controls and risk management. The Chief Executive Officer, Chief Financial Officer, Chief Corporate Governance Counsel, Chief Internal Audit Officer and representatives of the external auditor are invited to the Audit Committee meetings. Other members of senior staff are invited when the Audit Committee deems it necessary or appropriate. The Audit Committee determines how the external auditor should be involved in the content and publication of financial reports other than the financial statements. The Corporate Executive Board and the Audit Committee report to the Supervisory Board on an annual basis on their dealings with the external auditor, including the auditor's independence. The Supervisory Board takes these reports into account when deciding on the nomination for the appointment of an external auditor that is submitted to the General Meeting of Shareholders.

In 2009, the Audit Committee held five meetings in person and four conference calls to review the publication of financial press releases.

Throughout the year, the Audit Committee closely monitored the financial closing process. Updates on internal controls were provided during all Audit Committee meetings. The Audit Committee was informed regularly on litigation and related exposure, reviewed and received regular updates on Ahold's whistleblower program and verified the outcome of the annual incentive program.

The Audit Committee further discussed items including:

- Quarterly trading statements;
- Quarterly interim reports;
- 2008 Annual Report and financial statements;
- Review and approval of the internal audit plan;
- Review and discussions on the findings in the internal audit letter and the management letter of the external auditor;
- Ahold's finance structure;
- Composition and functioning of the Treasury department;
- Tax;

Supervisory Board report – continued

- Pensions;
- Guarantees;
- Enterprise risk management;
- Insurance;
- Appointment of the external auditor.

The Audit Committee also held private individual meetings with the Chief Executive Officer, Chief Financial Officer, Chief Internal Audit Officer and external auditor.

The Audit Committee and Supervisory Board assessed the independence and performance of the external auditor in the different capacities in which it acts. The Audit Committee pre-approved the fees for audit and permitted non-audit services to be performed by external auditors as negotiated by the Corporate Executive Board. The Audit Committee and the external auditor reviewed the internal audit plan. The Audit Committee also reviewed its own functioning as well as that of its individual members.

The Supervisory Board has determined that Tom de Swaan and Stephanie Shern are “Audit Committee Financial Experts” within the meaning of the Dutch Corporate Governance Code.

Selection and Appointment Committee

In 2009, the Selection and Appointment Committee held four meetings. Its main focus was the selection of an additional member of the Corporate Executive Board. It was also involved in the organizational changes and the change of the management at Ahold Europe and Ahold USA, and discussed overall succession and management development at Ahold.

Remuneration Committee

In 2009, the Remuneration Committee held three meetings in person and one conference call. The Chief Executive Officer was invited to most of these meetings. For a report on remuneration and the activities of the Remuneration Committee, see the “Remuneration” section of this Annual Report.

Conclusion

The Supervisory Board would like to thank Ahold’s shareholders for the trust they have put in the Company and its management. The Supervisory Board also wishes to express its appreciation for the continued dedication and efforts of the Corporate Executive Board and all Ahold’s employees.

Supervisory Board

Amsterdam, the Netherlands
March 3, 2010

Remuneration



Ahold's remuneration policy is prepared in accordance with the Dutch Corporate Governance Code. It was adopted at the General Meeting of Shareholders on May 18, 2006 as required by the Dutch Corporate Governance Code.

Further details on employment agreements, individual remuneration, pension, shares and other interests in the Company for the Corporate Executive Board members are outlined in Notes 31 and 32 to the consolidated financial statements.

Remuneration Committee

The main responsibilities of the Remuneration Committee include:

- Preparing proposals for the Supervisory Board on the remuneration policy for the Corporate Executive Board to be adopted by the General Meeting of Shareholders;
- Preparing proposals on the remuneration of individual members of the Corporate Executive Board;
- Advising on the level and structure of compensation for senior personnel other than members of the Corporate Executive Board.

The Remuneration Committee uses internal and external advisors for market data and recent developments. In 2009, external advisors were hired to provide advice regarding market practices and developments relating to the remuneration policy and short- and long-term incentive plans. Ultimately, the Supervisory Board determines the level and composition of the remuneration components for the individual members of the Corporate Executive Board.

The current members of the Remuneration Committee are Supervisory Board members Derk Doijer (Chairman), Mark McGrath, Stephanie Shern, Judith Sprieser and Ben Noteboom. In 2009, the Remuneration Committee met three times.

Remuneration policy 2009

Ahold's remuneration policy is focused on Total Direct Compensation, which is benchmarked against a pre-defined peer group.

Total Direct Compensation

The basic elements of the Total Direct Compensation provided to Ahold's Corporate Executive Board members are (1) a base salary, (2) an annual cash incentive and (3) a long-term, equity-based program. An important component of the overall remuneration package is the pension benefit, which is not regarded as a component of Total Direct Compensation.

Peer group

The peer group used to assess the competitiveness of the overall remuneration provided to the Corporate Executive Board is the same as that used to benchmark the performance of the Company. This peer group reflects Ahold's geographic operating areas and the markets most relevant in relation to the recruitment and retention of top management. In addition, peer group companies are selected based on relevant size, public listing and liquidity of shares.

Remuneration – continued

Wal-Mart Stores, Inc.	Costco Wholesale Corporation	SuperValu Inc.
Carrefour S.A.	The Kroger Co.	Delhaize Brothers and Co.
Metro A.G.	Target Corporation	(Delhaize Group)
Tesco PLC	Safeway Inc.	Staples, Inc.

To anticipate changes to the peer group, a short list of substitutes has been defined. In selecting the most appropriate replacement, the Supervisory Board uses the same criteria as was used to select the companies in the current peer group.

Base salary

The composition (risk profile) of the existing Total Direct Compensation levels is taken into account when benchmarking base salary levels. The target Total Direct Compensation level is typically around the 50th percentile.

Annual cash incentive plan

The Corporate Executive Board's annual cash incentive plan uses three equally weighted measures: net sales growth, operating margin and return on net assets (RoNA). The at-target payout as a percentage of base salary is 100 percent, contingent on full achievement of the individual's objectives, with a cap at 125 percent of the base salary. Ahold does not disclose the required performance levels of the measures, as this is considered commercially sensitive information. A claw back provision is embedded in the rules of the Annual Incentive Plan.

Equity-based program: Global Reward Opportunity

Under the Global Reward Opportunity (GRO) program, conditional shares are granted through three- (with a performance hurdle at grant) and five-year (with a performance hurdle at grant and vesting) programs. In principle, plan rules will not be altered during the term of the plan.

The Supervisory Board has determined the target value to be granted under GRO at 125 percent of base pay. The number of conditional shares to be granted is determined by the at-target value of the grant, the annual cash incentive plan multiplier of the preceding year and the average share price during the six months preceding the date of grant. For example, assuming an at-target grant value of €100,000 and an annual incentive multiplier for the preceding year of 0.8, the value to be granted will be $0.8 \times €100,000 = €80,000$. Assuming, furthermore, a six-month average share price preceding the date of grant of €8.00, the number of shares to be conditionally granted will be 10,000. Of these 10,000 shares, 5,000 will be granted through the three-year component and 5,000 will be granted through the five-year Total Shareholder Return (TSR)-related component. If the annual incentive multiplier is zero, 50 percent of the grant value at target will be granted through the five-year program only.

The relation between the annual cash incentive and the GRO program, plus the fact that the maximum annual cash incentive multiplier is capped at 1.25, results in a maximum grant value of 156.25 percent of base salary.

Scenario analyses are prepared regularly to estimate possible future outcomes. These outcomes are included in the annual evaluation of the remuneration policy, each of the components and the mix of these components (Risk profile of the package).

Three-year component

For Corporate Executive Board members, the shares conditionally granted (with a performance hurdle at grant) under this component vest after three years of continued employment. The performance hurdle at grant is the multiplier of the Annual Incentive Plan of the preceding year, which is used to determine the number of shares to be conditionally granted. Corporate Executive Board members must retain these shares for a period of five years from the grant date. They are allowed to sell part of the shares to finance tax due at the date of vesting.

Remuneration – continued

Five-year component

The shares conditionally granted (with a performance hurdle at both grant and vesting) under this component vest at the end of the performance period of five years. Performance at vesting is measured using TSR (share price growth and dividends paid over the performance period) as benchmarked against the TSR performance of the peer group. The number of shares that vest depends on Ahold's ranking within the peer group. No shares will vest if Ahold ranks below the seventh position of the peer group, which consists of 12 companies (including Ahold). The table below indicates the percentage of conditional shares that could vest based on Ahold's ranking within the peer group.

Corporate Executive Board Members

Rank	%	Rank	%	Rank	%	Rank	%
1	150%	4	90%	7	25%	10	0%
2	130%	5	70%	8	0%	11	0%
3	110%	6	50%	9	0%	12	0%

An independent external advisor determines the ranking based on TSR performance against the peer group.

Pension and other contract terms

Pension

The pension plan for Corporate Executive Board members is identical to the pension provision for all other employees of Ahold in the Netherlands and is referred to as a career average pension plan. For every service year at Ahold, a pension amounting to 2.25 percent of the pension-bearing base salary will be granted. The normal retirement age is 65. Under this plan, each Corporate Executive Board member pays a pension premium contribution of approximately 1 percent of his or her pension-bearing salary. Upon appointment to the Corporate Executive Board, Chief Financial Officer Kimberly Ross and Chief Operating Officer Ahold USA Larry Benjamin continued their participation in the U.S. pension plan.

Other contract terms

Loans

Ahold does not provide loans to members of the Corporate Executive Board. There are no loans outstanding.

Additional arrangements

In addition to the remuneration allocated to Corporate Executive Board members, a number of additional arrangements apply. These include expense allowances, medical insurance and accident insurance, and are in line with standard practice in the Netherlands.

Employment agreements

The term of appointment for all Corporate Executive Board members is set at four years. The term of employment is equal to the term of appointment, unless the Corporate Executive Board member is reappointed for another term or was already employed by Ahold immediately prior to the appointment. In both cases the term of employment is indefinite. If the Company terminates the employment agreement of any member of the Corporate Executive Board, the severance payment is limited to one year's base salary. The same applies if an initial employment agreement for four years is not continued because the Corporate Executive Board member is not reappointed. The employment agreements may be terminated by Ahold with a notice period of 12 months, and by the Corporate Executive Board member with a notice period of six months.

Outlook remuneration policy

No major changes to either the policy or the design of the incentive programs are suggested for 2010.

Declarations

Introduction

This 2009 Ahold Annual Report dated March 3, 2010 (the Annual Report) comprises regulated information within the meaning of sections 1:1 and 5:25c of the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*).

For the consolidated and the parent company's 2009 financial statements (*jaarrekening*) within the meaning of section 2:361 of the Dutch Civil Code, please refer to the section Financials in this Annual Report. The members of the Corporate Executive Board and the Supervisory Board have signed the 2009 financial statements pursuant to their obligation under section 2:101, paragraph 2 of the Dutch Civil Code.

The following sections of this Annual Report together form the management report (*jaarverslag*) within the meaning of section 2:391 of the Dutch Civil Code: Group at a glance, Performance, How we manage risk, Our leadership, Corporate governance, Remuneration and the subsection Remuneration included in the Supervisory Board report.

For other information (*overige gegevens*) within the meaning of section 2:392 of the Dutch Civil Code, please refer to sub-section Other information under the section Financials, and to the section Investors.

Declarations

The members of the Corporate Executive Board 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 2009 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 the undertakings included in the consolidation taken as a whole as of January 3, 2010 and of the development and performance of the business for the financial year then ended; and
- The management report includes a description of the principal risks and uncertainties that the Company faces.

Corporate Executive Board

John Rishton (Chief Executive Officer)	Dick Boer (Executive Vice President and Chief Operating Officer Europe)
Kimberly Ross (Executive Vice President and Chief Financial Officer)	Lawrence Benjamin (Executive Vice President and Chief Operating Officer Ahold USA)

This Annual Report, including the 2009 financial statements, audited by Deloitte Accountants B.V., has been presented to the Supervisory Board. The 2009 financial statements and the external auditor's report relating to the audit of the 2009 financial statements were discussed with the Audit Committee in the presence of the Corporate Executive Board and the external auditor. The Supervisory Board recommends that the General Meeting of Shareholders adopts the 2009 financial statements included in this Annual Report and recommends the proposal to pay a cash dividend for the financial year 2009 of €0.23 per common share.

Supervisory Board

René Dahan (Chairman)	Stephanie Shern
Tom de Swaan (Vice Chairman)	Judith Sprieser
Karen de Segundo	Mark McGrath
Derk Doijer	Ben Noteboom

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Consolidated income statement

€ million	Note	2009	2008 ¹
Net sales	7	27,925	25,648
Cost of sales	8	(20,338)	(18,777)
Gross profit		7,587	6,871
Selling expenses		(5,488)	(4,924)
General and administrative expenses		(802)	(745)
Total operating expenses	8	(6,290)	(5,669)
Operating income		1,297	1,202
Interest income		27	110
Interest expense		(316)	(343)
Other financial income		6	20
Net financial expense	9	(283)	(213)
Income before income taxes		1,014	989
Income taxes	10	(148)	(226)
Share in income of joint ventures	14	106	124
Income from continuing operations		972	887
Income (loss) from discontinued operations	5	(78)	195
Net income		894	1,082
Attributable to:			
Common shareholders		894	1,077
Non-controlling interests		–	5
Net income		894	1,082
Earnings per share	29		
Net income per share attributable to common shareholders			
Basic		0.76	0.92
Diluted		0.74	0.90
Income per share from continuing operations attributable to common shareholders			
Basic		0.82	0.76
Diluted		0.81	0.74
Weighted average number of common shares outstanding (in millions)			
Basic		1,180	1,174
Diluted		1,243	1,238

1 Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments (see Note 3).

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

€ million	2009	2008 ¹
Net income	894	1,082
Currency translation differences in foreign interests (before and after taxes)	(2)	(15)
Cash flow hedges:		
Fair value gains in the year	25	9
Transfers to net income	(2)	(37)
Income taxes	(5)	6
Share of other comprehensive income of joint ventures – net	16	7
Other comprehensive income (loss)	32	(30)
Total comprehensive income	926	1,052
Attributable to:		
Common shareholders	926	1,047
Non-controlling interests	–	5
Total comprehensive income	926	1,052

1 Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments (see Note 3).

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated balance sheet

€ million	Note	January 3, 2010	December 28, 2008 ¹
Assets			
Property, plant and equipment	11	5,407	5,526
Investment property	12	531	501
Intangible assets	13	619	598
Investments in joint ventures	14	1,066	972
Other non-current financial assets	15	750	485
Deferred tax assets	10	429	358
Other non-current assets		26	26
Total non-current assets		8,828	8,466
Assets held for sale	5	10	20
Inventories	16	1,209	1,319
Receivables	17	700	744
Other current financial assets	18	310	18
Income taxes receivable		13	66
Other current assets		175	107
Cash and cash equivalents	19	2,688	2,863
Total current assets		5,105	5,137
Total assets		13,933	13,603
Equity and liabilities			
Equity attributable to common shareholders	20	5,440	4,687
Loans	21	1,753	2,260
Other non-current financial liabilities	22	1,660	1,664
Pensions and other post-employment benefits	23	96	113
Deferred tax liabilities	10	173	115
Provisions	24	584	442
Other non-current liabilities	25	202	184
Total non-current liabilities		4,468	4,778
Accounts payable		2,137	2,284
Other current financial liabilities	26	564	578
Income taxes payable		141	101
Provisions	24	152	170
Other current liabilities	27	1,031	1,005
Total current liabilities		4,025	4,138
Total equity and liabilities		13,933	13,603

1 Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments (see Note 3).

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

€ million	Note	Share capital	Additional paid-in capital	Legal reserves			Accumulated deficit	Equity attributable to common shareholders
				Currency translation reserve	Cash flow hedging reserve	Other legal reserves		
Balance as of December 30, 2007		381	10,699	(635)	(39)	327	(6,923)	3,810
Retrospective amendments	3	–	–	(8)	3	21	(6)	10
Balance as of December 30, 2007 – restated¹		381	10,699	(643)	(36)	348	(6,929)	3,820
Dividends		–	–	–	–	–	(188)	(188)
Total comprehensive income		–	–	(8)	(24)	2	1,077	1,047
Retirement of treasury shares		(23)	(779)	–	–	–	802	–
Share-based payments		–	–	–	–	–	57	57
Change in other legal reserves		–	–	–	–	42	(42)	–
Acquisition of non-controlling interests	5	–	–	–	–	–	(54)	(54)
Other		–	(4)	–	(2)	–	11	5
Balance as of December 28, 2008 – before amendments		358	9,916	(651)	(62)	392	(5,266)	4,687
Retrospective amendments	3	–	–	–	–	10	(10)	–
Balance as of December 28, 2008 – restated¹		358	9,916	(651)	(62)	402	(5,276)	4,687
Dividends		–	–	–	–	–	(212)	(212)
Total comprehensive income		–	–	19	14	(1)	894	926
Share-based payments		–	–	–	–	–	39	39
Change in other legal reserves		–	–	–	–	43	(43)	–
Balance as of January 3, 2010	20	358	9,916	(632)	(48)	444	(4,598)	5,440

1 Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments (see Note 3).

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

€ million	Note	2009	2008 ¹
Operating income		1,297	1,202
Adjustments for:			
Depreciation, amortization and impairments		771	674
Gains on the sale of assets and disposal groups held for sale		(7)	(46)
Share-based compensation expenses		30	32
Operating cash flows before changes in working capital		2,091	1,862
Changes in inventories		99	(103)
Changes in receivables and other current assets		(31)	(11)
Changes in payables and other current liabilities		(73)	214
Changes in non-current assets and liabilities		(146)	(91)
Cash generated from operations		1,940	1,871
Income taxes (paid) received – net		(34)	(147)
Operating cash flows from continuing operations		1,906	1,724
Operating cash flows from discontinued operations		(14)	18
Net cash from operating activities		1,892	1,742
Purchase of non-current assets		(770)	(1,019)
Divestments of assets and disposal groups held for sale		22	88
Acquisition of businesses, net of cash acquired	28	(4)	(26)
Divestment of businesses, net of cash divested	28	(8)	321
Changes in short-term deposits		(289)	–
Dividends from joint ventures		69	83
Interest received		31	110
Other		(3)	(12)
Investing cash flows from continuing operations		(952)	(455)
Investing cash flows from discontinued operations		(1)	(16)
Net cash from investing activities		(953)	(471)
Interest paid		(310)	(348)
Repayments of loans		(524)	(1,069)
Repayments of finance lease liabilities		(47)	(43)
Dividends paid on common shares		(212)	(188)
Other		(11)	(36)
Financing cash flows from continuing operations		(1,104)	(1,684)
Financing cash flows from discontinued operations		(4)	(32)
Net cash from financing activities		(1,108)	(1,716)
Net cash from operating, investing and financing activities	28	(169)	(445)

1 Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments (see Note 3).

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 The Company and its operations

Koninklijke Ahold N.V. ("Ahold" or "the Company" or "Group" or "Ahold Group") is a public limited liability company with its registered seat in Zaandam, the Netherlands, and its head office in Amsterdam, the Netherlands. The principal activity of Ahold is the operation of retail food stores in the United States and Europe through subsidiaries and joint ventures. Ahold's significant subsidiaries, joint ventures and associates are listed in Note 36.

2 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Historical cost is used as the measurement basis unless otherwise indicated.

Ahold's financial year is a 52- or 53-week period ending on the Sunday nearest to December 31. Financial year 2009 consisted of 53 weeks and ended on January 3, 2010. The comparative financial year 2008 consisted of 52 weeks and ended on December 28, 2008.

These consolidated financial statements are presented in euros. The following exchange rates of the euro against the U.S. dollar ("\$\$") have been used in the preparation of these financial statements:

	2009	2008
Average exchange rate	0.7194	0.6828
Year-end closing exchange rate	0.6980	0.7111

The preparation of financial statements requires management to make a number of estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. All assumptions, expectations and forecasts used as a basis for certain estimates within these financial statements represent good-faith assessments of Ahold'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:

- Vendor allowances (Note 3);
- Leases and sale and leaseback transactions (Note 3);
- Impairments (Note 3);
- Non-current assets held for sale and discontinued operations (Notes 3 and 5);
- Income taxes (Notes 3 and 10);
- Equity method of accounting for ICA (Note 14);
- Company and multi-employer pension obligations (Note 23);
- Provisions and contingencies (Notes 24 and 34).

3 Significant accounting policies

Changes in accounting policies

As of 2009, Ahold has applied IFRIC 13 "Customer Loyalty Programs," which addresses accounting by entities that grant customer loyalty award credits to their customers. The adoption of IFRIC 13, which Ahold has applied retrospectively, resulted in a decrease in net sales of €14 million, a decrease in cost of sales of €10 million, a decrease in general and administrative expenses of €3 million and a decrease in interest expense of €1 million from previously reported 2008 results. The 2008 balance sheet has also been changed accordingly, with the effect that other current financial liabilities decreased by €1 million and other current liabilities increased by the same amount.

As of 2009, rent income earned by certain real estate subsidiaries is netted against the related expense, whereas previously it was included in net sales. Comparative information has been changed accordingly, with the effect that net sales decreased by €60 million, selling expenses decreased by €49 million and cost of sales decreased by €11 million.

As of 2009, following the changes made to IAS 40 "Investment Property" as part of the 2008 annual improvements to IFRSs, property that is being constructed or developed for future use as investment property is considered investment property. Comparative information has been changed accordingly, with the effect that the property, plant and equipment balance decreased by €6 million and the investment property balance increased by the same amount as of December 28, 2008.

Retrospective amendments

As of 2009, Ahold's 49 percent stake in its joint venture JMR was reclassified from assets held for sale to investments in joint ventures because the sale of JMR is no longer considered to be highly probable as defined in IFRS 5. As a result of this reclassification, JMR is accounted for using the equity method. This change has been applied retrospectively and resulted in a reclassification from assets held for sale to investments in joint ventures of €159 million and €161 million as of December 28, 2008 and December 30, 2007, respectively. It also resulted in a cumulative increase in investments in joint ventures and equity of €11 million and €10 million as of December 28, 2008 and December 30, 2007, respectively. In the income statement for 2008, this amendment has resulted in an increase in net income of €3 million; this was due to an increase in operating income (reduced general and administrative expenses) of €5 million, an increase in share in income of joint ventures of €15 million, an increase in income tax charge of €1 million and decrease in income from discontinued operations of €16 million. The relevant cash flow statement amounts for 2008 have been reclassified accordingly.

Furthermore, comparative information in the consolidated statement of changes in equity has been changed to properly present certain components of equity. The net equity position as of December 28, 2008 and December 30, 2007 did not change. Relevant adjustments have been made to the Five-year overview.

Notes to the consolidated financial statements

3 Significant accounting policies – continued

In the aggregate, the above changes did not have a material impact on the balance sheet position. Therefore, the presentation of a third balance sheet as of the beginning of the earliest comparative period was not deemed necessary.

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Company has control. Control is defined as the power to govern the financial and operating policies of an entity, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. All intra-group transactions, balances, income and expenses are eliminated upon consolidation. Unrealized losses on intra-group transactions are eliminated, unless the transaction provides evidence of an impairment of the assets transferred.

Non-controlling interests are recorded, as appropriate, on the consolidated balance sheet, in the consolidated income statement, and in the consolidated statement of comprehensive income for the non-controlling shareholders' share in the net assets and the income or loss of subsidiaries. Non-controlling shareholders' interest in an acquired subsidiary is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

Foreign currency translation

The financial statements of each subsidiary are prepared in its functional currency, which is determined based on the primary economic environment in which each subsidiary operates. Transactions in currencies other than the functional currency 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 the entity's functional currency 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. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are considered as assets and liabilities denominated in the functional currency of the foreign entity.

Upon consolidation, the assets and liabilities of subsidiaries with a functional currency other than the euro are translated into euros using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the respective periods. Exchange rate differences arising during consolidation are included in equity, in the currency translation reserve. Intercompany loans to and from foreign entities for which settlement is neither planned nor likely to occur in the foreseeable future are considered to increase or decrease the net investment in that foreign entity; therefore the exchange rate differences relating to these loans are also included in equity, in the currency translation reserve. At the time of the disposal of a foreign operation, either in full or in part, the related cumulative exchange

rate difference that was included in equity is transferred to the consolidated income statement.

Segmentation

Ahold's operating segments are its retail operating companies that engage in business activities from which they earn revenues and incur expenses and whose operating results are regularly reviewed by the Corporate Executive Board to make decisions about resources to be allocated to the segments and assess their performance. In establishing the reportable segments, certain operating segments have been aggregated as they have similar economic characteristics.

Performance of the segments is evaluated against several measures, of which operating income is the most important. Intersegment sales are executed under normal commercial terms and conditions that would also be available to unrelated third parties. Net sales are attributed to geographical regions based on the location of stores.

Net sales

Ahold generates and recognizes net sales to retail customers at the point of sale in its stores and upon delivery of groceries to internet customers. Ahold also generates revenues from the sale of products to retail franchisees, which are recognized upon delivery. Ahold recognizes franchise fees as revenue when all material services relating to the contract have been substantially performed. Discounts earned by customers, including those provided in connection with bonus or loyalty cards, are deferred on the balance sheet at the time of the sale and subsequently recognized in the income statement when redeemed.

Generally, net sales and cost of sales are recorded based on the gross amount received from the customer for products sold and the amount paid to the vendor for products purchased. However, for certain products or services, such as the sale of lottery tickets, third-party prepaid phone cards, stamps and public transportation tickets, Ahold acts as an agent and consequently records the amount of commission income in its net sales. Net sales exclude sales taxes and value-added taxes.

Cost of sales

Cost of sales includes the purchase price of the products sold and other costs incurred in bringing the inventories to the location and condition ready for sale. These costs include costs of purchasing, storing, rent, depreciation of property, plant and equipment, salaries and transporting products to the extent that it relates to bringing the inventories to the location and condition ready for sale.

Vendor allowances

Ahold receives various types of vendor allowances. The most common allowances vendors offer are (i) volume allowances, which are off-invoice or amounts billed back to vendors based on the quantity of products sold to customers or purchased from the vendor and (ii) promotional allowances, which relate to cooperative advertising and market development efforts. Volume allowances are recognized as a reduction of the cost of the related products as they are sold. Promotional allowances are recognized as a reduction of the cost of the related products when the Company has performed the activities specified in the contract with the vendor. If the contract does not specify any performance criteria,

Notes to the consolidated financial statements

3 Significant accounting policies – continued

the allowance is recognized over the term of the contract. Vendor allowances are generally deducted from cost of sales, unless there is clear evidence that they should be classified as revenue or a reimbursement of costs. Ahold recognizes vendor allowances only where there is evidence of a binding arrangement with the vendor, the amount can be estimated reliably and receipt is probable.

The accounting for vendor allowances requires a number of estimates. First, the Company must estimate the allowances that are earned based on the fulfillment of its related obligations, many of which require management to estimate the volume of purchases that will be made during a period of time. Second, the Company needs to estimate the amount of related product that was sold and the amount that remains in ending inventories and accordingly allocate the allowance to cost of sales or inventories. Management makes this estimate based on the turnover of the inventories and allocates a portion of the related vendor allowance to ending inventories until such product is estimated to have been sold to customers.

Selling expenses

Selling expenses consist of salaries and wages of store employees, store expenses, rent or depreciation of stores, advertising costs and other selling expenses.

General and administrative expenses

General and administrative expenses consist of salaries and wages of support office employees, rent and depreciation of support offices, impairment losses and reversals, gains and losses on the sale of non-current assets and disposal groups held for sale, restructuring costs and other general and administrative expenses.

Share-based compensation

The grant date fair value of share-based compensation plans is expensed, with a corresponding increase in equity, on a straight-line basis over the vesting periods of the grants. The cumulative expense recognized at each balance sheet date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of options or shares that will eventually vest. No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition (e.g. total shareholder return). Those are treated as vested irrespective of whether or not the market condition is ultimately satisfied, provided that all non-market conditions (e.g., continued employment) are satisfied.

Income taxes

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

for all temporary differences, except to the extent that a deferred tax liability arises from the initial recognition of goodwill. 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 asset to be recovered.

Deferred tax assets and liabilities are not discounted. Deferred income tax assets and liabilities are offset on 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 on 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 taxes will be due. These liabilities are presented as current income taxes payable, except in jurisdictions where prior tax losses are being carried forward to be used to offset future taxes that will be due; in these instances the liabilities are presented as a reduction to deferred tax assets.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. For this to be the case the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable. For the sale to be highly probable, (i) the Corporate Executive Board must be committed to a plan to sell the asset, (ii) an active program to locate a buyer and complete the plan must have been initiated, (iii) the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value, (iv) the sale should be expected to be completed within one year and (v) actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Non-current assets (or disposal groups) classified as held for sale are measured at the lower of the asset's carrying amount and the fair value less costs to sell. Depreciation or amortization of an asset ceases when it is classified as held for sale. Equity accounting ceases for an investment in a joint venture or associate when it is classified as held for sale; instead dividends received are recognized in the consolidated income statement.

Notes to the consolidated financial statements

3 Significant accounting policies – continued

A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations. Results from discontinued operations that are clearly identifiable as part of the component disposed of and that will not be recognized subsequent to the disposal are presented separately as a single amount in the consolidated income statement. Results and cash flows from discontinued operations are reclassified for prior periods presented in the financial statements so that the results and cash flows from discontinued operations relate to all operations that have been discontinued as of the balance sheet date for the latest period presented.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition or construction of an asset and includes borrowing costs incurred during construction. Where applicable, estimated asset retirement costs are added to the cost of an asset. Subsequent expenditures are capitalized only when it is probable that future economic benefits associated with the item will flow to the Company and the costs can be measured reliably. All other subsequent expenditures represent repairs and maintenance and are expensed as incurred.

Depreciation is computed using the straight-line method based on the estimated useful lives of the items of property, plant and equipment, taking into account the estimated residual value. Where an item of property, plant and equipment comprises major components having different useful lives, each such part is depreciated separately. The assets' useful lives are reviewed, and adjusted, if appropriate, at each balance sheet date.

The estimated useful lives of property, plant and equipment are:

Land	indefinite
Buildings	30 – 40 years
Building components	7 – 20 years
Machinery and equipment	5 – 12 years
Other	3 – 10 years

Depreciation of assets subject to finance leases and leasehold improvements is calculated on a straight-line basis over either the lease term (including renewal periods when renewal is reasonably assured) or the estimated useful life of the asset, whichever is shorter.

Investment property

Investment property consists of land and buildings held by Ahold to earn rental income or for capital appreciation, or both. These properties are not used by Ahold in the ordinary course of business. Ahold often owns (or leases under a finance lease) shopping centers containing both an Ahold store and third-party retail units. In these cases, the third-party retail units generate rental income, but are primarily of strategic importance for operating purposes to Ahold in its retail operations. Ahold recognizes the part of an owned (or leased under a finance lease) shopping center that is leased to third-party retailers as investment property, unless it represents an insignificant portion of the property. Land and buildings leased to franchisees are not considered to be investment property as they contribute directly to Ahold's retail operations. Investment property is measured on the same basis as property, plant and equipment.

Leases and sale and leaseback transactions

Leases

Ahold is a lessee of land, buildings and equipment under operating and finance lease arrangements. Ahold classifies its leases as finance leases when the lease agreement transfers substantially all the risks and rewards of ownership to Ahold. For leases determined to be finance leases, the asset and liability are recognized at the inception of the lease at an amount equal either to the fair value of the leased asset or the present value of the minimum lease payments during the lease term, whichever is lower. Lease payments are apportioned between interest charges and a reduction of the lease liability so as to achieve a constant rate of interest on the remaining liability balance. Contingent rentals are expensed as incurred.

Leases that do not qualify as finance leases are classified as operating leases, and the related lease payments are expensed on a straight-line basis over the lease term, including, as applicable, any rent-free period during which Ahold has the right to use the asset. Payments made to Ahold representing incentives to sign a new lease or representing reimbursements for leasehold improvements are deferred and recognized on a straight-line basis over the term of the lease as reductions to lease expense.

For leases with renewal options where the renewal is reasonably assured, the lease term used to (i) determine the appropriate lease classification, (ii) compute periodic rental expense and (iii) depreciate leasehold improvements (unless their economic lives are shorter) includes the periods of expected renewals.

Determining whether a lease agreement is a finance or an operating lease requires judgment on various aspects that include the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments.

Notes to the consolidated financial statements

3 Significant accounting policies – continued

Sale and leaseback

The gain or loss on sale and operating leaseback transactions is recognized in the income statement immediately if (i) Ahold does not maintain or maintains only minor continuing involvement in these properties, other than the required lease payments and (ii) these transactions occur at fair value. Any gain or loss on sale and finance leaseback transactions is deferred and amortized over the term of the lease. In classifying the leaseback in a sale and leaseback transaction, similar judgments have to be made as described above under “Leases.”

In some sale and leaseback arrangements, Ahold sells a property and only leases back a portion of that property. These properties generally involve shopping centers, which contain an Ahold store as well as other stores leased to third-party retailers. Ahold recognizes a sale and the resulting profit on the portion of the shopping center that is not leased back to the extent that (i) the property is sold for fair value and (ii) the risks and rewards of owning stores, which are not leased back to Ahold, have been fully transferred to the buyer. The leaseback of the Ahold store and any gain on the sale of the Ahold store is accounted for under the sale and leaseback criteria described above.

In some sale and leaseback arrangements, Ahold subleases the property to third parties (including franchisees) or maintains a form of continuing involvement in the property sold, such as earn-out provisions or obligations or options to repurchase the property. In such situations, the transaction generally does not qualify for sale and leaseback accounting, but rather is accounted for as a financing transaction (“financing”). The carrying amount of the asset remains on the balance sheet and the sale proceeds are recorded as a financing obligation. The financing obligation is amortized over the lease term, using either the effective interest rate or Ahold’s cost of debt rate, whichever is higher. Once Ahold’s continuing involvement ends, the sale is accounted for under the sale and leaseback criteria described above.

Intangible assets

Goodwill and impairment of goodwill

Goodwill represents the excess of the cost of an acquisition over the Company’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition, and is carried at cost less accumulated impairment losses. Goodwill on acquisitions of joint ventures and associates is included in the carrying amount of the investment.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of a business combination. Goodwill is allocated to a cash-generating unit (or group of cash-generating units) representing the lowest level within the Company at which the goodwill is monitored for internal management purposes and is never larger than an operating segment before aggregation. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the cash-generating unit may be impaired. Goodwill on acquisitions of joint ventures and associates is assessed for impairment as part of the

investment whenever there is an indication that the investment may be impaired. An impairment loss is recognized for the amount by which the cash-generating unit’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of a cash-generating unit’s fair value less cost to sell and its value in use. An impairment loss is allocated first to reduce the carrying amount of the goodwill and then to the other assets of the cash-generating unit pro-rata on the basis of the carrying amount of each asset in the cash-generating unit. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On the partial or complete disposal of an operation, the goodwill attributable to that operation is included in the determination of the gain or loss on disposal.

Other intangible assets

Other intangible assets are stated at fair value, determined at the date of acquisition of the related underlying business, or at cost if they are separately acquired or represent internally developed software, less accumulated amortization and impairment losses.

Customer relationships acquired in business acquisitions are stated at fair value determined using an income approach. Direct costs related to development of software for internal use are capitalized only if the costs can be measured reliably, technological feasibility has been established, future economic benefits are probable and the Company intends to complete development and to use the software. All other costs, including all overhead, general and administrative and training costs, are expensed as incurred. Lease-related intangible assets, consisting primarily of favorable operating lease contracts acquired in business acquisitions, are measured at the present value of the amount by which the contract terms are favorable relative to market prices at the date of acquisition.

Amortization is computed using the straight-line method based on the estimated useful lives, which are as follows:

Customer relationships	7 – 10 years
Software	3 – 10 years
Lease-related intangibles	remaining duration of the lease
Other	5 – indefinite

The useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Investments in joint ventures and associates

A joint venture is a contractual arrangement whereby Ahold and other parties undertake an economic activity through a jointly controlled entity. Joint control exists when strategic, financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. Associates are entities over which Ahold has significant influence but not control, generally accompanying a shareholding of between 20 percent and 50 percent of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over those policies.

Notes to the consolidated financial statements

3 Significant accounting policies – continued

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

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

Impairment of non-current assets other than goodwill

Ahold assesses on a quarterly basis whether there is any indication that non-current assets may be impaired. If indicators of impairment exist, Ahold estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of an individual asset, Ahold estimates the recoverable amount of the cash-generating unit to which it belongs. Individual stores are considered separate cash-generating units for impairment testing purposes.

The recoverable amount is the higher of an asset's fair value less cost to sell and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount.

In subsequent years, Ahold assesses whether indications exist that impairment losses previously recognized for non-current assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is recalculated and, if required, its carrying amount is increased to the revised recoverable amount. The increase is recognized in operating income as an impairment reversal. An impairment reversal is recognized only if it arises from a change in the assumptions that were used to calculate the recoverable amount. The increase in an asset's carrying amount due to an impairment reversal is limited to the depreciated amount that would have been recognized had the original impairment not occurred.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost consists of all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition, net of vendor allowances attributable to inventories. The cost of inventories is determined using either the first-in, first-out ("FIFO") method or the weighted average cost method, depending on their nature or use. For certain inventories, cost is measured using the retail method, in which the sales value of the inventories is reduced by the appropriate percentage of gross margin. Net realizable value is the estimated selling price in the

ordinary course of business, less the estimated marketing, distribution and selling expenses.

Financial instruments

Financial assets and liabilities

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the 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 canceled. Purchases and sales of financial assets in the normal course of business are accounted for at settlement date (i.e. the date that the asset is delivered to or by the Company).

At initial recognition, management classifies its financial assets as either (i) at fair value through profit or loss, (ii) loans and receivables, (iii) held to maturity or (iv) available for sale, 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.

The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active, or if the financial asset represents an unlisted security, the Company establishes fair value using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs. Subsequent to initial recognition, financial assets are measured as described below. At each balance sheet date, the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Investments at fair value through profit or loss

Investments at fair value through profit or loss are those investments that are either held for trading or designated as such by the Company. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Financial instruments held for trading are measured at fair value and changes therein are recognized in the income statement.

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.

Held to maturity financial assets

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity.

Notes to the consolidated financial statements

3 Significant accounting policies – continued

They are carried at amortized cost using the effective interest method, less any impairment losses. They are included in current assets, except for held to maturity financial assets with maturities greater than 12 months after the balance sheet date.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category of financial assets or not classified in any of the other categories. They are measured at fair value based on quoted market prices with changes therein recognized directly in equity until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss previously recorded in equity is transferred to the income statement. Available-for-sale financial assets are included in non-current assets unless management intends to dispose of the investment within 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, unless they are designated as fair value hedges. Any difference between the proceeds and redemption value is recognized in the income statement over the period of the loans and short-term borrowings using the effective interest method. Loans are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derivative financial instruments

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

Fair value changes of derivative instruments that qualify for fair value hedge accounting treatment are recognized in the income statement in the periods in which they arise, together with any changes in fair value of the hedged asset or liability. If the hedging instrument no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortized in the income statement over the remaining period to maturity of the hedged item.

Reinsurance assets and liabilities

Reinsurance assets include estimated receivable balances related to reinsurance contracts purchased by the Company. Reinsurance liabilities represent the expected insurance risks related to reinsurance contracts sold by the Company. Reinsurance assets and liabilities are measured on a discounted basis using accepted actuarial methods.

Financial guarantees

Financial guarantees are recognized initially as a liability at fair value. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the obligation and the amount initially recognized less cumulative amortization.

Equity

Equity instruments issued by the Company are recorded at the value of proceeds received. Own equity instruments that are bought back (treasury shares) are deducted from equity. Incremental costs that are directly attributable to issuing or buying back own equity instruments are recognized directly in equity, net of the related tax. No gain or loss is recognized in the consolidated income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Cumulative preferred financing shares

Cumulative preferred financing shares, for which dividend payments are not at the discretion of the Company, are classified as non-current financial liabilities and are stated at amortized cost. The dividends on these cumulative preferred financing shares are recognized as interest expense in the income statement, using the effective interest method. From the date when Ahold receives irrevocable notification from a holder of cumulative preferred financing shares to convert these shares into common shares, the cumulative preferred financing shares are classified as a separate class of equity.

Pension and other post-employment benefits

The net assets and net liabilities recognized on the consolidated balance sheet for defined benefit plans represent the present value of the defined benefit obligations, less the fair value of plan assets, adjusted for unrecognized actuarial gains or losses and unamortized past service costs. Any net asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan. No adjustment for the time value of money is made in case the Company has an unconditional right to a refund of the full amount of the surplus, even if such a refund is realizable only at a future date.

Notes to the consolidated financial statements

3 Significant accounting policies – continued

Defined benefit obligations are actuarially calculated at least annually on the balance sheet date using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds denominated in the currency in which the benefits will be paid, and that have an average duration similar to the expected duration of the related pension liabilities. Actuarial gains and losses are recognized using the corridor approach, which assumes that actuarial gains and losses may offset each other over the long term. Under this approach, if, for a specific plan, the net unrecognized actuarial gains and losses at the balance sheet date exceed the greater of 10 percent of the fair value of the plan assets and 10 percent of the defined benefit obligation, the excess is taken into account in determining net periodic expense for the subsequent period. The amount then recognized in the subsequent period is the excess divided by the expected remaining average working lives of employees covered by that plan at the balance sheet date. Past service costs are recognized immediately to the extent that the associated benefits are already vested, and are otherwise amortized on a straight-line basis over the average period until the associated benefits become vested. Results from curtailments or settlements, including the related portion of net unrecognized actuarial gains and losses, are recognized immediately.

Contributions to defined contribution plans are recognized as an expense when they are due. Post-employment benefits provided through industry multi-employer plans, managed by third parties, are generally accounted for under defined contribution criteria.

For other long-term employee benefits, such as long-service awards, provisions are recognized on the basis of discount rates and other estimates that are consistent with the estimates used for the defined benefit obligations. For these provisions the corridor approach is not applied and all actuarial gains and losses are recognized in the consolidated income statement immediately.

Provisions

Provisions are recognized when (i) the Company has a present (legal or constructive) obligation as a result of past events, (ii) it is more likely than not that an outflow of resources will be required to settle the obligation and (iii) the amount can be reliably estimated. The amount recognized is the best estimate of the expenditure required to settle the obligation. Provisions are discounted whenever the effect of the time value of money is significant.

Restructuring provisions are recognized when the Company has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced to those affected by it. Onerous contract provisions are measured at the amount by which the unavoidable costs to fulfill agreements exceeds the expected benefits from such agreements. The provision for the Company's self-insurance program is recorded based on claims filed and an estimate of claims incurred but not yet reported. The provision includes expenses incurred in the claim settlement process that can be directly associated with specific claims. Other expenses incurred in the claim settlement process are expensed when incurred. The Company's estimate

of the required liability of such claims is recorded on a discounted basis, utilizing an actuarial method, which is based upon various assumptions that include, but are not limited to, historical loss experience, projected loss development factors and actual payroll costs.

New accounting policies not yet effective for 2009

The International Accounting Standards Board ("IASB") issued several Standards, or revisions thereto, and Interpretations in 2009 and 2008, which have been endorsed by the European Union, but which are not yet effective for 2009. Except as detailed below, the Company expects these will not have a significant impact on its financial statements.

In 2008, the IASB issued a revised IFRS 3 "Business Combinations" and amended IAS 27 "Consolidated and Separate Financial Statements." These standards were changed to address guidance for applying the acquisition method of accounting for business combinations by stressing the "economic entity" view of the reporting entity and greater use of fair value through the income statement. The adoption of these standards will impact the Company's financial results or position prospectively for business combinations occurring as from 2010.

The 2008 amendment of IAS 27 included an amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates." The amendment to IAS 21 will change the methodology Ahold applies in recycling its currency translation reserve to income upon the disposal of a foreign operation and in certain intercompany financing transactions. The adoption of this amendment to IAS 21 will impact the Company's financial results or position prospectively as from 2010.

4 Acquisitions

2009 acquisitions

Ahold completed several minor acquisitions for a total consideration of €4 million. All acquisitions were accounted for using the purchase method of accounting.

2008 acquisitions

In December 2008, Stop & Shop completed the acquisition of three Grand Union market stores from C&S Wholesale Grocers. The total purchase consideration amounted to €16 million. Intangible assets were recognized for €11 million relating to lease rights. No goodwill was recognized on this acquisition.

Ahold completed several other minor acquisitions. All acquisitions were accounted for using the purchase method of accounting.

Under the Purchase and Sale Agreement between Ahold, Schuitema and CVC Capital Partners, as described in Note 5, Ahold retained 56 Schuitema stores and transferred these to the Albert Heijn segment. This transaction was not accounted for as an acquisition; the assets and liabilities related to these stores have been retained in Ahold's consolidated balance sheet at their carrying amounts.

Notes to the consolidated financial statements

5 Assets held for sale and discontinued operations

As of 2009, Ahold's 49 percent stake in JMR was reclassified from assets held for sale to investments in joint ventures (see Note 14). Comparative amounts in this Note have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments (see Note 3).

Assets held for sale

At year-end 2009 and 2008 the balances classified as held for sale consisted primarily of property, plant and equipment.

Discontinued operations

Income from discontinued operations per operating segment, consisting of results from discontinued operations and results on divestments, was as follows:

€ million		2009	2008
Segments	Discontinued operations		
Schuitema	Schuitema	–	17
Results from discontinued operations		–	17
BI-LO/Bruno's	BI-LO and Bruno's	(62)	(1)
Schuitema	Schuitema	–	161
Various ¹	Various	(16)	18
Results on divestments of discontinued operations²		(78)	178
Income (loss) from discontinued operations, net of income taxes		(78)	195

1 Includes adjustments to the results on various past divestments (mainly U.S. Foodservice, Tops and Poland).

2 Results on divestments of discontinued operations included income tax benefits of €50 million and €19 million in 2009 and 2008, respectively.

Results from discontinued operations

The following table presents the condensed income statement from the Company's discontinued operations until their respective divestment dates.

Condensed income statement

€ million	2009	2008
Net sales	–	1,672
Cost of sales	–	(1,499)
Gross profit	–	173
Operating expenses	–	(148)
Operating income	–	25
Net financial expense	–	(3)
Income before income taxes	–	22
Income taxes	–	(5)
Results from discontinued operations	–	17

Results on divestments of discontinued operations

See Note 28 for the reconciliation between cash received and results on divestments of discontinued operations.

BI-LO and Bruno's

Two former subsidiaries of Ahold, BI-LO, LLC and Bruno's Supermarkets LLC (BI-LO and Bruno's) filed for protection under Chapter 11 of the U.S. Bankruptcy Code in 2009. Related to obligations under the lease guarantees, the Company recognized a net provision of €62 million, including tax benefit offsets. For more information see Note 34.

Schuitema

On April 23, 2008, Ahold announced that it had reached an agreement with Schuitema and CVC Capital Partners ("CVC") on the divestment of its 73.2 percent interest in Schuitema to CVC. The sale was completed on June 30, 2008. At the same time, Ahold, Schuitema and CVC entered into a store purchase agreement for the transfer of 56 Schuitema stores, including owned real estate. The net consideration for the sale of Ahold's 73.2 percent interest in Schuitema (i.e., net of the 56 stores retained) amounted to €362 million, as summarized below, resulting in a gain on divestment of €161 million.

Notes to the consolidated financial statements

5 Assets held for sale and discontinued operations – continued

€ million	Total Schuitema	56 stores retained	Total sold
Fair value (100%)	703	208	495
Non-controlling interest (26.8%)	(188)	(55)	(133)
Fair value of Ahold's 73.2% interest	515	153	362

The retained stores were transferred to the Albert Heijn segment in several tranches and converted into Albert Heijn stores during the second half of 2008 and in early 2009.

Schuitema's results for 2008 and prior years were classified in their entirety as results from discontinued operations. The assets and liabilities related to these stores (primarily land and buildings and finance lease assets and liabilities) were retained on Ahold's consolidated balance sheet at their carrying amounts. The 26.8 percent non-controlling interest related to the 56 retained stores was effectively acquired by Ahold. The excess of the fair value paid over the existing carrying amount of the non-controlling interest, related to the retained stores, amounted to €54 million and was recognized directly in equity.

In addition to the assets and liabilities retained, Ahold also acquired real estate related to certain of the retained stores from a third party for €51 million. Furthermore, as part of the transaction, Ahold acquired preference shares for €50 million, representing a 20 percent indirect interest in Schuitema. For more information on these preference shares, see Note 15.

6 Segment reporting

Ahold's retail operations are presented in four reportable segments. In addition, Other retail, consisting of Ahold's unconsolidated joint ventures ICA and JMR, and Ahold's Corporate Center are presented separately. Ahold's 73.2 percent stake in Schuitema, which was sold in 2008, also represented a separate reportable segment. The accounting policies used for the segments are the same as the accounting policies used for the consolidated financial statements as described in Note 3.

Reportable segment	Significant operations in the segment
Stop & Shop/Giant-Landover	Stop & Shop, Giant-Landover and Peapod
Giant-Carlisle	Giant-Carlisle
Albert Heijn	Albert Heijn, Etos, Gall & Gall and Ahold Coffee Company
Albert/Hypernova	Czech Republic and Slovakia
Other segment	Significant operations in the segment
Other retail	Unconsolidated joint ventures ICA (60%) and JMR (49%)
Corporate Center	Corporate staff (the Netherlands, Switzerland and the United States)

Ahold operates in the following geographical regions, identified on the basis of the location of stores:

Geographical region	Significant operations included in the geographical region
United States	Stop & Shop, Giant-Landover, Giant-Carlisle, Peapod and corporate staff (United States)
The Netherlands	Albert Heijn, Etos, Gall & Gall, Ahold Coffee Company and corporate staff (the Netherlands)
Europe – Other	Albert/Hypernova (Czech Republic and Slovakia), corporate staff (Switzerland) and the unconsolidated joint ventures ICA (60%) and JMR (49%)

Net sales (excluding intersegment sales)

€ million	2009	2008 ¹
Stop & Shop/Giant-Landover	12,839	11,666
Giant-Carlisle	3,560	3,238
Albert Heijn	9,843	8,972
Albert/Hypernova	1,683	1,772
Ahold Group	27,925	25,648
Region		
United States	16,399	14,904
The Netherlands	9,843	8,972
Europe – Other	1,683	1,772
Ahold Group	27,925	25,648

1 Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments (see Note 3).

Notes to the consolidated financial statements

6 Segment reporting – continued

Operating income

€ million	2009	2008 ¹
Stop & Shop/Giant-Landover	625	485
Giant-Carlisle	157	160
Albert Heijn	654	647
Albert/Hypernova	(76)	1
Total retail	1,360	1,293
Corporate Center	(63)	(91)
Ahold Group	1,297	1,202

1 Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments (see Note 3).

Assets related to operations (including intersegment balances)

€ million	January 3, 2010	December 28, 2008 ¹
Stop & Shop/Giant-Landover	5,748	5,504
Giant-Carlisle	1,145	1,137
Albert Heijn	2,688	2,612
Albert/Hypernova	682	768
Other retail (ICA and JMR)	1,053	948
Total retail	11,316	10,969
Corporate Center	2,867	2,652
Intersegment balances	(1,038)	(729)
Assets related to operations	13,145	12,892
Derivative financial instruments	336	267
Deferred and current income taxes	442	424
Assets related to continuing operations	13,923	13,583
Assets held for sale	10	20
Ahold Group	13,933	13,603

1 Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments (see Note 3).

Additions to property, plant and equipment, investment property and intangible assets

€ million	2009	2008
Stop & Shop/Giant-Landover	411	489
Giant-Carlisle	140	107
Albert Heijn	205	424
Albert/Hypernova	29	75
Schuitema	–	13
Total retail	785	1,108
Corporate Center	3	1
Ahold Group	788	1,109

Notes to the consolidated financial statements

6 Segment reporting – continued

Depreciation and amortization of property, plant and equipment, investment property and intangible assets

€ million	2009	2008
Stop & Shop/Giant-Landover	384	354
Giant-Carlisle	99	88
Albert Heijn	197	166
Albert/Hypernova	51	52
Total retail	731	660
Corporate Center	1	1
Ahold Group	732	661

Non-current assets (property, plant and equipment, investment property and intangible assets)

€ million	January 3, 2010	December 28, 2008
Region		
United States	4,588	4,625
The Netherlands	1,505	1,499
Europe – Other	464	501
Ahold Group	6,557	6,625

Additional segment information

Segment results do not include significant non-cash items other than depreciation, amortization and impairment losses and reversals.

The information presented below with respect to ICA and JMR (on a 100 percent basis) represents amounts that are not consolidated in the Company's financial statements since the investments in ICA and JMR are accounted for under the equity method, as described in Notes 3 and 14.

Segment information joint ventures – Other retail (ICA and JMR)

€ million	2009	2008 ¹
Net sales	11,668	12,003
Operating income	338	292
Net income	191	205
Additions to property, plant and equipment, investment property and intangible assets	305	625
Depreciation and amortization	239	239
Non-current assets	3,640	3,473
Current assets	1,900	1,901
Assets related to operations	5,409	5,295
Non-current liabilities	1,018	1,066
Current liabilities	2,800	2,761

1 Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments (see Note 3).

7 Net sales

€ million	2009	2008 ¹
Sales to retail customers	25,439	23,331
Sales to franchisees and franchise fees	2,002	1,829
Internet sales	390	344
Other sales	94	144
Net sales	27,925	25,648

1 Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments (see Note 3).

Notes to the consolidated financial statements

8 Expenses by nature

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

€ million	2009	2008 ¹
Cost of product	19,376	17,887
Employee benefit expenses	3,771	3,365
Other store expenses	1,716	1,643
Depreciation and amortization	732	661
Rent expenses and income – net	488	437
Impairment losses and reversals – net	39	13
Gains on the sale of assets	(7)	(46)
Other expenses	513	486
Total expenses	26,628	24,446

1 Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments (see Note 3).

9 Net financial expense

€ million	2009	2008 ¹
Interest income	27	110
Interest expense	(316)	(343)
Gains (losses) on foreign exchange	(25)	87
Fair value gains (losses) on financial instruments	41	(66)
Other financial expense	(10)	(1)
Net financial expense	(283)	(213)

1 Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments (see Note 3).

Interest income is mainly attributable to the interest on cash and cash equivalents and short-term cash deposits. Interest expense primarily relates to financial liabilities measured at amortized cost (mainly loans, finance lease liabilities and cumulative preferred financing shares) and interest accretions to provisions.

The gains (losses) on foreign exchange in both 2009 and 2008 mainly result from the foreign exchange retranslation of the GBP 250 million notes.

Fair value gains (losses) on financial instruments mainly include fair value changes in swaps related to the GBP 250 million notes. These swaps do not qualify for hedge accounting treatment. For more information on financial instruments, see Note 30.

Foreign exchange results on financial assets and liabilities, including amounts released from the cash flow hedging reserve, are presented as part of net financial expense. Foreign exchange results arising from the purchase of goods for sale or goods and services consumed in Ahold's operations are included in cost of sales or in the appropriate element of operating expenses, respectively. In 2009, the Company included net exchange losses of €9 million in operating income (2008: losses of €10 million).

Other financial expense in 2009 primarily consists of a loss of €7 million incurred on the buyback of certain notes. For more information, see Note 21.

Notes to the consolidated financial statements

10 Income taxes

Income taxes on continuing operations

The following table specifies the current and deferred tax components of income taxes on continuing operations in the income statement:

€ million	2009	2008 ¹
Current income taxes		
Domestic taxes	(68)	(122)
Foreign taxes		
United States	(38)	–
Europe – Other	(11)	(13)
Total current tax expense	(117)	(135)
Deferred income taxes		
Domestic taxes	(52)	(33)
Foreign taxes		
United States	(4)	(59)
Europe – Other	25	1
Total deferred tax expense	(31)	(91)
Total income taxes on continuing operations	(148)	(226)

1 Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments (see Note 3).

Effective income tax rate on continuing operations

Ahold's effective tax rates in the consolidated income statement differ from the statutory income tax rate of the Netherlands of 25.5 percent in both 2009 and 2008. The following table reconciles these statutory income tax rates with the effective income tax rates in the consolidated income statement:

	2009		2008 ¹	
	€ million	%	€ million	%
Income before income taxes	1,014		989	
Income tax expense at statutory tax rates	(259)	25.5%	(252)	25.5%
Adjustments to arrive at effective income tax rates				
Rate differential (local rates versus the statutory rate of the Netherlands)	(12)	1.2%	25	(2.5)%
Deferred tax income (expense) due to changes in tax rates	12	(1.2)%	(4)	0.4%
Deferred tax income related to recognition of deferred tax assets – net	101	(9.9)%	4	(0.4)%
Reserves, (non-)deductibles and discrete items	10	(1.0)%	1	(0.1)%
Total income taxes	(148)	14.6%	(226)	22.9%

1 Comparative amounts have been adjusted from amounts previously reported to reflect the effect of recategorizing the tax rate benefits of financing related items from "Financing and related costs" to "Rate differential" (€48 million) and "Reserves, (non-)deductibles and discrete items" (€9 million). Comparative amounts furthermore reflect the changes in accounting policies and retrospective amendments as disclosed in Note 3.

"Rate differential" indicates the effect of Ahold's taxable income being generated and taxed in jurisdictions where tax rates, either the local statutory rates or the rate Ahold has been granted by the taxing authorities, differ from the statutory tax rate in the Netherlands. "Deferred tax income related to recognition of deferred tax assets" results from a change in the estimate of recoverability of net losses generated in prior years.

Income taxes on discontinued operations

Current and deferred income tax related to discontinued operations amounted to a benefit of €50 million in 2009 and a benefit of €14 million in 2008 and has been applied against income from discontinued operations. Included in the 2009 tax benefit is €47 million related to the provisions Ahold recognized in relation to the financial obligations under various lease guarantees that the Company had previously provided to landlords of its former BI-LO and Bruno's subsidiaries. For further information, see Note 34.

Notes to the consolidated financial statements

10 Income taxes – continued

Deferred income tax

The significant components and annual movements of deferred income tax assets and liabilities as of January 3, 2010 and December 28, 2008 (including discontinued operations) are as follows:

€ million	December 30, 2007	Recognized in consolidated income statement	Other	December 28, 2008	Recognized in consolidated income statement	Other	January 3, 2010
Leases and financings	167	15	6	188	12	(3)	197
Pensions and other post-employment benefits	136	(36)	8	108	(54)	(2)	52
Provisions	68	(22)	31	77	60	–	137
Derivatives and loans	–	(4)	20	16	(4)	(6)	6
Interest	21	11	–	32	5	(1)	36
Other	35	(51)	36	20	2	5	27
Total gross deferred tax assets	427	(87)	101	441	21	(7)	455
Unrecognized deferred tax assets	(17)	(3)	(1)	(21)	3	1	(17)
Total recognized deferred tax assets	410	(90)	100	420	24	(6)	438
Tax losses and tax credits	327	(21)	(65)	241	296	7	544
Unrecognized tax losses and tax credits	(279)	93	(21)	(207)	(224)	(3)	(434)
Total recognized tax losses and tax credits	48	72	(86)	34	72	4	110
Total net tax assets position	458	(18)	14	454	96	(2)	548
Property, plant and equipment and intangible assets	(24)	(94)	8	(110)	(82)	1	(191)
Inventories	(74)	(11)	(3)	(88)	(6)	2	(92)
Derivatives	(3)	–	3	–	–	–	–
Other	(21)	(6)	14	(13)	8	(4)	(9)
Total deferred tax liabilities	(122)	(111)	22	(211)	(80)	(1)	(292)
Net deferred tax assets	336	(129)	36	243	16	(3)	256

The column “Other” in the table above includes amounts recorded in equity, the effects of acquisitions, divestments and exchange rate differences, as well as reclassifications between deferred tax components and the application of tax losses and tax credits against current year income tax payables.

Notes to the consolidated financial statements

10 Income taxes – continued

Deferred income tax assets and liabilities are offset on 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. The deferred tax assets and liabilities are presented as non-current assets and liabilities on the balance sheet as follows:

€ million	January 3, 2010	December 28, 2008
Deferred tax assets	429	358
Deferred tax liabilities	(173)	(115)
Net deferred tax assets	256	243

As of January 3, 2010, Ahold had operating and capital loss carryforwards of a total nominal amount of €3,602 million, expiring between 2010 and 2028 (December 28, 2008: €2,406 million). The following table specifies the years in which Ahold's operating and capital loss carryforwards are scheduled to expire:

€ million	2010	2011	2012	2013	2014	2015–2019	2020–2024	After 2024	Total
Operating and capital losses	16	1,441	1,286	17	40	58	387	357	3,602

Operating and capital loss carryforwards related to one jurisdiction may not be used to offset income taxes in other jurisdictions. Of the loss carryforwards, €2,647 million relates to U.S. state taxes, for which a weighted average tax rate of 7.0 percent applies.

The majority of the above-mentioned deferred tax assets relate to tax jurisdictions in which Ahold has suffered a tax loss in the current or preceding period. Significant judgment is required in determining whether deferred tax assets are realizable. Ahold determines this on the basis of expected taxable profits arising from the reversal of recognized deferred tax liabilities and on the basis of budgets, cash flow forecasts and impairment models. Where utilization is not considered probable, deferred tax assets are not recognized.

Income taxes in equity

Current and deferred income taxes recognized in and transferred from equity in 2009 and 2008 are as follows:

€ million	2009	2008
Cash flow hedges	(5)	6
Share-based compensation	2	1
Share issuance costs	–	5
Total	(3)	12

Notes to the consolidated financial statements

11 Property, plant and equipment

€ million	Buildings and land		Machinery and equipment	Other	Under construction	Total ¹
	Stores	Other				
As of December 30, 2007						
At cost	5,421	678	3,211	311	237	9,858
Accumulated depreciation and impairment losses	(1,771)	(199)	(2,243)	(254)	(1)	(4,468)
Carrying amount	3,650	479	968	57	236	5,390
Year ended December 28, 2008						
Additions (including transfers from under construction)	534	35	414	18	(69)	932
Acquisitions through business combinations	6	–	1	–	–	7
Depreciation	(280)	(23)	(282)	(16)	–	(601)
Impairment losses	(4)	(1)	(5)	–	–	(10)
Impairment reversals	2	–	–	–	–	2
Assets classified as held for sale or sold	(186)	(108)	(29)	(15)	(14)	(352)
Other movements	(12)	(4)	(6)	(1)	(2)	(25)
Exchange rate differences	145	6	28	1	3	183
Closing carrying amount	3,855	384	1,089	44	154	5,526
As of December 28, 2008						
At cost	5,742	545	3,048	165	155	9,655
Accumulated depreciation and impairment losses	(1,887)	(161)	(1,959)	(121)	(1)	(4,129)
Carrying amount	3,855	384	1,089	44	154	5,526
Year ended January 3, 2010						
Additions (including transfers from under construction)	323	7	347	21	(27)	671
Depreciation	(287)	(22)	(318)	(16)	(1)	(644)
Impairment losses	(12)	(1)	(11)	–	(10)	(34)
Impairment reversals	–	–	1	–	1	2
Assets classified as held for sale or sold	(14)	–	3	–	–	(11)
Other movements	(107)	–	(2)	–	71	(38)
Exchange rate differences	(52)	(2)	(8)	–	(3)	(65)
Closing carrying amount	3,706	366	1,101	49	185	5,407
As of January 3, 2010						
At cost	5,760	551	3,199	179	189	9,878
Accumulated depreciation and impairment losses	(2,054)	(185)	(2,098)	(130)	(4)	(4,471)
Carrying amount	3,706	366	1,101	49	185	5,407

1 Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments (see Note 3).

Buildings and land include improvements to these assets. Buildings and land “Other” mainly includes distribution centers. “Other” property, plant and equipment mainly consist of trucks, trailers and other vehicles, as well as office furniture and fixtures. Assets under construction mainly consist of stores.

In 2009, Ahold recognized impairment losses of €34 million. These were related to Albert/Hypernova (€15 million), Stop & Shop/Giant-Landover (€13 million) and Albert Heijn (€6 million). The carrying amount of the affected assets exceeded the higher of their value in use and fair value less costs to sell. These methods involve estimating future cash flows. The present value of estimated future cash flows has been calculated using discount rates ranging between 10.0 percent and 12.8 percent (2008: 9.0 percent – 12.6 percent).

Assets classified as held for sale or sold during 2008 mainly relate to the divestment of Schuitema.

The additions to property, plant and equipment include capitalized borrowing costs of €4 million (2008: €4 million). Generally, the capitalization rate used to determine the amount of capitalized borrowing costs is a weighted average of the interest rate applicable to the respective operating companies. This rate ranged between 7.0 percent and 10.5 percent (2008: 5.8 percent – 8.4 percent).

Other movements include transfers to and from investment property.

Notes to the consolidated financial statements

11 Property, plant and equipment – continued

The carrying amount of land and buildings includes an amount related to assets held under finance leases and financings of €716 million and €223 million (December 28, 2008: €762 million and €243 million), respectively. In addition, the carrying amount of machinery and equipment includes an amount of €9 million (December 28, 2008: €8 million) relating to assets held under finance leases. Ahold does not have legal title to these assets. Company-owned property, plant and equipment with a carrying amount of €76 million (December 28, 2008: €75 million) have been pledged as security for liabilities, mainly for loans.

12 Investment property

€ million	2009	2008
At the beginning of the year		
At cost	664	658
Accumulated depreciation and impairment losses	(163)	(195)
Carrying amount	501	463
Additions	14	52
Acquisitions through business combinations	10	–
Depreciation	(21)	(18)
Impairment losses	(6)	(2)
Assets classified from/(to) held for sale or sold	4	(32)
Transfers from property, plant and equipment	35	24
Exchange rate differences	(6)	14
Closing carrying amount	531	501
At the end of the year		
At cost	734	664
Accumulated depreciation and impairment losses	(203)	(163)
Carrying amount	531	501

A significant portion of Ahold's investment property is comprised of shopping centers containing both an Ahold store and third-party retail units. The third-party retail units generate rental income, but are primarily of strategic importance to Ahold in its retail operations. Ahold recognizes the part of shopping centers leased to third-party retailers as investment property, unless it represents an insignificant portion of the property.

In 2009, Ahold recognized impairment losses of €6 million. These were related to Albert/Hypernova (€3 million), Stop & Shop/Giant-Landover (€2 million) and Albert Heijn (€1 million).

The carrying amount of investment property includes an amount related to assets held under finance leases and financings of €47 million (December 28, 2008: €49 million) and €42 million (December 28, 2008: €38 million), respectively. Ahold does not have legal title to these assets. Company-owned investment property with a carrying amount of €60 million (December 28, 2008: €65 million) has been pledged as security for liabilities, mainly for loans.

The fair value of investment property as of January 3, 2010 amounted to approximately €744 million (December 28, 2008: €722 million). Fair value represents the price at which a property could be sold to a knowledgeable, willing party, and has generally been determined based on internal appraisals, using discounted cash flow projections. In certain instances, Ahold cannot determine the fair value of the investment property reliably. In such cases, the fair value is assumed to be equal to the carrying amount.

Rental income from investment property included in the income statement amounted to €65 million (2008: €72 million). Direct operating expenses (including repairs and maintenance but excluding depreciation expense) arising from rental income generating investment property in 2009 amounted to €29 million (2008: €34 million). Direct operating expenses (including repairs and maintenance but excluding depreciation expense) arising from vacant investment property in 2009 amounted to €8 million (2008: €5 million).

The comparative carrying and fair value amounts have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments.

Notes to the consolidated financial statements

13 Intangible assets

€ million	Goodwill	Lease-related intangibles	Software	Customer relationships	Under development	Other	Total
As of December 30, 2007							
At cost	261	212	417	39	39	213	1,181
Accumulated amortization and impairment losses	(9)	(99)	(356)	(23)	–	(91)	(578)
Carrying amount	252	113	61	16	39	122	603
Year ended December 28, 2008							
Additions (including transfers from under development)	–	1	39	–	22	36	98
Acquisitions through business combinations	5	13	–	1	–	1	20
Amortization	–	(10)	(30)	(4)	–	(10)	(54)
Impairment losses	–	(1)	–	–	(2)	–	(3)
Classified as held for sale or sold	(9)	–	(6)	–	(1)	(62)	(78)
Other movements	–	–	3	(2)	2	(3)	–
Exchange rate differences	3	4	1	1	1	2	12
Closing carrying amount	251	120	68	12	61	86	598
As of December 28, 2008							
At cost	254	229	426	39	61	121	1,130
Accumulated amortization and impairment losses	(3)	(109)	(358)	(27)	–	(35)	(532)
Carrying amount	251	120	68	12	61	86	598
Year ended January 3, 2010							
Additions (including transfers from under development)	–	1	64	1	9	14	89
Acquisitions through business combinations	4	–	–	–	–	–	4
Amortization	–	(12)	(40)	(4)	(1)	(10)	(67)
Impairment losses	–	–	–	–	–	(1)	(1)
Other movements	–	1	(1)	–	2	–	2
Exchange rate differences	(1)	(2)	(1)	–	(1)	(1)	(6)
Closing carrying amount	254	108	90	9	70	88	619
As of January 3, 2010							
At cost	257	225	464	40	70	131	1,187
Accumulated amortization and impairment losses	(3)	(117)	(374)	(31)	–	(43)	(568)
Carrying amount	254	108	90	9	70	88	619

Goodwill recognized on acquisitions in 2009 and 2008 relates mainly to the acquisitions of individual stores at Giant-Carlisle and Albert Heijn.

Goodwill acquired in business combinations is allocated, at acquisition, to the cash-generating units (“CGUs”) or groups of CGUs expected to benefit from that business combination. The carrying amounts of goodwill allocated to CGUs within Ahold’s operating segments are as follows:

€ million		January 3, 2010	December 28, 2008
Segment	CGU		
Stop & Shop/Giant-Landover	Peapod	18	18
Giant-Carlisle	Giant-Carlisle	56	57
Albert Heijn	Albert Heijn	150	146
	Etos	4	4
	Gall & Gall	1	1
Albert/Hypernova	Czech Republic	25	25
Ahold Group		254	251

Notes to the consolidated financial statements

13 Intangible assets – continued

CGUs to which goodwill has been allocated are tested for impairment annually or more frequently if there are indications that a particular CGU might be impaired. The recoverable amount of each CGU was determined based on fair value calculations. Fair value was determined using discounted cash flow projections generally covering a maximum period of five years that are based on three-year financial budgets approved by Company management. Cash flows beyond this three-year period are extrapolated using estimated growth rates that do not exceed the long-term average growth rate for the retail trade business in which the CGU operates. The rates used to discount the projected cash flows reflect specific risks relating to relevant CGUs and are 6.8 percent for the United States, 7.5 percent for the Netherlands, and 10.3 percent for the Czech Republic.

Lease-related intangible assets consist primarily of favorable operating lease contracts acquired in business acquisitions. Customer relationships consist primarily of pharmacy scripts. Intangible assets under development relates mainly to software development. "Other" mainly includes intangible assets related to location development rights, deed restrictions and similar assets.

The additions to intangibles under development include capitalized borrowing costs of €3 million (2008: €1 million). The capitalization rate used was the same as for property, plant and equipment (see Note 11).

14 Investments in joint ventures

Ahold owns 60 percent of the outstanding common shares of ICA, a food retailer operating in Sweden, Norway and the Baltic states. The 60 percent shareholding does not entitle Ahold to unilateral decision-making authority over ICA due to the shareholders' agreement with the joint venture partner, which provides that strategic, financial and operational decisions will be made only on the basis of mutual consent. On the basis of this shareholders' agreement, the Company concluded that it has no control over ICA and, consequently, does not consolidate ICA's financial statements.

Ahold has a 49 percent stake in JMR. JMR operates food retail stores in Portugal under the brands Pingo Doce (supermarkets) and Feira Nova (hypermarkets). As of 2009, Ahold's 49 percent stake in JMR was reclassified from assets held for sale to investments in joint ventures.

For condensed financial information on ICA and JMR, see Note 6.

Ahold is also a partner in various smaller joint ventures. Changes in investments in joint ventures are as follows:

€ million	2009	2008 ¹
Beginning of the year	972	1,040
Share in income of joint ventures	106	124
Dividend	(69)	(83)
Other changes	(8)	–
Exchange rate differences	65	(109)
End of the year	1,066	972

1 Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments (see Note 3).

Notes to the consolidated financial statements

15 Other non-current financial assets

€ million	January 3, 2010	December 28, 2008
Derivative financial instruments	334	259
Defined benefit asset	278	112
Loans receivable	81	87
Reinsurance assets	44	23
Other	13	4
Total other non-current financial assets	750	485

For more information on derivative financial instruments and fair values, see Note 30.

The defined benefit asset represents defined benefit pension plans for which the present value of the defined benefit obligations, less the fair value of plan assets, adjusted for unrecognized actuarial gains or losses, results in a net asset. The asset reflects unrecognized actuarial losses as well as Ahold's unconditional right to a refund assuming the gradual settlement of the plan liabilities over time until all members have left the plan. Therefore, the defined benefit asset is not realizable immediately as of January 3, 2010. For more information on defined benefit plans, see Note 23.

Of the non-current loans receivable, €59 million matures between one and five years and €22 million after five years (December 28, 2008: €63 million between one and five years and €24 million after five years). The current portion of loans receivable of €12 million is included in other receivables (December 28, 2008: €9 million).

Loans receivable as of January 3, 2010 include €55 million (December 28, 2008: €52 million) of preference shares, which carry an accumulated fixed cumulative dividend of 6.5 percent per year. Ahold acquired these shares in 2008 as part of the transaction with CVC and Schuitema (see also Note 5). Ahold, as a holder of these preference shares, has to give its prior approval in case Schuitema acquires, is acquired by, or merges with a Dutch food retailer with a substantial number of food retail stores in the Netherlands. Ahold cannot exercise this right if Schuitema offers it a number of stores, selected by Schuitema, based upon certain agreed objective principles. The purchase price for stores offered to Ahold is to be established on an arm's-length basis and to be agreed upon at the moment Ahold purchases such stores. This arrangement lapses on April 22, 2011 or, if sooner, once Ahold has agreed to purchase a maximum number of stores in one or more transactions. Upon termination of this arrangement, Ahold can sell, and Schuitema's majority shareholder can acquire Ahold's preference shares at cost plus accrued dividends.

Under the self-insurance program, part of the insurance risk is ceded under a reinsurance treaty, which is a pooling arrangement between unrelated companies. At the same time, Ahold assumes a share of the reinsurance treaty risks that is measured by Ahold's participation percentage in the treaty. Participation percentage is the ratio of premium paid by Ahold to the total premium paid by all treaty members. In connection with this pooling arrangement, the Company recognizes reinsurance assets and reinsurance liabilities (see Note 22) on its balance sheet. There were no significant gains or losses related to this pooling arrangement during 2009 and 2008.

16 Inventories

€ million	January 3, 2010	December 28, 2008
Finished products and merchandise inventories	1,214	1,337
Raw materials, packaging materials, technical supplies and other	35	31
	1,249	1,368
Valuation allowance	(40)	(49)
Total inventories	1,209	1,319

In 2009, €190 million has been recognized as a write-off of inventories in the income statement (2008: €212 million).

Notes to the consolidated financial statements

17 Receivables

€ million	January 3, 2010	December 28, 2008
Trade receivables	368	380
Vendor allowance receivables	185	219
Other receivables	166	163
	719	762
Provision for impairment	(19)	(18)
Total receivables	700	744

Other receivables include the current portion of loans receivable of €12 million (December 28, 2008: €9 million).

At January 3, 2010, the aging analysis of receivables was as follows:

€ million	Total	Not past due	0 – 3 months	3 – 6 months	6 – 12 months	Past due > 12 months
Trade receivables	368	293	54	7	6	8
Vendor allowance receivables	185	142	37	2	2	2
Other receivables	166	101	30	15	3	17
	719	536	121	24	11	27
Provision for impairment	(19)	–	(1)	(2)	(3)	(13)
Total receivables	700	536	120	22	8	14

At December 28, 2008, the aging analysis of receivables was as follows:

€ million	Total	Not past due	0 – 3 months	3 – 6 months	6 – 12 months	Past due > 12 months
Trade receivables	380	296	67	6	7	4
Vendor allowance receivables	219	191	18	2	4	4
Other receivables	163	96	23	29	4	11
	762	583	108	37	15	19
Provision for impairment	(18)	(2)	(3)	(2)	(1)	(10)
Total receivables	744	581	105	35	14	9

The concentration of credit risk with respect to receivables is limited as the Company's customer and vendor base is large and unrelated. The Company does not hold any significant collateral on its receivables. Management believes there is no further credit risk provision required in excess of the normal individual and collective impairment, based on the aging analysis performed as of January 3, 2010. For more information about credit risk, see Note 30.

The changes in the provision for impairment were as follows:

€ million	2009	2008
Beginning of the year	(18)	(50)
Additions	(16)	(11)
Classified as held for sale or sold	–	34
Used	5	1
Released to income	11	8
Exchange rate differences	(1)	–
End of the year	(19)	(18)

Notes to the consolidated financial statements

18 Other current financial assets

€ million	January 3, 2010	December 28, 2008
Short-term deposits	295	–
Other	15	18
Total other current financial assets	310	18

Short-term deposits include cash time deposits with original maturities of more than three months but less than 12 months. As of January 3, 2010, these deposits are fully collateralized, mainly by equity securities and government and sovereign bonds.

For more information on financial instruments and fair values, see Note 30.

19 Cash and cash equivalents

€ million	January 3, 2010	December 28, 2008
Cash in banks and cash equivalents	2,344	2,541
Cash on hand	344	322
Total cash and cash equivalents	2,688	2,863

Cash and cash equivalents include all cash on hand balances, checks, debit and credit card receivables, short-term highly liquid cash investments and time deposits with original maturities of three months or less. Time deposits with original maturities of more than three months but less than 12 months are classified as other current financial assets. Bank overdrafts are included in short-term borrowings. See Notes 18 and 26, respectively.

Of the cash and cash equivalents as of January 3, 2010, €22 million was restricted (December 28, 2008: €19 million). This primarily consisted of cash held for insurance purposes for U.S. workers' compensation and general liability programs.

Ahold's banking arrangements allow the Company to fund outstanding checks when presented to the bank for payment. This cash management practice may result in a net cash book overdraft position, which occurs when the total issued checks exceed available cash balances within the Company's cash concentration structure. Such book overdrafts are classified in accounts payable and amounted to €159 million and €195 million as of January 3, 2010 and December 28, 2008, respectively. No right to offset with other bank balances exists for these book overdraft positions.

20 Equity attributable to common shareholders

Shares and share capital

Authorized share capital is comprised of the following classes of shares as of January 3, 2010:

	€ million
Common shares (1,700,000,000 of €0.30 par value each)	510
Cumulative preferred shares (1,250,000 of €500 par value each)	625
Total	1,135

In addition, Ahold has cumulative preferred financing shares outstanding. These cumulative preferred financing shares are considered debt under IFRSs until the date that Ahold receives irrevocable notification from a holder of cumulative preferred financing shares to convert these shares into common shares. Upon this notification, the cumulative preferred financing shares are classified as a separate class of equity as they no longer meet the definition of a liability. For disclosures regarding Ahold's cumulative preferred financing shares, see Note 22.

Notes to the consolidated financial statements

20 Equity attributable to common shareholders – continued

Common shares and additional paid-in capital

Changes in the number of common shares and the number of treasury shares were as follows:

	Number of common shares issued and fully paid (x 1,000)	Number of treasury shares (x 1,000)	Number of common shares outstanding (x 1,000)
Balance as of December 30, 2007	1,268,315	96,393	1,171,922
Retirement of treasury shares	(76,427)	(76,427)	–
Share-based payments	–	(4,763)	4,763
Balance as of December 28, 2008	1,191,888	15,203	1,176,685
Share-based payments	–	(4,529)	4,529
Balance as of January 3, 2010	1,191,888	10,674	1,181,214

Dividends on common shares

On April 28, 2009 Ahold's shareholders approved the payment of a dividend of €0.18 per common share (€212 million in the aggregate), which was paid on May 18, 2009. With respect to the current year, the Corporate Executive Board, with the approval of the Supervisory Board, proposes that a dividend of €0.23 per common share (€272 million in the aggregate) be paid in 2010 with respect to 2009. This dividend is subject to approval by the General Meeting of Shareholders and has not been included as a liability on the consolidated balance sheet as of January 3, 2010. The payment of this dividend will not have income tax consequences for the Company.

Cumulative preferred shares

The Company's Articles of Association provide for the possible issuance of cumulative preferred shares. The Company believes that its ability to issue this class of shares could prevent, or at least delay, an attempt by a potential bidder to make a hostile takeover bid. In this respect, but also in other circumstances, this ability may safeguard the interests of the Company and all stakeholders in the Company and resist influences that might conflict with those interests by affecting the Company's continuity, independence or identity. No cumulative preferred shares were outstanding as of January 3, 2010 or during 2009 and 2008.

In March 1989, the Company entered into an agreement with Stichting Ahold Continuïteit ("SAC") as amended and restated in April 1994, March 1997, December 2001 and December 2003 (the "Option Agreement"). Pursuant to the Option Agreement, SAC was granted an option, without payment, to acquire from the Company, from time to time until December 2016, cumulative preferred shares up to a total par value that is equal to the total par value of all issued and outstanding shares of Ahold's share capital, excluding cumulative preferred shares, at the time of exercising the option. The Option Agreement provides for an increase of the total par value of cumulative preferred shares under option, taking into account the new, increased authorized share capital. The holders of the cumulative preferred shares are entitled to 1,666.67 votes per share and a cumulative dividend expressed as a percentage of the amount called-up and paid-in to purchase the cumulative preferred shares. The percentage to be applied is the sum of (1) the average basic refinancing transaction interest rate as set by the European Central Bank – measured by the number of days during which that rate was in force in the fiscal year over which the dividend is paid – plus 2.1 percent, and (2) the average interest surcharge rate – measured by the number of days during which that rate was in force in the fiscal year over which the dividend is paid – that would be charged by the largest credit institution in the Netherlands (based on balance sheet total as at the close of the fiscal year immediately preceding the fiscal year over which the dividend is paid). The minimum percentage to be applied is 5.75 percent. Subject to limited exceptions, any potential transfer of cumulative preferred shares requires the approval of the Corporate Executive Board. Cumulative preferred shares can only be issued in a registered form. The Company may stipulate that only 25 percent of the par value will be paid upon subscription to cumulative preferred shares until payment in full is later required by the Company. SAC would then only be entitled to a market-based interest return on its investment.

SAC is a foundation organized under the laws of the Netherlands. Its statutory purpose is to safeguard the interests of the Company and all stakeholders in the Company and to resist to the best of its ability influences that might conflict with those interests by affecting the Company's continuity, independence or identity. In the case of liquidation, the SAC board of directors will decide on the use of any remaining residual assets. The SAC board of directors has four members. The members are appointed by the board of SAC itself.

Legal reserves

In accordance with the Netherlands Civil Code and statutory requirements in other countries, legal reserves have to be established in certain circumstances. The currency translation reserve and cash flow hedging reserve are both legal reserves. The other legal reserves primarily consist of the cumulative share in income of joint ventures and associates less dividends received and adjusted for any direct equity movements of joint ventures and associates. 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.

Notes to the consolidated financial statements

21 Loans and credit facilities

The notes in the table below were issued by Ahold or one of its subsidiaries, the latter of which are guaranteed by Ahold unless otherwise noted. All related swap contracts have the same maturity as the underlying debt unless otherwise noted.

	Current portion within 1 year	Non-current portion		Total January 3, 2010	Current portion within 1 year	Non-current portion		Total December 28, 2008
€ million		Between 1 and 5 years	After 5 years			Between 1 and 5 years	After 5 years	
Notional redemption amounts								
Notes								
USD 500 notes 6.25%, due May 2009	–	–	–	–	356	–	–	356
USD 700 notes 8.25%, due July 2010 ¹	351	–	–	351	–	491	–	491
EUR 600 notes 5.875%, due March 2012 ²	–	407	–	407	–	407	–	407
GBP 500 notes 6.50%, due March 2017 ^{3,4}	–	–	257	257	–	–	231	231
USD 94 indebtedness 7.82%, due January 2020 ⁵	4	20	33	57	2	17	40	59
USD 71 indebtedness 8.62%, due January 2025	–	–	49	49	–	–	51	51
USD 500 notes 6.875%, due May 2029	–	–	349	349	–	–	356	356
JPY 33,000 notes LIBOR plus 1.5%, due May 2031 ⁶	–	–	248	248	–	–	259	259
Deferred financing costs	–	(1)	(3)	(4)	(1)	(1)	(4)	(6)
Total notes	355	426	933	1,714	357	914	933	2,204
Other loans (euro denominated)	1	–	–	1	1	–	–	1
Financing obligations ⁷	11	73	313	397	10	70	333	413
Mortgages payable ⁸	2	7	1	10	4	8	2	14
Total loans	369	506	1,247	2,122	372	992	1,268	2,632

- \$10 million was early repaid via an open market repurchase in October 2008. \$187 million was early repaid in July 2009 as a result of a public tender for the notes, with the Company paying a repurchase price of \$197 million. A loss of \$10 million (€7 million) incurred on the buyback of these notes is reported in the income statement as other financial expense (see Note 9).
- Notes were swapped to the U.S. dollar at an interest rate of 6.835 percent. During 2005, Ahold bought back a part of the notes with a principal amount of €193 million and terminated a notional portion of the corresponding swap in the same amount.
- During 2005 Ahold bought back GBP 250 million of the notes. The remaining notional redemption amount of the notes is net of €25 million (2008: €29 million) representing an amortized adjustment related to a fair value hedge that no longer meets the criteria for hedge accounting.
- The remaining notional amount of GBP 250 million was, through two swap contracts, swapped to \$356 million and carries a six-month floating U.S. dollar interest rate. Ahold is required under these swap contracts to redeem the U.S. dollar notional amount through semi-annual installments that commenced in September 2004. \$150 million has been paid down as of January 3, 2010.
- As of January 3, 2010, \$13 million was repaid since inception.
- Notes were swapped to €299 million at an interest rate of 7.065 percent.
- The average interest rate for the financing obligations amounted to 7.8 percent in 2009 (2008: 7.8 percent).
- Mortgages payable are collateralized by buildings and land. The average interest rate for these mortgages payable amounted to 7.3 percent in 2009 (2008: 7.3 percent).

Notes to the consolidated financial statements

21 Loans and credit facilities – continued

Debt instruments are issued in various currencies and can carry fixed or floating interest rates. The breakdown of debt instruments issued by Ahold in currency and interest type (excluding the effect of swap contracts) is as follows:

€ million	January 3, 2010		December 28, 2008	
	Fixed interest rate	Floating interest rate	Fixed interest rate	Floating interest rate
Currency				
USD	1,122	–	1,642	–
EUR	470	–	473	–
GBP	257	–	231	–
JPY	–	248	–	259
CZK	25	–	27	–
Total	1,874	248	2,373	259

The fair values of financial instruments, corresponding derivatives and the foreign exchange and interest rate risk management policies applied by Ahold are disclosed in Note 30.

The Company has a Euro Medium Term Note program (EMTN) that had an aggregate of €0.9 billion of outstanding notes as of January 3, 2010. The notes issued under the program include €600 million, GBP 500 million, and JPY 33,000 million notes, maturing in 2012, 2017 and 2031, respectively. The notes issued under the EMTN program contain customary restrictive covenants. During 2009, Ahold was in compliance with the covenants.

Credit facilities

Ahold has access to a €1,200 million unsecured committed syndicated multi-currency credit facility that may be used for working capital and for general corporate purposes of the Company and provides for the issuance of letters of credit to an aggregate maximum amount of \$550 million (€384 million). The expiration date of the facility is August 2012.

The facility contains customary covenants. The facility is subject to a financial covenant that requires Ahold not to exceed a maximum leverage ratio, as defined in the facility agreement, of 4.28:1.

During 2009, Ahold was in compliance with the covenants, and as of January 3, 2010, there were no outstanding borrowings under the facility other than letters of credit to an aggregate amount of \$407 million (€284 million).

Ahold also has access to various uncommitted credit facility lines serving working capital needs that as of January 3, 2010 totaled €107 million, of which €2 million was drawn.

Notes to the consolidated financial statements

22 Other non-current financial liabilities

€ million	January 3, 2010	December 28, 2008
Finance lease liabilities	992	1,025
Cumulative preferred financing shares	497	497
Derivative financial instruments	124	116
Reinsurance liabilities	46	23
Other	1	3
Total other non-current financial liabilities	1,660	1,664

For more information on derivative financial instruments and fair values, see Note 30.

The Company recognizes reinsurance liabilities on its balance sheet in connection with a pooling arrangement between unrelated companies. For more information, see Note 15.

Finance lease liabilities

Finance lease liabilities are payable as follows:

€ million	January 3, 2010			December 28, 2008		
	Future minimum lease payments	Interest portion	Present value of minimum lease payments	Future minimum lease payments	Interest portion	Present value of minimum lease payments
Within one year	140	89	51	143	93	50
Between one and five years	535	309	226	537	323	214
After five years	1,139	373	766	1,236	425	811
Total	1,814	771	1,043	1,916	841	1,075
Current portion finance lease liabilities			51			50
Non-current portion finance lease liabilities			992			1,025

Finance lease liabilities are principally for buildings. Terms range from 10 to 25 years and include renewal options if it is reasonably certain, at the inception of the lease, that they will be exercised. At the time of entering into finance lease agreements, the commitments are recorded at their present value using the interest rate implicit in the lease, if this is practicable to determine; if not, the operating company specific interest rate applicable for long-term borrowings is used. As of January 3, 2010, the finance lease liabilities are recorded at their present value at an average interest rate of 8.8 percent (December 28, 2008: 8.8 percent).

Certain store leases provide for contingent additional rentals based on a percentage of sales and consumer price indices. Substantially all of the store leases have renewal options for additional terms. None of Ahold's leases impose restrictions on Ahold's ability to pay dividends, incur additional debt, or enter into additional leasing arrangements.

During 2009, interest expense on finance lease liabilities was €94 million (2008: €94 million) of which €3 million related to discontinued operations (2008: €6 million). Total future minimum sublease income expected to be received under non-cancelable subleases as of January 3, 2010 is €133 million (December 28, 2008: €165 million, which was decreased by €10 million to correct the amount disclosed in Ahold's 2008 Annual Report). The total contingent rent expense recognized during the year on finance leases was €1 million (2008: nil).

Cumulative preferred financing shares

	Number of shares (x 1,000)	€ million
Issued cumulative preferred financing shares (€0.30 par value each)	268,415	81
Authorized cumulative preferred financing shares (€0.30 par value each)	477,581	143
€ million		Other non-current financial liabilities
Paid-in capital issued shares		81
Additional paid-in capital		416
Balance as of January 3, 2010		497

Notes to the consolidated financial statements

22 Other non-current financial liabilities – continued

The cumulative preferred financing shares were issued in four tranches. Dividends are paid on each preferred financing share at a percentage ("Financing Dividend Percentage") that differs per tranche. For the shares issued in October 2000, the percentage is based on the average effective yield on Dutch government loans with a remaining duration of 9 to 10 years and set at the time that the shares were issued. When a period of 10 years has lapsed after the issue date of a tranche, and every 10 years thereafter ("Reset date"), the Financing Dividend Percentage is reset. For the shares issued in June 1996, August 1998 and December 2003, the percentage is based on the 10-year euro swap rate. The current Financing Dividend Percentage is 5.93 percent per year for the shares issued in June 1996, 6.08 percent per year for the shares issued in August 1998, 6.27 percent per year for the shares issued in October 2000 and 7.33 percent per year for the shares issued in December 2003. The nominal value plus additional paid-in capital per tranche is €71 million (June 1996 tranche), €46 million (August 1998 tranche), €320 million (October 2000 tranche) and €60 million (December 2003 tranche), in the aggregate €497 million.

The total number of votes that can be exercised by the cumulative preferred financing shares is approximately 74 million. This represents approximately 6 percent of the total number of votes that can be cast (this total being calculated as the sum of the outstanding cumulative preferred financing shares and the outstanding common shares).

The cumulative preferred financing shares are convertible into common shares. The conversion conditions have been set so as to avoid any transfer of value from the common shares to the cumulative preferred financing shares. The maximum number of common shares to be received upon conversion of all outstanding cumulative preferred financing shares is approximately 90 million. The conversion features are similar for all tranches. Conversion is allowed for all shares in one tranche held by one investor but not for fractions of tranches held by one investor. Upon conversion, the holders of (depository receipts of) cumulative preferred financing shares will receive a number of common shares that is calculated by dividing the value of the cumulative preferred financing shares on the day before the conversion date by the average share price of Ahold common shares on the five trading days preceding the notification date, the notification date and the four trading days following the notification date. The value of the cumulative preferred financing shares will be considered, for this purpose, to be equal to the lower of the nominal value plus the additional paid-in capital of the cumulative preferred financing shares ("Par Value") or to the present value of the remaining preferred dividends until the first Reset date plus the present value of the Par Value at the first Reset date.

Subject to the approval of the General Meeting of Shareholders, the Company can redeem the cumulative preferred financing shares of a certain tranche, but not fractions of a tranche. Redemption of a tranche is subject to the approval of the holders of depository receipts of that tranche, unless all (remaining) cumulative preferred financing shares are redeemed. Redemption takes place at the higher of the Par Value or the present value of the remaining preferred dividends plus the present value of the Par Value at the Reset date.

23 Pensions and other post-employment benefits

Defined benefit plans

Ahold has a number of defined benefit pension plans covering a substantial number of employees, former employees and retirees in the Netherlands and the United States. Generally, the plans are career average or final average plans. In 2008, the Company decided to transition its defined benefit pension plan for active salaried, non-union and certain union employees in the United States to a defined contribution pension plan, as further described below. In addition, Ahold provides life insurance and medical care benefits for certain retired employees meeting age and service requirements at its U.S. subsidiaries, which the Company funds as claims are incurred.

Net assets relating to one plan are not offset against net liabilities of another plan, resulting in the following presentation of the pension and other post-employment benefits on the consolidated balance sheet:

€ million	January 3, 2010	December 28, 2008
Defined benefit liabilities	(96)	(113)
Defined benefit assets	278	112
Total defined benefit plans	182	(1)

The defined benefit assets are part of the other non-current financial assets; for more information, see Note 15.

Notes to the consolidated financial statements

23 Pensions and other post-employment benefits – continued

Net periodic benefit cost (income), which is presented in the consolidated income statement according to its function as a component of cost of sales, selling expenses and general and administrative expenses, was as follows:

€ million	2009	2008
Current service cost	73	71
Interest cost	171	158
Expected return on plan assets	(181)	(217)
Actuarial (gains) losses	19	(26)
Curtailments and settlements	(3)	(3)
Total net periodic benefit cost (income)	79	(17)

In addition, net periodic benefit income of €40 million related to discontinued operations was recognized in 2008.

The changes in the defined benefit obligation and plan assets in 2009 and 2008 were as follows:

€ million	The Netherlands		United States		Total	
	2009	2008	2009	2008	2009	2008
Defined benefit obligation						
Beginning of the year	1,817	2,105	1,018	923	2,835	3,028
Current service cost	47	50	26	25	73	75
Interest cost	103	109	68	59	171	168
Actuarial (gains) losses	168	(48)	69	12	237	(36)
Contributions by plan participants	11	18	–	–	11	18
Benefits paid	(96)	(85)	(47)	(42)	(143)	(127)
Curtailments	–	–	2	(4)	2	(4)
Settlements	–	(332)	–	–	–	(332)
Other	–	–	3	–	3	–
Exchange rate differences	–	–	(22)	45	(22)	45
End of the year	2,050	1,817	1,117	1,018	3,167	2,835
Plan assets						
Fair value of assets, beginning of the year	1,931	2,689	705	825	2,636	3,514
Expected return on plan assets	124	165	57	63	181	228
Actuarial gains (losses)	88	(593)	69	(207)	157	(800)
Company contribution	167	80	96	34	263	114
Contributions by plan participants	11	18	–	–	11	18
Benefits paid	(96)	(85)	(47)	(42)	(143)	(127)
Settlements	–	(343)	–	–	–	(343)
Other	–	–	2	–	2	–
Exchange rate differences	–	–	(18)	32	(18)	32
Fair value of assets, end of the year	2,225	1,931	864	705	3,089	2,636
Surplus/(deficit)	175	114	(253)	(313)	(78)	(199)
Unrecognized actuarial (gains) losses	70	(2)	192	202	262	200
Unrecognized past service cost	–	–	(2)	(2)	(2)	(2)
Net asset/(liability)	245	112	(63)	(113)	182	(1)

The total defined benefit obligation of €3,167 million as of January 3, 2010 includes €128 million related to plans that are wholly unfunded. These plans include other benefits (such as life insurance and medical care) and supplemental executive retirement plans.

Notes to the consolidated financial statements

23 Pensions and other post-employment benefits – continued

In 2008, the Company decided to transition its defined benefit pension plan for active salaried, non-union and certain union employees (“eligible employees”) in the United States to a defined contribution pension plan. Eligible employees who were at least 50 or had 25 or more years of service as of December 31, 2009 could choose to either stay in the defined benefit plan or transfer to the new 401(k) plan. All other eligible employees were transferred to the new 401(k) plan. Accrued benefits under the defined benefit plan for employees transferred to the new 401(k) plan were frozen for pay and service as of December 31, 2009. The resulting curtailment gain in 2008 was largely offset by accrued additional (transition) contributions that the Company will make for a period of five years (2010-2014) to employees meeting certain age or service requirements that were transferred to the new 401(k) plan, resulting in a net gain of €4 million. During 2009, after all eligible employees had made their choice, the curtailment gain was recalculated and reduced by €2 million. The Company intends to settle the frozen accrued benefits in 2012. When a settlement occurs, the resulting gain or loss (i.e., the difference between the value of the benefits determined under the prevailing rules at that time and the value of the corresponding assets at that time) will be recognized at the settlement date.

The settlements in 2008 related to Schuitema; the resulting gains were presented as part of the result on divestment of discontinued operations.

Cash contributions

Company contributions are expected to decrease from €167 million to €120 million in the Netherlands and from \$133 million (€96 million) to \$54 million (€38 million) in the United States from 2009 to 2010, respectively.

As of year-end 2009, the funding ratio, calculated in accordance with regulatory requirements, of the largest Dutch plan was 116 percent and of the largest U.S. plan was 102 percent. Under the financing agreement with the Dutch pension fund, Ahold can be required to contribute a maximum amount of €150 million over a five-year period if the funding ratio is below 105 percent. The 2009 company contributions included additional contributions of €50 million in the Netherlands and \$88 million (€62 million) in the United States, to bring the funding ratios to minimum required levels. In addition, the 2009 company contributions in the Netherlands were higher because the 2008 contributions reflected a 20 percent discount on the normal contribution level, which was based on the funding ratio as of December 30, 2007.

Actuarial assumptions

The assumptions used in the actuarial calculations of the defined benefit obligations and net periodic benefit cost require a large degree of judgment. Actual experience may differ from the assumptions made. The following table provides a summary of the funded status of all defined benefit plans and the experience adjustments (i.e., the part of the actuarial results that is not caused by changes in actuarial assumptions) on defined benefit obligations and plan assets. The experience adjustments for each year relate to the plans included in the Company's consolidated balance sheet at the end of that year.

€ million	2009	2008	2007	2006	2005
Defined benefit obligations at year end	(3,167)	(2,835)	(3,028)	(3,739)	(4,110)
Fair value of plan assets at year end	3,089	2,636	3,514	3,673	3,324
Surplus/(deficit)	(78)	(199)	486	(66)	(786)
Experience gains (losses) on defined benefit obligations	2	(29)	39	4	(70)
Experience gains (losses) on plan assets	157	(785)	(156)	184	220

The assumptions required to calculate the actuarial present value of benefit obligations and net periodic benefit costs are determined per plan. The key assumptions are as follows (expressed as weighted averages):

Percent	The Netherlands		United States	
	2009	2008	2009	2008
Discount rate for obligations	5.0	5.6	6.2	6.5
Expected return on plan assets	6.3	6.5	7.9	7.9
Future salary increases	3.8	3.8	5.0	5.0

The discount rates used to calculate the present value of the obligations are based on the market yields on high-quality corporate bonds (i.e., bonds rated AA) with the same currency and term as the obligations. In determining the discount rates, the Company has used consistent methodologies compared to prior years.

Notes to the consolidated financial statements

23 Pensions and other post-employment benefits – continued

The following table shows the effect on the defined benefit obligation and on net periodic benefit cost if the discount rate had been 0.5 percent higher or lower as of year-end 2009. Positive amounts represent increases and negative amounts represent decreases in defined benefit obligations and net periodic benefit cost:

€ million	The Netherlands	United States	Total
0.5%-point increase			
Defined benefit obligations at year-end 2009	(158)	(72)	(230)
Net periodic benefit cost 2010	(9)	(8)	(17)
0.5%-point decrease			
Defined benefit obligations at year-end 2009	181	80	261
Net periodic benefit cost 2010	10	8	18

The expected return on plan assets is determined as a weighted-average rate of return based on the current and projected investment portfolio mix of each plan, taking into account the corresponding long-term yields for the separate asset categories, which depend on components such as the risk-free rate of return in real terms, expected inflation and expected risk and liquidity premiums. In addition, actual long-term historical return information is taken into account. The actual return on plan assets in 2009 was 10.2 percent for the Dutch plans (2008: negative 17.5 percent) and 16.1 percent for the U.S. plans (2008: negative 18.8 percent).

The assumed medical cost trend rates used in measuring the defined benefit obligations related to medical care plans were 8.6 percent in 2009 and 9.2 percent in 2008, declining to an ultimate trend rate of 5.0 percent as of 2015. Because of the limited size of Ahold's medical care plans, the impact of a 1.0 percentage-point increase or decrease in assumed medical cost trend rates on the defined benefit obligation and net periodic benefit cost would be negligible.

Plan assets

The pension plan asset allocation differs per plan. On a weighted average basis, the allocation was as follows:

Percent	The Netherlands		United States	
	2009	2008	2009	2008
Equity securities	44	31	52	48
Debt securities	43	53	40	39
Real estate	8	9	1	3
Other	5	7	7	10
Total	100	100	100	100

In the Netherlands, the investment strategies are based on the composition of the plan liabilities. With the aid of Asset Liability Management modeling, analyses are made of possible future economic scenarios and investment portfolios. Based on these analyses, investment strategies are determined for each plan to produce optimal investment returns at acceptable funding ratio risk levels. Less favorable years can be part of these scenarios. Currently the strategic targets for asset allocation of the Dutch pension plan are 40-50 percent for equity securities (including equity derivatives and forward currency contracts), 35-45 percent for debt securities, 5-15 percent for real estate investments and 0-20 percent for other investments, cash included. To partially hedge against interest rate risk exposure on the pension liabilities, the Dutch pension plan uses interest rate swap contracts. The Dutch early retirement plan has a relatively short remaining term; therefore the plan assets are invested in fixed income securities and cash instruments only.

In the United States, the plan assets are generally managed by outside investment managers and rebalanced periodically. The committees for the various U.S. plans establish investment policies and strategies and regularly monitor the performance of the assets, including the selection of investment managers, setting long-term strategic targets and monitoring asset allocations. Target allocation ranges are guidelines, not limitations, subject to variation from time to time, or as circumstances warrant. Occasionally, the committees may approve allocations above or below a target range. Pension plan assets are invested in a trust intended to comply with the Employee Retirement Income Security Act of 1974, as amended, ("ERISA") and applicable fiduciary standards. The long-term investment objective for the plan's assets is to maintain an acceptable funding ratio between assets and plan liabilities without undue exposure to risk. Currently, the strategic targets are between 50-70 percent for equity securities, 25-45 percent for debt securities and 0-10 percent for other investments.

In 2009, the fair value of the plan assets (Dutch and U.S. plans in the aggregate) included €5 million of Ahold shares (2008: €1 million).

Notes to the consolidated financial statements

23 Pensions and other post-employment benefits – continued

Defined contribution plans

In the United States, there are defined contribution plans principally in the form of savings, incentive compensation and bonus plans. In connection with the Company's decision to transition its defined benefit pension plan for active salaried, non-union and certain union employees in the United States to a defined contribution pension plan, as further described above, a new 401(k) plan was introduced as of January 1, 2009.

During 2009 and 2008, the Company contributed €17 million and €11 million, respectively, to defined contribution plans. These contributions were recognized as an expense in the consolidated income statement and related entirely to continuing operations in 2009 and 2008.

Multi-employer plans

A significant number of union employees in the United States are covered by multi-employer plans based on obligations arising from collective bargaining agreements. These plans provide retirement and other benefits to participants based on their service to contributing employers. The benefits are paid from assets held in trust for that purpose. Trustees are appointed in equal number by employer and unions and typically are responsible for determining the level of benefits to be provided to participants, as well as the investment of the assets and the administration of the plan.

Most of these plans are defined contribution plans. All plans that are defined benefit plans, on the basis of the terms of the benefits provided, are accounted for as defined contribution plans because sufficient information is not available to account for these plans as defined benefit plans. These plans are generally flat dollar benefit plans. Ahold is only one of several employers participating in each of these plans and the financial information that is provided by the third-party managers of the plans on the basis of the contractual agreements is usually insufficient to reliably measure Ahold's proportionate share in the plan assets and liabilities on defined benefit accounting principles. Furthermore, the financial statements of the multi-employer plans are drawn up on the basis of other accounting policies than those applied by Ahold. Consequently, these multi-employer plans are not included in Ahold's consolidated balance sheet.

Defined benefit plans

Ahold participates in 14 multi-employer pension plans that are defined benefit plans on the basis of the terms of the benefits provided. Ahold's weighted average participation percentage in these plans is 4.5 percent, varying from less than 2 percent to over 50 percent. As of January 3, 2010, based on the latest available information received from these plans (generally as of December 31, 2008) adjusted for market trends and conditions through the end of 2009, Ahold's estimated proportionate share of the total deficit is €705 million. This is based on an estimated total deficit of these plans of €10.8 billion and the relative amount of contributions made by Ahold in relation to the total amount of contributions made to these plans. It is not a direct obligation of Ahold. While this is our best estimate, based upon information available to us, it is imprecise and not necessarily reliable. The balance reported in 2008 representing the estimated balance as of December 31, 2007 was €375 million (on a total deficit of €4.2 billion).

During 2009 and 2008, the Company contributed €56 million and €46 million, respectively, to multi-employer defined benefit plans, which has been recognized as an expense in the consolidated income statement. If the underfunded liabilities of these plans are not reduced, either by improved market conditions or collective bargaining changes, increased future payments by the Company and the other participating employers may result. Moreover, if the Company were to exit certain markets or otherwise cease making contributions to these funds, the Company could trigger a substantial withdrawal liability. Any adjustment for withdrawal liability will be recorded when it is probable that a liability exists and the amount can be reasonably estimated. Included in the 2009 and 2008 contributions disclosed above were €7 million and €6 million, respectively, of withdrawal payments. Ahold's risk of increased contributions and withdrawal liabilities may be greater if any of the participating employers in an underfunded multi-employer plan withdraw from the plan or, due to insolvency, are not able to contribute an amount sufficient to fund the underfunded liabilities associated with their participants in the plan.

Defined contribution plans

Ahold also participates in over 40 multi-employer plans, which are defined contribution plans on the basis of the terms of the benefits provided. The majority of these plans provide health and welfare benefits. During 2009 and 2008, the Company contributed €199 million and €164 million, respectively, to multi-employer defined contribution plans. These contributions are recognized as an expense in the consolidated income statement and related entirely to continuing operations in 2009 and 2008. These plans vary significantly in size, with contributions to the three largest plans representing 65 percent of total contributions.

Notes to the consolidated financial statements

24 Provisions

The table below specifies the changes in total provisions (current and non-current):

€ million	Self-insurance program	Loyalty programs	Claims and legal disputes	Restructuring	Onerous contracts	Other	Total
As of December 28, 2008							
Current portion	126	12	9	16	4	3	170
Non-current portion	292	40	11	32	33	34	442
Carrying amount	418	52	20	48	37	37	612
Year ended January 3, 2010							
Additions charged to income	116	20	25	25	126	11	323
Used during the year	(87)	(15)	(8)	(15)	(13)	(7)	(145)
Released to income	(32)	(13)	(3)	(8)	(4)	(3)	(63)
Interest accretion	8	3	–	2	9	1	23
Exchange rate differences	(8)	–	3	(1)	(8)	–	(14)
Closing carrying amount	415	47	37	51	147	39	736
As of January 3, 2010							
Current portion	91	9	24	15	9	4	152
Non-current portion	324	38	13	36	138	35	584

Maturities of total provisions as of January 3, 2010 are as follows:

€ million	Self-insurance program	Loyalty programs	Claims and legal disputes	Restructuring	Onerous contracts	Other	Total
Amount due within one year	91	9	24	15	9	4	152
Amount due between two and five years	205	35	13	15	98	5	371
Amount due after five years	119	3	–	21	40	30	213
Total	415	47	37	51	147	39	736

Self-insurance program

Ahold is self-insured for certain potential losses, mainly relating to general liability, commercial vehicle liability, workers' compensation and property losses relating to its subsidiaries. The maximum self-insurance retention per occurrence, including defense costs, is \$2 million (€1 million) for general liability, \$5 million (€4 million) for commercial vehicle liability, \$5 million (€4 million) for workers' compensation and \$5 million (€4 million) for property losses.

Measurement of the provision for the self-insurance program requires significant estimates. These estimates and assumptions include an estimate of claims incurred but not yet reported, historical loss experience, projected loss development factors, estimated changes in claims reporting patterns, claim settlement patterns, judicial decisions and legislation.

Loyalty programs

This provision relates to a third-party customer loyalty program in the Netherlands and reflects the estimated cost of benefits to which customers are entitled when they participate in the loyalty program.

Claims and legal disputes

The Company is a party to a number of legal proceedings arising out of its business operations. Such legal proceedings are subject to inherent uncertainties. Management, supported by internal and external legal counsel, where appropriate, determines whether it is more likely than not that an outflow of resources will be required to settle an obligation. If this is the case, the best estimate of the outflow of resources is recognized.

Restructuring

In 2009, Ahold recognized restructuring provisions of €25 million, mainly related to Ahold's Czech operations. The provisions are based on formal and approved plans using the best information available at the time. The amounts that are ultimately incurred may change as the plans are executed.

Notes to the consolidated financial statements

24 Provisions – continued

Onerous contracts

Onerous contract provisions mainly relate to unfavorable lease contracts and include the excess of the unavoidable costs of meeting the obligations under the contracts over the benefits expected to be received under such contracts. In 2009, Ahold recognized additional provisions related to the financial obligations under various lease guarantees that Ahold had previously provided to landlords of its former BI-LO and Bruno's subsidiaries in the amount of €109 million, within results on divestment. For more information, see Note 34.

Other

Other provisions include asset retirement obligations, provisions for environmental risks and supplemental and severance payments, other than those resulting from restructurings.

25 Other non-current liabilities

€ million	January 3, 2010	December 28, 2008 ¹
Step rent accruals	141	117
Deferred income	47	55
Other	14	12
Total other non-current liabilities	202	184

Step rent accruals relate to the equalization of rent payments from lease contracts with scheduled fixed rent increases throughout the life of the contract.

Deferred income predominantly represents the non-current portions of deferred gains on sale and leaseback transactions.

26 Other current financial liabilities

€ million	January 3, 2010	December 28, 2008 ¹
Loans – current portion (see Note 21)	369	372
Interest payable	58	64
Finance lease liabilities – current portion (see Note 22)	51	50
Short-term borrowings	38	37
Dividend cumulative preferred financing shares	32	31
Other	16	24
Total other current financial liabilities	564	578

1 Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments (see Note 3).

27 Other current liabilities

€ million	January 3, 2010	December 28, 2008 ¹
Accrued expenses	549	567
Compensated absences	216	225
Payroll taxes, social security and VAT	172	179
Deferred income	89	30
Other	5	4
Total other current liabilities	1,031	1,005

1 Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments (see Note 3).

Notes to the consolidated financial statements

28 Cash flow

The following table presents a reconciliation between the statement of cash flows and the cash and cash equivalents as presented on the balance sheet:

€ million	2009	2008
Cash and cash equivalents at the beginning of the year	2,863	3,263
Restricted cash	(19)	(21)
Cash and cash equivalents at the beginning of the year, excluding restricted cash	2,844	3,242
Net cash from operating, investing and financing activities	(169)	(445)
Effect of exchange rate differences on cash and cash equivalents	(9)	47
Restricted cash	22	19
Cash and cash equivalents at the end of the year	2,688	2,863

The following table presents additional cash flow information:

€ million	2009	2008
Non-cash investing activities		
Accounts payable at year end related to purchased non-current assets	128	163
Assets acquired under finance leases from continuing operations	39	3
Non-cash financing activities		
Finance lease liabilities originated from continuing operations	(39)	(3)
Acquisition of businesses		
Fair value of assets acquired	(10)	(23)
Fair value of assets given	10	–
Goodwill	(4)	(5)
Less: Liabilities assumed	–	2
Total consideration paid	(4)	(26)
Cash acquired	–	–
Acquisition of businesses, net of cash acquired	(4)	(26)
Divestments of businesses		
Carrying amount of assets divested (net of cash divested of €16 million in 2008)	1	702
Liabilities	–	(449)
Non-controlling interests	–	(80)
Net assets divested	1	173
Result on divestments of discontinued operations before income taxes	(128)	159
Changes in accounts receivable/payable and provisions – net	119	(11)
Divestment of businesses, net of cash divested	(8)	321

Notes to the consolidated financial statements

29 Earnings per share

The calculation of basic and diluted net income per share attributable to common shareholders is based on the following data:

	2009	2008
Earnings (€ million)		
Net income attributable to common shareholders for the purposes of basic earnings per share	894	1,077
Effect of dilutive potential common shares – reversal of preferred dividends from earnings	32	31
Net income attributable to common shareholders for the purposes of diluted earnings per share	926	1,108
Number of shares (in millions)		
Weighted average number of common shares for the purposes of basic earnings per share	1,180	1,174
Effect of dilutive potential common shares:		
Share options and conditional shares	9	9
Cumulative preferred financing shares	54	55
Weighted average number of common shares for the purposes of diluted earnings per share	1,243	1,238

The calculation of the basic and diluted income per share from continuing operations attributable to common shareholders is based on the same number of shares as detailed above and the following earnings data:

€ million	2009	2008
Income from continuing operations, attributable to common shareholders for the purposes of basic earnings per share	972	887
Effect of dilutive potential common shares – reversal of preferred dividends from earnings	32	31
Income from continuing operations, attributable to common shareholders for the purposes of diluted earnings per share	1,004	918

Basic and diluted income per share from discontinued operations attributable to common shareholders amounted to negative €0.06 and negative €0.07, respectively (2008: €0.16 basic and €0.16 diluted). They are based on the income from discontinued operations attributable to common shareholders of negative €78 million (2008: €190 million) and the denominators detailed above.

Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments (see Note 3).

30 Financial risk management and financial instruments

Financial risk management

The treasury function provides a centralized service to the Company for funding, foreign exchange, interest rate, liquidity and counterparty risk management. Treasury operates in a centralized function within a framework of policies and procedures that is reviewed regularly. The treasury function is not operated as a profit center. Treasury's function is to manage the financial risks that arise in relation to underlying business needs. Ahold's Corporate Executive Board has overall responsibility for the establishment and oversight of the treasury risk management framework. Ahold's management reviews material changes to treasury policies and receives information related to treasury activities.

In accordance with its treasury policies, Ahold uses derivative instruments solely for the purpose of hedging exposures. These exposures are mainly connected with the interest rate and currency risks arising from the Company's operations and its sources of finance. Ahold does not enter into derivative financial instruments for speculative purposes. The transaction of derivative instruments is restricted to treasury personnel only and Ahold's internal control and internal audit departments review the treasury internal control environment regularly. Relationships with the credit rating agencies and monitoring of key credit ratios are also managed by the treasury department.

Ahold's primary market risk exposures relate to foreign currency exchange rates and interest rates. In order to manage the risks arising from these exposures, various financial instruments may be utilized.

Currency risk

Ahold operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar. Since Ahold's subsidiaries primarily purchase and sell in local currencies, the Company's exposure to exchange rate movements in commercial operations is naturally limited. The Company is subject to foreign currency exchange risks due to exchange rate movements in connection with the translation of its foreign subsidiaries' income, assets and liabilities into euros for inclusion in its consolidated financial statements. To protect the value of future foreign currency cash flows, including lease payments, dividends and firm purchase commitments, and the value of assets and liabilities denominated in foreign currency, Ahold seeks to mitigate its foreign currency exchange exposure by borrowing in local currency and entering into various financial instruments, including forward contracts and currency swaps. It is Ahold's policy to cover foreign exchange transaction exposure in relation to existing assets, liabilities and firm purchase commitments. Translation risk related to Ahold's foreign subsidiaries, joint ventures and associates is not actively hedged, except for cash flows from dividends not denominated in euro.

Notes to the consolidated financial statements

30 Financial risk management and financial instruments – continued

Foreign currency sensitivity analysis

Approximately 64 percent of Ahold's net sales is generated by subsidiaries whose activities are conducted in a currency other than the euro (2008: 65 percent), mainly in the U.S. dollar. Assuming the euro had strengthened (weakened) by 10 percent against the U.S. dollar in 2009, with all other variables held constant, the hypothetical result on income before income taxes would be a decrease (increase) of €53 million (2008: €38 million).

Interest rate risk

Ahold's interest rate risk arises primarily from its debt. To manage interest rate risk, Ahold has an interest rate management policy aimed at reducing volatility in its interest expense and maintaining a target percentage of its debt in fixed rate instruments. Ahold's financial position is largely fixed by long-term debt issues and the use of derivative financial instruments such as interest rate swaps and cross-currency interest rate swaps. As of January 3, 2010, after taking into account the effect of interest rate swaps and cross-currency swaps, approximately 96 percent of Ahold's long-term borrowings are at fixed rates of interest (2008: 96 percent).

Interest rate sensitivity analysis

The total interest expense recognized in the 2009 income statement related to the variable rates of long-term debt, net of swaps, amounts to €13 million (2008: €28 million). The Company estimates that with a possible increase (decrease) of euro and U.S. dollar market interest rates of 25 basis points with all other variables (including foreign exchange rates) held constant, this would result in a hypothetical effect on income before income taxes of a loss (gain) of nil (2008: €1 million). In addition, a hypothetical result relating to fair value movements of derivative hedges that do not qualify for hedge accounting would have been a loss of €4 million or a gain of €5 million, respectively (2008: a loss of €5 million or a gain of €5 million, respectively). In performing this analysis, the effect was limited to a point where the absolute value of the reference interest would not decrease below 0 percent.

The total interest income recognized in the 2009 income statement related to variable rate money market fund investments and deposits amounts to €27 million (2008: €95 million). The Company estimates that with a possible increase (decrease) of euro and U.S. dollar market interest rates of 25 basis points with all other variables (including foreign exchange rates) held constant this would result in a hypothetical effect on income before income taxes of a gain (loss) of €5 million (2008: a gain of €6 million or a loss of €5 million, respectively). In performing this analysis, the effect was limited to a point where the absolute value of the reference interest would not decrease below 0 percent.

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

Credit risk

Ahold has no significant concentrations of credit risk. Sales to retail customers are made in cash, checks, and debit cards or via major credit cards. Sales to franchisees are done on credit. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions' products. Ahold invests in funds with a rating of AAA (Standard & Poor's). 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. The maximum exposure to credit risk is represented by the carrying amounts of the financial assets on the balance sheet (refer to the table on fair values of financial instruments below in this Note). The maximum net amount of a credit risk loss that Ahold would incur if financial institutions that are parties to the derivative instruments completely failed to perform according to the terms of the contracts is €211 million as of January 3, 2010 (December 28, 2008: €158 million).

The majority of Ahold's past due but not impaired financial assets as of January 3, 2010 consists of receivables and is past due in less than three months. The concentration of credit risk with respect to receivables is limited as the Company's customer and vendor base is large and unrelated. As a result, management believes there is no further credit risk provision required in excess of the normal individual and collective impairment, based on an aging analysis, performed as of January 3, 2010. For further discussion on Ahold's receivables, see Notes 15 and 17.

Liquidity risk

Ahold manages its liquidity risk on a consolidated basis with cash provided from operating activities being the primary source of liquidity in addition to debt and equity issuances in the capital markets, committed and uncommitted credit facilities, letters of credit under credit facilities, and available cash including net cash from divestments. Ahold manages short-term liquidity based on projected cash flows over rolling periods of six months. As of January 3, 2010, Ahold had €0.9 billion of committed undrawn bank facilities, which can be drawn on for working capital and general corporate purposes, €2.7 billion of cash balances and €0.3 billion of short-term deposits available to manage its liquidity.

Based on the current operating performance and liquidity position, the Company believes that cash provided by operating activities and available cash balances will be sufficient for working capital, capital expenditures, interest payments, dividends and scheduled debt repayment requirements for the next 12 months and the foreseeable future.

Notes to the consolidated financial statements

30 Financial risk management and financial instruments – continued

The following tables summarize the expected maturity profile of the Company's derivative financial instruments and non-derivative financial liabilities as of January 3, 2010 and December 28, 2008, respectively, based on contractual undiscounted payments:

		Contractual cash flows			
€ million	Net carrying amount	Within 1 year	Between 1 and 5 years	After 5 years	Total
Year ended January 3, 2010					
Non-derivative financial liabilities					
Notes	(1,714)	(464)	(696)	(1,579)	(2,739)
Other loans	(1)	(1)	–	–	(1)
Financing obligations	(397)	(42)	(162)	(387)	(591)
Mortgages payable	(10)	(6)	(6)	(1)	(13)
Finance lease liabilities	(1,043)	(140)	(535)	(1,139)	(1,814)
Cumulative preferred financing shares ¹	(497)	(32)	(61)	(23)	(116)
Short-term borrowings	(38)	(38)	–	–	(38)
Reinsurance liabilities	(59)	(14)	(31)	(16)	(61)
Accounts payable	(2,137)	(2,137)	–	–	(2,137)
Other	(2)	–	–	(2)	(2)
Derivative financial assets and liabilities					
Cross-currency derivatives and interest flows	185	(30)	67	44	81
Interest derivatives and interest flows	26	10	13	7	30

		Contractual cash flows			
€ million	Net carrying amount	Within 1 year	Between 1 and 5 years	After 5 years	Total
Year ended December 28, 2008					
Non-derivative financial liabilities					
Notes	(2,204)	(490)	(1,251)	(1,617)	(3,358)
Other loans	(1)	(1)	–	–	(1)
Financing obligations	(413)	(42)	(166)	(434)	(642)
Mortgages payable	(14)	(5)	(9)	(4)	(18)
Finance lease liabilities	(1,075)	(143)	(537)	(1,236)	(1,916)
Cumulative preferred financing shares ¹	(497)	(31)	(82)	(35)	(148)
Short-term borrowings	(37)	(37)	–	–	(37)
Reinsurance liabilities	(33)	(10)	(19)	(5)	(34)
Accounts payable	(2,284)	(2,284)	–	–	(2,284)
Other	(3)	–	–	(3)	(3)
Derivative financial assets and liabilities					
Cross-currency derivatives and interest flows	111	(31)	56	(25)	–
Interest derivatives and interest flows	27	–	14	16	30

1 Cumulative preferred financing shares have no maturity. For the purposes of the tables above and determining future dividend cash flows, it is assumed that the dividend is calculated until the coupon reset date of each of the four share-series (2010, 2013, 2016 and 2018), but with no liability redemption.

All derivative financial instruments and non-derivative financial liabilities held at the reporting date, 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, 2010 and December 28, 2008, respectively.

Credit ratings

As of January 3, 2010, Moody's Long Term Issuer Rating on Ahold was Baa3, unchanged during 2009, while outlook was revised from stable to positive. In 2009 Standard & Poor's upgraded Corporate Credit Rating on Ahold from BBB- to BBB with a stable outlook.

Maintaining investment grade credit ratings is an important part of the Company's strategy as they serve to lower the cost of funds and to facilitate access to a variety of lenders and markets.

Notes to the consolidated financial statements

30 Financial risk management and financial instruments – continued

Capital risk management

The Company's primary objective in terms of managing capital is the optimization of its debt and equity balances in order to sustain the future development of the business, maintain an investment grade credit rating and maximize shareholder value.

The capital structure of the Company consists of net debt, which includes borrowings, cash, cash equivalents and short-term deposits (see Notes 18, 19, 21, 22 and 26), and equity (see Note 20). Ahold may balance its overall capital structure in a number of ways, including through the payment of dividends, capital reduction, new share issues and share buybacks as well as the issuance of new debt or the redemption of existing debt.

Financial instruments

Fair values of financial instruments

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

€ million	January 3, 2010		December 28, 2008 ¹	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	2,688	2,688	2,863	2,863
Short-term deposits held to maturity	295	295	–	–
Derivatives	336	336	267	267
Available for sale	3	3	3	3
Loans receivable	93	98	96	102
Receivables	698	698	735	735
Reinsurance assets	56	56	33	33
Total loans and receivables	847	852	864	870
Total financial assets	4,169	4,174	3,997	4,003
Derivatives	(125)	(125)	(130)	(130)
Notes	(1,714)	(1,869)	(2,204)	(2,232)
Other loans	(1)	(1)	(1)	(1)
Financing obligations	(397)	(507)	(413)	(563)
Mortgages payable	(10)	(12)	(14)	(17)
Finance lease liabilities	(1,043)	(1,362)	(1,075)	(1,471)
Cumulative preferred financing shares	(497)	(525)	(497)	(498)
Dividend cumulative preferred financing shares	(32)	(32)	(31)	(31)
Accounts payable	(2,137)	(2,137)	(2,284)	(2,284)
Short-term borrowings	(38)	(38)	(37)	(37)
Interest payable	(58)	(58)	(64)	(64)
Reinsurance liabilities	(59)	(59)	(33)	(33)
Other	(2)	(2)	(3)	(3)
Total financial liabilities at amortized cost	(5,988)	(6,602)	(6,656)	(7,234)
Total financial liabilities	(6,113)	(6,727)	(6,786)	(7,364)

1 Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments (see Note 3).

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

The carrying amount of receivables, cash and cash equivalents, accounts payable, short-term deposits held to maturity, and other current financial assets and liabilities approximate their fair values because of the short-term nature of these instruments and, for receivables, because of the fact that any recoverability loss is reflected in an impairment loss. The fair values of quoted borrowings are based on year-end ask-market quoted prices. The fair value of other non-derivative financial assets and liabilities that are not traded in an active market are estimated using discounted cash flow analyses based on market rates prevailing at year end. The fair value calculation method and the conditions for redemption and conversion of the cumulative preferred financing shares are disclosed in Note 22. The accrued interest is included in other current financial liabilities (see Note 26) and not in the carrying amounts of non-derivative financial assets and liabilities.

Notes to the consolidated financial statements

30 Financial risk management and financial instruments – continued

Derivatives

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

	January 3, 2010			December 28, 2008		
	Number of contracts	Assets € million	Liabilities € million	Number of contracts	Assets € million	Liabilities € million
Cross-currency swaps – cash flow hedges: ¹						
Between one and five years	1	173	–	1	158	–
After five years	1	–	(124)	1	–	(116)
Total cross-currency swaps – cash flow hedges	2	173	(124)	2	158	(116)
Foreign currency forwards and swaps – net investment hedges: ²						
Within one year	3	–	(1)	2	8	–
Total foreign currency forwards and swaps – net investment hedges	3	–	(1)	2	8	–
Foreign currency forwards and swaps – fair value hedges: ³						
Within one year	28	–	–	2	–	–
Total foreign currency forwards and swaps – fair value hedges	28	–	–	2	–	–
Foreign currency forwards and swaps – cash flow hedges: ⁴						
Within one year	83	1	–	44	–	(8)
Total foreign currency forwards and swaps – cash flow hedges	83	1	–	44	–	(8)
Derivative contracts – no hedge accounting treatment: ⁵						
Within one year	3	–	–	24	–	(6)
After five years	2	162	–	2	101	–
Total derivative contracts – no hedge accounting treatment	5	162	–	26	101	(6)
Total derivative financial instruments	121	336	(125)	76	267	(130)

- 1 Cross-currency swaps accounted for as cash flow hedges are used to hedge currency and cash flow interest rate risk on fixed and floating debt denominated in foreign currency.
- 2 Foreign currency forwards and swaps accounted for as net investment hedges are used to hedge cash flow currency risk on ICA dividend flow.
- 3 Foreign currency forwards and swaps designated as fair value hedges are used to hedge the future cash flows denominated in foreign currencies.
- 4 Foreign currency forwards and swaps designated as cash flow hedges are used to hedge the future cash flows denominated in foreign currencies.
- 5 As of January 3, 2010, the valuation of the cross-currency swaps (assets) includes the impact of the mark-to-market valuation of an embedded credit clause in a GBP 250 million cross-currency swap in the amount of €7 million. The volatility in the financial markets resulted in €13 million gain related to this credit clause in year 2009 (€7 million loss in 2008).

The notional amounts of the derivative financial instruments outstanding as of January 3, 2010 are summarized below. The summary is based on the currency of the exposures being hedged and includes the gross amounts of all notional values for outstanding contracts, with all amounts expressed in millions of the respective currencies.

	CHF million	PLN million	CZK million	SEK million	GBP million	JPY million	EUR million
Interest rate swaps:							
After five years	–	–	–	–	250	–	–
Cross-currency interest rate swaps:							
Between one and five years	–	–	–	–	–	–	407
After five years	–	–	–	–	250	33,000	–
Foreign currency forwards and swaps:							
Within one year	14	88	181	301	–	–	32
Total notional amounts of derivative financial instruments	14	88	181	301	250¹	33,000	439

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

In 2009 a gain of €41 million (2008: loss of €66 million) is included in the income statement under fair value gains (losses) on financial instruments in relation to the fair value changes of derivatives that do not qualify for hedge accounting treatment or in relation to ineffective portions of qualifying hedging instruments.

Gains and losses recognized in cash flow hedging reserve in equity as of January 3, 2010 will be released to the income statement at various dates over a period of 22 years from the balance sheet date.

Notes to the consolidated financial statements

31 Related party transactions

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Following ongoing organizational changes and the appointment of two continental Chief Operating Officers to the Corporate Executive Board, in 2009 the Company reassessed which persons constitute key management personnel. The Company concluded that key management personnel only consist of the members of the Corporate Executive Board and the members of the Supervisory Board.

The Company recognized remuneration expenses of €12 million (2008: €23 million, based on the definition of key management personnel as disclosed in the 2008 Annual Report) for consideration paid, payable or provided to key management personnel. This consisted of short-term employee benefits of €6 million (2008: €13 million), post-employment benefits of €1 million (2008: €1 million), termination benefits of nil (2008: €1 million), share-based compensation of €4 million (2008: €7 million) and other benefits of €1 million (2008: €1 million).

Employment contracts with individual Corporate Executive Board members

John Rishton

The Company provides John Rishton with a base salary currently set at €945,000 per year, participation in the annual cash incentive plan, as well as participation in the Company's equity-based long-term incentive program (GRO – see Note 32). The at-target payout under the annual cash incentive plan is 100 percent of the base salary and is capped at 125 percent in case of extraordinary performance. Unless John Rishton's employment agreement is otherwise terminated, he will be eligible for reappointment in 2010. In the event the Company terminates John Rishton's employment agreement for reasons other than cause or because he is not reappointed, John Rishton is entitled to a severance payment equal to one year's base salary. John Rishton's employment agreement may be terminated by the Company with a notice period of twelve months and by John Rishton with a notice period of six months. John Rishton participates in Ahold's Dutch Pension Plan.

Kimberly Ross

The Company provides Kimberly Ross with a base salary currently set at €500,000 per year, participation in the annual cash incentive plan, as well as participation in the Company's equity-based long-term incentive program (GRO – see Note 32). The at-target payout under the annual cash incentive plan is 100 percent of the base salary and is capped at 125 percent in case of extraordinary performance. Unless Kimberly Ross' employment agreement is otherwise terminated, she will be eligible for reappointment in 2012. In the event the Company terminates Kimberly Ross' employment agreement for reasons other than cause or because she is not reappointed, Kimberly Ross is entitled to a severance payment equal to one year's base salary. Kimberly Ross' employment agreement may be terminated by the Company with a notice period of twelve months and by Kimberly Ross with a notice period of six months. Kimberly Ross participates in the U.S. Benefit Plans – the Salary Continuation Plan (SCP), the Ahold USA Pension Plan and the 401(k) Plan.

Peter Wakkie

Peter Wakkie retired from the Corporate Executive Board as of December 31, 2009. The Company provided Peter Wakkie with a base salary of €600,000 per year, participation in the annual cash incentive plan, as well as participation in the Company's equity-based long-term incentive program (GRO – see Note 32). The at-target payout under the annual cash incentive plan was 100 percent of the base salary and was capped at 125 percent in case of extraordinary performance.

Dick Boer

The Company provides Dick Boer with a base salary currently set at €625,000 per year, participation in the annual cash incentive plan, as well as participation in the Company's equity-based long-term incentive plan (GRO – see Note 32). The at-target payout under the annual cash incentive plan is 100 percent of base salary and is capped at 125 percent in case of extraordinary performance. Unless Dick Boer's employment agreement is otherwise terminated, he will be eligible for reappointment in 2011. In the event the Company terminates Dick Boer's employment agreement for reasons other than cause or because he is not reappointed, Dick Boer is entitled to a severance payment equal to one year's base salary. Dick Boer's employment agreement may be terminated by the Company with a notice period of twelve months and by Dick Boer with a notice period of six months. Dick Boer participates in Ahold's Dutch Pension Plan.

Lawrence Benjamin

The Company provides Lawrence Benjamin with a base salary currently set at \$950,000 per year, participation in the annual cash incentive plan, as well as participation in the Company's equity-based long-term incentive plan (GRO – see Note 32). The at-target payout under the annual cash incentive plan is 100 percent of base salary and is capped at 125 percent in case of extraordinary performance. Unless Lawrence Benjamin's employment agreement is otherwise terminated, he will be eligible for reappointment in 2013. In the event the Company terminates Lawrence Benjamin's employment agreement for reasons other than cause or because he is not reappointed, Lawrence Benjamin is entitled to a severance payment equal to one year's base salary. Lawrence Benjamin's employment agreement may be terminated by the Company with a notice period of twelve months and by Lawrence Benjamin with a notice period of six months. Lawrence Benjamin participates in the U.S. Benefit Plans – the Salary Continuation Plan (SCP) and the 401(k) Plan.

Notes to the consolidated financial statements

31 Related party transactions – continued

Remuneration of the individual Corporate Executive Board members

The remuneration of the individual Corporate Executive Board members, which is disclosed as of the year the member's appointment was approved by the General Meeting of Shareholders, can be specified as follows:

	Direct remuneration			Deferred remuneration			
€ thousand	Base salary	Bonuses ¹	Other ²	Total direct remuneration	Share-based compensation ³	Pensions ⁵	Total remuneration
J.F. Rishton							
2009	945	737	173	1,855	830	193	2,878
2008	945	1,143	156	2,244	528	189	2,961
K.A. Ross							
2009	500	390	159	1,049	384	78	1,511
2008	500	605	190	1,295	218	132	1,645
P.N. Wakkie ⁴							
2009	600	468	8	1,076	1,834	170	3,080
2008	600	726	13	1,339	377	140	1,856
A.D. Boer							
2009	625	488	14	1,127	632	186	1,945
2008	625	756	209	1,590	469	152	2,211
L.S. Benjamin							
2009	683	517	128	1,328	188	149	1,665
2008	–	–	–	–	–	–	–
Total 2009	3,353	2,600	482	6,435	3,868	776	11,079
Total 2008	2,670	3,230	568	6,468	1,592	613	8,673

1 Bonuses represent accrued bonuses to be paid in the following year.

2 "Other" mainly includes allowances for housing expenses, international school fees, employer's contributions to social security plans, and benefits in kind such as tax advice, tax compensation and medical expenses, and the associated tax gross up.

3 The amounts represent the share-based compensation expense calculated under IFRS 2. The fair value of each year's grant is determined on the grant date and expensed on a straight-line basis over the vesting period. The expense for 2009 reflects this year's portion of the share grants over the previous four years (2006, 2007, 2008 and 2009), whereas the expense for 2008 reflects that year's portion of share grants for the three years 2006, 2007 and 2008.

4 Under the GRO program, all retirees are allowed to retain shares which have been granted to them and normal vesting conditions apply. Peter Wakkie's service period ended with his retirement on December 31, 2009. The share-based compensation expense related to the service performed by Peter Wakkie during 2009 was €551,000. In addition, an amount of €1,283,000 was recognized, representing the remaining unamortized expense on the non-vested portion of GRO shares granted to him, as his service period ended with his retirement.

5 Pension costs are the total net periodic pension costs.

Remuneration of the Supervisory Board members

€ thousand	2009	2008
R. Dahan (reappointed in 2008)	69	68
T. de Swaan (appointed in 2007)	79	83
K.M.A. de Segundo (reappointed in 2008)	71	72
D.C. Doijer (reappointed in 2009)	60	60
S.M. Shern (reappointed in 2009)	69	79
J. Sprieser (appointed in 2006)	78	79
M.G. McGrath (appointed in 2008)	62	43
B. Noteboom (appointed in 2009)	43	–
Total	531	484

Notes to the consolidated financial statements

31 Related party transactions – continued

Shares and other interests in Ahold

As of January 3, 2010, Corporate Executive Board members held the following shares and other interests in Ahold:

	Common shares subject to additional holding requirement ¹	Other common shares	Total common shares
J.F. Rishton	22,211	63,600	85,811
K.A. Ross	6,193	1	6,194
P.N. Wakkie ²	14,393	6,000	20,393
A.D. Boer	13,879	119,151	133,030
L.S. Benjamin	–	10,000	10,000
Total	56,676	198,752	255,428

1 In line with best practice II.2.5 of the Dutch Corporate Governance Code, mid-term (three-year) shares granted and vested under the GRO program to Corporate Executive Board members will have to be retained for a period of at least five years after granting, except to finance tax due at the vesting date, or until at least the end of the employment, if this period is shorter.

2 The number of common shares is as of December 31, 2009 when Peter Wakkie retired from the Corporate Executive Board.

As of January 3, 2010 René Dahan held 112,000 Ahold common shares. None of the other Supervisory Board members held Ahold shares.

Trading transactions

Ahold has entered into arrangements with a number of its subsidiaries and affiliated companies in the course of its business. These arrangements relate to service transactions and financing agreements. Transactions were conducted at market prices.

During 2009 and 2008, the Company entered into the following transactions with unconsolidated related parties:

€ million	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
For the year ended January 3, 2010				
ICA	20	5	7	7
JMR	4	–	1	1
Stationsdrogisterijen	15	–	–	3
Accounting Plaza B.V.	–	27	–	–
A.M.S. Coffee Trading	–	6	–	1
Other	2	–	9	–
Total	41	38	17	12

€ million	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
For the year ended December 28, 2008				
ICA	11	8	3	8
JMR	4	–	2	1
Stationsdrogisterijen	15	–	–	2
Accounting Plaza B.V.	–	31	–	–
A.M.S. Coffee Trading	–	48	–	1
Other	3	10	10	–
Total	33	97	15	12

These unconsolidated related parties consist of:

- ICA, a joint venture of Ahold in the retail business;
- JMR, a joint venture of Ahold in the retail business;
- Stationsdrogisterijen C.V., a joint venture of Ahold in the health and beauty care retail business;
- Accounting Plaza B.V., an associate of Ahold that renders accounting and administrative services to certain Ahold subsidiaries in the Netherlands, Czech Republic and Slovakia;
- A.M.S. Coffee Trading AG, an associate of Ahold that generated sales transactions with Ahold Coffee Company;
- “Other” includes mainly real estate joint ventures, in which Ahold has an interest, holding properties operated by Ahold, and Loyalty Management Nederland B.V., an associate of Ahold that renders services relating to the management of customer loyalty programs to certain Ahold subsidiaries in the Netherlands.

Furthermore, the Company's post-employment benefit plans in the Netherlands and the United States are considered related parties. For more information on these plans, see Note 23.

Notes to the consolidated financial statements

32 Share-based compensation

In 2009, Ahold's share-based compensation program consisted of a conditional share grant program (Global Reward Opportunity – "GRO"). This program, introduced in 2006, replaced the Company's share option plans. In addition, conditional shares were incidentally granted to employees outside the GRO program as part of their remuneration. In principle, plan rules will not be altered during the term of the plans. Total share-based compensation expenses were as follows:

€ million	2009	2008
GRO program	30	24
Other conditional shares	–	7
Share option plans	–	1
Total share-based compensation expenses	30	32

Ahold's share-based compensation programs are equity-settled. At January 3, 2010, the Company held 10,673,435 of its own shares for delivery under share-based compensation programs (December 28, 2008: 15,202,890).

The grant date fair value of the shares granted under the GRO program in 2009 was €50 million, of which €5 million related to Corporate Executive Board members. This fair value is expensed over the vesting period of the grants adjusted for assumed annual forfeitures of 6 percent (2008: 6 percent). For the share-based compensation expenses allocable to the individual Corporate Executive Board members, see Note 31.

GRO program

Main characteristics

Under the GRO program, Ahold shares are granted through a mid-term (three-year) and a long-term (five-year) program. The number of conditional shares to be granted depends on the at-target value, the annual incentive multiplier of the preceding year and the average share price for six months preceding the date of the grant. The shares are granted on the day after the Annual General Meeting of Shareholders and vest on the day after the publication of Ahold's full-year results in the third year (mid-term component) or fifth year (long-term component) after the grant, provided the participant is still employed by Ahold. Shares granted to Corporate Executive Board members vest after three years (mid-term component) or five years (long-term component), subject to continued employment. Corporate Executive Board members are not allowed to sell their shares within a period of five years from the grant date, except to finance tax due at the date of vesting. For participants other than the Corporate Executive Board members, the mid-term component of the program contains a matching feature. For every five shares a participant holds for an additional two years after the vesting date, the participant will receive one additional share.

The conditional shares granted through the long-term component are subject to a performance condition. The number of shares that will ultimately vest depends on Ahold's performance compared to 11 other retail companies (refer to the "Remuneration" section of this Annual Report for the composition of the peer group), measured over a five-year period using the Total Shareholder Return ("TSR", share price growth and dividends). The table below indicates the percentage of conditional shares that could vest based on the ranking of Ahold within the peer group:

Rank	1	2	3	4	5	6	7	8	9	10	11	12
Corporate Executive Board	150%	130%	110%	90%	70%	50%	25%	0%	0%	0%	0%	0%
Other participants	150%	135%	120%	105%	90%	75%	60%	45%	30%	15%	7.5%	0%

As of the end of 2009, Ahold held the first position with respect to the 2007 share grant, the second position for the 2006 share grant, the fourth position for the 2008 share grant and the sixth position for the 2009 share grant. These positions are not an indication of Ahold's final ranking at the end of the performance periods, nor do they provide any information related to vesting of shares.

Upon termination of employment due to retirement, disability or death, the same vesting conditions as described above apply. Upon termination of employment without cause (e.g., restructuring or divestment), a pro rata part of the granted shares will vest on the date of termination of employment.

Notes to the consolidated financial statements

32 Share-based compensation – continued

The following table summarizes the status of the GRO program during 2009 for the individual Corporate Executive Board members and for all other employees in the aggregate:

	Outstanding at the beginning of 2009	Granted ¹	Vested ²	Forfeited	Outstanding at the end of 2009	Minimum number of shares ³	Maximum number of shares ⁴	Value per share at the grant date €
J.F. Rishton								
Three-year 2006 grant	34,924	–	34,924	–	–	–	–	–
Five-year 2006 grant	34,924	–	–	–	34,924	–	52,386	6.10
Three-year 2007 grant	35,268	–	–	–	35,268	35,268	35,268	9.28
Five-year 2007 grant	35,268	–	–	–	35,268	–	52,902	8.03
Three-year 2008 grant	79,642	–	–	–	79,642	79,642	79,642	8.97
Five-year 2008 grant	79,642	–	–	–	79,642	–	119,463	8.04
Three-year 2009 grant	–	82,715	–	–	82,715	82,715	82,715	8.04
Five-year 2009 grant	–	82,715	–	–	82,715	–	124,072	7.02
K.A. Ross								
Three-year 2006 grant	6,193	–	6,193	–	–	–	–	–
Five-year 2006 grant	6,193	–	–	–	6,193	–	9,289	6.51
Three-year 2007 grant	11,199	–	–	–	11,199	11,199	11,199	9.28
Five-year 2007 grant	11,199	–	–	–	11,199	–	16,798	9.10
Three-year 2008 grant	42,139	–	–	–	42,139	42,139	42,139	8.97
Five-year 2008 grant	42,139	–	–	–	42,139	–	63,208	8.04
Three-year 2009 grant	–	43,764	–	–	43,764	43,764	43,764	8.04
Five-year 2009 grant	–	43,764	–	–	43,764	–	65,646	7.02
P.N. Wakkie								
Three-year 2006 grant	29,987	–	29,987	–	–	–	–	–
Five-year 2006 grant	29,987	–	–	–	29,987	–	44,980	6.10
Three-year 2007 grant	24,226	–	–	–	24,226	24,226	24,226	9.28
Five-year 2007 grant	24,226	–	–	–	24,226	–	36,339	8.03
Three-year 2008 grant	50,567	–	–	–	50,567	50,567	50,567	8.97
Five-year 2008 grant	50,567	–	–	–	50,567	–	75,850	8.04
Three-year 2009 grant	–	52,517	–	–	52,517	52,517	52,517	8.04
Five-year 2009 grant	–	52,517	–	–	52,517	–	78,775	7.02
A.D. Boer								
Three-year 2006 grant	28,963	–	28,963	–	–	–	–	–
Five-year 2006 grant	28,963	–	–	–	28,963	–	43,444	6.51
Three-year 2007 grant	39,779	–	–	–	39,779	39,779	39,779	9.28
Five-year 2007 grant	39,779	–	–	–	39,779	–	59,668	8.03
Three-year 2008 grant	52,674	–	–	–	52,674	52,674	52,674	8.97
Five-year 2008 grant	52,674	–	–	–	52,674	–	79,011	8.04
Three-year 2009 grant	–	54,706	–	–	54,706	54,706	54,706	8.04
Five-year 2009 grant	–	54,706	–	–	54,706	–	82,059	7.02
L.S. Benjamin								
Three-year 2009 grant	–	68,469	–	–	68,469	68,469	68,469	8.04
Five-year 2009 grant	–	68,469	–	–	68,469	–	102,703	7.02
Subtotal Corporate								
Executive Board members	871,122	604,342	100,067	–	1,375,397	637,665	1,744,258	
Other employees								
2006 grant	4,695,004	–	2,322,177	271,680	2,101,147			
2007 grant	3,414,234	–	48,476	168,632	3,197,126			
2008 grant	4,383,718	–	47,807	287,991	4,047,920			
2009 grant	–	5,491,499	4,023	140,518	5,346,958			
Total number of shares	13,364,078	6,095,841	2,522,550	868,821	16,068,548			

1 Represents the number of shares originally granted.

2 The number of shares vested under the five-year component includes increases / (decreases) based on the TSR performance. The vesting date of the three-year 2006 grant was March 3, 2009 for Kimberly Ross and Dick Boer and April 29, 2009 for John Rishton and Peter Wakkie. The Euronext closing share price was €8.45 as of March 3, 2009 and €8.75 as of April 29, 2009.

3 For the three-year grants, the minimum number of shares equals the number of the outstanding shares. For the five-year grants, the minimum number of shares would be nil if Ahold's ranking is eight or lower (as explained in the section "Main characteristics" above).

4 For the three-year grants, the maximum number of shares equals the number of the outstanding shares. For the five-year grants, the maximum number of shares equals 150 percent of outstanding shares if Ahold's ranking is one (as explained in the section "Main characteristics" above).

Notes to the consolidated financial statements

32 Share-based compensation – continued

Valuation model and input variables

The weighted average fair value of the conditional shares granted in 2009 amounted to €8.07 and €7.83 per share for the three-year and five-year components, respectively (2008: €9.00 and €8.93, respectively). The fair value of the three-year component is based on the share price on the grant date, reduced by the present value of dividends expected to be paid during the vesting period. The fair value of the five-year component is determined using a Monte Carlo simulation model. The most important assumptions used in the valuations of the three- and five-year components were as follows (expressed as weighted averages):

Percent	2009	2008
Risk-free interest rate	2.1	4.1
Volatility	34.1	30.7
Assumed dividend yield	2.7	2.1

Expected volatility has been determined as the average of the implied volatility and the historical volatility.

Other conditional shares

In addition to the shares granted under the GRO program, Ahold granted an at-target number of 950,000 conditional shares in 2007. The fair value per share, determined in the same manner as the three-year GRO shares, was €9.44. The shares vested at the end of 2008, after two years of continued employment. Half of these shares were subject to a performance condition. In 2009, based on the average annual incentive multiplier for 2007 and 2008, Ahold determined the number of performance shares to be 599,625.

Share option plans

In 2005, Ahold had one global share option plan with a uniform set of rules and conditions for all participants, except members of the Corporate Executive Board. The term of the 2005 share options is eight years. Share options that have vested can be exercised during four weeks after termination and are forfeited thereafter. A separate plan applied to members of the Corporate Executive Board. The share option grant made in 2005 to members of the Corporate Executive Board had a five- and ten-year term and was subject to a performance criterion at vesting, being the average economic value added improvement versus targeted improvement over the three financial years prior to vesting. In 2008, the final vesting percentage was determined at 96 percent. Until January 2, 2005, Ahold had three share option plans (the Dutch, U.S., and International Share Option Plans – collectively the “Plans”). Under these Plans, participants were granted share options with either a five- or ten-year term. In addition, a limited number of share options were granted in 2006 under the 2005 global share option plan rules with a five- and ten-year term. After the introduction of GRO, options were discontinued as a remuneration component. All options have vested by the end of 2009.

Notes to the consolidated financial statements

32 Share-based compensation – continued

The following table summarizes the status of the share option plans during 2009 for the individual Corporate Executive Board members and for all other employees in the aggregate.

Description of grant	Outstanding at the beginning of 2009	Exercised	Forfeited	Expired	Outstanding at the end of 2009	Exercise price	Expiration date
J.F. Rishton	–	–	–	–	–	–	–
K. A. Ross							
Eight-year 2005 grant	33,150	–	–	–	33,150	6.36	04/03/2013
Ten-year 2002 grant	833	–	–	–	833	32.68	12/30/2011
Ten-year 2003 grant	9,000	–	–	–	9,000	11.65	12/29/2012
Ten-year 2004 grant	9,000	–	–	–	9,000	5.83	12/28/2013
P.N. Wakkie							
Five-year 2005 grant	36,000	–	–	–	36,000	6.36	04/03/2010
Ten-year 2005 grant	36,000	–	–	–	36,000	6.36	04/03/2015
A.D. Boer							
Eight-year 2005 grant	70,200	–	–	–	70,200	6.36	04/03/2013
Ten-year 2001 grant	12,000	–	–	–	12,000	34.36	12/31/2010
Ten-year 2002 grant	12,000	–	–	–	12,000	32.68	12/30/2011
Ten-year 2003 grant	21,000	–	–	–	21,000	11.65	12/29/2012
Ten-year 2004 grant	21,000	–	–	–	21,000	5.83	12/28/2013
L.S. Benjamin							
Five-year 2006 grant	30,000	–	–	–	30,000	6.33	12/31/2010
Eight-year 2005 grant	78,000	–	–	–	78,000	6.36	04/03/2013
Ten-year 2004 grant	60,000	–	–	–	60,000	5.83	12/28/2013
Ten-year 2006 grant	30,000	–	–	–	30,000	6.33	12/31/2015
Subtotal Corporate Executive Board members	458,183	–	–	–	458,183		
Weighted average exercise price	8.07				8.07		
Other employees							
Five-year	158,100	48,600	–	–	109,500	6.43	
Eight-year	3,412,884	722,379	16,049	–	2,674,456	6.36	
Ten-year	6,236,117	677,392	129,309	848,542	4,580,874	19.39	
Subtotal other employees	9,807,101	1,448,371	145,358	848,542	7,364,830	14.47	
Total options	10,265,284	1,448,371	145,358	848,542	7,823,013	14.09	
Weighted average exercise price	14.34	5.91	20.83	29.82	14.09		
Weighted average share price at date of exercise		8.48					

Notes to the consolidated financial statements

32 Share-based compensation – continued

The following table summarizes information about the total number of outstanding share options at January 3, 2010:

Exercise price (range)	Number outstanding and exercisable at January 3, 2010	Weighted average exercise price	Weighted average remaining contractual years
5.83 – 6.57	4,088,630	6.25	3.39
11.65	1,847,150	11.65	2.98
26.63 – 34.36	1,887,233	33.47	1.51
Total	7,823,013		

33 Operating leases

Ahold as lessee

Ahold leases a significant number of its stores, as well as distribution centers, offices and other assets, under operating lease arrangements. The aggregate amounts of Ahold's minimum lease commitments payable to third parties under non-cancelable operating lease contracts are disclosed in the table below. The total 2008 amount of €5,886 million includes an increase of €199 million, primarily reflecting the inclusion of the land component of land and building leases, to correct the amount disclosed in Ahold's 2008 Annual Report:

€ million	January 3, 2010	December 28, 2008
Within one year	600	586
Between one and five years	2,042	1,994
After five years	3,108	3,306
Total	5,750	5,886

Certain store leases provide for contingent additional rentals based on a percentage of sales and consumer price indices. Substantially all of the store leases have renewal options for additional terms. None of Ahold's leases impose restrictions on the ability of Ahold to pay dividends, incur additional debt, or enter into additional leasing arrangements.

The annual costs of Ahold's operating leases from continuing operations, net of sublease income, are as follows:

€ million	2009	2008
Minimum rentals	610	550
Contingent rentals	49	44
Sublease income	(93)	(80)
Total	566	514

In addition to the operating lease commitments disclosed above, Ahold has signed lease agreements for properties under development for which it has not yet taken possession. The total future minimum lease payments for these agreements amount to approximately €435 million (2008: €508 million). These lease contracts are subject to conditions precedent to the rent commencement date.

Ahold as lessor

Ahold rents out its investment properties (mainly retail units in shopping centers containing an Ahold store). Ahold also (partially) subleases various other properties, which are leased by Ahold under operating leases. The aggregate amounts of the related future minimum lease and sublease payments receivable under non-cancelable lease contracts are disclosed in the table below. The total 2008 amount of €1,128 million includes a decrease of €302 million, primarily related to rental income from locations rented to BI-LO and U.S. Foodservice, to correct the amount disclosed in Ahold's 2008 Annual Report:

€ million	January 3, 2010	December 28, 2008
Within one year	179	172
Between one and five years	438	447
After five years	460	509
Total	1,077	1,128

The total contingent rental income recognized during the year on all leases where Ahold is the lessor was €6 million (2008: €4 million).

Notes to the consolidated financial statements

34 Commitments and contingencies

Capital investment commitments

As of January 3, 2010, Ahold had outstanding capital investment commitments for property, plant and equipment and investment property of approximately €144 million (December 28, 2008: €146 million). There were no outstanding capital investment commitments for intangible assets as of January 3, 2010 or December 28, 2008. Ahold's share in the capital investment commitments of its unconsolidated joint ventures ICA and JMR amounted to €37 million as of January 3, 2010 (December 28, 2008: €57 million).

Purchase commitments

Ahold enters into purchase commitments with vendors in the ordinary course of business. Ahold has long-term purchase contracts with some vendors for varying terms that require Ahold to buy services and predetermined volumes of goods and goods not-for-resale at fixed prices. As of January 3, 2010, the Company's purchase commitments were approximately €769 million (December 28, 2008: €906 million). Not included in these purchase commitments are those purchase contracts for which Ahold has received advance vendor allowances, such as up-front signing payments in consideration of its purchase commitments. These contracts generally may be terminated without satisfying the purchase commitments upon the repayment of the unearned portions of the advance vendor allowances. The unearned portion of these advance vendor allowances is recorded as a liability on the balance sheet.

Contingent liabilities

Guarantees

Guarantees to third parties issued by Ahold can be summarized as follows:

€ million	January 3, 2010	December 28, 2008
Lease guarantees	904	1,096
Corporate and buyback guarantees	47	44
Loan guarantees	8	13
Total	959	1,153

Ahold is contingently liable for leases that have been assigned to third parties in connection with facility closings and asset disposals. Ahold could be required to assume the financial obligations under these leases if any of the assignees are unable to fulfill their lease obligations. The lease guarantees are based on the nominal value of future minimum lease payments of the assigned leases, which extend through 2026. On a discounted basis the lease guarantees are €668 million and €787 million as of January 3, 2010 and December 28, 2008, respectively. Of the €904 million of the undiscounted lease guarantees, €405 million relates to the BI-LO/Bruno's divestment and €298 million to the Tops divestment. The weakness of the banking sector in particular and the economies in general in both the United States and Europe has led to a heightened likelihood that the Company may be required to assume a material amount of these obligations.

On February 5, 2009 and March 23, 2009, Bruno's Supermarkets, LLC and BI-LO, LLC, respectively, filed for protection under Chapter 11 of the U.S. Bankruptcy Code (the filings). As a result of the filings, Ahold has made an assessment of its potential obligations under the lease guarantees based upon the remaining initial term of each lease, an assessment of the possibility that Ahold would have to pay under a guarantee and any potential remedies that Ahold may have to limit future lease payments. Consequently, in 2009 Ahold recognized provisions of €109 million and related tax benefit offsets of €47 million. A net provision of €62 million was included within results on divestments. The provisions are Ahold's best estimate of the discounted aggregate amount of the remaining lease obligations and associated charges, which could result in liability for Ahold under the various lease guarantees. Ahold continues to closely monitor any developments in the aforementioned process. As disclosed further in Note 35, in February 2010 Ahold acquired \$260 million of BI-LO term loans.

As part of the divestment of Ahold's Polish retail operations, Ahold received a guarantee from Carrefour for €152 million in June 2007. The outstanding amount of this guarantee as of January 3, 2010 was €7 million. As part of the divestment of U.S. Foodservice in 2007, Ahold received an irrevocable standby letter of credit for \$216 million (€151 million), which was reduced to \$150 million (€105 million) as of January 3, 2010. These reductions followed the decreases in the underlying guarantees given by Ahold.

Ahold has provided corporate guarantees to certain suppliers of Ahold's franchisees or non-consolidated entities. Ahold would be required to perform under the guarantee if the franchisee or non-consolidated entity failed to meet the financial obligations, as described in the guarantee. Buyback guarantees relate to Ahold's commitment to repurchase stores or inventory from certain franchisees at predetermined prices. The buyback guarantee reflects the maximum committed repurchase value under the guarantee. The last of the corporate and buyback guarantees expire in 2017.

Loan guarantees relate to the principal amounts of certain loans payable by Ahold's franchisees, non-consolidated real estate development entities and joint ventures. The term of most guarantees is equal to the term of the related loan, the last of which matures in 2016. Ahold's maximum liability under the guarantees equals the total amount of the related loans plus, in most cases, reasonable costs of enforcement of the guarantee.

Notes to the consolidated financial statements

34 Commitments and contingencies – continued

Representations and warranties as part of the sale of Ahold's operations

Ahold has provided, in the relevant sales agreements, certain customary representations and warranties including, but not limited to, completeness of books and records, title to assets, schedule of material contracts and arrangements, litigation, permits, labor matters and employee benefits and taxes. These representations and warranties will generally terminate, depending on their specific features, one to seven years after the date of the relevant transaction completion date.

	Closing date	Contingent liability cap	
		Local currency million	€ million
Disco	November 1, 2004	\$15 ¹	10 ¹
BI-LO/Bruno	January 31, 2005	\$33	23
Deli XL	September 12, 2005	€40	40
Poland (Ahold Polska Sp. Z o.o.)	July 2, 2007	€108 ²	108 ²
U.S. Foodservice	July 3, 2007	None ³	None ³
Tops Markets	December 3, 2007	\$70	49
Tops' Wilson Farm/Sugarcreek	December 3, 2007	\$5	3
Schuitema	June 30, 2008	€129	129

1 Ahold assesses the likelihood to be liable up to the amount of the contingent liability cap to be remote. The cap does not include Ahold's indemnification obligations relating to legal proceedings described below.

2 Including €33 million for the divestment of hypermarkets in 2005.

3 No cap on contingent liability, but an indemnification obligation of Ahold, if a \$40 million threshold is exceeded. The threshold was exceeded in Q4 2009 by \$12 million, for which Ahold has recognized a charge as set out below.

The most significant sales of operations are described below. In addition, specific, limited representations and warranties exist for certain of Ahold's smaller divestments in 2004, 2005, 2006 and 2007. The aggregate impact of a claim under such representations and warranties is not expected to be material.

Bradlees

In 1992, Stop & Shop spun off Bradlees Stores, Inc. ("Bradlees") as a public company (the "Bradlees Spin-off"). In connection with the Bradlees Spin-off, Stop & Shop assigned to Bradlees certain commercial real property leases. Pursuant to a 1995 reorganization of Bradlees and a subsequent wind-down and liquidation of Bradlees following a bankruptcy protection filing in 2000 (collectively, the "Bradlees Bankruptcies"), a number of such real property leases were assumed and assigned to third parties. Pursuant to applicable law, Stop & Shop may be contingently liable to landlords under certain of the leases assigned in connection with the Bradlees Spin-off and subsequently assumed and assigned to third parties in connection with the Bradlees Bankruptcies.

Disco

Ahold is required to indemnify the buyers of Disco for (i) certain claims made in relation to the mandatory conversions into Argentine pesos of certain of Disco's U.S. dollar debts and (ii) certain claims made by creditors of certain Uruguayan and other banks. For additional information on these legal proceedings, see the "Legal proceedings" section below. Ahold's indemnification obligations relating to these legal proceedings are not capped at a certain amount nor restricted to a certain time period.

BI-LO/Bruno's

In connection with the sale of BI-LO and Bruno's, Ahold may be contingently liable to landlords under guarantees of 200 BI-LO or Bruno's operating or finance leases, which existed at the time of the sale in the event of a future default by the tenant under such leases. As a result of the bankruptcy filings by BI-LO and Bruno's during 2009, a provision has been recognized. For more information, refer to the "Guarantees" section above in this Note.

U.S. Foodservice

In connection with the sale of U.S. Foodservice, which closed on July 3, 2007 (the "Completion"), Ahold indemnified U.S. Foodservice against damages incurred after the Completion relating to matters including (i) the putative class actions filed in 2006 and 2007 and referred to below under "Waterbury litigation" and any actions that might be brought by any current or former U.S. Foodservice customers that concern the pricing practices at issue in such litigation for sales made by U.S. Foodservice prior to the Completion and (ii) the investigation commenced by the Civil Division of the U.S. Department of Justice into U.S. Foodservice's pricing practices for sales made to the U.S. Government prior to the Completion. These investigations are described below.

Tops Markets, LLC

In connection with the sale of Tops in 2007, Ahold has certain post-closing indemnification obligations under the sale agreement that Ahold believes are customary for transactions of this nature. Ahold retained certain liabilities in the sale, including contingent liability for 49 leases that carry Ahold guarantees. Additionally, Ahold retained liabilities related to stores previously sold, including guarantees on five Tops stores in eastern New York state, as well as liabilities related to the Tops convenience stores and the stores in northeast Ohio as outlined below.

Notes to the consolidated financial statements

34 Commitments and contingencies – continued

Tops convenience stores

Pursuant to applicable law, Tops may be contingently liable to landlords under 193 leases assigned in connection with the sale of the Tops' Wilson Farms and Sugarcreek convenience stores in the event of a future default by the tenant under such leases and Ahold may be contingently liable to landlords under guarantees of 72 such leases in the event of a future default by the tenant under these leases.

Tops northeast Ohio stores

Tops closed all of its locations in northeast Ohio prior to year-end 2007. As of January 31, 2009, 32 of the total 55 closed locations in northeast Ohio have been sold or subleased. An additional 12 leases have been terminated. 11 stores continue to be marketed. In connection with the store sales, Tops and Ahold have certain post-closing indemnification obligations under the sale agreements, which Ahold believes are customary for transactions of this nature. Pursuant to applicable law, Ahold may be contingently liable to landlords under guarantees of 14 of such leases in the event of a future default by the tenant under such leases. In the event Ahold is able to assign the leases for the remaining northeast Ohio stores, then pursuant to applicable law, Ahold also may be contingently liable to landlords under guarantees of certain of such remaining leases in the event of a future default by the tenant under such leases. Additionally, under U.S. pension law, the buyers of certain of Tops stores assumed the pension withdrawal liability associated with the underfunding of certain pension funds and Tops remains secondarily liable in the event the buyer defaults within five years as described in the relevant pension plan.

Schuitema

In connection with the sale of Ahold's interest in Schuitema, Ahold has only given very limited guarantees. In addition, Albert Heijn B.V. has acquired certain C1000 stores through a share purchase agreement. Effectively, Albert Heijn has acquired the shares of approximately 12 newly established companies, in which the relevant assets, being stores and real estate, had been split off from Schuitema.

Other contingent liabilities

ICA tax claims

The Swedish Tax Agency has decided to disallow interest deductions by ICA Finans AB, a company in the ICA Group, for interest on borrowings from the Irish subsidiary ICA Ahold Export Unltd of SEK 1,795 million (€173 million) for the period 2001-2003. ICA appealed the decision to the County Administrative Court, which in December 2008 ruled in favor of the Swedish Tax Agency. The Swedish Tax Agency's claim is SEK 747 million (€72 million), including penalties and interest. ICA's judgment is that the deductions it made complied with applicable tax laws. External counsels who have examined the legal position, the Swedish Tax Agency's argument and the County Administrative Court ruling side with ICA. ICA has appealed the County Administrative Court's decision to the Swedish Administrative Court of Appeal. The hearing at the Appeal Court is scheduled to take place in April 2010. The Swedish Tax Agency did not grant ICA a payment deferment, due to which SEK 747 million (€72 million) was paid in February 2009. The amount is booked as a receivable from the Swedish Tax Agency.

Moreover, the Swedish Tax Agency has decided to disallow interest deductions of SEK 4,064 million (€393 million) made in 2004-2008 to a Dutch Group company. The Swedish Tax Agency's claim amounts to SEK 1,333 million (€129 million) (including penalties and interest). ICA is convinced that the deductions it made complied with tax laws. External counsels who have examined the legal position and the Swedish Tax Agency's argument side with ICA. ICA has appealed the Swedish Tax Agency's decisions to the County Administrative Court.

Legal proceedings

Ahold and certain of its subsidiaries are involved in a number of legal proceedings, which include litigation as a result of divestments, tax, employment and other litigation. The legal proceedings discussed below, whether pending, threatened or unasserted, if decided adversely or settled, may result in liability material to Ahold's financial condition, results of operations, or cash flows. Ahold may enter into discussions regarding settlement of these and other proceedings, and may enter into settlement agreements, if it believes settlement is in the best interests of Ahold's shareholders. In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", Ahold has recognized provisions with respect to these proceedings, where appropriate, which are reflected in Ahold's balance sheets.

Governmental/regulatory investigations

The Civil Division of the U.S. Department of Justice was conducting an investigation, which Ahold believes related to certain past pricing practices of U.S. Foodservice for sales made to the U.S. government prior to the date of completion of the disposal of U.S. Foodservice (July 3, 2007). In December 2009, a settlement in principle was reached with the Department of Justice under which U.S. Foodservice is obliged to pay an amount of \$30 million (€21 million) to the U.S. government. In connection with the indemnification obligation mentioned in the table above, Ahold has recognized a charge for an amount of \$12 million (€8 million).

Notes to the consolidated financial statements

34 Commitments and contingencies – continued

Uruguayan and Argentine litigation

Ahold, together with Disco S.A. (“Disco”) and Disco Ahold International Holdings N.V. (“DAIH”), is a party to certain legal proceedings in Uruguay and Argentina related to Ahold’s 2002 acquisition of Velox Retail Holdings’ shares in the capital of DAIH.

The proceedings are ongoing. The damages alleged by the plaintiffs, alleged creditors of certain Uruguayan and other banks, amount to approximately \$70 million (€49 million) plus interest and costs. As part of the sale of Disco to Cencosud in 2004, Ahold has indemnified Cencosud and Disco against the outcome of these legal proceedings. Ahold continues to believe that these legal proceedings are without merit and will continue to vigorously oppose the plaintiffs’ claims.

D&S c.s. litigation

In April 2005, the public companies Distribucion y Servicio D&S S.A. and Servicios Profesionales y de Comercializacion S.A. (together “D&S c.s.”) initiated legal proceedings against Ahold in the Netherlands, in connection with Disco’s acquisition in 2000 of Supermercados Ekono S.A., which owned supermarkets in Buenos Aires, Argentina. D&S c.s. sought payment of approximately \$47 million (€33 million) plus interest. In May 2007, the Court of First Instance in its judgment decided against D&S c.s. and dismissed its claim against Ahold. The Court of Appeals has confirmed this judgment. In November 2009, D&S c.s. filed an appeal against this decision with the Dutch Supreme Court on procedural grounds only. Ahold filed a defense in December 2009. Ahold does not expect the matter before the Supreme Court to change the outcome of the material proceedings.

At the initiative of D&S c.s., an arbitration panel was appointed in February 2008 in proceedings against Disco in Argentina. The proceedings before the arbitration panel are ongoing. A judgment is expected in the course of 2010. Disco believes it has meritorious defenses in these proceedings. As part of the sale of Disco to Cencosud in 2004, Ahold has indemnified Cencosud and Disco against this claim from D&S c.s.

Stop & Shop Bradlees Lease Litigation with Vornado

In connection with the spin-off of Bradlees in May 1992, discussed under Contingent Liabilities above, Stop & Shop, Bradlees and Vornado (or certain of its affiliates, collectively “Vornado”), and a landlord on a number of the assigned leases, entered into a Master Agreement and Guaranty (the “Master Agreement”) relating to 18 leases for which Vornado was the landlord. Pursuant to the Bradlees Bankruptcies, Bradlees either rejected or assumed and assigned the leases subject to the Master Agreement. In 2002, Vornado sent a written demand to Stop & Shop to pay certain so-called “rental increases” allegedly due under the Master Agreement in connection with certain leases, comprised of \$5 million (€4 million) annually through 2012, and, if certain renewal options are exercised, \$6 million (€4 million) annually thereafter through the expiration of the last lease covered by the Master Agreement, which Vornado alleges could extend until 2031, depending upon whether renewal options are exercised. In 2002, Stop & Shop filed a Court claim that it is not obligated to pay the rental increases demanded by Vornado. In 2005, Vornado filed a counterclaim seeking damages and a declaration that Stop & Shop is obligated to pay rental increases. The proceedings are ongoing. Stop & Shop continues to believe that it is not obligated to pay the rental increases demanded by Vornado and intends to vigorously pursue the litigation and defend against Vornado’s claims.

Waterbury litigation

In October 2006, a putative class action was filed against U.S. Foodservice by Waterbury Hospital and Cason, Inc. and Frankie’s Franchise Systems Inc. with the United States District Court for the District of Connecticut in relation to certain U.S. Foodservice pricing practices (the “Waterbury Litigation”). Two additional putative class actions were filed in 2007 by customers of U.S. Foodservice, Catholic Healthcare West and Thomas & King, Inc., in the U.S. District Courts for the Northern District of California and the Southern District of Illinois, respectively. These two new actions involved the same pricing practices as those in the Waterbury Litigation. The new actions also named Ahold and two individuals as defendants. In accordance with the decision of the Judicial Panel on Multidistrict Litigation, in 2008 the actions were consolidated with the Waterbury litigation before the Court in Connecticut. Ahold was (among other parties) named as defendant. Both Ahold and U.S. Foodservice filed a motion to dismiss against the complaint. In December 2009, the Court in Connecticut granted Ahold’s motion to dismiss, as a result of which Ahold is no longer party in the proceedings. U.S. Foodservice’s motion to dismiss was partially rejected by the Court, as a result of which U.S. Foodservice remains defendant in the ongoing proceedings. Ahold cannot at this time provide a reasonable estimate of any of its potential liability in connection with the indemnification obligation mentioned in the table above.

Other legal proceedings

In addition to the legal proceedings described above, Ahold and its subsidiaries are parties to a number of other legal proceedings arising out of their business operations. Ahold believes that the ultimate resolution of these other proceedings will not, in the aggregate, have a material adverse effect on Ahold’s financial position, results of operations, or cash flows. Such other legal proceedings, however, are subject to inherent uncertainties and the outcome of individual matters is not predictable. It is possible that Ahold could be required to make expenditures, in excess of established provisions, in amounts that cannot reasonably be estimated.

Notes to the consolidated financial statements

35 Subsequent events

Acquisition of BI-LO term loans

On December 18, 2009, certain Ahold affiliates entered into a Settlement and Term Loan Acquisition Agreement ("Settlement Agreement") with Lone Star Fund V, LLC ("Lone Star") and certain other Lone Star entities, which is described further in filings made with the U.S. Bankruptcy Court for the District of South Carolina. Pursuant to the Settlement Agreement, Ahold acquired \$260 million of the existing term loans of BI-LO, LLC during February 2010. Lone Star and certain other Lone Star entities have provided Ahold with funding of \$130 million and security relating to the repayment of the acquired term loans.

Acquisition of stores from Ukrop's Super Markets

On February 8, 2010, Ahold announced that Giant-Carlisle successfully completed the acquisition of 25 stores from Ukrop's Super Markets. The transaction includes 25 stores, inventory, equipment, lease agreements and one new store location. In addition, Giant-Carlisle will hire Ukrop's store associates. The purchase price is approximately \$140 million. The stores, located in the Greater Richmond and Williamsburg areas of Virginia, will begin operating under the Martin's name later in spring 2010. Ahold is in the process of determining the initial accounting for the business combination.

Share buyback

On March 4, 2010, Ahold will announce its decision to return €500 million to its shareholders by way of a share buyback program.

36 List of subsidiaries, joint ventures and associates

The following are Ahold's significant subsidiaries, joint ventures and associates as of January 3, 2010.

Consolidated subsidiaries

Unless otherwise indicated, these are wholly or virtually wholly owned subsidiaries. Subsidiaries not important to providing an insight into the Ahold Group as required under Dutch law are omitted from this list. With respect to the separate financial statements of the Dutch legal entities included in the consolidation, the Company availed itself of the exemption laid down in section 403, subsection 1 of Book 2 of the Netherlands Civil Code. Pursuant to said section 403, Ahold has assumed joint and several liabilities for the debts arising out of the legal acts of a number of subsidiaries in the Netherlands, which form part of the consolidation. The names of the subsidiaries for which Ahold has issued 403 declarations are open for inspection at the trade register as managed by the Netherlands Chamber of Commerce.

Retail trade United States

The Stop & Shop Supermarket Company LLC, Boston, Massachusetts
Giant Food Stores, LLC, Carlisle, Pennsylvania
Giant of Maryland LLC, Landover, Maryland
Peapod, LLC, Skokie, Illinois

Retail trade Europe

Albert Heijn B.V., Zaandam, the Netherlands
Albert Heijn Franchising B.V., Zaandam, the Netherlands
Gall & Gall B.V., Beverwijk, the Netherlands
Etos B.V., Beverwijk, the Netherlands
Ahold Czech Republic, a.s., Prague, Czech Republic
Ahold Retail Slovakia, k.s., Bratislava, Slovak Republic

Other

Ahold Coffee Company B.V., Zaandam, the Netherlands
Ahold Nederland B.V., Amsterdam, the Netherlands
Ahold Vastgoed B.V., Zaandam, the Netherlands
Ahold Americas Holdings, Inc., Boston, Massachusetts, United States
Ahold Central Holdings, LLC, Boston, Massachusetts, United States
Ahold Finance U.S.A., LLC, Amsterdam, the Netherlands
Ahold Financial Services, LLC, Carlisle, Pennsylvania, United States
Ahold Information Services, Inc., Greenville, South Carolina, United States
Ahold Lease U.S.A., Inc., Boston, Massachusetts, United States
Ahold U.S.A., Inc., Boston, Massachusetts, United States
American Sales Company, Inc., Lancaster, New York, United States
MAC Risk Management, Inc., Canton, Massachusetts, United States
The MollyAnna Company, Montpelier, Vermont, United States
Ahold Insurance N.V., Curaçao, Netherlands Antilles
Ahold Finance Company N.V., Curaçao, Netherlands Antilles

Notes to the consolidated financial statements

36 List of subsidiaries, joint ventures and associates – continued

Joint ventures and associates (unconsolidated)

JMR – Gestão de Empresas de Retalho, SGPS. S.A. (49 percent), Lisbon, Portugal

JMR – Prestação de Serviços para a Distribuição, S.A., Lisbon, Portugal

Pingo Doce – Distribuição Alimentar, S.A., Lisbon, Portugal

Funchalgest, SGPS, S.A. (50 percent), Madeira, Portugal

Comespa – Gestão de Espaços Comerciais, S.A. (49 percent), Lisbon, Portugal

Jerónimo Martins Retail Services SA (49 percent), Klosters, Switzerland

ICA AB (60 percent), Stockholm, Sweden

ICA Sverige AB, Stockholm, Sweden

ICA Norge AS, Oslo, Norway

ICA Baltic AB, Stockholm, Sweden

ICA Banken AB, Stockholm, Sweden

ICA Fastigheter AB, Stockholm, Sweden

Parent company financial statements

Before appropriation of current year result.

Income statement

€ million	2009	2008 ¹
Income from subsidiaries and investments in joint ventures after income taxes	988	985
Other gains and losses after income taxes	(94)	92
Net income	894	1,077

1 Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the retrospective amendments (see Note 1).

Balance sheet

€ million	Note	January 3, 2010	December 28, 2008 ¹
Assets			
Property, plant and equipment		4	4
Financial assets	4	11,335	10,851
Total non-current assets		11,339	10,855
Receivables	5	25	92
Cash and cash equivalents		539	702
Total current assets		564	794
Total assets		11,903	11,649
Liabilities and shareholders' equity			
Issued and paid-in share capital		358	358
Additional paid-in capital		9,916	9,916
Legal reserves		(236)	(311)
Accumulated deficit		(5,492)	(6,353)
Net income		894	1,077
Shareholders' equity	6	5,440	4,687
Provisions	7	457	1,037
Loans	8	1,932	2,330
Cumulative preferred financing shares	8	497	497
Other non-current liabilities	9	512	431
Total non-current liabilities		3,398	4,295
Current liabilities	10	3,065	2,667
Total liabilities and shareholders' equity		11,903	11,649

1 Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the retrospective amendments (see Note 1).

The accompanying notes are an integral part of these parent company financial statements.

Notes to the parent company financial statements

1 Significant accounting policies

Basis of preparation

The parent company financial statements of Ahold have been prepared in accordance with Part 9, Book 2 of the Netherlands Civil Code. In accordance with subsection 8 of section 362, Book 2 of the Netherlands Civil Code, the measurement principles applied in these parent company financial statements are the same as those applied in the consolidated financial statements (see Note 3 to the consolidated financial statements).

As the financial data of Koninklijke Ahold N.V. (the "Parent company") are included in the consolidated financial statements, the income statement in the parent company financial statements is presented in condensed form (in accordance with section 402, Book 2 of the Netherlands Civil Code).

Retrospective amendments

As further explained in Note 3 to the consolidated financial statements, Ahold's 49 percent stake in its joint venture JMR was reclassified from assets held for sale to investments in joint ventures in the consolidated financial statements as of 2009. This change has been applied retrospectively and, in the parent company financial statements, resulted in a cumulative increase in investments in joint ventures and equity of €11 million and €10 million as of December 28, 2008 and December 30, 2007, respectively. In the income statement for 2008, this amendment has resulted in an increase in income from subsidiaries and investments in joint ventures after income taxes and in net income in the amount of €3 million.

Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates are accounted for using the net equity value. Ahold calculates the net equity value using the accounting policies as described in Note 3 to the consolidated financial statements. The net equity value of subsidiaries comprises the cost, excluding goodwill, of Ahold's share in the net assets of the subsidiary, plus Ahold's share in income or losses since acquisition, less dividends received. Goodwill paid upon acquisition of an investment in a joint venture or associate is included in the net equity value of the investment and is not shown separately on the face of the balance sheet.

2 Employees

The average number of employees of Koninklijke Ahold N.V. in full-time equivalents during 2009 was 140 (2008: 140). Salaries, social security charges and pension expenses amounted to €27 million, €1 million and €2 million, respectively, for 2009 (2008: €29 million, €1 million and €2 million, respectively).

For information on the Parent company's defined benefit pension plan, the remuneration of the Corporate Executive Board and the Supervisory Board and the Parent company's share-based compensation plans, see Notes 23, 31 and 32, respectively, to the consolidated financial statements.

3 Auditor fees

Expenses for services provided by the Parent company's independent auditor, Deloitte Accountants B.V., and its member firms and/or affiliates to Ahold and its subsidiaries can be specified as follows:

€ thousand	Deloitte Accountants B.V.	Member firms/ affiliates	Total 2009	Deloitte Accountants B.V.	Member firms/ affiliates	Total 2008
Audit fees	2,216	2,489	4,705	2,573	2,564	5,137
Audit-related fees	84	23	107	52	—	52
Tax advisory fees	—	33	33	—	—	—
Other non-audit fees	—	—	—	—	—	—
Total	2,300	2,545	4,845	2,625	2,564	5,189

Notes to the parent company financial statements

4 Financial assets

€ million	January 3, 2010	December 28, 2008 ¹
Investments in subsidiaries	7,679	6,941
Investments in joint ventures	1,046	941
Loans receivable from subsidiaries	2,209	2,650
Other loans receivable	55	52
Pensions and other post-employment benefits	10	6
Hedging derivatives external	173	158
Other derivatives external	162	101
Deferred financing cost	1	2
Total financial assets	11,335	10,851

Investments in subsidiaries and joint ventures

€ million	2009		2008
	Subsidiaries	Joint ventures	Total ¹
Beginning of year	6,941	941	7,882
Divestments	–	–	–
Liquidations	–	–	–
Intercompany transfers	366	–	366
Share in income	881	107	988
Direct equity movements	15	(4)	11
Dividends	(529)	(63)	(592)
Exchange rate differences	(43)	65	22
Transfers (to)/from loans receivable	630	–	630
Transfers (to)/from provisions	(582)	–	(582)
Other changes	–	–	–
End of year	7,679	1,046	8,725

1 Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the retrospective amendments (see Note 1).

For a list of subsidiaries, joint ventures and associates, see Note 36 to the consolidated financial statements.

Loans receivable

€ million	2009		2008
	Subsidiaries	Other	Total
Beginning of year	2,650	52	2,702
Issued	576	3	579
Transfers (to)/from investments	(630)	–	(630)
Redemptions	(377)	–	(377)
Exchange rate differences	(10)	–	(10)
End of year	2,209	55	2,264
Current portion	–	–	–
Non-current portion of loans	2,209	55	2,264

Notes to the parent company financial statements

5 Receivables

€ million	January 3, 2010	December 28, 2008
Corporate income tax receivable	9	54
Receivables from subsidiaries	8	4
Receivables from joint ventures	3	2
Hedging derivatives external	1	–
Hedging derivatives intercompany	–	8
Other derivatives external	–	8
Other derivatives intercompany	–	4
Other receivables	4	12
Total receivables	25	92

6 Shareholders' equity

For a specification of shareholders' equity, see the consolidated statement of changes in equity. Legal reserves for the purposes of the Parent company's shareholders' equity are the same as the reserves disclosed in the consolidated statement of changes in equity and Note 20 to the consolidated financial statements.

7 Provisions

€ million	January 3, 2010	December 28, 2008
Provision for negative equity subsidiaries	443	1,025
Other provisions	14	12
Total provisions	457	1,037

As of January 3, 2010, €3 million of other provisions is expected to be utilized within one year.

8 Loans

€ million	January 3, 2010		December 28, 2008	
	Non-current portion	Current portion	Non-current portion	Current portion
Notes	248	–	259	–
Loans from subsidiaries	1,684	–	2,071	–
Total loans	1,932	–	2,330	–

€ million	Carrying amounts – maturities			January 3, 2010	December 28, 2008
	Within 1 year	Between 1 and 5 years	After 5 years		
Notes – JPY 33,000 notes LIBOR plus 1.5%	–	–	248	248	259
Loans from subsidiaries – U.S. dollar loans from subsidiaries	–	–	1,684	1,684	2,071
Total non-current portion of loans	–	–	1,932	1,932	2,330

For more information on the external loans, see Note 21 to the consolidated financial statements. For information on the cumulative preferred financing shares, see Note 22 to the consolidated financial statements.

Notes to the parent company financial statements

9 Other non-current liabilities

€ million	January 3, 2010	December 28, 2008
Deferred tax liability	52	55
Hedging derivatives external	124	116
Hedging derivatives intercompany	173	158
Other derivatives intercompany	162	101
Finance lease liabilities	1	–
Financial guarantees	–	1
Total other non-current liabilities	512	431

10 Current liabilities

€ million	January 3, 2010	December 28, 2008
Short-term borrowings from subsidiaries	3,004	2,536
Payables to subsidiaries	–	56
Payables to joint ventures	2	2
Interest payable	1	1
Dividend cumulative preferred financing shares	32	31
Hedging derivatives external	–	8
Hedging derivatives intercompany	1	–
Other derivatives external	1	4
Other current liabilities	24	29
Total current liabilities	3,065	2,667

The current liabilities are liabilities that mature within one year.

11 Derivatives

The Parent company regularly enters into derivative contracts with banks to hedge foreign currency and interest exposures of the Parent company or its subsidiaries. Derivative contracts that are entered into to hedge exposures of subsidiaries are generally mirrored with intercompany derivative contracts with the subsidiaries that are exposed to the hedged risks on substantially identical terms as the external derivative contracts. In these parent company financial statements, the external derivative contracts and the intercompany derivative contracts are presented separately on the balance sheet. In situations where the external derivative contract qualifies for hedge accounting treatment in the consolidated financial statements, the external derivative contract and the intercompany derivative contract are presented as “Hedging derivatives external” and “Hedging derivatives intercompany”, respectively. In situations where the external derivative contract does not qualify for hedge accounting treatment in the consolidated financial statements, the external derivative contract and the intercompany derivative contract are presented as “Other derivatives external” and “Other derivatives intercompany”, respectively.

Fair value movements of external derivative contracts that were entered into to hedge the exposures of subsidiaries are recorded directly in income, where they effectively offset the fair value movements of the mirroring intercompany derivatives that are also recorded directly in income. The Parent company has one cash flow hedge to hedge the interest rate and currency exposure on the JPY 33,000 million notes. In relation to the cash flow hedge on the JPY 33,000 million notes, the Parent company recorded a fair value loss of €7 million in the cash flow hedge reserve in 2009 (2008: a fair value gain of €22 million) and recognized a loss of €11 million (2008: a gain of €58 million) in the income statement from the cash flow hedge reserve release. Details of these derivative contracts and the Parent company's risk management strategies are included in Note 30 to the consolidated financial statements and in the tables presented below.

Notes to the parent company financial statements

11 Derivatives – continued

Non-current hedging derivatives – assets

€ million	Hedging derivatives external	Other derivatives external	2009 Total	2008 Total
Beginning of year	158	101	259	338
Reclassification	–	–	–	(12)
Contracts matured or terminated	–	–	–	(1)
Fair value changes	15	61	76	(66)
End of year	173	162	335	259

Non-current hedging derivatives – liabilities

€ million	Hedging derivatives external	Hedging derivatives intercompany	Other derivatives intercompany	2009 Total	2008 Total
Beginning of year	116	158	101	375	478
Reclassification	–	–	–	–	(5)
Contracts matured or terminated	–	–	–	–	(1)
Fair value changes	8	15	61	84	(97)
End of year	124	173	162	459	375

Fair value changes include exchange rate differences and installments paid on a cross-currency swap that was entered into on behalf of one of the Parent company's subsidiaries.

12 Commitments and contingencies

Notes and loans issued by certain subsidiaries are guaranteed by the Parent company, as disclosed in Note 21 to the consolidated financial statements. The Parent company also guarantees certain lease obligations and other obligations of subsidiaries. Guarantees issued by the Parent company regarding the financial obligations of third parties and non-consolidated entities amount to €898 million as of January 3, 2010 (December 28, 2008: €1,092 million).

As part of the divestment of Ahold's Polish retail operations, Ahold received a guarantee from Carrefour for €152 million in June 2007. The outstanding amount of this guarantee as of January 3, 2010 was €7 million. As part of the divestment of U.S. Foodservice in 2007, Ahold received an irrevocable standby letter of credit for \$216 million (€151 million) which was reduced to \$150 million (€105 million) as of January 3, 2010. These reductions followed the decreases in the underlying guarantees given by Ahold.

Under customary provisions the Parent company guarantees certain representations and warranties made in agreements of asset disposals. Guarantees and legal proceedings are further disclosed in Note 34 to the consolidated financial statements. The Parent company forms a fiscal unity with Ahold's major Dutch subsidiaries for Dutch corporate income tax and Dutch VAT purposes and, for that reason, it is jointly and severally liable for the Dutch corporate income tax liabilities and Dutch VAT liabilities of the whole fiscal unity. Assumptions of liability pursuant to section 403, Book 2 of the Netherlands Civil Code are disclosed in Note 36 to the consolidated financial statements.

Corporate Executive Board
Amsterdam, the Netherlands

March 3, 2010

Supervisory Board

Auditor's report

To the Shareholders, Supervisory Board and Corporate Executive Board of Koninklijke Ahold N.V.

Report on the financial statements

We have audited the accompanying financial statements for the year ended January 3, 2010 of Koninklijke Ahold N.V., Zaandam. The financial statements consist of the consolidated financial statements and the parent company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at January 3, 2010, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The parent company financial statements comprise the parent company balance sheet as at January 3, 2010, the parent company income statement for the year then ended and the notes.

Management's responsibility

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 Netherlands Civil Code, and for the preparation of the management report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Koninklijke Ahold N.V. as at January 3, 2010, and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the parent company financial statements

In our opinion, the parent company financial statements give a true and fair view of the financial position of Koninklijke Ahold N.V. as at January 3, 2010, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Deloitte Accountants B.V.

M.R. van Leeuwen
Amsterdam, The Netherlands

March 3, 2010

Ahold statutory profit-sharing statement

The holders of common shares are entitled to one vote per share and to participate in the distribution of dividends and liquidation proceeds. Pursuant to section 39 of the Articles of Association, a dividend will first be declared out of net income on cumulative preferred shares and cumulative preferred financing shares. Any net income remaining after reservations deemed necessary by the Supervisory Board, in consultation with the Corporate Executive Board, will then be available for distribution to the common shareholders subject to approval at the General Meeting of Shareholders. The Corporate Executive Board, with the approval of the Supervisory Board, may propose that the General Meeting of Shareholders make distributions wholly or partly in the form of common shares. Amounts of net income not paid in the form of dividends will be added to the accumulated deficit. In the financial statements, the dividend on cumulative preferred financing shares is included in the income statement. Consequently, net income according to the parent company income statement is fully attributable to common shareholders.

The Corporate Executive Board, with the approval of the Supervisory Board, proposes that a final dividend of €0.23 per common share be paid in 2010 with respect to 2009 (2008: €0.18). This proposal results in the following appropriation of net income:

€ million	2009	2008 ¹
Net income	894	1,077
Dividends on common shares	(272)	(212)
Add to accumulated deficit	622	865

1 Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments. See Note 3 of the consolidated financial statements.

Subsequent events

For information regarding subsequent events, see Note 35 to the consolidated financial statements.

Annual information update

Pursuant to article 5:25f of the Dutch Financial Markets Supervision Act (Wet op het Financieel Toezicht), Ahold has issued an Annual Information Update (AIU) (jaarlijks document) that covers the period from February 28, 2009 through March 3, 2010. The AIU contains references to public disclosures made by Ahold over the period referred to above, under applicable laws and regulations relating to securities, issuers and security markets. The AIU is available on Ahold's public website (www.ahold.com).

Share capital

Ahold's authorized share capital as of January 3, 2010, was comprised of the following:

- 1,700,000,000 common shares at €0.3 par value each;
- 477,580,949 cumulative preferred financing shares at €0.3 par value each; and
- 1,250,000 cumulative preferred shares at €500 par value each.

For additional information about Ahold's share capital, see note 20 and 22 to the consolidated financial statements. Ahold is a public limited liability company registered in the Netherlands with a listing of shares (symbol: AH) on Euronext's Amsterdam Stock Exchange (AEX). Ahold's common shares trade in the United States on the over-the-counter (OTC) market through www.pinksheets.com (symbol: AHONY) in the form of American Depositary Shares (ADS) and are evidenced by American Depositary Receipts (ADRs).

Ahold's Depository for its American Depositary Shares is The Bank of New York. Each ADS evidences the holder to receive one common share deposited under an agreement between Ahold and the Depository dated January 20, 1998, as amended and restated as of January 29, 2004, and as further amended and restated as of October 29, 2007. Ahold has been informed by the Depository that as of January 3, 2010, there were 53,257,581 American Depositary Shares outstanding and 29,440 record owners in the United States, compared with 66,212,085 American Depositary Shares outstanding and 35,000 record owners in the United States at the end of 2008.

Geographic spread of shareholdings

Percent	February 2010	February 2009
North America	32.1	35.0
UK/Ireland	11.9	14.1
The Netherlands	11.8	11.0
Rest of Europe	5.8	3.3
France	4.4	2.7
Switzerland	3.0	3.1
Germany	2.0	1.7
Rest of the World	1.3	2.2
Undisclosed*	27.7	27.0

*The undisclosed percentage of shareholdings includes all retail holdings.

Ahold's U.S. employees can purchase Ahold's American Depositary Shares through the Associates Stock Purchase Plan (the ASPP). This plan gives them the opportunity to buy ADSs through voluntary payroll deductions. During 2009, 155,514 ADSs were purchased by Ahold's U.S. employees through the ASPP.

Vesting of shares under the GRO plan

On March 5, 2010, a maximum of 1,609,762 conditional shares granted in 2007 to Ahold employees under the mid-term component of the Global Rewards Opportunity (GRO) equity-based long-term incentive plan are expected to vest. Vesting is subject to the participant being employed by the Company on the applicable vesting date. On the vesting date, participants are eligible, subject to the GRO plan rules, to sell all or part of the shares vested.

On April 14, 2010, a maximum of 99,273 conditional shares granted in 2007 to members of the Corporate Executive Board under the mid-term component of the GRO plan are expected to vest. Except to finance tax due on the vesting date, members of the Corporate Executive Board cannot sell these conditional shares for a period of at least five years following the grant date, or until the end of their employment, if this period is shorter.

The Company will use treasury shares for delivery of the vested shares.

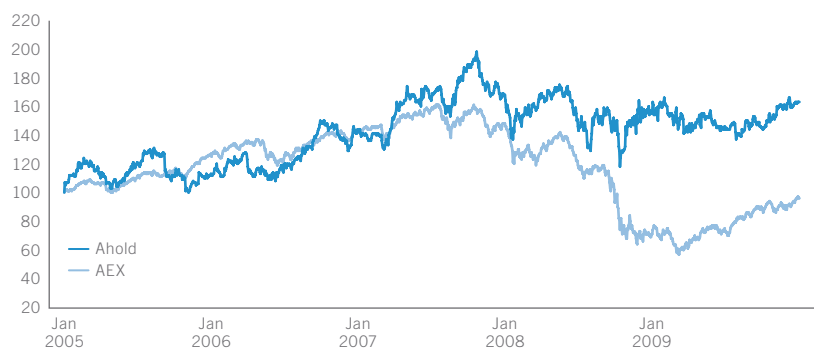
Share performance

Closing share prices for Ahold's common shares on Euronext Amsterdam during 2009 were:

	2009	2008
Closing common share price at year end (in €)	9.26	8.83
Average closing common share price (in €)	8.58	8.75
Highest closing common share price (in €)	9.43	9.90
Lowest closing common share price (in €)	7.77	6.67
Average daily trading volume	5,661,423	8,380,638

Source: Euronext

The development of the closing prices for Ahold's common shares on Euronext Amsterdam during calendar years 2005-2009 relative to the AEX index (base 100 = 2 January 2005) was as follows:



Dividend

In the 2007 financial year, Ahold reinstated its annual dividend on common shares and announced a new dividend policy.

The policy states that Ahold intends to increase future annual dividends while meeting the capital needs of the business and maintaining an efficient investment grade capital structure.

For the 2008 financial year, a cash dividend of €0.18 per common share was approved by the annual General Meeting of Shareholders on April 28, 2009, and paid on May 18, 2009.

The announced dividend for the 2009 financial year of €0.23 per common share will be proposed to shareholders at the annual General Meeting of Shareholders to be held on April 13, 2010.

Dividends on cumulative preferred financing shares

Ahold paid an annual dividend on cumulative preferred financing shares in 2009 and plans to pay dividends on these shares in 2010 as required by the terms of the shares.

Five-year overview

Results and cash flow information

€ million, except per share data

	2009	2008 ¹	2007 ¹	2006 ¹	2005 ¹
Net sales	27,925	25,648	24,824	24,584	23,700
Net sales growth at constant exchange rates	3.9% ²	6.9%	6.6%	4.2%	4.3% ³
Operating income	1,297	1,202	1,071	992	81 ⁴
Retail operating margin	4.9%	5.0%	4.9%	4.8%	4.7%
Net interest expense	(289)	(233)	(293)	(450)	(520)
Income (loss) from continuing operations	972	887	779	680	(108)
Income (loss) from discontinued operations	(78)	195	2,167	235	254
Net income	894	1,082	2,946	915	146
Net income per common share (basic)	0.76	0.92	2.03	0.58	0.08
Net income per common share (diluted)	0.74	0.90	2.01	0.58	0.08
Income (loss) per common share from continuing operations (diluted)	0.81	0.74	0.53	0.44	(0.07)
Dividend per common share	0.23	0.18	0.16	–	–
Cash flow before financing activities	939	1,271	6,626	1,027	2,057
Net cash from operating, investing and financing activities	(169)	(445)	1,487	(249)	(1,137)
Capital expenditures	770	1,019	738	857	770
Capital expenditures as % of net sales	2.8%	4.0%	3.0%	3.5%	3.2%
Average exchange rate (euro per U.S. dollar)	0.7194	0.6828	0.7307	0.7964	0.8051

1 Reference is made to Note 3 of the consolidated financial statements. Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments. These changes have also resulted in a €9 million decrease in income from discontinued operations and net income previously reported for 2007 in connection with the currency translation differences related to divestments transferred to net income

2 Net sales growth at constant exchange rates was 6.0 percent. Net sales increased by 3.9 percent at constant exchange rates on an adjusted basis. Ahold's financial year 2009 included an additional 53rd week. For the net sales growth at constant exchange rates on an adjusted basis, adjusted year 2008 sales include net sales in year 2008 plus net sales in the first week of 2009.

3 Net sales growth at constant exchange rates was 2.3 percent. Net sales increased by 4.3 percent at constant exchange rates on an adjusted basis. Ahold's financial year 2004 included an additional 53rd week. For the net sales growth at constant exchange rates on an adjusted basis, adjusted year 2004 sales exclude net sales in the 53rd week of 2004.

4 Includes the settlement of the securities class action (€803 million).

Balance sheet and other information

€ million

	January 3, 2010	December 28, 2008 ¹	December 30, 2007 ¹	December 31, 2006	January 1, 2006
Equity	5,440	4,687	3,897 ²	5,270	4,661
Gross debt	3,700	4,241	5,379	6,480	7,748
Cash, cash equivalents and short-term deposits	2,983	2,863	3,263	1,844	2,228
Net debt	717	1,378	2,116	4,636	5,520
Net debt/equity ratio	13%	29%	54%	88%	118%
Total assets	13,933	13,603	13,953	18,442	19,958
Number of stores	2,909	2,897	3,225	3,480	3,455
Number of employees (in FTEs)	118,121	118,523	118,715	164,078	167,801
Number of employees (headcount)	206,287	202,569	187,503	186,332	184,736
Common shares outstanding (x 1,000)	1,181,214	1,176,685	1,171,922	1,555,678	1,555,313
Share price at Euronext (€)	9.26	8.83	9.47	8.06	6.33
Market capitalization	10,938	10,390	11,098 ²	12,539	9,845
Year-end exchange rate (euro per U.S. dollar)	0.6980	0.7111	0.6795	0.7576	0.8444

1 Reference is made to Note 3 of the consolidated financial statements. Comparative amounts have been adjusted from amounts previously reported to reflect the effect of the changes in accounting policies and retrospective amendments.

2 In 2007, €4.0 billion was returned to shareholders through a capital repayment and a share buyback program.

Investor relations

The goal of Ahold's investor relations department is to keep equity and fixed income investors informed of Ahold's performance and prospects.

The investor relations department ensures the disclosure of timely, orderly, consistent and accurate information to the financial community. They do this through a program that includes field trips, analyst and investor meetings, roadshows, conference calls and investor conferences.

As authorized spokespersons, the members of the investor relations department establish relationships with and act as liaisons for research analysts, current and potential investors and other members of the financial community.

For more background and financial information go to Ahold's investor relations section on www.ahold.com. Contact information can be found at the end of this Annual Report.

Contact information

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Cautionary notice

This Annual Report contains 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.

Many of these risks and uncertainties relate to factors that are beyond Ahold's ability to control or estimate precisely, including but not limited to, Ahold's ability to successfully implement and complete its plans and strategies and to meet its targets, the benefits from Ahold's plans and strategies being less than those anticipated, the effect of general economic or political conditions, the actions of competitors and other third parties, increases or changes in competition, Ahold's ability to retain and attract personnel who are integral to the success of the business, collective bargaining, information security, business and IT continuity, food and product safety, corporate responsibility, business transformation, contingent liabilities associated with lease guarantees, insurance programs, Ahold's liquidity needs exceeding

expected levels, including but not limited to health care and pension funding requirements, foreign currency translation, credit risk related to cash and cash equivalents, short-term deposits and derivatives financial instruments, interest rate risk and compliance, regulatory and litigation risks and other factors discussed in this Annual Report, in the paragraphs on "How we manage risk", and in Ahold's other public filings.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report. Ahold does not assume any obligation to update any public information or forward-looking statement in this Annual Report to reflect events or circumstances after the date of this Annual Report, except as may be required by applicable securities laws. Outside the Netherlands, Ahold presents itself under the name of "Royal Ahold" or simply "Ahold". For the reader's convenience, "Ahold" or "the Company" is also used throughout this Annual Report. The Company's registered name is "Koninklijke Ahold N.V."