Ahold

Annual Report 2013

Reshaping Retail.

In this year's report

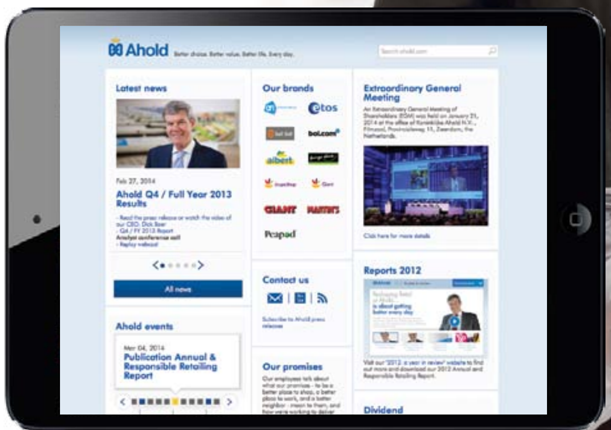
Welcome

This year's report showcases our promises.

We have adopted them and embedded them across our whole business – now unified through one common goal –
to get better every day.

Go online to learn more about how our strategy is coming to life…

ahold.com



Ahold at a glance

Our strategy

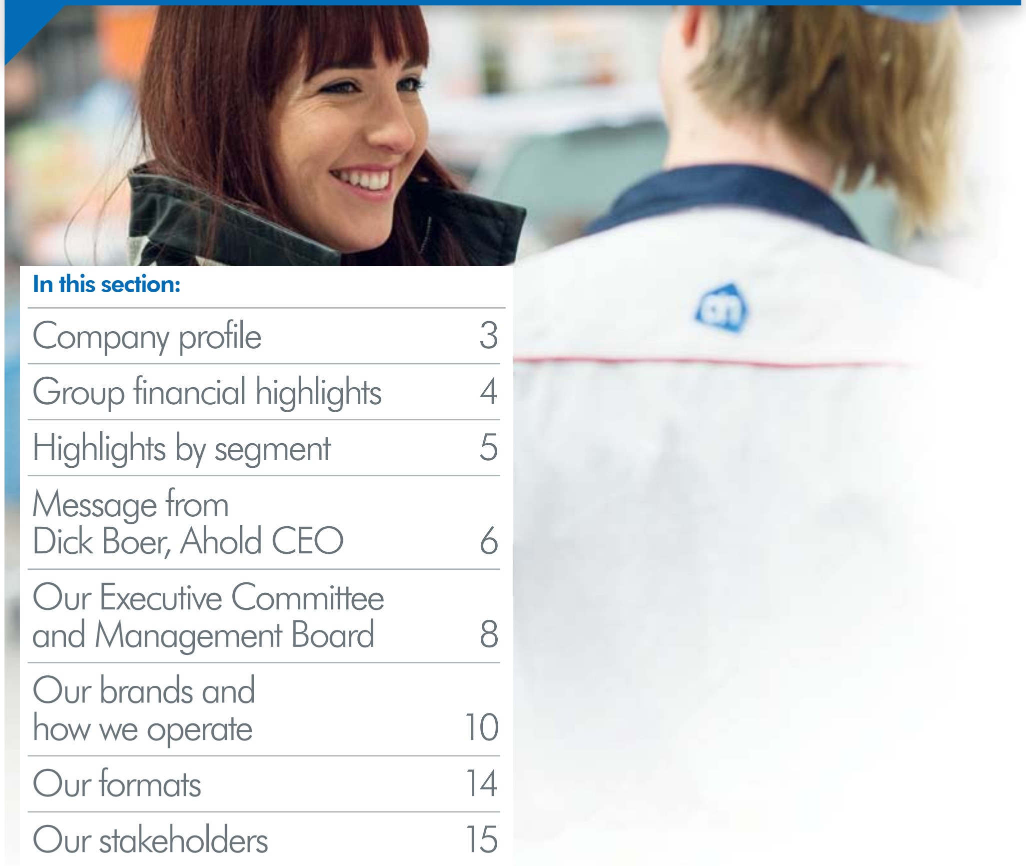
Our performance

Governance

Financials

Investors

Ahold at a glance



In this section:

We are reshaping retail at Ahold…

Our strategy to reshape retail is helping us to meet the changing needs of consumers today and accelerate the growth of our company in the future.

Through our promises we are becoming a better place to shop, a better place to work and a better neighbor every day. Through our pillars, we are creating growth by increasing customer loyalty, broadening our offering and expanding our geographic reach; and enabling this growth through responsible retailing, simplifying our business and developing our people.

By providing a more personalized, omni-channel shopping experience that enables our customers to shop whenever and wherever they choose, we want to make our brands their first choice, every day.

and working to get better every day.

Company profile

We are Ahold…

We are an international retailing group based in the Netherlands, with strong local consumer brands in Europe and the United States.

Operating supermarkets and selling great food has been our core business for over a century. We also offer other formats and channels to serve the needs of today's customer. We are building a true omni-channel offering, so that our customers can shop whenever and wherever is most convenient for them.

We are able to provide customers with good value, a relevant assortment and an enjoyable shopping experience because of our people. We have great associates who love what they do and are good at it. The relationships they build with our customers are an important part of why they keep coming back to shop with us.

3,131

Stores serving customers

9%

Increase on our Dow Jones Sustainability Index score versus 2012, scoring only three points lower than the sector leader

20 million

Cardholders enrolled in our loyalty programs

222,000

Associates

Over

€1 billion

Online sales

Group financial highlights

We delivered stable financial performance in a challenging environment...

See our complete set of Group key financial indicators on page 34

Total returns to shareholders through share buyback programs and dividend payments
(2012: €0.7bn)

€1.2bn

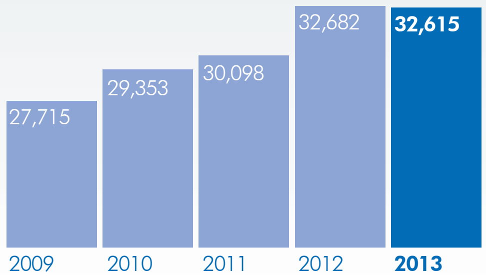
€2.5bn

Proceeds from the sale of ICA (including dividend)

Agreement reached to sell Ahold's Slovakian business

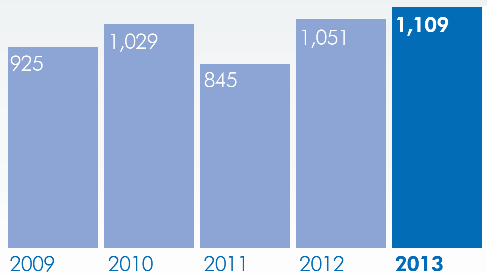
Net sales[1]
€ million

€32.6bn



Free cash flow[1]
€ million

€1.1bn



Underlying operating margin
(2012 as restated[1]: 4.3%)

4.2%

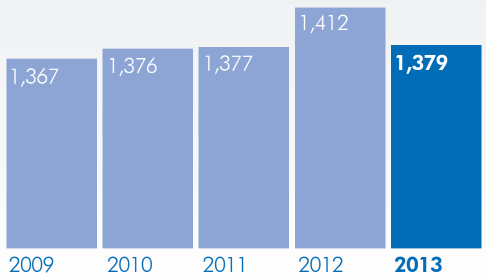
Income from continuing operations per common share (basic)
(2012 as restated[1]: €0.84)

€0.79

As part of our dividend policy we adjust income from continuing operations for significant non-recurring items. Adjusted income from continuing operations per share was €0.79 in 2013 (2012 as restated[1]: €0.89).

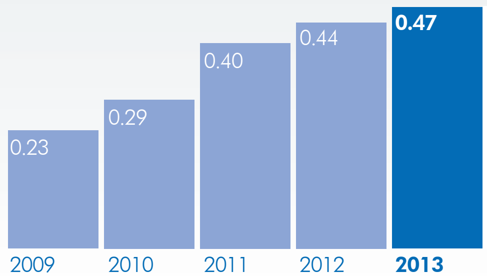
Underlying operating income[1]
€ million

€1.4bn



Dividend per common share
(2013 includes proposed dividend) €

€0.47

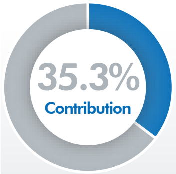


1 Including restatements, see *Note 3* to the consolidated financial statements for an explanation of the restatements

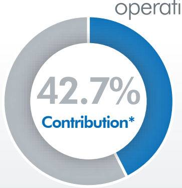
Highlights by segment

The Netherlands
The Netherlands, Belgium and Germany

Net sales
€11,494 million
+4.0% growth



Underlying operating income
€619 million
5.4% Underlying operating margin



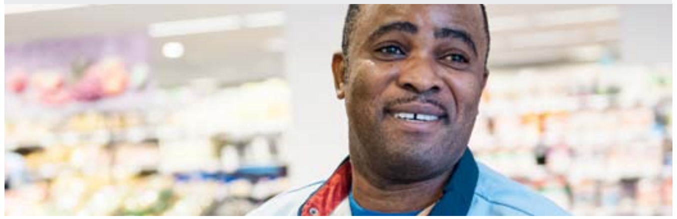
* Before Corporate Center costs

Stores
2,056

Pick-up points
17

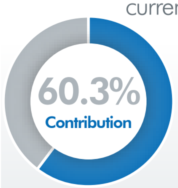
Associates
94,000

Our brands[1]
ah, etos, Gall & Gall, bol.com

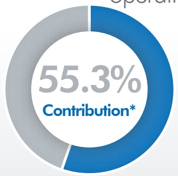


Ahold USA

Net sales
€19,676 million
+1.1% growth in local currency



Underlying operating income
€801 million
4.1% Underlying operating margin



* Before Corporate Center costs

Stores
767

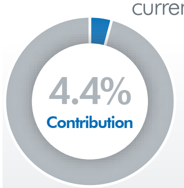
Pick-up points
120

Associates
117,000

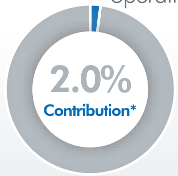
Our brands
Stop&Shop, Giant, GIANT, MARTIN'S, Peapod

Czech Republic

Net sales
€1,445 million
–1.5% growth in local currency



Underlying operating income
€30 million
2.1% Underlying operating margin



* Before Corporate Center costs

Stores
284

Associates
10,000

Our brands
albert

1 As of January 1, 2014, the albert.nl brand is part of Albert Heijn's online offering at www.ah.nl

Joint ventures

Stake
49%

Net sales
€3,432 million

Our brands
pingo doce

Ahold holds 49% of the shares in the joint venture JMR, and shares equal voting power on JMR's board of directors with Jerónimo Martins, SGPS, S.A.

For more information on our brands visit
Our brands and how we operate.

Message from Dick Boer, Ahold CEO

Our Reshaping Retail strategy is helping us to meet our customers' expectations

Watch the CEO year in review video on www.ahold.com

Dear shareholders,

In 2013, we have continued to see the food retail industry evolve at a rapid rate. Our customers expect more from us than ever before. They want value for money, convenient shopping and help managing their health and well-being with the right products and information. While these changes bring new challenges, they are also creating new and exciting opportunities for future growth.

Our Reshaping Retail strategy is helping us to meet our customers' expectations to create a better offering every day while also building our vision of being the food retailer of the future. Our ultimate goal is to be able to bring our customers great value and high quality, fresh products along with the convenience of shopping in whatever way they choose – and do it in a responsible way so we can continue to earn the trust of our customers and other stakeholders.

I'm proud of what we've done at Ahold over the past year to enhance our customers' experience and make it better, more personal and more convenient.

2013 financial performance

We grew sales by 2.0% at constant exchange rates in 2013, reflecting challenging market conditions, with customers focused on value and cautious in their spending. We slightly increased market share in all our major markets. Supported by good progress on our cost savings program, underlying operating income remained almost flat at constant exchange rates. We continued to generate strong free cash flow, which exceeded €1.1 billion in 2013.

Moving towards a more efficient capital structure

In March, we successfully divested our stake in ICA to focus on businesses that we control and that create value for our shareholders. Subsequently, we increased our share buyback program from €500 million to €2 billion, to be completed by December 2014. In addition, our shareholders approved a €1 billion capital repayment and reverse stock split in an Extraordinary General Meeting on January 21, 2014. We expect to complete the transaction by the end of the first quarter of 2014. We also propose a 7% increase in our dividend to €0.47, reflecting the strong cash-generating capacity of our business and our confidence in our Reshaping Retail strategy. We remain committed to our financial guidelines on leverage, liquidity and credit rating. Going forward we aim to maintain a balance between investing in profitable growth, returning cash to our shareholders and reducing debt and we will continue to move towards a more efficient capital structure.

Getting better every day

In 2013, we rolled out our promises company-wide, right down to the shop floor. Our commitments are helping us to build a strong value proposition and rally our entire organization around getting better every day for our key stakeholders – our customers, employees and communities.

We've built our promises into our business plans and are starting to measure our performance against them. Our associates have embraced them and they are already starting to have an impact. At the end of the day, what is important is that our promises are not just words, but come to life for our customers, our employees and the communities we serve.

Building our brands

Our promises are helping us become a better place to shop and strengthen our local brands. We're investing in our own-brand product ranges, to better meet the needs of our customers in tougher economic conditions. In 2013 we launched a new own-brand at Albert Heijn called AH BASIC for our customers who want trusted Albert Heijn quality at low prices. At the same time we also re-launched and expanded our Simply Enjoy own-brand line of premium products in the United States. We are putting a strong focus on our Fresh offering across the company, because the quality of our fresh products is still the most important differentiator for food retailers. We're working to further strengthen customer loyalty in all our businesses. Already over 85% of our sales in the U.S. and 75% of our sales in the Netherlands are made using loyalty cards. Our Dutch business, Albert Heijn, launched a new Bonus Card in 2013 that is unique in the Netherlands and will help deliver more personalized offers to customers.

The strength of our Albert Heijn brand has enabled us to successfully expand across the border into Belgium. Based on independent market research, customers named Albert Heijn as the best regional supermarket chain in Belgium.

Message from Dick Boer, Ahold CEO (continued)

In the end, I believe it is all about connecting with customers. We need to keep building deeper relationships with them so that we know what they want and can keep reinventing our offering to fit their needs for years to come.

Transforming the shopping journey

Building an omni-channel shopping experience is one way we are transforming to meet our customers' needs. Today, our customers can already buy whatever they want from us, whenever they want it – either in our stores, for home delivery or for pickup from convenient locations. Our omni-channel strategy is seamlessly interweaving the online and offline experience – and it is paying off. This is where our relevance lies – and is what our customers are telling us they want.

We continue to rapidly develop our online business, and we see strong prospects for future growth in our online markets in both Europe and the United States. We have to keep up with the competition, and with the customer herself, who is adopting new shopping behaviors at astounding speeds. We've operated online businesses – trusted brands like Peapod, albert.nl[1] and bol.com – for more than a decade and we believe we have the infrastructure, knowledge, expertise and capital to be successful in the online space. We continue to innovate and expand our online assortment and accelerated our rollout of pick-up points in 2013 to give customers another convenient way to collect their orders. Our bol.com non-food online business delivered the strongest growth year in its history. We opened a digital innovation center in the U.S. to help us continue to attract key online talent into our company and keep making strides in this area.

Being a responsible retailer

As a major retailer we have a responsibility not only to our customers but to all of those whose lives are impacted by our business. Our stores play a key role in the communities they serve, and our relationships with suppliers – some of which span many decades – have an even wider economic and social impact. Our customers are concerned about quality of life issues – eating more healthily but also creating enjoyable experiences around food. They are aware of the social and environmental issues relating to global supply chains and they want to be able to purchase products that are produced in a responsible way. So I'm also proud of the work we've done to become an even more responsible retailer.

One of the areas we are most committed to is supporting the well-being of children in our markets – since children are our future. Our Albert business is the first retailer in the Czech Republic to offer a range of healthy own-brand products for kids. Our U.S. divisions won a national Neighborhood Health Improvement award from the Food Marketing Institute in 2013 for hosting free Healthy Kids Summits to educate children about leading a healthy lifestyle. We are also working with partners like the Consumer Goods Forum to ensure that the products we sell are produced in a responsible way, and critical commodities are sourced more sustainably. And we are reducing the impact of our operations on the environment, for instance by installing LED lighting at almost all of our Dutch distribution centers, to save millions of kilowatt hours of electricity each year.

Bringing our leadership closer to the business

In September, we put in place a new Executive Committee leadership structure to make sure we are closer to the business and to ensure that our continental and functional leaders are represented at the highest level. For the first time, our senior leadership team includes our Chief Human Resources Officer, because we recognize how important our people are to the business. We are pleased that Abbe Luersman has joined us in this position, and also to welcome Hanneke Faber as our new Chief Commercial Officer to lead our global online and customer loyalty initiatives. All of these changes will help us be a more aligned organization and get the most out of our scale and expertise as we roll out our Reshaping Retail strategy.

In early 2014, we also announced organizational changes in our European business and the decision to dismantle Ahold Europe as a business division. We are refocusing our operations and leadership in Europe on building the Albert Heijn business in the Netherlands and adjacent markets, as well as our growing omni-channel offering. This will mean that we are in an even better position to meet customer needs and accelerate our growth.

We have had a number of important changes to our Supervisory Board during 2013. René Dahan stepped down as Chairman after nearly a decade of service to our company. We thank him for his leadership and good counsel – without him, we would not be where we are today. We are very pleased to have Jan Hommen return to the Supervisory Board to succeed René. We would also like to thank our former Vice Chairman Tom de Swaan, who left the Board in September, for his dedication and service to the company.

Outlook for the year ahead

While we expect economic conditions to gradually improve, we remain cautious in our outlook for 2014. We will continue to focus on expanding our online businesses, which we expect will show further strong sales growth, and to look for ways to simplify our business and reduce costs so that we can invest in our value proposition and offer customers a better shopping experience every day.

Our thanks

Along with my colleagues on the Management Board and the Executive Committee, I am extremely proud to be leading our company during such an exciting time. Together with our over 220,000 associates around the world, we are reshaping retail and bringing our pillars and promises to life. We believe we have the right strategy to help us meet the challenges that face us.

I would like to take this opportunity to thank and commend our people for remaining passionate about serving our customers and our communities over the past year, and for pushing so hard to make us better every day. I also want to thank all our customers for shopping with us – you are why we come to work every day and love what we do. And finally, I am grateful to our shareholders for your support over the past year – we are committed to continue creating great value not only for our customers but for you, the owners of our company.

Dick Boer
Chief Executive Officer

February 26, 2014

1 As of January 1, 2014, the albert.nl brand is part of Albert Heijn's online offering at www.ah.nl

Our Executive Committee and Management Board

Our leadership structure provides flexibility and control

The Ahold group is led by an Executive Committee (ExCo), as of September 1, 2013. Our new ExCo leadership structure is enabling us to accelerate our Reshaping Retail strategy, simplifying our governance structure and decision-making process, and ensuring that Ahold's business and functional leaders are represented at the highest level. Prior to September 1, Ahold was led by a Corporate Executive Board.

Meet our Supervisory Board on page 51

Our Executive Committee and Management Board (continued)

1 Dick Boer
President and Chief Executive Officer (CEO) Chairman of the Management Board

Role and responsibility
Chairman of the Executive Committee responsible for the overall oversight of the company and its activities, for ensuring the proper functioning of the ExCo as a whole, and for Ahold's Group strategy. In addition, the President and CEO is directly responsible for the company's communications, external relations and internal audit functions and the managing director of Albert in the Czech Republic reports directly to him.

2 Jeff Carr
Executive Vice President and Chief Financial Officer (CFO) Member of the Management Board

Role and responsibility
Member of the Executive Committee specifically in charge of the company's financial affairs. The CFO is also directly responsible for the company's information technology and real estate functions and the simplicity pillar of our Reshaping Retail strategy.

3 Hanneke Faber
Chief Commercial Officer (CCO)

Role and responsibility
Member of the Executive Committee responsible for leading all global online and customer loyalty initiatives. The managing director of bol.com reports directly to her. Hanneke was appointed to this role effective September 1, 2013.

4 Lodewijk Hijmans van den Bergh
Executive Vice President and Chief Corporate Governance Counsel (CCGC) Member of the Management Board

Role and responsibility
Member of the Executive Committee responsible for the legal and compliance, mergers and acquisitions functions, as well as the company's approach to product integrity and responsible retailing, including its scope, ambitions and targets.

5 James McCann
Executive Vice President and Chief Operating Officer (COO), Ahold USA Member of the Management Board

Role and responsibility
Member of the Executive Committee responsible for the oversight of our Ahold USA businesses, as well as implementing our strategy within the continent. Ahold USA is organized into four retail divisions: Giant Carlisle, Giant Landover, Stop & Shop New England and Stop & Shop New York Metro. Each of these has a Division President reporting to Ahold USA's Executive Vice President of Operations, who in turn reports to the COO. The Peapod online business is also part of Ahold USA.

6 Sander van der Laan
Chief Operating Officer (COO), Ahold Netherlands and Chief Executive Officer (CEO), Albert Heijn

Role and responsibility
Member of the Executive Committee responsible for oversight of Albert Heijn, Etos and Gall & Gall. Sander is also CEO of Albert Heijn.

7 Abbe Luersman
Chief Human Resources Officer (CHRO)

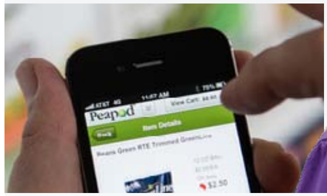
Role and responsibility
Member of the Executive Committee responsible for the global Human Resources function, including HR leadership and organization. Abbe was appointed to this role effective November 1, 2013.

More information on our Executive Committee and Management Board on page 49

Our brands and how we operate

We operate strong brands in all our markets

Our strong local brands in Europe and the United States are well-known and popular with customers – and most are leaders in their markets.







222,000

Associates

Europe

In Europe we serve a trading area of approximately 33 million people in four countries, with the greater part of our business in the Netherlands and the Czech Republic.

The food sector in the Netherlands showed limited growth in 2013, but also significant consolidation in the supermarket industry. Despite strong competition, Albert Heijn's market share grew slightly in 2013[1].

In Belgium, we operate in Dutch-speaking Flanders. The Flemish market showed very modest growth in 2013 in terms of both volume and price[2].

In the Czech Republic we operate supermarkets and compact hypers. The competitive environment in the country remained intense in 2013. Our Czech business succeeded in maintaining a share comparable to last year in this competitive market[1].

United States

In the United States, we serve a trading area of approximately 38 million people.

Though the grocery channel still represents nearly two-thirds of the food market in the United States, food is being sold in an increasing range of retail formats as more and more U.S. retailers use it to drive traffic. For this reason, we measure our businesses in the United States against the performance of not only the supermarket channel but the all-outlets channel, which includes other retailers who also sell food.

Our U.S. businesses were able to gain market share – both in the supermarket channel but also in the all-outlets channel – over the past year, despite tough competition[1].

1 Based on Nielsen data

2 Source: GfK Belgium

70 million+

Serving a trade area of around



Our brands and how we operate (continued)

The Netherlands

0.6%
Identical sales growth[1]

5.4%
Underlying operating margin

- Albert Heijn launched a new Bonus Card, distributing more than seven million to customers by year-end
- Albert Heijn launched its new AH BASIC value-focused own-brand range
- Albert Heijn opened 14 pick-up points and over 700 bol.com pick-up points in Albert Heijn stores
- Albert Heijn converted 24 former C1000 stores to its network, bringing the total to 39 converted stores
- Albert Heijn re-launched key Fresh categories: cheese, deli, meat and poultry
- Albert Heijn Belgium continued to perform well, and opened eight new stores for a total of 19
- Albert Heijn Belgium received the highest customer appreciation score from market research firm GfK
- Albert.nl[2] doubled the number of products available online and expanded to serve 70% of Dutch households with home delivery
- In its first full year as part of Ahold, bol.com delivered the strongest growth year in its history
- Bol.com expanded its product assortment and opened new specialty shops for pets; leisure; homeware and furniture; and gardening and do-it-yourself (DIY)
- Bol.com started joint promotions with Albert Heijn, including a successful e-reader promotion in the Netherlands

Albert Heijn

Albert Heijn is the leading food retailer in the Netherlands and one of the country's best-known brands

Store formats[2]:
Supermarkets, convenience stores and online shopping and delivery for food and non-food.

Stores:
932

Read more online
www.ahold.com/Albert-Heijn

Etos

Etos is one of the largest drugstore chains in the Netherlands.

Store formats:
Drugstores and online shopping.

Stores:
538

Read more online
www.ahold.com/Etos

Gall & Gall

Gall & Gall is the leading wine and liquor retailer in the Netherlands.

Store formats:
Wine and liquor stores and online shopping.

Stores:
586

Read more online
www.ahold.com/Gall&Gall

bol.com

bol.com is the number one online retailer in the Netherlands.

Store formats:
Online non-food retailer

>700
Pick-up points in Albert Heijn stores

Read more online
www.ahold.com/bolcom

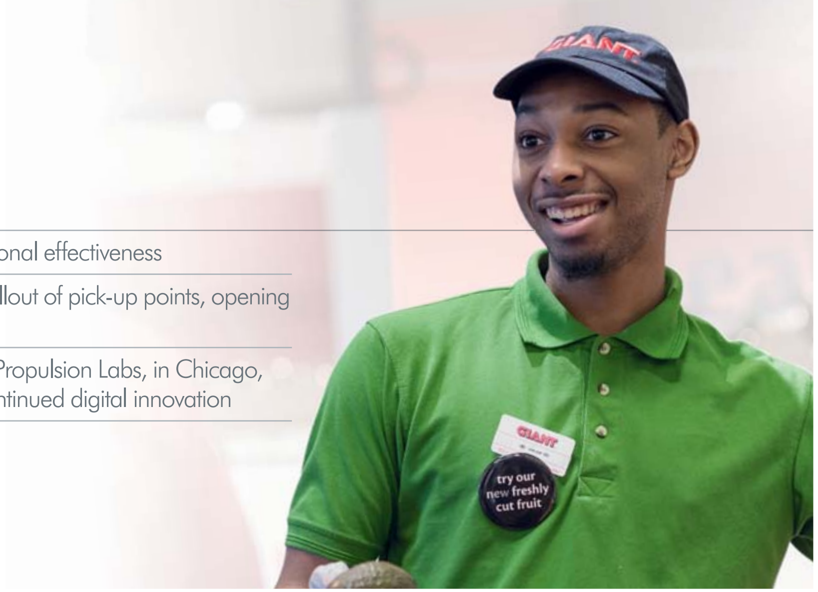
1 Identical sales growth in the Netherlands excludes the VAT on tobacco sales. For the definition of identical sales, excluding VAT from tobacco sales see the *Non-GAAP measures* section.
2 As of January 1, 2014, the albert.nl brand is part of Albert Heijn's online offering at www.ah.nl

Our brands and how we operate (continued)

Ahold USA

0.3%
Identical sales growth, excluding gasoline

4.1%
Underlying operating margin



→ On track to reach 40% own-brand penetration by 2016:
  a. Offered natural and organic own brand, Nature's Promise, in nearly 770 stores, showing double-digit sales growth
  b. Successfully repositioned and expanded Simply Enjoy premium own-brand range
  c. Guaranteed Value own-brand line for budget-conscious shoppers continued to gain traction

→ Initiatives to improve the Fresh offering began to show results

→ Optimized processes in store checkouts and deli departments to improve the shopping experience and operate more efficiently

→ Improved sourcing in areas across the store including pharmacy, own brands and not-for-resale

→ Improved promotional effectiveness

→ Accelerated the rollout of pick-up points, opening 112 in 2013

→ Opened Peapod Propulsion Labs, in Chicago, Illinois, to drive continued digital innovation

Stop & Shop New England

Stop & Shop is a leading supermarket brand in the northeastern United States.

Market area:
Connecticut (except Southwestern Connecticut), Massachusetts, and Rhode Island, in the United States

Store formats:
Supermarkets and super stores

Stores:
215

Read more online
www.ahold.com/Stop&Shop

Stop & Shop New York Metro

Stop & Shop is a leading supermarket brand in the northeastern United States.

Market area:
Connecticut (Southwestern Connecticut), New York and New Jersey, in the United States

Store formats:
Supermarkets and super stores

Stores:
182

Read more online
www.ahold.com/Stop&Shop

Giant Landover

Giant Landover is a leading supermarket brand in the mid-Atlantic United States.

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

Store formats:
Supermarkets and super stores

Stores:
170

Read more online
www.ahold.com/Giant-Landover

Giant Carlisle

Giant Carlisle is a leading supermarket brand in the mid-Atlantic United States.

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

Store formats:
Supermarkets and super stores

Stores:
200

Read more online
www.ahold.com/Giant-Carlisle

Peapod

Peapod is the leading online grocery service in the United States. It works in partnership with Stop & Shop, Giant Landover and Giant Carlisle.

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

Formats:
Online grocery service

Read more online
www.ahold.com/Peapod

Our brands and how we operate (continued)

Czech Republic

–1.5%
Identical sales growth, excluding gasoline

2.1%
Underlying operating margin

- → Converted seven more compact hyper stores to its new format, bringing the total to 16 stores
- → Reduced operating costs and invested in the customer offering through targeted price reductions, optimized promotions and improved deli departments
- → Reached agreement to sell its Slovakian business

albert

Albert is among the best-known food retail brands in the Czech Republic.

Store formats:
Compact hypers and supermarkets.

Stores:
284

Read more online
www.ahold.com/albert

Joint venture – JMR

49%
Stake

3,432m
Net sales

Ahold holds 49% of the shares in the joint venture JMR, and shares equal voting power on JMR's board of directors with Jerónimo Martins, SGPS, S.A.

Highlights JMR

- → Pingo Doce showed strong identical sales growth and improved market share despite weak economic conditions in Portugal
- → With the right promotional activities and continuation of a cost rationalization program, Pingo Doce was able to improve its competitive position and drive profitability

JMR

Pingo Doce is the largest supermarket chain in Portugal, and is managed by JMR.

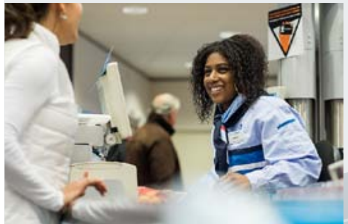
Stores:
378

Read more online
www.ahold.com/Pingo-Doce

Our formats

Our omni-channel offering

Supermarkets are the core of our business. However, we operate a range of other formats and continue to expand our online options to serve the needs of different communities and to give customers more shopping alternatives.



Supermarkets

Geography
Netherlands, Belgium, Czech Republic, United States

Offering
Full range of food and selected non-food products. Emphasis on fresh products

Convenience stores

Geography
Netherlands, Germany

Offering
Quick food solutions for on-the-go customers

Compact hypers

Geography
Czech Republic

Offering
Full range of food and selected non-food products. Emphasis on fresh products

Specialty stores

Geography
Netherlands

Offering
One chain offers health and beauty care products; another offers wine and liquor

Online food delivery

Geography
Netherlands, United States

Offering
Full range of food and selected non-food products

Online non-food delivery

Geography
Netherlands, Belgium

Offering
Wide non-food range

Pick-up points

Geography
Netherlands, United States

Offering
Full range of food and selected non-food products. Customers order online for pickup at designated locations

Gasoline stations

Geography
Czech Republic, United States

Offering
Gasoline and, in some locations, a small range of convenience products

Our stakeholders

As an international retailing group operating businesses that are deeply rooted in their local communities, we have a wide range of stakeholders who impact or are impacted by our businesses in various ways.

Our stakeholders include our customers, associates, suppliers, communities (including governments, NGOs, academic / research institutes, and industry bodies), and shareholders. We engage and cooperate with our stakeholders in order both to gain insight into their expectations, and to share our progress with them. This enables us to better meet their needs over time. As an organization, we have identified five main stakeholder groups:

Customers

Our customers are central to our business. We are committed to offering our customers healthy choices and providing them with products that are made with respect for people, animals and the environment. In addition, we aim to offer competitive prices combined with high product quality and a great shopping experience. We regularly ask our customers what they think of our stores, assortment and service, including their perception of Ahold's brands as being healthy retailers. We receive feedback via third-party surveys, proprietary tracking studies and consumer panels as well as directly from customers in stores.

Associates

Extraordinary associates are at the heart of our success. Their hard work and dedication to customers help set us apart. We are committed to making sure our companies continue to be an even better place to work, every day. We strive to create workplaces built on fairness and mutual respect everywhere we operate. We maintain strong businesses to drive stable jobs and provide opportunities for great careers. We respect and protect the rights of associates, and we are committed to the principles of equal employment opportunities, freedom of association, and respecting the legal rights to collective bargaining everywhere we do business. We strive to maintain an open and honest company culture, and carry out annual associate engagement surveys. In 2013, we aligned our surveys across Ahold, with over 170,000 associates participating globally.

Suppliers

The opportunity for collaboration with our suppliers is ever increasing. We engage with our suppliers in several ways, aiming to strengthen and improve the relationships we have with them. We hold supplier events to discuss various important topics, including company strategy, sustainability, supplier diversity, and food safety, with them. We work through the Albert Heijn Foundation in Africa to improve the livelihoods of Albert Heijn's African fruit and vegetable suppliers, their families and communities, as well as to secure our long-term supply chain.

Communities

The communities surrounding our stores are very important to us – they represent a serving area of more than 70 million people. Our companies are committed to being active and engaged members of their communities. We do this through initiatives, events and charitable contributions that help to improve the communities and neighborhoods in which we operate.

Shareholders

Our shareholders are crucial to our business; they put their trust in us by investing in the business financially. They monitor our company closely and challenge us on our strategy and how we manage the business. We meet with investors on a regular basis, including socially responsible investment (SRI) analysts, and work to broaden the investment community's understanding of our company by providing accurate and timely information on Ahold's performance and prospects.

Our strategy

Our Reshaping Retail strategy outlines how Ahold will grow and remain competitive now and in the future. We are building our growth plans on a solid foundation of powerful local brands, an aligned organization, a long heritage in the retail business, great people and a strong financial position.

In this section:

Our Reshaping Retail framework

How are we reshaping retail at Ahold?

Our Reshaping Retail framework defines our strategic ambitions, how we operate and what we want to be as a company.

We have a common set of values across all our businesses and a shared vision for the future. We have a successful business model, and we are getting better every day through our shared promises. Our strategic pillars outline our clear ambition to grow and be competitive in years to come.

"Reshaping Retail is working. It allows us to grow in a changing environment and positions Ahold for success in the future."

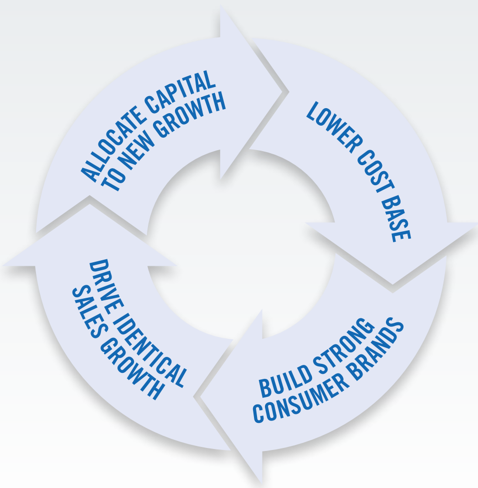
Dick Boer
Chief Executive Officer

Watch the CEO year in review video on www.ahold.com

We have a robust **business model**, built on strong local brands…

we are keeping our **promises**…

and we have the ambition to drive performance and go for **growth**.



Ahold is becoming a better place to shop, a better place to work, and a better neighbor.

Creating growth:

- Increasing customer loyalty
- Broadening our offering
- Expanding geographic reach

Enabling growth:

- Simplicity
- Responsible retailing
- People performance

Our values

Putting the customer first; Doing what's right; Loving what we do; Making ideas happen; Getting better every day

Our vision

Better choice. Better value. Better life. Every day.

Our vision and values

We're committed to achieving one common vision, by living the five common values that define who we are…

Our vision

Our vision is to offer better choice, better value, and a better life to all of our stakeholders – our customers, associates, suppliers, shareholders, and the communities we serve – every day.

Better choice. Better value. Better life. Every day.

This vision describes our ambition to provide the right choices and great value that support a better life not only for our customers but also for our other stakeholders. We work to get better in each of these areas, every day.

Our values

All of our companies share five common values that define who we are, what's important to us, and how we do things:

Putting the customer first

Doing what's right

Loving what we do

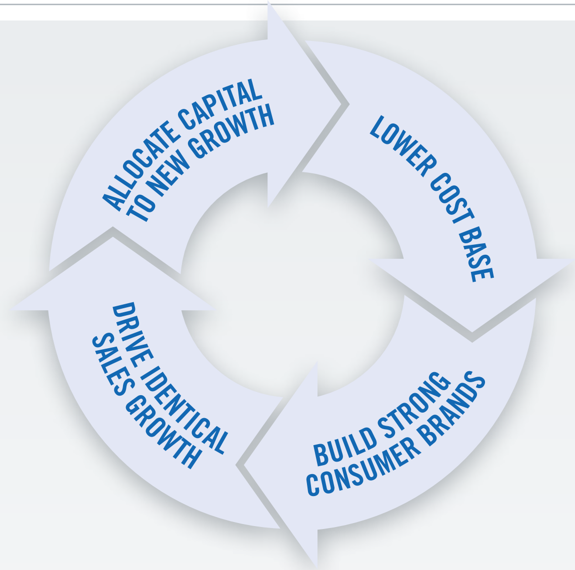
Getting better every day

Making ideas happen

Our business model

with a Group-wide business model that drives our strategy…

Our business model is at the heart of our strategy. It is a continuous cycle in which we work to lower our cost base so that we can invest in price, value, and the products and services we offer. This enables us to drive sales, win new customers and allocate capital to further grow our business.



Lower cost base

We continually work to simplify how we do things and become more efficient in order to lower our cost base.

Build strong consumer brands

Our business is built on strong, local consumer brands. To continue to strengthen these brands and increase customer loyalty, we reinvest our cost savings into our offering and give customers more of what they want and need.

Drive identical sales growth

The investments we have made to build our strong consumer brands are intended to help us to drive identical sales growth, increase volumes and gain market share going forward, in both Europe and the United States.

Allocate capital to new growth

We use the capital we generate to drive new growth, to get the right returns and to invest in the business for the long term.

Our promises

promises that help us get better every day…

Our promises are helping us drive success, perform better and create greater value.

All three of our promises are interlinked – we need satisfied associates and a connection with the wider world our business impacts in order to build strong relationships with our customers. As retailers, our relationship with customers has always been at the center of everything we do. But in today's world, being a good retailer is also about creating a working environment where associates can be at their best and about ensuring we are always deeply connected with our communities.

Our promises are to be a better place to shop, a better place to work and a better neighbor everywhere we operate. These promises define how we will get better every day for our customers, our associates and our communities. Our promises run across all our businesses, but are applied locally at each of our banners according to their needs and priorities.

Living our promises

In 2013, we rolled out our promises across the company, incorporating them into our business plans and putting in place scorecards to measure our performance. We also integrated the promises into the performance measures under our long-term incentive program for 5,000 associates.

During the rollout, our 222,000 associates were engaged in our promises, what they mean to the business and how they should play a role, through a comprehensive communications program and thousands of face-to-face meetings at our stores, distribution centers and head offices.

Our promises: Better place to shop

770

Ahold USA offers its natural and organic own brand, Nature's Promise, in nearly 770 stores

Albert Heijn's "Appie" is one of the most used apps in the Netherlands

40%

More than 40% of all Peapod orders are supported by a mobile device

40%

Ahold USA is on track to reach 40% own-brand penetration by 2016

Better place to shop

Putting the customer first is the only way to succeed as a retailer in today's marketplace, and has always been an important part of our culture and values as a company. Being a better place to shop is about doing more each day to make sure we are providing our customers with a shopping experience that meets their needs.

- → Great quality and freshness
- → Finding the products you want
- → Good prices and exciting promotions
- → Easy to shop
- → Friendly and helpful associates

To see our promises come to life, watch our video case studies

€22 million

Ahold's European businesses have saved €22 million through improved sourcing of own brands and not-for-resale goods

Albert Heijn Belgium received the highest customer appreciation score from GfK

For more information on our promises watch our video case studies on www.ahold.com

Our promises: Better place to shop (continued)

Seven million new Bonus Cards distributed at Albert Heijn

Albert Heijn recently introduced a new loyalty card – the first of its kind in the Netherlands. It is enabling them to provide personalized offers, to build stronger relationships with customers and to thank their loyal shoppers. Albert Heijn also integrated its Air Miles points savings program into the Bonus Card, so that loyal customers can save points faster. And they introduced more opportunities for redeeming points – including at bol.com and for a cash discount on a grocery bill. By year-end, around seven million cards were distributed to customers, and around two million had been activated to receive personal offers.

For more information on our promises watch our video case studies on www.ahold.com

Innovating online

Bol.com is making it easier for customers to shop and find more of what they want. In 2013, they introduced next day delivery, collaborated with Albert Heijn on the sale of an e-reader and the rollout of pick-up points in all its stores, and expanded their product assortment, opening new shops for pets; leisure; homeware and furniture; and gardening and do-it-yourself (DIY).

Sharing the enthusiasm

Gall & Gall is presenting its wine and whiskey assortment in a new way – by taste – to help customers more easily find what they like. At the same time, they are training employees to pass on their passion and enthusiasm for products by engaging with customers more effectively – driving sales and providing great service at the same time.

So fresh

Albert Heijn is completely revamping its Fresh departments to be better than ever. The goal is to offer a delicious, high-quality assortment of relevant products – including more healthy and responsible products – that is inspiring and easy to shop. This year they renewed the cheese, deli, meat and poultry departments.

The right people in the right places at the right times

The Ahold USA divisions are simplifying processes in store operations to deliver a better shopping experience to customers. They enhanced the associate scheduling system in their stores to improve service at the checkouts and in the deli. By finding new ways of working, they are able keep the center of the store more fully stocked and reduce excess product in the back rooms.

Our promises: Better place to shop (continued)

Delicious inspiration

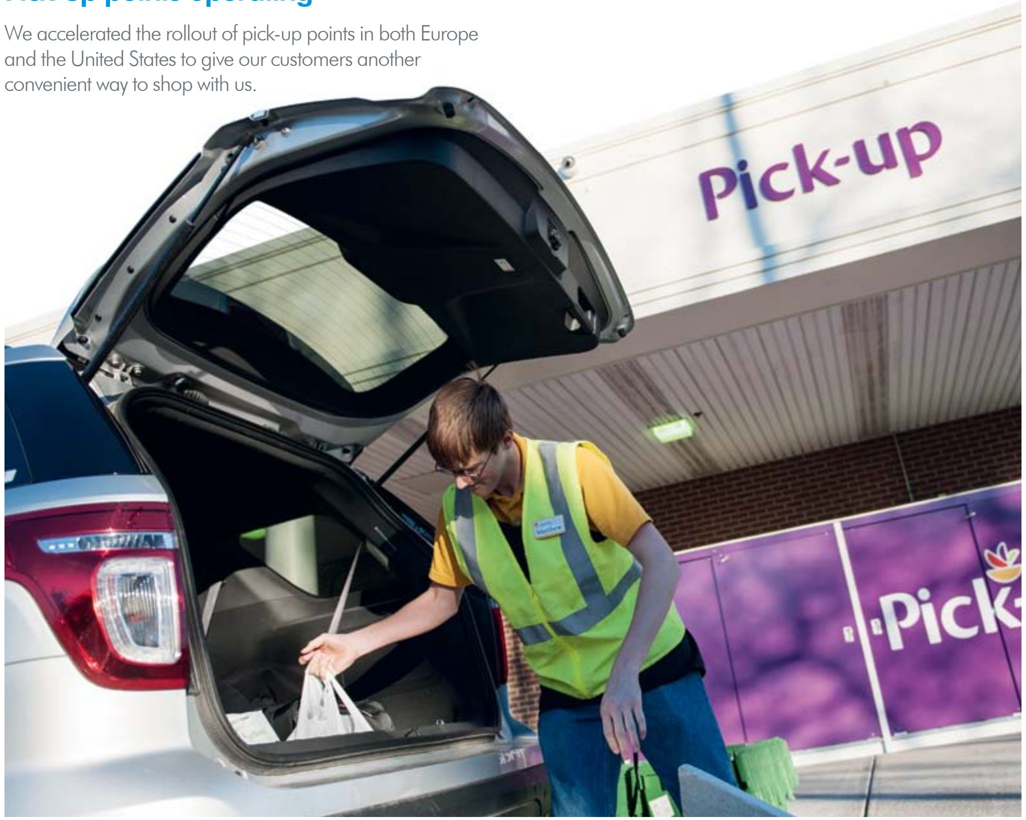
Albert Heijn provides cooking inspiration, instructions and recipes at customers' fingertips with its new Allerhande app.

> **"What a handy app!! With the delicious recipes and videos it will definitely be easy to put something tasty on the table!"**
>
> **Customer tweet**

137

Pick-up points operating

We accelerated the rollout of pick-up points in both Europe and the United States to give our customers another convenient way to shop with us.



Building relationships

We're using customer insights to develop more personalized communications. In 2013, the Ahold USA divisions sent out 270 million unique personalized coupons, as well as personalized circulars and offers delivered electronically to customers' loyalty cards.

Developing our own brands

Albert Heijn launched a new, value-focused own brand, AH BASIC, and the U.S. divisions repositioned and expanded their Simply Enjoy premium own brand – both aiming to give more and better choices to customers.

Our promises: Better place to work

20,000
Over 20,000 meetings held to introduce our promises to store, support office and distribution center associates

170,000
More than 170,000 associates participated in Ahold-wide engagement survey

For more information on our promises watch our video case studies on www.ahold.com

Better place to work

Engaged associates are at the heart of our success. Their hard work and dedication to serving our customers help set us apart and get better every day. We are committed to making sure our companies continue to become an even better place to work.

- Respect for each other
- Good working conditions
- Opportunities to develop
- Support from my manager
- Recognition for performance

To see our promises come to life, watch our video case studies

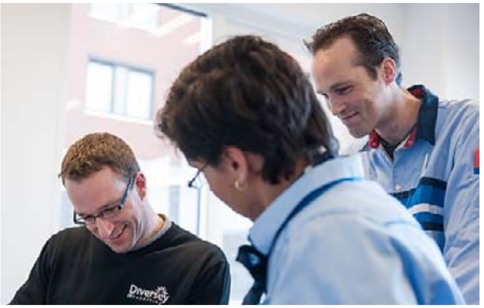
67%
of associates engaged

100+
jobs created when a new store opens

22,000
associates have been with Ahold for more than 20 years

Our promises: Better place to work (continued)

SuccessFactors Better every day.



Helping associates succeed

We rolled out a new performance management system across the entire Ahold group that is helping us identify and develop talent and manage performance in a more insightful way. The new system facilitates dialogue between managers and associates and helps them develop in their careers, set goals and share feedback on an ongoing basis. The aim is to help associates get the best out of themselves and identify how they can add value to the organization – to ultimately serve the customer better.

From the front lines to the front end

In 2013, Giant Landover actively recruited employees with military experience to join its management team, finding that their leadership skills translate well to retail and make Giant a better place to work.

Measuring associate engagement

Our people are our most important asset, so we seek out and value feedback from all of our associates. In 2013, our businesses conducted one aligned associate engagement survey that reached all of our associates. The purpose was to measure associates' engagement and perspective on our Group-wide promises, and find out how we can support them in developing their talents and giving their best performance. The global response rate was 76%, with an engagement rate of 67%.

Getting fit and having fun

Ahold's "Fit & Fun" initiative in the Netherlands, aims to encourage associates to get fit through diet and exercise. Bas Kaper is an Albert Heijn store manager who lost 17 kilograms and reached his goal of running an annual 16-kilometer running race from Amsterdam to Zaandam through the Fit & Fun program.

17kg

Bas Kaper lost 17 kilograms and reached his goal of running an annual 16-kilometer running race

Helping operations managers become better leaders

Ahold's academies help district and store managers gain the knowledge they need to be better leaders. In 2013, European operations managers participated in our U.S. academies to stimulate the exchange of best practices across the continents, and knowledge was shared among all three programs in the U.S., the Netherlands and the Czech Republic. Close to 200 district and store managers went through these leadership training programs during the year.

200

Close to 200 district and store managers went through leadership training programs during the year.

Our promises: Better neighbor

800,000

Over 800,000 children educated in healthy living globally

24.3%

of Ahold's total food sales have been identified as meeting healthy criteria

€21 million

Over €21 million in food donated to food banks in the U.S.

16.8%

Achieved 16.8% reduction in CO_2 emission per square meter of sales area against our 2008 baseline

Better neighbor

We want to be a good neighbor in every community where we operate. As a company with over 3,000 stores and a serving area of more than 70 million people, we can really make a difference through the economic benefits and job opportunities our businesses provide, and by supporting local causes that are important to our neighbors, our customers and our associates. As part of being a better neighbor, we work to promote the health and well-being of our customers and communities and endeavor to source our products responsibly and look after the environment we operate in.

- → Healthy living choices made easy
- → Contribution to community well-being
- → Responsibly sourced products
- → Care for the environment

To see our promises come to life, watch our video case studies

For more information on our promises watch our video case studies on www.ahold.com

Our promises: Better neighbor (continued)

Working in the industry towards health and wellness goals

We work with the Consumer Goods Forum (CGF) to lead the industry. In 2013, Ahold contributed to the first edition of the Health and Wellness Resolutions Progress Report published by the CGF on the three resolutions that the members of the group agreed to.

The Consumer Goods FORUM
The Global Network Serving Shopper & Consumer Needs

Certified coffee and tea in the U.S.

The Ahold USA divisions are the first retailers in the U.S. to offer own-brand teas featuring the Rainforest Alliance certified seal. They are also pioneering in the country to offer UTZ Certified coffee in their own-brand product ranges.

© Peyo

Smurf mania on healthy products

In August and September, Smurf mania erupted in Albert stores in the Czech Republic. Smurf figures were featured on 42 own-brand products that were evaluated using the strict "I know what I eat" criteria. Albert is the first to bring a range of healthy products for children to the Czech market.

For more information on our promises watch our video case studies on www.ahold.com

1,200

Seven Healthy Kids Summits were held throughout the U.S. divisions with more than 1,200 kids, parents and community leaders attending.

Helping kids be healthy and fit

Ahold USA's divisions host free Healthy Kids Summits several times per year to educate children about leading a healthy lifestyle. The summits focus on how to make sure children are getting the nutrition and exercise their bodies need as they continue to grow both physically and mentally. In 2013, seven Healthy Kids Summits were held throughout the U.S. divisions with more than 1,200 kids, parents and community leaders attending. The Ahold USA divisions received a national Neighborhood Health Improvement award from the Food Marketing Institute for the program.

Our promises: Better neighbor (continued)

Recess Snack Week at Dutch schools

Albert Heijn holds an annual campaign to encourage children to lead a healthy lifestyle. As part of it, they launched a "Recess Snack Week," providing healthy snacks for almost 250,000 students.

250,000

Albert Heijn provides healthy snacks for almost 250,000 students.

Fighting child hunger at Ahold USA

To alleviate child hunger by reaching more food insecure children with healthy meals, in 2013 Ahold USA launched a new three-year initiative to distribute $9 million in Fighting Child Hunger grants from its "Our Family Foundation."

$9m

Ahold USA launched a new three-year initiative to distribute $9 million in Fighting Child Hunger grants from its "Our Family Foundation."

Recognition for hunger relief in the U.S.

In November, Ahold USA and its divisions were recognized by the U.S. Environmental Protection Agency (EPA) for food donations equivalent to more than 12 million meals in 2012. EPA has also recognized Ahold USA for its efforts to reduce food waste. "The Food Recovery Challenge benefits families in need, helps grocers reduce costs, supplies badly needed donations to organizations like the Central Pennsylvania Food Bank, and helps to create green jobs," EPA regional administrator Shawn Garvin said.

Waste separation in the Czech Republic

In the Czech Republic, Albert participates in the "Responsible Company" project that seeks to promote corporate responsibility when it comes to waste separation. In 2012, Albert supported the take-back and recycling of 4,073 tons of packaging waste. Through operating and servicing 2,691 containers for waste paper, glass, plastic and beverage cartons, as well as 19 collection points for metal packaging, Albert made waste separation possible for over 132,000 customers.

Our strategic pillars

and six pillars that help us achieve our growth ambitions.

Our six strategic pillars outline how we will accelerate the growth of our company. These pillars will ensure we leverage rapidly changing customer behavior and retail trends so that we will stay competitive and successful, and be our customers' favorite place to shop, every day.

Creating growth:

1 Increasing customer loyalty

Ambition
Add 1-2% to sales growth through our customer initiatives.

2 Broadening our offering

Ambition
Triple online food sales to €1.5 billion and drive profitability, increase own-brand penetration to approximately 40% in our U.S. businesses, and open a minimum of 150 convenience stores in Europe by 2016.

3 Expanding our geographic reach

Ambition
Continue to focus on current markets and surrounding markets and evaluate new geographies; open 50 supermarkets in Belgium by 2016.

Enabling growth:

4 Simplicity

Ambition
Reduce costs by €600 million from 2012-2014.

5 Responsible retailing

Ambition
We measure our performance across nine targets, covering five areas: healthy living, community well-being, responsible products, care for the environment and our people.

6 People performance

Ambition
We measure our performance across five areas: respect for each other, good working conditions, development opportunities, support from managers and recognition for performance.

Our strategic pillars (continued)

1 2 3 4 5 6

Increasing customer loyalty

Our progress in 2013

- Albert Heijn launched a new Bonus Card, distributing around seven million cards to customers by year-end. Two million customers activated their cards to receive personal offers in 2013.
- Ahold USA introduced a new pharmacy loyalty card and opened new, already popular "Fast Care" health clinics in Giant Carlisle stores.
- The Ahold USA divisions delivered 270 million unique personalized coupons to customers.
- All our businesses improved their Fresh offering. Ahold USA continued its "Best in Fresh" program, Albert Heijn revamped its cheese, deli, meat and poultry departments, and Albert launched new communications highlighting its Fresh products.
- Albert Heijn Belgium received the highest customer appreciation score from GfK, while Albert Heijn's XL format again proved most popular among Dutch customers according to GfK's Summer Report.
- Albert Heijn provided cooking inspiration, instruction and recipes at customers' fingertips with its new Allerhande app.
- Bol.com was added to the Air Miles points saving program in the Netherlands: customers can redeem their Air Miles points to buy products from bol.com
- We are using our customer insights to optimize our pricing and assortment decisions globally; we ran various pilots at our brands based on these insights in 2013.

1 2 3 4 5 6

Broadening our offering

Our progress in 2013

Online

- Ahold's online business delivered strong double-digit sales growth.
- Ahold opened 126 new grocery pick-up points in the U.S. and Europe, for a total of 137, and over 700 bol.com non-food pick-up points in Albert Heijn stores.
- In its first full year as part of Ahold, bol.com delivered the strongest growth year in its history. Bol.com launched next-day delivery; successfully expanded into new categories including pets, leisure, homeware and furniture, and gardening and DIY; and recorded record growth in Belgium and its Plaza division, which enables partners to sell through bol.com.
- Albert.nl[1] doubled the number of products available online and expanded its geographic reach. Albert.nl[1] now serves 70% of Dutch households with home delivery.
- Ahold USA opened a digital innovation center, Peapod Propulsion Labs, in downtown Chicago. This state-of-the-art technology hub will lead innovation to serve both our supermarkets and peapod.com.

1 As of January 1, 2014, the albert.nl brand is part of Albert Heijn's online offering at www.ah.nl

Own brands

- We are on track to reach 40% own-brand penetration in the U.S. by 2016, helped by the strong performance of the Nature's Promise brand and expansion of the Simply Enjoy brand. Albert Heijn successfully launched its AH BASIC value-focused own brand and rolled out 400 products. Albert in the Czech Republic introduced a new meat range called Butcher's Counter.

Formats

- *AH to go* in the Netherlands was redesigned with encouraging results. To date, 12 stores have been remodeled, with more to follow in 2014.
- Gall & Gall delivered another strong year, helped by a new, innovative presentation of wine and whiskey – by taste – which made it easier for customers to choose their favorite products.

Our strategic pillars (continued)

1 2 3 4 5 6

Expanding our geographic reach

Our progress in 2013

- We opened a total of 84 new stores in current markets.
- Albert Heijn Belgium continued to perform well, and opened eight new stores, bringing the total to 19.
- Albert Heijn converted 24 former C1000 stores to its network, bringing the total converted stores to 39.
- We opened two *Albert Heijn to go* convenience stores in Germany, bringing the total to five.

1 2 3 4 5 6

Simplicity

Our progress in 2013

- We delivered over €290 million in cost reductions and efficiency improvements during the year. By the end of 2013, we were ahead of plan on our three-year (2012-2014) €600 million cost savings program, having delivered a total of approximately €480 million in savings, the majority of which was reinvested in our customer offering.
- In 2013, all our businesses continued their successful cost savings programs, with project streams focusing on commercial improvements (approximately 60% of savings), operational efficiencies (approximately 30% of savings) and overhead reduction (approximately 10% of savings).
- Pharmacy sourcing improvements at Ahold USA generated $19 million in savings.
- Efforts to reduce own-brands cost-of-goods at Ahold USA delivered over $30 million in savings, and another $30 million of savings were realized in not-for-resale sourcing.
- We improved productivity in store operations by optimizing processes, better utilizing tools to schedule labor more efficiently and improving communication and performance management across our stores, particularly in the U.S. The U.S. divisions generated over $62 million in savings from productivity improvements in 2013.
- We increased the effectiveness of our promotions through improved analytics ($34 million of savings).
- Our businesses in Europe saved €65 million through improved sourcing of own brands and not-for-resale goods, and by optimizing the fresh value chain.
- We increased the efficiency of our core operational processes in the Netherlands, delivering €17 million in savings.
- Our businesses in Europe simplified and streamlined general and administrative (G&A) functions, delivering €27 million in savings.

Our strategic pillars (continued)

1 2 3 4 **5** 6

Responsible Retailing

Our progress in 2013

- → Increased our score on the Dow Jones Sustainability Index by 9% versus 2012, scoring only three points lower than the sector leader.
- → 24.3% of Ahold's total food sales were identified as meeting healthy criteria.
- → Our businesses educated 804,842 children in healthy living globally.
- → Over 27,000 of our associates were involved in healthy living programs.
- → Ahold USA donated over €21 million in products to food banks.
- → Ahold's businesses made over €54 million in total charitable donations during 2013.
- → Albert Heijn installed 26 km of doors covering coolers in its stores, reducing energy use by approximately 25%.
- → Ahold achieved 16.8% reduction in CO_2 emission per square meter of sales area against our 2008 baseline.
- → 93% of our suppliers in Europe and 81% of our sales in the United States are Global Food Safety Initiative certified.
- → 66% of our production sites in high risk countries serving Europe and 36% serving the United States have undergone a social compliance audit.

1 2 3 4 5 **6**

People performance

Our progress in 2013

- → We aligned our associate engagement survey across Ahold for the first time and reached 222,000 associates.
- → We invested in and improved our people development process and introduced a new performance management system company-wide.
- → We integrated the promises into the performance measures under our long-term incentive program for 5,000 associates.
- → Albert Heijn expanded its homework class initiative to offer homework help to associates at 19 stores in Amsterdam.
- → Ahold in the Netherlands ranked 8th overall and best retailer in the top 100 Best Employers by Effectory and Intermediar.
- → Dutch business magazine *Incompany* named Albert Heijn the best supermarket for associates.
- → Albert Heijn was named most popular employer for part-time work, according to research by the Intelligence group.
- → At Ahold USA, 27 women were honored as Progressive Grocer's 2013 "Top Women in Grocery."

Our performance

In this section:

Group key financial indicators

Monitoring our strategic progress and performance…

€1.1bn
Free cash flow

Results	2013 € million	2012[1] € million	Change versus prior year	% change constant rates
Net sales	**32,615**	32,682	(0.2)%	2.0%
Underlying operating income	**1,379**	1,412	(2.3)%	(0.5)%
Underlying operating margin	**4.2%**	4.3%	(0.1)% pt	
Operating income	**1,239**	1,336	(7.3)%	(5.6)%
Income from continuing operations	**805**	869	(7.4)%	(5.9)%
Net income	**2,537**	915	177.3%	181.2%

€32.6bn
Net sales

€0.47
Dividend per common share

Certain key performance indicators contain non-GAAP measures. The definition of these non-GAAP measures are described on page 46 of this Annual Report.

1 See *Note 3* to the consolidated financial statements for an explanation of the restatements.
2 The debt leverage ratio of the net lease adjusted debt divided by EBITDAR is defined in the *Non-GAAP measures* section.
3 For more information on adjusted income from continuing operations, see the *Financial review* in this section.
4 Dividend payout ratio is based on adjusted income from continuing operations, see the *Financial review* section for more information.
5 Number of stores and number of employees include discontinued operations in Slovakia.

Shareholders	2013 €	2012[1] €	Change versus prior year
Net income per common share (basic)	**2.48**	0.88	181.8%
Adjusted income from continuing operations per share[3]	**0.79**	0.89	(11.2)%
Dividend payout ratio[4]	**51%**	50%	1% pt
Dividend per common share	**0.47**	0.44	6.8%
Total shareholders return	**35.8%**	13.8%	22.0% pt
Return on capital employed	**13.8%**	14.3%	(0.5)% pt

Leverage and liquidity	2013	2012[1]	Change versus prior year
Liquidity (€ billion)	**5.0**	2.9	72.4%
Net debt (€ million)	**(942)**	1,360	(169.3)%
Debt leverage (times)[2]	**0.9**	1.8	(50)%
Free cash flow (€ million)	**1,109**	1,051	5.5%

BBB / Baa3
Credit rating

Other information	2013	2012[1]	Change versus prior year
Number of stores (including franchise stores)[5]	**3,131**	3,074	1.9%
Capital expenditures (excluding acquisitions)	**830**	929	(10.7)%
Number of employees[5]	**222,000**	225,000	(1.3)%
Credit rating (Standard & Poor's / Moody's)	**BBB / Baa3**	BBB / Baa3	–

Group performance overview

We continued to successfully operate in a very competitive environment.

Throughout 2013, market conditions continued to be tough, as the uncertain economic climate impacted consumer spending and customers remained value-oriented and focused on price and promotion in all of our markets.

As in previous years, we responded to this environment by investing in our value proposition to ensure that our offering remained attractive to our customers, while managing the balance between sales and margins.

Cautious consumer spending put volume growth under pressure and, combined with low inflation, resulted in only modest sales growth. However, we grew our market share in the United States and the Netherlands, and maintained our share in the Czech Republic.

Net sales in 2013 were €32.6 billion, down 0.2% compared to 2012. At constant exchange rates, net sales grew 2.0%.

In an environment of modest top-line growth, cost control is extremely important and remains an integral part of our strategy. The cost savings we achieved from our Simplicity program enabled us to continue to invest in our competitive positions in both the United States and the Netherlands. At the same time, our businesses benefited from optimized store processes and improved sourcing. By the end of 2013, we were ahead of plan on our three-year (2012-2014) €600 million cost savings program, having delivered approximately €480 million to date.

Our underlying operating margin was 4.2%, down from 4.3% in 2012. Operating income was €1.2 billion.

Our businesses consistently generate strong cash flow every year. In 2013, free cash flow amounted to €1.1 billion.

In the Netherlands, following our 2012 agreement with Jumbo to transfer 82 stores, we converted 24 more former C1000 supermarkets into our Albert Heijn format in 2013, bringing the total to 39 stores. We also further expanded our Albert Heijn business in Belgium, a market we entered in 2011, by opening an additional eight supermarkets, bringing the total to 19 at year-end. We are pleased with the current performance of these stores and are on target to operate at least 50 supermarkets in Belgium by the end of 2016.

By the end of 2013, we operated 59 *Albert Heijn to go* convenience stores in the Netherlands and five in Germany, where we introduced this format in 2012.

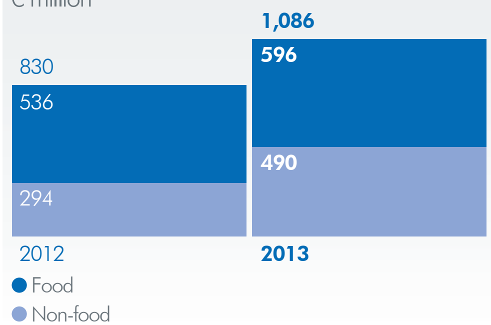
In the Czech Republic, we took additional steps to enhance our customer proposition and continued to gradually improve profitability this year. After reviewing our strategic options, we decided to exit Slovakia, where we had a limited market position. This will enable management to focus more on driving the continued successful improvement of our business in the Czech Republic.

At Ahold USA, we closed some unprofitable stores and exited the New Hampshire market, as our stores here had not achieved their performance goals after many years of investment.

We are pleased with the strong progress we made in further developing our online business, in particular, the accelerated rollout of new pick-up points, which were either stand-alone, in-store, or office-based. Overall we opened 112 new pick-up points in the United States, bringing the total to 120. In the Netherlands, Albert Heijn online opened 14 new pick-up points, bringing the total to 17.

Online sales

€ million



Group performance overview (continued)

As in previous years, our online grocery channel achieved double-digit growth. This was supported by our network of pick-up points, a broader assortment of products, and an expanded geographic coverage for home delivery. We will continue to drive the roll-out of additional pick-up points to offer this convenient shopping alternative to our customers in coming years.

Bol.com, the largest non-food online retailer in the Netherlands, which we acquired in 2012, delivered strong double-digit growth partly fueled by the launch of a number of new categories and accelerated growth in Belgium. This year we introduced successful omni-channel promotions between Albert Heijn and bol.com.

In addition, bol.com and Albert Heijn completed the rollout of pick-up points in over 700 Albert Heijn stores for orders placed at bol.com.

In 2013, we divested our 60% stake in ICA for €2.5 billion (including dividend). In order to maintain an efficient capital structure and to return proceeds to shareholders, we increased the €500 million share buyback program initiated in March 2013 to €2 billion. We will also execute a €1 billion capital repayment with a reversed stock split to take place in the first quarter of 2014.

We remain committed to maintaining a balance between investing in profitable growth, returning cash to our shareholders, and reviewing opportunities for debt reduction, and we will continue to move toward our capital structure guidelines.

Strong cash flow generation has underpinned our continued investment in growth, with capital expenditure of €0.8 billion during the year. We returned €1.2 billion cash to shareholders through the share buyback program and a 10% increase in our dividend. We also reduced our exposure to U.S. multi-employer pension plans through a settlement with the New England Teamsters and Trucking Industry Pension Fund.

In 2013, we delivered on the guidance that we gave on net interest expense, made capital expenditure just below our guidance of around €0.9 billion, and had a lower effective tax rate.

While we expect economic conditions to gradually improve, we remain cautious in our outlook for 2014. We will continue to look for ways to simplify our business in order to reduce costs so that we can invest in our offering to further improve our value proposition and offer customers a better shopping experience every day. Reflecting the confidence we have in our strategy and our ability to generate cash, we propose a 7% increase in our dividend to €0.47 per common share. This represents a payout of 51% of adjusted income from continuing operations that amounted to €807 million or €0.79 per share in 2013.

At current exchange rates, we expect net interest expense for 2014 to be in the range of €200 million to €220 million, excluding net interest on defined benefit pension plans. Pension costs in underlying operating income are expected to be €114 million in 2014, €13 million less than in 2013. Total cash contributions to pension plans are expected to decrease by €22 million to €161 million in 2014. We anticipate the effective tax rate to be in the mid-twenties in 2014. Capital expenditures, excluding acquisitions, are expected to be around €0.9 billion. Our ambition for return on capital employed is to stay in the top quartile of the food retail sector.

Results from operations

Ahold's 2013 and 2012 (as restated) consolidated income statements are summarized as follows:

€ million	**2013**	**% of net sales**	2012[1]	% of net sales
Net sales	**32,615**	**100.0%**	32,682	100.0%
Gross profit	**8,682**	**26.6%**	8,618	26.4%
Underlying operating expenses	**(7,303)**	**(22.4)%**	(7,206)	(22.1)%
Underlying operating income	**1,379**	**4.2%**	1,412	4.3%
Impairments	**(83)**		(37)	
Gains on the sale of assets	**28**		21	
Restructuring and related charges	**(85)**		(60)	
Operating income	**1,239**	**3.8%**	1,336	4.1%
Net financial expense	**(291)**		(208)	
Income taxes	**(153)**		(267)	
Share in income of joint ventures	**10**		8	
Income from continuing operations	**805**	**2.5%**	869	2.7%
Income from discontinued operations	**1,732**		46	
Net income	**2,537**	**7.8%**	915	2.8%

1 See *Note 3* to the consolidated financial statements for an explanation of the restatements

Financial review

Net sales

Net sales in 2013 were €32.6 billion, down 0.2% compared to 2012. At constant exchange rates, net sales growth was 2.0%. We delivered sales growth in both the United States and the Netherlands, despite market conditions that remained challenging. The Czech Republic reported negative sales growth. We managed to grow our market share in the United States and the Netherlands, and maintained our share in the Czech Republic. Our net sales grew due to identical sales growth, store remodeling and expansion, new store openings, and the impact of the full-year's sales from our acquisitions made during 2012 (bol.com, 15 Genuardi's stores in the United States and 39 stores in the Netherlands that were converted after the agreement to transfer 82 stores from Jumbo). Both our grocery and non-food online businesses continued to grow by double-digits. Our online businesses contributed over 3% to Ahold's net sales in 2013.

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

Ahold USA

Net sales, at $26.1 billion, increased by 1.1% in 2013. Identical sales, excluding gasoline, increased by 0.3%. In challenging market conditions, Ahold USA achieved market share gains in both the supermarket and the all outlet channels. Sales growth benefitted primarily from acquired and new stores, and effective loyalty programs. A negative impact resulted from Hurricane Sandy, which increased sales during the last quarter of 2012, and the closure of 14 stores including the exit from the New Hampshire market. Our online business Peapod continued to grow in its existing market area, launched virtual grocery stores and opened 112 pick-up points where customers can drive up and conveniently pick up their online orders, bringing the total to 120.

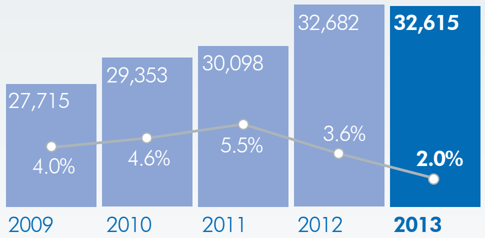
The Netherlands

Net sales amounted to €11.5 billion in 2013, an increase of 4.0% compared to last year. Identical sales increased by 0.6%. For the full year, market share at Albert Heijn increased slightly, to 33.8%, positively impacted by the conversion of 24 former C1000 supermarkets. Other factors that positively impacted sales growth were the continued growth of bol.com and the opening of additional supermarkets in Belgium. At Albert Heijn, transactions in identical stores remained broadly stable while basket size continued to be under pressure. Albert Heijn online achieved double-digit sales growth by opening an additional 14 pick-up points, expanding its geographical reach within the Netherlands and doubling its assortment to over 20,000 products.

Czech Republic

Net sales amounted to €1.4 billion in 2013, a decrease of 4.7%, or 1.5% at constant exchange rates. Albert again ran successful consumer campaigns, including one that was related to the Smurfs movie. Identical sales excluding gasoline decreased by 1.5% as the market remained under pressure, significantly impacted by increases in the value-added tax rates in 2012 and 2013, which negatively affected consumer buying power. Still, as in the previous year, Albert performed well compared with its competitors and succeeded in maintaining market share, despite its share of stores declining due to competitive openings.

Net sales
€ million

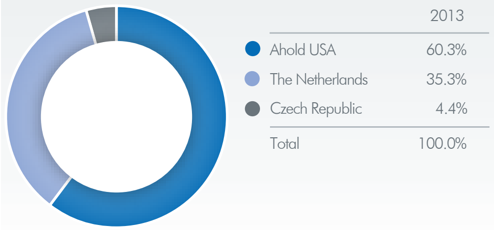


● Net sales[1]
— Net sales growth at constant exchange rates[2]

1 Including restatements, see *Note 3* to the consolidated financial statements for an explanation of the restatements.

2 Net sales growth is adjusted for the impact of week 53 in 2009.

Net sales contribution by segment
€ million



Net sales in 2013 and 2012 were as follows:

million	**2013**	2012	Sales growth	Identical sales growth[1]	Identical sales growth ex gas[1]
Ahold USA ($)	**26,118**	25,845	1.1%	0.2%	0.3%
Czech Republic (CZK)	**37,522**	38,084	(1.5)%	(1.7%)	(1.5%)
€ million					
Ahold USA	**19,676**	20,112	(2.2)%	0.2%	0.3%
The Netherlands	**11,494**	11,054	4.0%	0.6%[2]	0.6%[2]
Czech Republic	**1,445**	1,516	(4.7)%	(1.7%)	(1.5%)
Total	**32,615**	32,682	(0.2)%	0.3%	0.3%

1 For the definition of identical sales and identical sales excluding gas see *Non-GAAP measures* at the end of this section.

2 Identical sales growth in the Netherlands excludes the VAT on tobacco sales. For the definition see *Non-GAAP measures* at the end of this section.

Financial review (continued)

Operating income

In 2013, operating income was €1,239 million, down €97 million or 7.3% compared to 2012. Underlying operating income (which excludes impairments, gains on the sale of assets, restructuring and related charges, and other unusual items listed below) was €1,379 million in 2013, down €33 million or 2.3% (down 0.5% at constant exchange rates). Underlying operating margin, at 4.2% of net sales in 2013, was 0.1 percentage point lower compared to 2012. This was due to higher pension expense in the Netherlands as well as investments in both value and growth in our main markets, which were partly compensated by cost savings from our Simplicity program.

Ahold USA

Ahold USA achieved an underlying operating income of $1,064 million, which was $32 million lower than last year. Underlying operating profit margin at 4.1% decreased by 0.1 percentage point. In a competitive environment, operational improvements and simplification were more than offset by challenged volume growth, resulting in increased expenses as a percentage of sales. 2013 operating income included $181 million (€138 million) of unusual items (see further below).

The Netherlands

The Netherlands reported an underlying operating income of €619 million, an improvement of €4 million over last year. The year-over-year underlying margin was down 0.2 percentage points to 5.4%, primarily impacted by higher non-cash pension charges. Continued cost savings initiatives helped fund price investments in an intensified promotional environment. 2013 operating income included €7 million of unusual items (see further below).

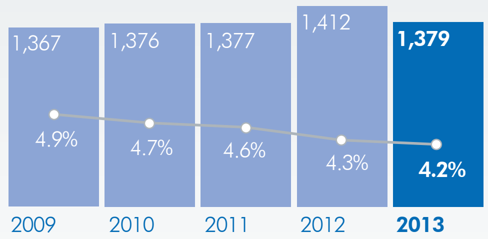
Czech Republic

Albert reported an underlying operating income of €30 million, an improvement of €3 million over last year. Underlying operating profit margin, at 2.1%, improved by 0.3 percentage points over last year. Despite the competitive environment and lower consumer spending, Albert was again able to improve its performance through a continuous focus on operational improvements and simplification.

Corporate Center

Underlying Corporate Center costs were €71 million, down €11 million compared to 2012. Excluding the impact of our self-insurance activities, underlying Corporate Center costs were €84 million, €2 million higher than last year.

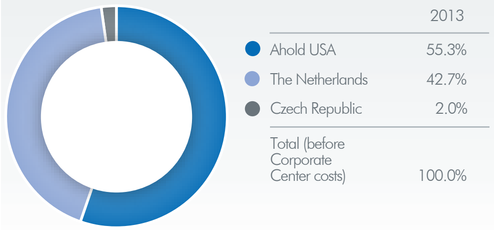
Underlying operating income
€ million



● Underlying operating income[1]
— Underlying operating margin

1 Including restatements, see *Note 3* to the consolidated financial statements for an explanation of the restatements.

Underlying operating income
€ million



Underlying operating income and underlying operating income margin for 2013 and 2012 (as restated) were as follows:

	Underlying operating income			Underlying operating margin		
million	**2013**	2012[1]	% Change	**2013**	2012[1]	% pt Change
Ahold USA ($)	**1,064**	1,096	(2.9)%	**4.1%**	4.2%	(0.1)%
€ million						
Ahold USA	**801**	852	(6.0)%	**4.1%**	4.2%	(0.1)%
The Netherlands	**619**	615	0.7%	**5.4%**	5.6%	(0.2)%
Czech Republic	**30**	27	11.1%	**2.1%**	1.8%	0.3%
Corporate Center	**(71)**	(82)	13.4%			
Total	**1,379**	1,412	(2.3)%	**4.2%**	4.3%	(0.1)%

1 See *Note 3* to the consolidated financial statements for an explanation of the restatements.

Financial review (continued)

Adjustments to underlying operating income

Impairment of assets

Ahold recorded the following impairments and reversals of impairments of assets (primarily related to stores) in 2013 and 2012:

€ million	**2013**	2012[1]
Ahold USA	**(75)**	(36)
The Netherlands	**(9)**	(1)
Czech Republic	**1**	–
Total	**(83)**	(37)

1 See *Note 3* to the consolidated financial statements for an explanation of the restatements.

The impairment of assets in 2013 at Ahold USA included charges related to the exit from New Hampshire.

Gains and losses on the sale of assets

Ahold recorded the following gains on the sale of non-current assets in 2013 and 2012:

€ million	**2013**	2012
Ahold USA	**25**	4
The Netherlands	**2**	7
Czech Republic	**–**	–
Corporate Center	**1**	10
Total	**28**	21

Restructuring and related charges and other items

Restructuring and related charges and other items in 2013 and 2012 (as restated) were as follows:

€ million	**2013**	2012[1]
Ahold USA	**(88)**	(85)
The Netherlands	**–**	31
Czech Republic	**–**	–
Corporate Center	**3**	(6)
Total	**(85)**	(60)

1 See *Note 3* to the consolidated financial statements for an explanation of the restatements.

In 2013, restructuring and related charges at Ahold USA included €63 million of costs related to reducing our exposure to our U.S. multi-employer pension plans through negotiations with the New England Teamsters and Trucking Industry Pension Fund as well as a €23 million restructuring provision related to our exit from New Hampshire.

In 2012, we wrote down €88 million ($116 million) of capitalized software development costs at Ahold USA. Ahold had been conducting parallel implementations of a suite of retail applications in the United States and Europe. Following a review of our systems development strategy we decided to focus our resources on the development of the retail suite in Europe where we already had several elements successfully implemented. In the U.S., we decided to focus on areas likely to provide the greatest benefits, such as customer loyalty, point-of-sale and e-commerce. In the Netherlands, restructuring and related charges resulted from a gain on pension curtailment (€36 million). Corporate Center included acquisition costs (€6 million) related to the acquisition of bol.com.

Net financial expense

Net financial expense, at €291 million, increased by €83 million compared to 2012.

Excluding interest income and expense on defined benefit pension plans, net interest expense of €218 million was €6 million lower than in 2012. This was primarily the result of a weaker U.S. dollar against the euro in 2013, and it fell at the higher end of our guidance of €200-€220 million.

Net interest expense on defined benefit pension plans increased by €41 million in 2013.

Other financial expense of €49 million was higher by €48 million compared to 2012 and primarily related to €35 million of valuation adjustments related to notes and derivatives, and an €11 million one-time adjustment to a financial liability.

Income taxes

In 2013, income tax expense was €153 million, down €114 million compared to last year. This was due to lower income, one-time transactions and from movements in income tax contingency reserves. The effective tax rate, calculated as a percentage of income before income taxes, was 16.1% (2012 as restated: 23.7%).

Share in income of joint ventures

Ahold's share in income of joint ventures, which relates primarily to our 49% shareholding in JMR, was €10 million in 2013, up by €2 million compared to last year.

For further information about joint ventures, see *Note 14* to the consolidated financial statements.

Income from discontinued operations

The main contributor to the €1,732 million income from discontinued operations in 2013 was a gain on the sale of our 60% stakeholding in ICA of €1,751 million.

In February 2013, we announced that that we reached an agreement with Hakon Invest of Sweden regarding the sale of Ahold's 60% holding in Scandinavian retailer ICA for SEK 21.2 billion in cash (€2.5 billion), which included ICA's 2012 dividend of SEK 1.2 billion. Ahold presented a new growth strategy in 2011, and aims to focus the execution of this strategy on businesses it controls in order to create value. The transaction was subject to regulatory approvals, as well as approval by the ICA Retailers' Association (ICA Forbundet) for the financing of the transaction, both of which were successfully met in March 2013.

In November, we announced that we had reached an agreement with Condorum regarding the sale of Ahold's Slovakian business. Ahold carefully reviewed its strategic options and decided to sell the business as it has a limited market position in Slovakia. An exit from this country enables management to focus on the continued successful improvement of our business in the Czech Republic. The financial details of the transaction have not been disclosed but are not material for Ahold. The transaction is expected to close in the first half of 2014, and is subject to customary conditions. Ahold Slovakia operated 24 stores, with net sales of €139 million in 2013.

Financial review (continued)

In 2013 and 2012, results from discontinued operations were impacted by various adjustments to the results of prior years' divestments (primarily U.S. Foodservice and Tops), as a consequence of warranties and indemnifications provided in the relevant sales agreements.

For further information about discontinued operations, see *Note 5* to the consolidated financial statements.

Earnings and dividend per share

Basic income from continuing operations per common share was €0.79, a decrease of €0.05 or 6% compared to 2012. This decrease was primarily driven by the unusual items discussed above.

The average number of outstanding common shares decreased as a result of the shares repurchased under the €2 billion share buyback program that we commenced in March 2013. The value of shares repurchased in 2013 amounted to €768 million. The decrease in the average number of outstanding common shares was marginally offset by shares that were issued under employee share-based compensation programs.

As part of our dividend policy we adjust income from continuing operations for significant non-recurring items. Adjusted income from continuing operations amounted to €807 million and €921 million in 2013 and 2012 as restated, respectively, and was determined as follows:

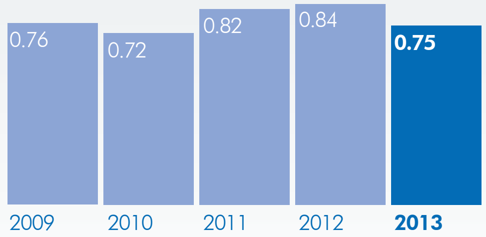
€ million	**2013**	2012[1]
Income from continuing operations	**805**	869
Income from continuing operations per share	**0.79**	0.84
Add-back (after-tax):		
Multi-employer pension plan settlement with the New England Teamsters and Trucking Industry Pension Fund	**39**	–
Movements in income tax contingency reserves	**(37)**	
Write-down of capitalized software development costs	**–**	52
Adjusted income from continuing operations	**807**	921
Adjusted income from continuing operations per share	**0.79**	0.89

1 Including restatements, see *Note 3* to the consolidated financial statements for an explanation of the restatements.

We propose a common stock dividend of €0.47 for the financial year 2013, up 7% from last year. It represents a payout ratio of around 51%, based on the expected dividend payment on adjusted income from continuing operations.

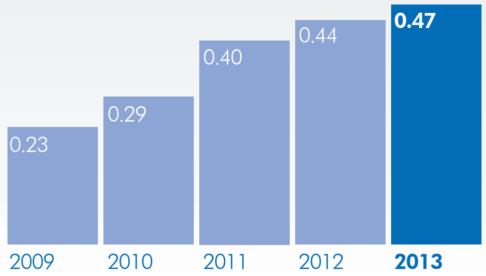
In 2013, the ICA divestment resulted in lower income from continuing operations. The cash received from the sale of ICA is being returned to shareholders through the €1 billion capital repayment and reverse stock split, which we expect to complete by the end of the first quarter, and the €2 billion share buyback program, which is to be completed by December 2014. These shareholder returns will result in a reduction in the number of outstanding shares and dividend payment. The payout ratio of 51% in 2014 is marginally outside our dividend policy to target a payout ratio in the range of 40-50% of adjusted income from continuing operations, due to the temporary impact of the ICA sale.

Income from continuing operations per common share (basic)[1]
€



1 Including restatements, see *Note 3* to the consolidated financial statements for an explanation of the restatements.

Dividend per common share (2013 includes proposed dividend)
€



Financial review (continued)

Financial position

Ahold's consolidated balance sheets as of December 29, 2013, and December 30, 2012, are summarized as follows:

€ million	December 29, 2013	% of total	December 30, 2012[1]	% of total
Property, plant and equipment	**5,712**	**37.7%**	6,038	41.4%
Intangible assets	**1,563**	**10.3%**	1,569	10.8%
Pension assets	**5**	**0.0%**	23	0.2%
Other non-current assets	**1,594**	**10.5%**	2,526	17.3%
Cash, cash equivalents and short-term deposits and similar instruments	**3,963**	**26.2%**	1,886	13.0%
Inventories	**1,450**	**9.6%**	1,492	10.2%
Other current assets	**855**	**5.7%**	1,038	7.1%
Total assets	**15,142**	**100.0%**	14,572	100.0%
Equity	**6,520**	**43.1%**	5,146	35.3%
Non-current portion of long-term debt	**2,873**	**19.0%**	3,107	21.3%
Pensions and other post-employment benefits	**348**	**2.3%**	643	4.4%
Other non-current liabilities	**1,259**	**8.3%**	1,249	8.6%
Short-term borrowings and current portion of long-term debt	**148**	**1.0%**	139	1.0%
Payables	**2,387**	**15.7%**	2,667	18.3%
Other current liabilities	**1,607**	**10.6%**	1,621	11.1%
Total equity and liabilities	**15,142**	**100.0%**	14,572	100.0%

1 Including restatements, see *Note 3* to the consolidated financial statements for an explanation of the restatements.

Property, plant and equipment decreased by €326 million as capital expenditures were more than offset by depreciation, impairments and the weakening of the U.S. dollar against the euro.

For the total Group, our defined benefit plans showed a net deficit of €343 million at year-end 2013 compared to a net deficit of €620 million at year-end 2012. This improvement was primarily due to a 0.8% increase in the discount rate in the United States, a decrease in the future salary increase assumption of 0.5% in both the Dutch and U.S. plans, a removal of disbursement costs from the Dutch plans' defined benefit obligations (€102 million), as well as positive investment results on the plan assets and cash contributions made to the plans.

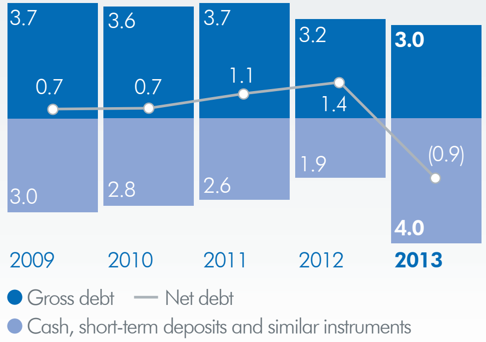
A significant number of union employees in the United States are covered by multi-employer plans. With the help of external actuaries, we have updated the most recent available information that these plans have provided (generally as of December 31, 2012) for market trends and conditions through the end of 2013. We estimate our proportionate share of the total net deficit to be $662 million (€481 million) at year-end 2013 (2012: $967 million or €732 million). The decreased exposure to U.S. multi-employer pension plans is partly the result of a settlement with the New England Teamsters and Trucking Industry Pension Fund in 2013. These amounts are not recognized on our balance sheet. 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.

A decrease in other non-current assets primarily reflects the divestment of ICA in 2013.

Equity increased by €1,374 million, mainly as a result of the current year's net income, which included a gain on the sale of ICA of €1,751 million, partially offset by the dividend payment related to 2012 of €457 million and the €768 million share buyback on the €2 billion program.

In 2013, gross debt decreased by €225 million to €3.0 billion, primarily due to the weakening of the U.S. dollar against the euro and the regular payments on finance lease liabilities. Ahold's net debt was negative €942 million as of December 29, 2013, down €2,302 million compared to last year. This reflects both our strong cash generation and the receipt of proceeds from the divestment of ICA, including a dividend, partly offset by our share buyback program and common stock dividend.

Gross and net debt
€ billion



Net debt does not include our commitments under operating lease contracts, which, on an undiscounted basis, amounted to €5.3 billion at year-end 2013.

These off-balance sheet commitments impact our capital structure. The present value of these commitments is added to net debt to measure our leverage against EBITDAR (i.e. underlying operating income before depreciation, amortization and gross rent expense). The ratio of net lease-adjusted debt to EBITDAR stood at 0.9 times at year-end 2013, down from 1.8 times last year, distorted by a temporary increase in cash balance. Under normal conditions we expect to operate at around 2 times, which is consistent with our commitment to maintaining an investment grade credit rating.

Financial review (continued)

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, 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 and similar instruments) will be sufficient for working capital, capital expenditures, planned shareholder returns including dividend payments, current share buyback program and capital repayment, interest payments, and scheduled debt repayment requirements for the next 12 months and the foreseeable future. A total of €22 million in loans will mature in 2014, €0.4 billion in 2015 through 2018 and €0.9 billion after 2018.

As of year-end 2013, liquidity amounted to €5.0 billion (2012: €2.9 billion), defined as cash (including cash, cash equivalents and short-term deposits and similar instruments) of €4.0 billion and the undrawn portion of the committed credit facility of €1.0 billion.

We continue to take a balanced approach between investing in the business, repaying debt, and returning cash to shareholders. The cash from the ICA divestment will effectively be returned to shareholders after the completion of the €1 billion capital repayment and reverse stock split, which was approved by shareholders in the Extraordinary General Meeting on January 21, 2014, and the €2 billion share buyback program, which will be completed by December 2014.

Under normal conditions we expect to operate with liquidity of around €2.0 billion, evenly split between cash and the undrawn portion of our committed credit facilities. It is our intention to move to this level of liquidity as we continue to invest in growth, reduce our debt and return cash to shareholders, resulting in a more efficient capital structure.

Group credit facility

Ahold has access to a €1.2 billion committed, unsecured, multi-currency and syndicated credit facility which was re-financed in June 2011. In June 2013, the full amount of the facility was extended to June 2018. The facility may be used for working capital and for general corporate purposes and provides for the issuance of $550 million (€400 million) in letters of credit. As of December 29, 2013, there were no outstanding borrowings under the credit facility other than letters of credit to an aggregate amount of $237 million (€172 million).

Credit ratings

Our strategy over the past several years has positively impacted the credit ratings assigned to Ahold by Standard & Poor's (S&P) and Moody's. S&P upgraded Ahold's corporate credit rating to BBB with a stable outlook in June 2009 and, since then, this rating has remained unchanged. In July 2013, Moody's affirmed Ahold's Baa3 issuer credit rating and changed its outlook to positive from stable. Maintaining investment grade credit ratings is a cornerstone of our strategy as they serve to lower the cost of funds and to facilitate access to a variety of lenders and markets.

Cash flows

Ahold consolidated cash flows for 2013 and 2012 (as restated) are as follows:

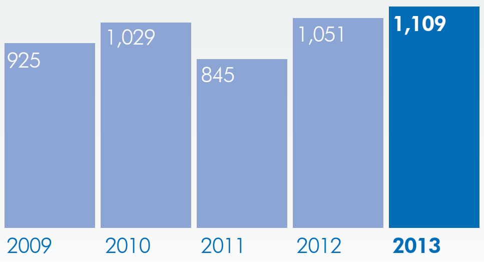
€ million	**2013**	2012[1]
Operating cash flows from continuing operations	**2,051**	2,112
Purchase of non-current assets	**(811)**	(910)
Divestment of assets / disposal groups held for sale	**52**	51
Dividends from joint ventures	**27**	21
Interest received	**6**	11
Interest paid	**(216)**	(234)
Free cash flow	**1,109**	1,051
Repayments of loans and finance lease liabilities	**(94)**	(533)
Dividends paid on common shares	**(457)**	(415)
Share buyback	**(768)**	(277)
Acquisitions / divestments of businesses, net of cash acquired / divested	**2,343**	(744)
Cash flows from discontinued operations	**115**	126
Other	**(95)**	126
Change in cash, cash equivalents, and short-term deposits and similar instruments	**2,153**	(666)
Changes in short-term deposits and similar instruments	**(1,472)**	155
Net cash from operating, investing and financing activities	**681**	(511)

1 Includes restatements, see *Note 3* to the consolidated financial statements for an explanation of the restatements.

Free cash flow, at €1,109 million, increased by €58 million compared to 2012. Operating cash flows from continuing operations were down €61 million, primarily as a result of lower inflow from working capital and a weaker U.S. dollar against the euro in 2013. The purchase of non-current assets was lower by €99 million reflecting an increased focus on capital efficiency.

Financial review (continued)

Free cash flow[1]
€ million



1 Including restatements, see *Note 3* to the consolidated financial statements for an explanation of the restatements.

In 2013, the main uses of free cash flow included:

- → Share buyback of €768 million on the €2 billion program planned to be completed by 2014
- → Common stock dividend at €0.44 per share resulting in a cash outflow of €457 million
- → Debt repayments totaling €94 million primarily related to regular payments on finance lease liabilities

Cash flow from discontinued operations reflects the dividends received from ICA.

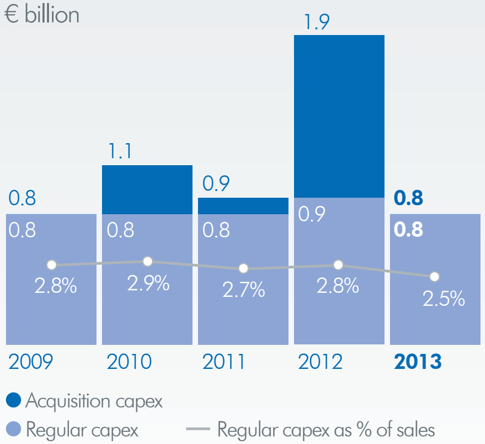
Other cash flows in 2013 included a settlement paid to Vornado (€92 million), the result of a judgment rendered in the Stop & Shop Bradlees lease litigation, and in 2012, a positive impact of the settlement of the cross-currency swap on the €407 million notes repaid last year.

Capital investments and property overview

Capital expenditures, which include new finance leases, amounted to €0.8 billion in 2013, just below our guidance as we continue to focus on capital efficiency. Our investments were primarily related to the construction, remodeling and expansion of stores and supply chain (including online) and IT infrastructure improvements.

In 2012, capital expenditures of €1.9 billion also included the assets acquired with the acquisition of bol.com and 15 Genuardi's stores, and the transfer of 82 stores from Jumbo, including subsequent remodeling costs. Excluding acquisitions, capital expenditures in 2012 were €0.9 billion.

Capital expenditures[1]
€ billion



1 Including restatements, see *Note 3* to the consolidated financial statements for an explanation of the restatements.

At the end of 2013, we operated 3,131 stores (including Slovakia), a net increase of 57 stores. Total sales area increased by 0.9% to 4.7 million square meters. This includes franchise stores and excludes the stores operated by our joint venture JMR.

	December 30, 2012	Opened / acquired	Closed / sold	December 29, 2013
Ahold USA	772	9	(14)	767
The Netherlands[1]	1,996	73	(13)	2,056
Czech Republic	282	2	–	284
Continuing operations	3,050	84	(27)	3,107
Slovakia	24	–	–	24
Total number of stores	3,074	84	(27)	3,131

1 The number of stores as of December 29, 2013, includes 1,124 specialty stores (Etos and Gall & Gall). In addition, 24 C1000 stores were converted to the Albert Heijn banner during 2013.

Franchisees operated 850 Albert Heijn, Etos and Gall & Gall stores, 518 of which were either owned by the franchisees or leased independently from Ahold.

	Ahold	Franchisees	Total
Number of stores leased or owned	2,613	518	3,131
Number of stores subleased to franchisees	(332)	332	–
Number of stores operated	2,281	850	3,131

Ahold's stores range in size from 20 to 10,000 square meters. The average sales area of our stores in the United States is approximately 3,800 square meters and in Europe approximately 1,300 square meters (excluding Etos and Gall & Gall, which operate much smaller stores).

At the end of 2013, Ahold operated 137 pick-up points, 126 more than in 2012. These were either stand-alone, in-store or office-based. In 2013, we opened 112 pick-up points in the U.S., bringing the total to 120, and 14 in the Netherlands bringing the total to 17.

The total number of retail locations, including the 2,613 stores owned or leased by Ahold and 11 pick-up points in stand-alone locations, amounted to 2,624 in 2013, higher by 35 compared to 2012.

Financial review (continued)

We also operated the following other properties as of December 29, 2013:

Warehouses / distribution centers / production facilities / offices	84
Properties under construction / development	18
Investment properties	729
Total	**831**

The 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.

The following table breaks down the ownership structure of our 2,624 retail locations and 831 other properties as of December 29, 2013:

% of total	Retail locations	Other properties
Company-owned	20%	39%
Leased	80%	61%
of which		
Finance leases	13%	8%
Operating leases	67%	53%

Our leased properties have terms of 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.

Ahold USA

Number of stores	2013	2012
Stop & Shop New England	**215**	219
Stop & Shop New York Metro	**182**	184
Giant Landover	**170**	171
Giant Carlisle	**200**	198
Total Ahold USA	**767**	772
Sales area of own-operated stores (in thousands of square meters)	**2,941**	2,955

Ahold USA decreased its number of stores by five, net of nine openings and 14 closures, including our exit from the New Hampshire market. Peapod opened another 112 pick-up points, bringing the total to 120 in 2013.

In 2013, the Ahold USA divisions remodeled, expanded, relocated or reconstructed 46 stores as part of their continuous focus on keeping stores fresh and up-to-date. Total investments at Ahold USA amounted to around 3% of sales and ranged from new stores to investments in IT, distribution centers, and minor construction work in the stores.

At the end of 2013, Ahold USA operated 230 fuel stations, an increase of 19 stations over last year, the majority of which are located in the Stop & Shop New England and Giant Carlisle market areas.

The Netherlands

Number of stores	2013	2012
Albert Heijn: the Netherlands	**849**	818
Albert Heijn: Belgium	**19**	11
Albert Heijn to go: the Netherlands	**59**	59
Albert Heijn to go: Germany	**5**	3
Etos	**538**	538
Gall & Gall	**586**	567
Total The Netherlands	**2,056**	1,996
Sales area of own-operated stores (in thousands of square meters)	**935**	915

In 2013, we opened an additional 60 stores net of closings, bringing the total to 2,056. This year, 24 former C1000 stores were converted to the Albert Heijn brand, bringing the total converted stores to 39. These converted stores were part of the 2012 transfer of 82 stores from Jumbo. We also opened another eight stores in Belgium, bringing the total number of stores there to 19.

Albert Heijn online opened another 14 pick-up points, bringing the total to 17 in 2013.

Additionally, Albert Heijn completed the rollout of bol.com pick-up points in 700 Albert Heijn stores.

In the Netherlands, our businesses remodeled, expanded, relocated or reconstructed 102 stores as part of their continuous focus on keeping stores fresh and up-to-date. Total investments in the Netherlands amounted to around 3% of sales and ranged from opening new stores to investing in IT, distribution centers, and minor construction work in the stores.

Czech Republic

Number of stores	2013	2012
Czech Republic	**284**	282
Sales area of own-operated stores (in thousands of square meters)	**393**	391

In 2013, Albert's main focus areas were the project started in 2011 to remodel all its hypers to a new format and the opening of new and improved delis in all its supermarkets. Albert continued the rollout of the new compact hyper format in 2013, bringing the total new compact hypers to 16 stores at year-end. At the end of 2013, Albert operated 284 stores in the Czech Republic, 13 of which were hypers, 43 compact hypers, and 228 supermarkets.

Financial review (continued)



The key financial and non-financial information per segment for 2013 and 2012 (as restated) is presented below:

	Ahold USA		The Netherlands		Czech Republic	
	2013	2012[1]	**2013**	2012[1]	**2013**	2012[1]
Net sales (€ millions)	**19,676**	20,112	**11,494**	11,054	**1,445**	1,516
Net sales ($ millions)	**26,118**	25,845				
Net sales growth	**1.1%**	3.1%	**4.0%**	5.2%	**(4.7)%**	(3.2)%
Identical sales growth[2]	**0.2%**	1.4%	**0.6%**	1.0%	**(1.7)%**	(1.9)%
Identical sales growth (excluding gasoline sales)	**0.3%**	0.5%			**(1.5)%**	(1.8)%
Operating income (€ millions)	**663**	735	**612**	652	**31**	27
Operating income ($ millions)	**883**	944				
Underlying operating income (€ millions)	**801**	852	**619**	615	**30**	27
Underlying operating margin	**4.1%**	4.2%	**5.4%**	5.6%	**2.1%**	1.8%
Number of employees / headcount (at year end in thousands)	**117**	121	**94**	93	**10**	10
Number of employees / FTEs (at year end in thousands)	**83**	85	**30**	30	**8**	9
Contribution to Ahold net sales	**60.3%**	61.5%	**35.3%**	33.8%	**4.4%**	4.7%
Contribution to Ahold underlying operating income[3]	**55.3%**	57.0%	**42.7%**	41.2%	**2.0%**	1.8%

1 See *Note 3* to the consolidated financial statements for an explanation of the restatements.

2 Identical sales growth in the Netherlands excludes the VAT on tobacco sales. For the definition see *Non-GAAP measures* at the end of this section.

3 Before Corporate Center costs.

Non-GAAP measures

This Annual Report includes the following non-GAAP financial measures:

Adjusted income from continuing operations

Income from continuing operations adjusted for significant non-recurring items. This measure is a component of Ahold's dividend policy, which sets the dividend payout ratio to be 40-50% of adjusted income from continuing operations.

Comparable sales

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

Corporate Center costs

Corporate Center costs relate to the responsibilities of the Corporate Center, including Corporate Finance, Corporate Strategy, Internal Audit, Legal, Compliance, Human Resources, Information Management, Insurance, Communications, Corporate Responsibility, and the majority of the Executive Committee. Corporate costs also include results from other activities coordinated centrally but not allocated to any operating company. Underlying Corporate Center costs exclude impairments of non-current assets, gains and losses on the sale of assets, and restructuring and related charges, including business acquisition transaction costs.

Free cash flow

Operating cash flows from continuing operations minus net capital expenditures minus net interest paid, plus dividends received. Ahold's management believes this measure is useful because it provides insight into the cash flow available to, among other things, reduce debt and pay dividends.

Gross rent

Gross rent comprises all of the rent that Ahold is required to pay to third parties and is not corrected for rental income Ahold receives from other third parties.

Identical sales

Net sales from exactly the same stores and online sales in existing market areas, in local currency for the comparable period.

Identical sales, excluding gasoline net sales

Because gasoline prices have experienced greater volatility than food prices, Ahold's management believes that by excluding gasoline net sales, this measure provides a better insight into the growth of its identical store sales.

Identical sales, excluding VAT from tobacco sales

Until July 1, 2013, Value Added Tax (VAT) on tobacco products sold in the Netherlands was levied over the retail price at the same time as the excise duties were due. From July 1, 2013, levying VAT on tobacco products was aligned with the mechanism of levying VAT on all other consumer products. The result is a reduction in recognized net sales related to tobacco products without a corresponding reduction in volume or gross margin. Ahold's management believes that excluding the pre- as well as the post-July 1, 2013 VAT from tobacco sales in the measure of identical sales provides a better insight into the growth of its identical store sales.

Liquidity

Cash and cash equivalents, short-term deposits and similar instruments, and undrawn funds available under the committed credit facility. Ahold's management believes this measure is useful because it provides insight into funds available to manage the company.

Net debt

Net debt is the difference between (i) the sum of loans, finance lease liabilities, cumulative preferred financing shares and short-term debt (i.e. gross debt) and (ii) cash, cash equivalents, and short-term deposits and similar instruments. In management's view, because cash, cash equivalents, and short-term deposits and similar instruments 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.

Net lease adjusted debt / EBITDAR

Net debt increased by the present value of future operating lease commitments over underlying operating income before depreciation, amortization and gross rent expense. Ahold's management believes this measure is useful because it provides insight into Ahold's leverage, adjusted for the impact of operating leases that count for a significant part of Ahold's capital structure.

Net sales at constant exchange rates

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

Net sales in local currency

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

Operating income in local currency

In certain instances operating income is presented in local currency. Ahold's management believes this measure provides better insight into the operating performance of Ahold's foreign subsidiaries.

Return on capital employed

Return on capital employed (ROCE) is calculated as the sum of underlying operating income and the 50% gross rent add back, divided by the annual rolling average of the sum of property, plant and equipment, intangible assets, working capital components, and gross rent expense multiplied by eight.

Non-GAAP measures (continued)

Total shareholder return

Total Shareholder Return (TSR) is the sum of share price growth and dividends paid. In this report, we disclose TSR as defined for the purposes of Ahold's Global Reward Opportunity (GRO) program. A daily TSR index obtained from Thomson Reuters is averaged over a six-month period preceding the year end (average TSR index). Annual TSR is an increase in the average TSR index compared to the average TSR index in the previous year.

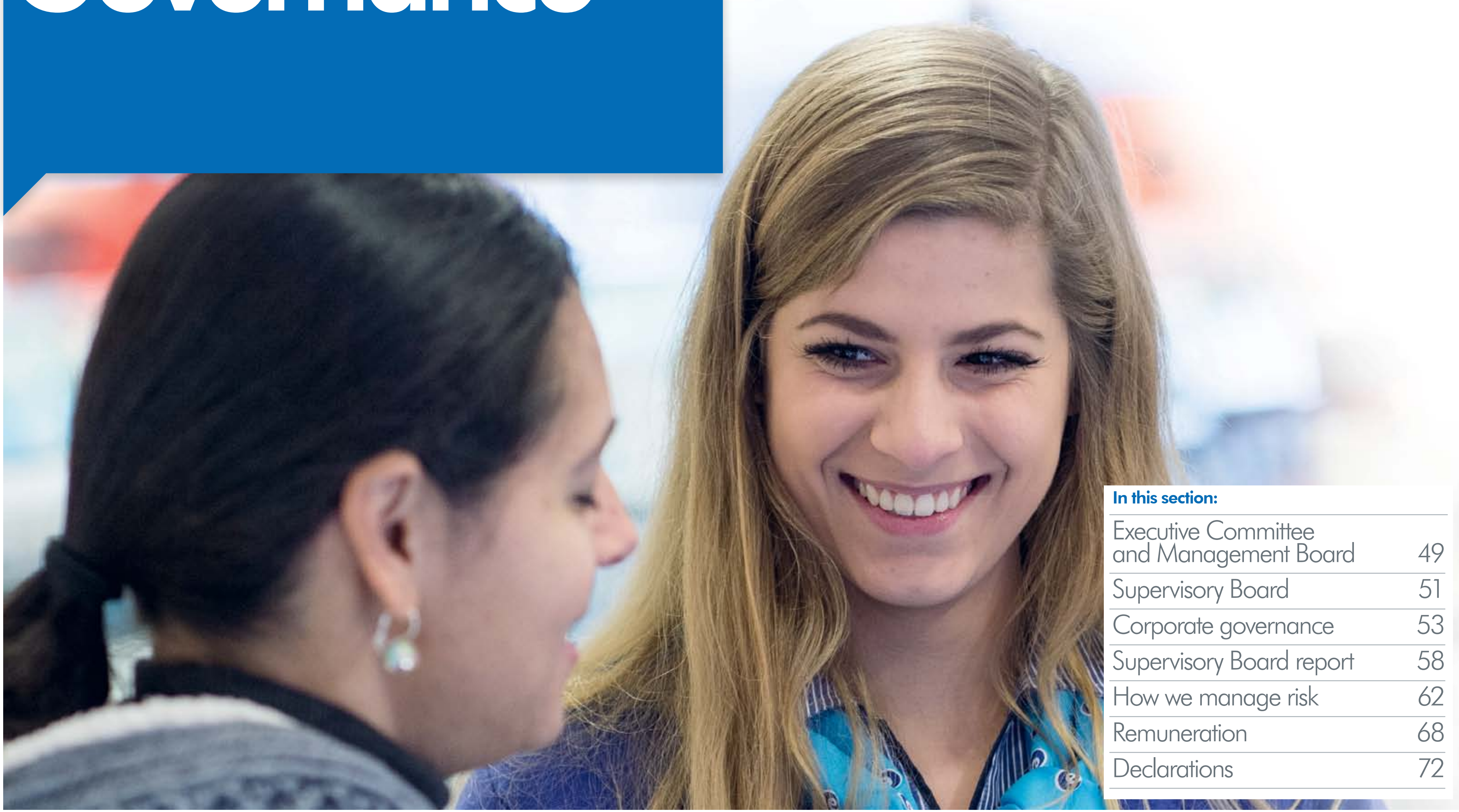
Underlying operating income

Total operating income, adjusted for impairments of non-current assets, gains and losses on the sale of assets, restructuring and related charges, and other unusual items. Ahold's management believes this measure provides better insight into the underlying operating performance of Ahold's operations.

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.

Governance

We are committed to a Corporate governance structure that best supports our business and meets the needs of our stakeholders.



In this section:

Our Executive Committee and Management Board[1]

Dick Boer
President and Chief Executive Officer
Chairman Management Board and Executive Committee

Dick Boer (August 31, 1957) is a Dutch national. On September 29, 2010, the Supervisory Board appointed him Chief Executive Officer of Ahold, effective March 1, 2011. Prior to that date, Dick had served as Chief Operating Officer Ahold Europe since November 6, 2006.

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 Ahold's Dutch businesses. Ahold's shareholders appointed him to the Management Board on May 3, 2007.

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

Dick is co-chair of The Consumer Goods Forum, member of the board of the European Retail Round Table, and a member of the executive board of The Confederation of Netherlands Industry and Employers (VNO-NCW). He is also a member of the advisory board of G-star.

1 The duties of the Management Board are described under *Corporate Governance* in this Annual Report.

Jeff Carr
Executive Vice President and Chief Financial Officer
Member Management Board and Executive Committee

Jeff Carr (September 17, 1961) is a British national. Ahold's shareholders appointed him to the Management Board on April 17, 2012. Jeff had first joined Ahold in November 2011 as acting member of the Management Board and Chief Financial Officer (CFO).

Before joining Ahold, Jeff was group finance director and a member of the board at UK-based FirstGroup, the leading transport operator in the United Kingdom and North America. He began his career at Unilever, and held senior roles in finance at easyJet, Associated British Foods, Reckitt Benckiser and Grand Metropolitan. Jeff has served as CFO of listed companies since 2005, and has lived and worked in Europe and the United States.

Lodewijk Hijmans van den Bergh
Executive Vice President and Chief Corporate Governance Counsel
Member Management Board and Executive Committee

Lodewijk Hijmans van den Bergh (September 16, 1963) is a Dutch national. Ahold's shareholders appointed him to the Management Board on April 13, 2010. Lodewijk had first joined the Company on December 1, 2009, as acting member of the Management Board and Chief Corporate Governance Counsel.

Prior to joining Ahold, Lodewijk was a partner at Amsterdam-based law firm De Brauw Blackstone Westbroek N.V. Lodewijk is the deputy chairman of the board of the Royal Concertgebouw Orchestra and a member of the supervisory boards of HAL Holding N.V. and the board of trustees of Air Traffic Control in the Netherlands. He is also a member of the advisory boards of Rotterdam School of Management, Erasmus University and Champs on Stage.

James McCann
Executive Vice President and Chief Operating Officer Ahold USA
Member Management Board and Executive Committee

James McCann (October 4, 1969) is a British national. Ahold's shareholders appointed him to the Management Board on April 17, 2012. James had first joined Ahold on September 1, 2011, as acting member of the Management Board and Chief Commercial & Development Officer. On February 1, 2013, he became Chief Operating Officer Ahold USA.

Before joining Ahold, James was executive director for Carrefour France and a member of Carrefour's group executive board. During the previous seven years, he held leading roles in various countries for Tesco plc. Prior to that, he worked for Sainsbury's, Mars and Shell.

Our Executive Committee and Management Board (continued)

Hanneke Faber

Chief Commercial Officer

Member Executive Committee

Hanneke Faber (April 19, 1969) is a Dutch national.

On August 21, 2013, the Supervisory Board appointed Hanneke as Chief Commercial Officer and member of the Executive Committee, effective September 1, 2013. She is responsible for leading the global online and customer loyalty initiatives, ensuring and accelerating an integrated approach to the first two pillars of Ahold's strategy, "increasing customer loyalty" and "broadening our offering."

Before joining Ahold, Hanneke was vice president and general manager Global Pantene, Head & Shoulders and Herbal Essences at Procter & Gamble. She began her career at Procter & Gamble in 1992 and has held various senior roles in marketing in both Europe and in the United States.

Sander van der Laan

Chief Operating Officer Ahold Netherlands and Chief Executive Officer Albert Heijn

Member Executive Committee

Sander van der Laan (September 30, 1968) is a Dutch national.

On August 21, 2013, the Supervisory Board appointed Sander to the Executive Committee, effective September 1, 2013. On March 1, 2011, he became Chief Operating Officer of Ahold Europe, and later CEO of Albert Heijn. He is responsible for business operations and continental strategy within Europe.

Sander joined Ahold in 1998 as Unit Manager for Albert Heijn. In March 2002, he became General Manager for Gall & Gall, and in May 2003 he was appointed EVP Marketing & Merchandising at Albert Heijn. In 2008, Sander was appointed CEO of Giant Carlisle in the United States, and in January 2010, he became General Manager of Albert Heijn. Prior to joining Ahold, he spent eight years in various positions for SCA and Unilever. Sander is co-chair of GS1 Nederland and a member of the executive board of ECR Europe. He is also the chairman of the VUmc CCA Foundation at the VU Medical Center in Amsterdam.

Abbe Luersman

Chief Human Resources Officer

Member Executive Committee

Abbe Luersman (December 4, 1967) is a U.S. national.

The Supervisory Board appointed Abbe as Chief Human Resources Officer and member of the Executive Committee, effective November 1, 2013. She is responsible for HR, leadership, and organizational design.

Before joining Ahold, Abbe worked for Unilever, where she has held various HR leadership roles, with her most recent being responsible for Human Resources for Unilever Europe. Prior to Unilever, Abbe worked at Whirlpool Corporation holding various senior roles in human resources, both in the United States and internationally.

Supervisory Board

Jan Hommen
Chairman
Chairman of the Selection and Appointment Committee

Jan Hommen (April 29, 1943) is a Dutch national. He was appointed to the Supervisory Board at the General Meeting of Shareholders on April 17, 2013. His term runs until 2017.

Jan was previously Vice Chairman of Ahold's Supervisory Board and served as Chairman of the Audit Committee from 2003 to 2007. He is the former CEO of ING Group N.V., former CFO and vice chairman of the board of management of Royal Philips Electronics N.V. and former CFO of Aluminum Company of America. He has held chairman positions on the supervisory boards of TNT N.V. and Reed Elsevier N.V. and was a member of the board of Campina. Currently he is the chairman of Brabantse Ontwikkelings Maatschappij Holding B.V., a member of the supervisory board of PSV N.V., and chairman of the supervising body of Maastricht Universitair Medisch Centrum. He is also a member of the boards of the Dutch Banking Association, the Royal Concertgebouw Orchestra and the University of Tilburg.

Judith Sprieser
Vice Chairman

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 2014. Judith is former CEO of Transora, Inc, which she founded in 2000. Prior to that, she was executive vice president and CFO of Sara Lee Corporation. She is a director of Allstate Corporation, Reckitt Benckiser plc, Intercontinental Exchange, Inc. and Experian Plc.

Stephanie Shern
Chairman of the Audit Committee

Stephanie 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 2017. 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 and chair of the audit committee of Gamestop and a member of the board of Scotts Miracle-Gro. Stephanie is also a member of the advisory board of Pennsylvania State University's accounting major program and a founding member of the Lead Director Network and of the Southwest Region of the United States Audit Committee Network, both organized by Tapestry Networks in the United States.

Rob van den Bergh
Chairman of the Remuneration Committee

Rob van den Bergh (April 10, 1950) is a Dutch national. He was appointed to the Supervisory Board on April 20, 2011, and his term runs until 2015. Rob is former CEO of VNU N.V. Prior to that, he held various other executive positions within VNU and was a member of the executive board from 1992 until his appointment as CEO in 2000. Rob is currently chairman of the supervisory board of N.V. Deli Maatschappij and a member of the supervisory boards of TomTom N.V., from which position he is to step down on May 1, 2014, Holding Nationale Goede Doelen Loterijen N.V. and Pon Holdings B.V. He is also chairman of the supervisory board of Isala Klinieken Foundation, a member of the investment committee of NPM Capital N.V. and a member of the advisory board of CVC Capital Partners.

Supervisory Board (continued)

Derk Doijer

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 2017. 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 boards of Corio N.V. and Lucas Bols Holdings B.V.

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 2016. Mark is a director emeritus of McKinsey & Company. He led the firm's Americas' Consumer Goods Practice from 1998 until 2004 when he retired from the company. Mark is a former director of GATX and of the University of Notre Dame's Kellogg Institute of International Studies. He is a member of the advisory councils of the University of Chicago Booth Graduate School of Business and Notre Dame's Kroc International Peace Studies Institute and a member of the Executive Committee of the Chicago Symphony Orchestra Association.

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 2017. Ben was formerly CEO and chairman of the executive board of Randstad Holding N.V. from March 2003 and is to step down on February 28, 2014. He had first joined Randstad in 1993 and held various senior management positions during his time with the company. Ben joined the executive board of Randstad in 2001. Ben is a member of the boards of the Holland Festival Foundation and the Cancer Center Amsterdam.

Corporate governance

Ahold is committed to a corporate governance structure that best supports its business and meets the needs of its stakeholders and that complies with relevant rules and regulations.

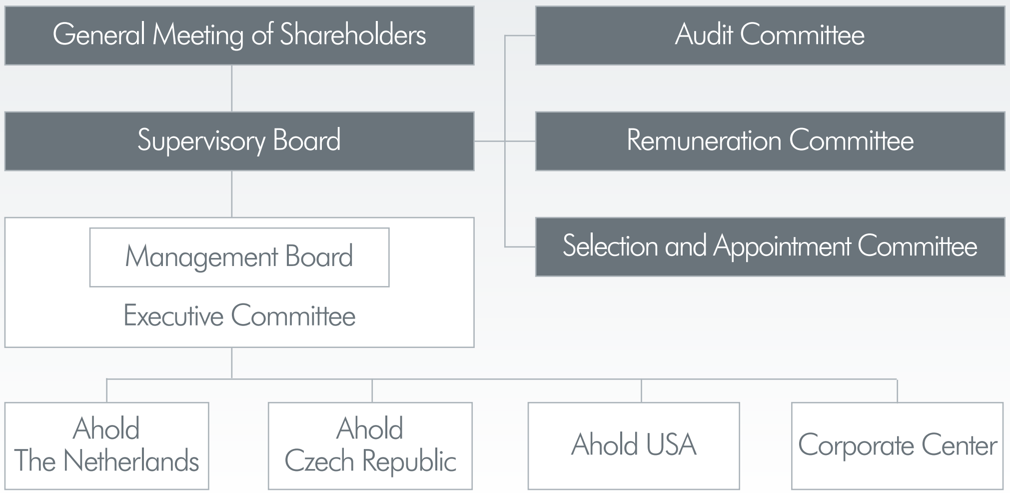
This section contains an overview of Ahold's corporate governance structure and includes information required under the Dutch Corporate Governance Code.

Governance structure

Koninklijke Ahold N.V. (the Company) is a public company under Dutch law with a two-tier board structure. The Company's Management Board has ultimate responsibility for the overall management of Ahold. The Company also has an Executive Committee that is comprised of the Management Board as well as certain key officers of the Company, is led by the Chief Executive Officer and is accountable to the Management Board. The Management Board is supervised and advised by a Supervisory Board. The Management Board and the Supervisory Board are accountable to Ahold's 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 three platforms, Ahold Netherlands, Ahold Czech Republic and Ahold USA, each of which contains a number of businesses.

Governance structure



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.

Management Board and Executive Committee

The Executive Committee manages the general affairs of Ahold and ensures that the Company can effectively implement its strategy and achieve its objectives. The Management Board is ultimately responsible for the actions and decisions of the Executive Committee, and the overall management of Ahold. For a more detailed description of the responsibilities of the Executive Committee and the Management Board, please refer to the rules of procedure in the corporate governance section of Ahold's public website at www.ahold.com.

Composition

According to Ahold's Articles of Association, the Management Board must consist of at least three members. The current members of the Management Board are: Dick Boer, President and Chief Executive Officer; Jeff Carr, Executive Vice President and Chief Financial Officer; Lodewijk Hijmans van den Bergh, Executive Vice President and Chief Corporate Governance Counsel; and James McCann, Executive Vice President and Chief Operating Officer Ahold USA. The current members of the Executive Committee are the members of the Management Board plus Sander van der Laan, Chief Operating Officer Ahold Netherlands and Chief Executive Officer Albert Heijn; Hanneke Faber, Chief Commercial Officer; and Abbe Luersman, Chief Human Resources Officer. The size and composition of the Management Board and the Executive Committee and the combined experience and expertise of their members should reflect the best fit for the profile and strategy of the Company. This aim for the best fit, in combination with the availability of qualifying candidates, has resulted in Ahold currently having a Management Board in which all four members are male and an Executive Committee in which five members are male and two are female. In order to increase gender diversity on the Management Board, in accordance with article 2:276 section 2 of the Dutch Civil Code, the Company pays close attention to gender diversity in the process of recruiting and appointing new Management Board members. In addition, the Company continues to recruit female executives, as demonstrated by the appointment of two women to the Executive Committee in 2013. Ahold also encourages the professional development of female employees, which has already led to the promotion of several women to key leadership positions across the Group.

Appointment, suspension and dismissal

The General Meeting of Shareholders can appoint, suspend, or dismiss a Management 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.

Management 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 Management Board member.

Corporate governance (continued)

Remuneration

On April 17, 2013, Ahold's General Meeting of Shareholders adopted its current remuneration policy for Management Board members. You can find details of this policy in *Remuneration*. For detailed information on the individual remuneration of Management Board members, see *Notes 31* and *32* to the consolidated financial statements.

Supervisory Board

The Supervisory Board is responsible for supervising and advising Ahold's Management Board and overseeing the general course of affairs and strategy of the Company. The Supervisory Board is guided in its duties by the interests of the Company and the enterprise connected with the Company, 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 Management Board, including:

- → Issuance of shares
- → Acquisitions, redemptions, repurchases of shares, and any reduction in issued and outstanding capital
- → Allocation of duties within the Management Board and the adoption or amendment of the Rules of Procedure of the Executive Committee and the Management Board
- → 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.

You can find more detailed information on the Supervisory Board in the *Supervisory Board report*. The following charters can be found in the corporate governance section of Ahold's public website at www.ahold.com: the Supervisory Board Charter, the Audit Committee Charter, the Remuneration Committee Charter and the Selection and Appointment Committee Charter. The composition of the Supervisory Board, including its members' combined experience and expertise, independence, and diversity of age and gender, should reflect the best fit for the profile and strategy of the Company. This aim for the best fit, in combination with the availability of qualifying candidates, has resulted in Ahold currently having a Supervisory Board in which two members are female and five members are male. In order to increase gender diversity in the Supervisory Board in accordance with article 2:276 section 2 of the Dutch Civil Code, the Company pays close attention to gender diversity in the process of recruiting and appointing new Supervisory Board candidates.

Conflict of interest

Each member of the Management 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 Management Board and provide them with all relevant information. Each member of the Supervisory Board 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 Management Board has a conflict of interest with the Company, the member may not participate in the discussions and / or decision-making process on subjects or transactions 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 such transaction occurred in 2013. 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% of the shares in the Company occurred in 2013.

Possible reappointment schedule of Management Board

Name	Date of birth	Date of first appointment	Date of possible reappointment
Dick Boer	August 31, 1957	May 3, 2007	2015
Jeff Carr	September 17, 1961	April 17, 2012	2016
Lodewijk Hijmans van den Bergh	September 16, 1963	April 13, 2010	2014
James McCann	October 4, 1969	April 17, 2012	2016

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 after 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 Management Board, or by one or more shareholders representing at least 10% 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 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% 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

Corporate governance (continued)

for the General Meeting of Shareholders must be submitted at least 60 days prior to the date of the meeting. 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.

Dutch law prescribes a record date to be set 28 days prior to the date of the General Meeting of Shareholders to determine whether a person may attend and exercise the rights relating to the 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. Ahold uses Deutsche Bank Trust Company Americas, the Depositary for the Company'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 Management 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 may 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 the General Meeting of Shareholders.

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 the 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 have been 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 February 26, 2014, the members of the board of SAPFAA are:

Member A:	J.L. van der Giessen
Member B:	C.W. de Monchy
Member C:	H.J. Baeten, Chairman

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.

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 of control over the Company, 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. The purpose of SAC, according to its articles of association, 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 February 26, 2014, the members of the board of SAC are:

Name	Principal or former occupation
W.G. van Hassel, Chairman	Former lawyer and former chairman Dutch Bar Association
G.H.N.L. van Woerkom	President & CEO of ANWB
J. van den Belt	Former CFO Océ
B. Vree	CEO APM Terminals Europe

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

Issue of additional shares and pre-emptive rights

Shares may be issued following a resolution by the General Meeting of Shareholders on a proposal of the Management Board made with the approval of the Supervisory Board. The General Meeting of Shareholders may resolve to delegate this authority to the Management 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 Management 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 Management Board, relating to the issuance and/or granting of rights to acquire common shares up to a maximum of 10% of the issued common shares through October 17, 2014, and 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 decide to restrict or exclude pre-emptive rights. The General Meeting of Shareholders may also resolve to designate the Management 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 Management 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 17, 2014.

Corporate governance (continued)

Repurchase by Ahold of its own shares

Ahold may only acquire fully paid shares of any class in its capital for a consideration 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% of the issued share capital.

The Management 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, will take place at a price between par value and 110% 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 17, 2014. 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:

3%	5%	10%	15%	20%
25%	30%	40%	50%	60%
75%	95%			

The obligation to notify the AFM also applies when the 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. In addition, local rules may apply to investors.

The following table lists the shareholders on record in the AFM register on February 26, 2014, that hold an interest of 3% or more in the share capital of the Company.

For details on the number of outstanding shares, see *Note 20* to the consolidated financial statements. For details on capital structure, listings, share performance and dividend policy in relation to Ahold's common shares, see *Investors*.

Shareholder	Date of disclosure	Capital interest[2]	Voting rights[2]
Blackrock, Inc	February 17, 2014	2.99%	4.46%
Silchester International Investors LLP	September 18, 2013	3.00%	3.52%
Deutsche Bank AG	July 2, 2013	3.63%	4.26%
Mondrian Investment Partners Limited	September 27, 2012	4.26%	4.99%
Stichting Administratiekantoor Preferente Financieringsaandelen Ahold[1]	July 13, 2012	20.19%	6.55%
ING Groep N.V.[1]	April 8, 2008	9.26%	4.92%
DeltaFort Beleggingen B.V.[1]	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 depository receipts to investors that were filed under ING Group N.V. and DeltaFort Beleggingen B.V. The interest on record for ING Groep N.V. and DeltaFort Beleggingen B.V. includes both the direct and real interest from the common shares as well as the indirect and / or potential interest from the depository receipts. Further details can be found on www.afm.nl.

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.

Articles of Association

Ahold's Articles of Association outline certain of the Company's basic principles relating to corporate governance and organization. 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 at 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 Management 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 (re)appointment by the General Meeting of Shareholders. In addition, the Audit Committee evaluates and, where appropriate, recommends the replacement of the external auditors. On April 17, 2013, the General Meeting of Shareholders appointed PricewaterhouseCoopers Accountants N.V. as external auditor for the Company for the financial year 2013.

Decree Article 10 EU Takeover Directive

According to the Decree Article 10 EU Takeover Directive, Ahold has to report on, among other things, 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 Management Board and the Supervisory Board and the amendment of the Articles of Association, the powers of the Management Board (in particular the power to issue shares or to repurchase shares), significant agreements to which Ahold is a party and which are put into effect, changed or dissolved upon a change of control of Ahold following a takeover bid, and any agreements between Ahold and the members of the Management 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 under *Investors*, 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 Management Board and to the Supervisory Board, in the manner set out in the *Governance* section, as long as it does not entail disclosure of commercially sensitive information, as accepted under the code. The Dutch Corporate Governance Code was last amended on December 10, 2008, and can be found at www.commissiecorporategovernance.nl.

Ahold's 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 statement

The Dutch Corporate Governance Code requires companies to publish a statement concerning their approach to corporate governance and compliance with the Code. This is referred to in article 2a of the decree on additional requirements for annual reports "Vaststellingsbesluit nadere voorschriften inhoud jaarverslag" last amended on 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*

→ 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*

→ 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*

→ The information regarding the composition and functioning of Ahold's Management Board and the Company's 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*

→ 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*

Supervisory Board report

The Supervisory Board is an independent corporate body responsible for supervising and advising Ahold's Management Board and overseeing the general course of affairs and strategy of the Company.

The Supervisory Board is guided in its duties by the interests of the Company and the enterprise connected with the Company, 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 at 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 profile is updated regularly.

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 17, 2013, the General Meeting of Shareholders appointed Jan Hommen as member of the Supervisory Board and reappointed Derk Doijer and Stephanie Shern for a third term and Ben Noteboom for a second term. René Dahan and Tom de Swaan resigned from the Supervisory Board during 2013. On April 16, 2014, Judith Sprieser will be nominated for reappointment.

Induction

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

Diversity profile Supervisory Board

Name	Date of birth	American	Netherlands	International experience	Retail	Food industry	Finance	Social / employment	CR	Disclosure / communication	Marketing	Management experience	Gender
Jan Hommen	April 29, 1943		✓	✓			✓	✓	✓	✓		✓	♂
Derk Doijer	October 9, 1949		✓	✓	✓	✓						✓	♂
Stephanie Shern	January 7, 1948	✓		✓	✓		✓			✓	✓	✓	♀
Judith Sprieser	August 3, 1953	✓		✓		✓	✓	✓		✓		✓	♀
Mark McGrath	August 10, 1946	✓		✓	✓	✓					✓	✓	♂
Ben Noteboom	July 4, 1958		✓	✓				✓	✓	✓	✓	✓	♂
Rob van den Bergh	April 10, 1950		✓	✓						✓		✓	♂

Retirement and reappointment schedule

Name	Date of initial appointment	Date of reappointment	Date of possible reappointment
Jan Hommen	April 17, 2013		2017*
Derk Doijer	May 18, 2005	April 17, 2013	–
Stephanie Shern	May 18, 2005	April 17, 2013	–
Judith Sprieser	May 18, 2006	April 13, 2010	2014
Mark McGrath	April 23, 2008	April 17, 2012	2016
Ben Noteboom	April 28, 2009	April 17, 2013	2017
Rob van den Bergh	April 20, 2011		2015

* Jan Hommen will not be available for reappointment in 2017.

Supervisory Board report (continued)

Meetings and activities of the Supervisory Board

In 2013, the Supervisory Board held seven meetings in person and two meetings by conference call. The members of the Management Board attended the meetings. The other members of the Executive Committee as well as other senior corporate, continental and local management were regularly invited to be present. The Supervisory Board held several private meetings without other attendees to independently review certain issues and to discuss matters related to the functioning of the Management and Supervisory Boards. The then external auditor attended the meeting on February 26 and 27, 2013, at which the 2012 Annual Report and financial statements were recommended for adoption by the annual General Meeting of Shareholders. The Supervisory Board assessed its own performance over 2013, that of its committees and its individual members, as well as the performance of the Management Board and its individual members through a survey, followed by one-on-one meetings with the Chairman and a private meeting (partly) attended by the CEO. The Supervisory Board was positive, overall, about its own performance as well as the performance of its committees and the Management Board. Findings of the assessment included the intentions to strengthen the financial expertise within the Supervisory Board in view of the resignation of Mr. De Swaan and to monitor closely the effect of the new management structure including the Executive Committee and Management Board. The members of the Supervisory Board have regular contact with the members of the Management Board and other Company management outside of the scheduled meetings of the Supervisory Board. These informal consultations ensure that the Supervisory Board remains well-informed about the running of the Company's operations.

During 2013, the Supervisory Board reviewed matters related to all significant aspects of Ahold's activities, results, strategies and management. During its meetings throughout the year, the Supervisory Board reviewed reports from its various committees and regularly assessed the functioning of the Management Board, the organizational strategy, talent management and succession planning.

→ In February 2013, the Supervisory Board met to discuss the Q4 2012 results and 2012 Annual Report and financial statements, including related reports from the internal and external auditors and a report from the Management Board on the Company's internal control system. The Supervisory Board supported the dividend proposal and approved the agenda and explanatory notes for the Annual General Meeting of Shareholders in April 2013, including a proposal to amend the Company's Articles of Association, a proposal for the nomination of the external auditor and a proposal related to the Company's remuneration policy. The Supervisory Board established the annual compensation of the Management Board members in accordance with the Company's remuneration policy and with the assistance of the Remuneration Committee.

→ Also in February 2013, the Supervisory Board reviewed Ahold's responsible retailing initiatives and approved its 2012 Responsible Retailing Report. The Board also received updates on the European and U.S. businesses, the functioning of IT systems, the enterprise risk management of the Group and major legal proceedings with potential impact on Ahold.

→ The successive quarterly figures of 2013 and related reports and updates were discussed in June, August and November 2013, respectively.

→ Prior to the Annual General Meeting of Shareholders on April 17, 2013, the Supervisory Board met to review updates on the European and U.S. businesses as well as mergers and acquisitions projects. These projects were also discussed during a meeting of the Supervisory Board in May 2013. In that same meeting, the Supervisory Board approved a proposal from the Management Board to change the top management structure of the Company and to incorporate an Executive Committee.

→ In July, the Supervisory Board met in the United States to visit the Ahold USA divisions and to review the Company's strategy as part of the annual strategic planning cycle, including specific reviews of several strategic growth options and the intended closing of Stop & Shop stores in New Hampshire.

→ The Supervisory Board visited bol.com in the Netherlands during its meeting in August 2013 and the Company's Giant Carlisle stores in the Philadelphia area in October 2013. During the October meeting, the Supervisory Board reviewed strategic initiatives, market developments and competitive activities in its European and U.S. businesses as well as appropriate responses. The Supervisory Board also reviewed and approved the Company's long-term business and finance plans.

→ In November 2013, the Supervisory Board met to discuss and approve the annual budget for 2014. They again reviewed market developments and competitive activities as well as appropriate responses. The Supervisory Board reviewed and supported the proposal for a €1 billion capital repayment and a reverse stock split. The agenda for the Extraordinary General Meeting on January 21, 2014, was approved by the Supervisory Board in December 2013.

Attendance, independence

Except in one case, and for a valid reason, all Supervisory Board members attended all Supervisory Board meetings in 2013. All Supervisory Board members made adequate time available to give sufficient attention to the matters concerning Ahold. The Supervisory Board confirms that as of February 26, 2014, all Supervisory Board members are independent within the meaning of provision III.2.2 of the Dutch Corporate Governance Code.

Board Attendance	Date of appointment / (resignation) during the year	Number of meetings held	Number of meetings attended
Jan Hommen	October 2013	2	2
Judith Sprieser		7	7
Stephanie Shern		7	6
Rob van den Bergh		7	7
Derk Doijer		7	7
Mark McGrath		7	7
Ben Noteboom		7	7
Rene Dahan	(October 2013)	5	5
Tom de Swaan	(October 2013)	5	5

Supervisory Board report (continued)

Remuneration

The annual remuneration of the members of the Supervisory Board was determined by the General Meeting of Shareholders on April 17, 2013. Remuneration is subject to a yearly review by the Supervisory Board.

Chairman Supervisory Board	€85,000
Vice Chairman Supervisory Board	€65,000
Member Supervisory Board	€55,000
Chairman Audit Committee	€17,500
Member Audit Committee	€12,000
Chairman Remuneration Committee	€12,000
Member Remuneration Committee	€9,000
Chairman Selection and Appointment Committee	€12,000
Member Selection and Appointment Committee	€9,000
Travel compensation[1] intercontinental	€7,500
Travel compensation[1] continental	€2,500

1 Travel compensation per round trip air travel.

Committees of the Supervisory Board

The Supervisory Board has three permanent committees to which certain tasks are assigned. The committees provide the Supervisory Board with regular updates of their meetings. The Chairman of the Supervisory Board attends all committee meetings. The composition of each committee is detailed in the following table.

	Audit Committee	Remuneration Committee	Selection and Appointment Committee
Jan Hommen, Chairman			Chairman
Judith Sprieser, Vice Chairman	Member	Member	
Stephanie Shern	Chairman	Member	
Rob van den Bergh		Chairman	Member
Derk Doijer	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, Senior Vice President Internal Audit, Senior Vice President Accounting, Reporting, Risks & Controls and representatives of the external auditor are invited to and also attend 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 Management Board and the Audit Committee report to the Supervisory Board annually 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 2013, the Audit Committee held three meetings in person and two conference calls to review the publication of quarterly results and the Annual Trading Statement. In October 2013, Tom de Swaan stepped down as Chairman of the Audit Committee and was succeeded by Stephanie Shern.

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 and reviewed and received regular updates on Ahold's whistleblower program.

The Audit Committee was closely involved in the evaluation of Ahold's external auditor, in accordance with provision V.2.3 of the Dutch Corporate Governance Code.

The Audit Committee further discussed items including:

- → Quarterly interim reports
- → Annual trading statement
- → 2012 Annual Report including the financial statements
- → Review and approval of the internal audit plan
- → Review of and discussions on the findings in the internal audit letter and the management letter of the external auditor
- → Ahold's finance structure
- → Treasury
- → Capital investments
- → Tax
- → Pensions
- → Guarantees
- → Enterprise risk management
- → Reputational issues
- → Insurance
- → Appointment of the external auditor
- → Code of Conduct

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

Supervisory Board report (continued)

In a separate private meeting, the Audit Committee carried out a self-evaluation on the basis of written questionnaires, which provided the framework for discussions on its own functioning as well as that of its individual members. This review concluded that the Audit Committee's composition, its work processes, the scope and depth of its activities, its interfaces with the Management Board and the Supervisory Board, and the personal contribution of each individual committee member are satisfactory and adequately serve the Company's needs. Furthermore, the review concluded that the Audit Committee wanted to intensify its contact with second level financial management. Following this conclusion, the Audit Committee held meetings with financial management.

The Supervisory Board has determined that Stephanie Shern and Judith Sprieser are "Audit Committee Financial Experts" within the meaning of the Dutch Corporate Governance Code.

Selection and Appointment Committee

In 2013, the Selection and Appointment Committee held five meetings. The Chief Executive Officer was invited to most of these meetings. Its main areas of focus were long-term succession planning for the Supervisory Board and management development. It was also involved in organizational and management changes at Ahold Europe and Ahold USA and discussed overall succession and management development processes at Ahold. During one of its meetings, the Selection and Appointment Committee evaluated its own functioning and concluded that its composition and activities are satisfactory and adequately serve the Company's needs.

Remuneration Committee

The main responsibilities of the Remuneration Committee include:

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

The current members of the Remuneration Committee are Supervisory Board members Rob van den Bergh (Chairman), Stephanie Shern, Judith Sprieser, Mark McGrath, and Ben Noteboom. In 2013, the Remuneration Committee met five times. The Chief Executive Officer was invited to most of these meetings. For more information on the remuneration policy, see *Remuneration*. During one of its meetings, the Remuneration Committee evaluated its own functioning and concluded that its composition and activities are satisfactory and adequately serve the Company's needs.

Conclusion

The Supervisory Board is of the opinion that during the year 2013, its composition, mix and depth of available expertise; working processes; level and frequency of engagement in all critical Company activities; and access to all necessary and relevant information and the Company's management and staff were fully satisfactory and enabled it to carry out its duties towards all the Company's stakeholders.

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 Management Board and all Ahold's associates.

Supervisory Board
Zaandam, the Netherlands
February 26, 2014

How we manage risk

Having a structured and consistent approach to managing risks and uncertainties is key to being able to fulfill our stakeholders' expectations.

In order to meet our Reshaping Retail objectives, Ahold needs to be agile and entrepreneurial to respond quickly and effectively to rapid changes in the retail landscape. Having a well-established and embedded risk management approach benefits our decision-making processes to create and preserve value. Managing risks and unpredictable conditions in a timely way increases the likelihood that we will achieve our business objectives, while ensuring compliance with internal and external requirements.

Ahold strives for a culture of openness and transparency in which identified risks are disclosed proactively and unexpected events are reported as soon as they occur. Risk management is an integral part of responsible leadership.

Risk management and internal control

Enterprise risk management

Ahold's enterprise risk management program is designed to provide executive management with an understanding of the Company's key business risks and associated risk management practices. Within each continent, management identifies the principal risks to the achievement of important business objectives and the actions needed to mitigate these risks. Senior executives periodically review these risks and the related mitigation practices. The findings are aggregated into an enterprise risk management report that is presented to the Executive Committee and the Supervisory Board. Executive management is required to review the principal risks and risk management practices with the Executive Committee as a regular part of the business planning and performance cycle. In turn, the Executive Committee provides complementary insights into existing and emerging risks that are subsequently included in the program. Ahold's enterprise risk management program influences the formation of controls and procedures, the scope of internal audit activities and the focus of the business planning and performance process.

Risk appetite

Risk boundaries are set through our strategy, Code of Conduct, bill of authority and policies. Our risk appetite differs by objective area:

→ Strategic
In pursuing our strategic ambition to grow, Ahold is prepared to take risks in a responsible way that takes our stakeholders' interests into account.

→ Operational
The core promise of our Company: "better every day," applies to the day-to-day running of our businesses and describes our commitment to be a better place to shop, a better place to work, and a better neighbor. Risks related to our promises will be in balance with the related rewards.

→ Financial and reporting
With respect to financial risks, Ahold has a prudent financing strategy, including a balanced combination of self-insurance and commercial insurance coverage[1]. The Company is committed to maintaining a strong investment grade credit rating. In relation to financial reporting, Ahold uses a classification matrix to evaluate and report issues.

→ Compliance
At Ahold, an essential part of responsible retailing is behaving according to our values. One of Ahold's values is "Doing what's right," which means that the Company and all its employees are responsible for acting with honesty, integrity, and respect for others. We strive to comply with applicable laws and regulations everywhere we do 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 ERM).

We have developed uniform governance and control standards in areas such as ethical conduct, agreements, accounting policies and product integrity. These and other Executive Committee-approved policies and procedures are incorporated into the ABC Framework as mandatory guidelines for all of Ahold's consolidated entities. Local management is responsible for 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 control requirements are documented in Ahold Control Memoranda (ACMs). Compliance with the ACMs is mandatory for all of Ahold's fully-owned entities. The ACMs cover controls relating to financial reporting and various other business processes. They include the requirement for management to assess the operating effectiveness of all ACM key controls.

1 For further information related to the self-insurance program see *Note 24* to the consolidated financial statements

How we manage risk (continued)

Our Global Code of Conduct (the "Code") focuses on Ahold's core value "Doing what's right" and establishes Group-wide principles and rules with regard to employee conduct. It is intended to help each employee understand and follow relevant compliance and integrity rules and know when and where to ask for advice or report a breach of the Code. The principles of the Code apply to all employees of Ahold and its operating companies. Employees of defined grade levels have been trained and acknowledge compliance with the Code on an annual basis. The full Code is available in the corporate governance section of Ahold's public website at www.ahold.com.

Monitoring and assurance

We use a comprehensive business planning and performance review process to monitor the Company's performance. This process covers the adoption of strategy, budgeting and the reporting of current and projected results. We assess business performance according to both financial and non-financial targets. In order to meet business needs and the requirements of the Dutch Corporate Governance Code, we have a Group-wide management certification process in place, which requires that the executive management team members at each of our reporting entities send letters of representation to the Chief Corporate Governance Counsel on a quarterly basis. These letters confirm whether they are in compliance with Ahold's global Code of Conduct, policies on fraud prevention and detection, accounting and internal control standards, and disclosure requirements. Compliance with Ahold's responsible retailing standards is confirmed through bi-annual letters of representation. Both our Internal Control and Internal Audit functions help to ensure that we maintain and improve the integrity and effectiveness of our system of risk management and internal control. Internal Audit undertakes regular risk-based, objective and critical audits. These functions also monitor the effectiveness of corrective actions undertaken by management, including significant audit findings.

Governance, Risk management and Assurance Committee

The Governance, Risk management and Assurance (GRA) Committee oversees governance, risk management and assurance processes. The GRA Committee is chaired by the Chief Corporate Governance Counsel and (i) advises the Executive Committee on all matters concerning the GRA Framework, including an overall GRA vision and strategy, (ii) oversees activities to develop and maintain a fit-for-purpose GRA Framework and (iii) engages with Ahold's senior management on important developments in the context of GRA.

During 2013, the GRA Committee met twice. In addition to Ahold's Chief Corporate Governance Counsel (Chairman), the Chief Financial Officer sits on the GRA Committee, as do other members of management responsible for governance, risk management, compliance and assurance functions.

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 Management 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 2013 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 2013 and provide reasonable assurance that the financial statements are free of material misstatement.

Risk factors

The principal risk factors that may impede the achievement of Ahold's objectives with respect to strategy, operations, financial and compliance matters are described in the following section. The enterprise risk management system, the governance and control standards incorporated within our ABC Framework, and the monitoring systems described above are the principal means by which we manage these risks. Management is not aware of any important failings in these systems as of year-end 2013.

The following overview of risks relating to Ahold should be read carefully when evaluating the Company's 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.

The risks described below are not the only risks the Company faces. There may be additional risks that we are currently unaware of or risks that management believes are immaterial or otherwise common to most companies, but which may in the future have a material adverse effect on Ahold'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*.

How we manage risk (continued)

Ahold's principal risks and uncertainties[1]

Strategy	Description of risk	Key risk drivers	Risk mitigating actions	Potential consequence
Better place to shop	**Business and IT continuity (O)** Disruption of critical business processes may result in non-availability of products for customers	– Dependency on IT systems – Dependency on supply chain – Centralized facilities – Dependency on logistics service providers – Dependency on suppliers of strategic own-brand products and services	– Business continuity governance structure – Business continuity strategic guidelines and tactical policy – Business continuity framework with guidance, procedures and document templates – Business continuity management plans – Insurance program	Ahold continues to maintain and invest in business continuity management plans. However, these measures cannot fully prevent business interruptions that could have a material adverse effect on the Company's revenues, customer perception and reputation
Better place to work	**Collective bargaining (O)** Ahold's businesses might not be able to negotiate extensions or replacements on acceptable terms, which could result in work stoppages	– Expiring contracts – Relationships with the relevant trade unions – Business disruption – Adverse publicity	– Contract negotiation process – Human Resource functions to support relationships with trade unions – Contingency plans	A significant portion of the employees of Ahold's businesses are represented by unions under collective bargaining agreements. A work stoppage due to the failure of one or more of Ahold's businesses to renegotiate a collective bargaining agreement, or otherwise, could have a material adverse effect on the Company's results of operations and financial position
Business model	**Economic conditions and competitive advantage (S)** Uncertainty about the macro-economic climate and changes to the competitive landscape might threaten Ahold's ability to achieve its strategic business plan	– Price perception – Consumer confidence and unemployment – Consumers' decreasing purchasing power – Changes in the retail landscape and competition	– Research and monitoring of consumer behavior – Price benchmarking competition – Analysis of economic developments – Promotional activities – Building more personalized customer relationships – Strengthening own brands (e.g. new brand AH BASIC and repositioning Simply Enjoy own brand)	Ahold is focused on the execution of its strategic pillars and promises. Unforeseen effects could impair the effectiveness of Ahold's strategy and reduce the anticipated benefits of its price repositioning, and cost savings programs or other strategic initiatives. Inflationary forces impacting cost of goods sold might be difficult to pass on to consumers. These factors may have a material adverse effect on the Company's financial position, results of operations and liquidity. For more information see *Our strategy*

1 Risk objectives: strategic (S), operational (O), financial (F) and compliance (C) risks listed in alphabetical order.

How we manage risk (continued)

Ahold's principal risks and uncertainties[1]

Strategy	Description of risk	Key risk drivers	Risk mitigating actions	Potential consequence
Better place to shop	**Information security (O)** A lack of security around, or non-compliance with, privacy requirements for customer data might negatively impact strategic initiatives relating to customer loyalty	– Consumer confidence – Sensitivity of data – Privacy regulations – Use of third parties to process and store data – Global security threats – Growth of online sales	– Strategic and tactical information security policy and guidelines – Information security governance – Control standards for information management and security – Payment Card Industry (PCI) and privacy compliant control framework – Information security capabilities – Information security awareness program – Cyber insurance coverage	Ahold's business operations generate and maintain confidential commercial and personal information concerning customers, employees, suppliers and the Company. Disclosure of confidential information to unintended third parties may negatively impact Ahold's corporate reputation and competitive position or result in litigation or regulatory action. This could have a material adverse effect on Ahold's financial position
Simplicity	**Legislative and regulatory environment (C)** A changing legislative and regulatory environment increases the cost of doing business, tax levels and the complexity of our operations	– Compliance deadlines – Increased and targeted enforcement – Government budget deficits – Public opinion / pressure	– Knowledge and awareness of regulations – Monitoring, review and reporting on changes – Operational procedures and guidance	Ahold's activities are subject to various laws and regulations in each local market where it operates. The cost of compliance with any of these laws could impact Ahold's operations and reduce its profitability. See further discussion of consequences of the legislative and regulatory risks below
Responsible retailing	**Product safety (O, C)** Customers might become injured or ill from the consumption of own-brand products or other food or non-food products, or as a result of food fraud in the supply chain	– Internationalization of the supply chain – Customer trust in brands – Incidents across the world – Increased number of own-brand products – Speed of communications	– Product safety policies – Control standards for food and non-food products – Standard operating procedures – Dedicated product integrity departments at Corporate Center and both continents – Monitoring of continental performance – Third-party certification	Though it has mitigating actions in place, Ahold may face product safety problems, including disruptions to the supply chain caused by food-borne illnesses and negative consumer reaction to incidents, which may have a material adverse effect on the Company's reputation, results of operations and financial position

1 Risk objectives: strategic (S), operational (O), financial (F) and compliance (C), risks listed in alphabetical order.

How we manage risk (continued)

Ahold's principal risks and uncertainties[1]

Strategy	Description of risk	Key risk drivers	Risk mitigating actions	Potential consequence
Business model	**Pension plan funding (F)** Ahold is exposed to the financial consequences of various pension and health care risks	– Insolvency or bankruptcy of Multi-employer pension plan (MEP) participants – Decreasing interest rates – Poor stock market performance – Changing pension laws – Increasing U.S. healthcare costs	– Governance structure – Yearly MEP risk assessment study – Restructuring healthcare and pension plans (see *Note 23* to the consolidated financial statements) – Monitoring MEPs / participants	Ahold has a number of defined benefit pension plans covering a large number of its employees in the Netherlands and in the United States. A decrease in equity returns or interest rates may negatively affect the funding ratios of Ahold's pension funds, which could lead to higher pension charges and contributions payable. According to Dutch law and / or contractually agreed funding arrangements, Ahold may be required to make additional contributions to its pension plans in case minimum funding requirements are not met. In addition, a significant number of union employees in the United States are covered by MEPs. An increase in the unfunded liabilities of these MEPs may result in increased future payments by Ahold and the other participating employers. The bankruptcy of a participating MEP employer could result in Ahold assuming a larger proportion of that plan's funding requirements. In addition, Ahold may be required to pay significantly higher amounts to fund U.S. employee healthcare plans in the future. Significant increases in healthcare and pension funding requirements could have a material adverse effect on the Company's financial position, results of operations and liquidity. For additional information, see *Note 23* to the consolidated financial statements
Our promises and pillars	**Strategic projects (S)** Ahold might not be able to deliver on the objectives of its strategic projects	– Growth strategy – Changing retail environment – Dependencies between projects and operational activities – Availability of required capabilities	– Ahold's new Executive Committee (ExCo) governance structure – Ownership of strategic pillars at ExCo level – Pillar program and reporting – Promises reporting	Ahold is continuing with its strategy to reshape the way we do business and drive growth. Activities are increasingly undertaken in the form of projects. If the Company is not able to deliver on the objectives of its underlying strategic projects, the realization of key elements of its strategy may be at risk. This could have a material adverse effect on Ahold's financial position, results of operations and liquidity

1 Risk objectives: strategic (S), operational (O), financial (F) and compliance (C), risks listed in alphabetical order.

How we manage risk (continued)

In addition to the principal risks and uncertainties as linked to our strategy above, the Company has additionally risks in the following areas:

→ Responsible retailing (S, O)

Increased regulatory demands, stakeholder awareness and the growing sentiment that large retailers must address sustainability issues across the entire supply chain mean that Ahold's brands and reputation may suffer if it does not adequately address relevant corporate responsibility issues affecting the food retail industry. Ahold has integrated responsible retailing into its Reshaping Retail strategy to ensure that responsible retailing is part of the daily business. For more information see Ahold's Responsible Retailing Report 2013.

→ Insurance programs (F)

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 we believe that the actuarial estimates are reasonable, they are subject to changes caused by claim reporting patterns, claim settlement patterns, regulatory economic conditions and adverse litigation results. It is 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 which 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.

→ Other financial risks (F)

Other financial risks include foreign currency translation risk, credit risk, interest rate risk, liquidity risk and contingent liabilities to third parties relating to lease guarantees. For information relating to these financial risks, see *Note 30* and *Note 34* to the consolidated financial statements.

→ Unforeseen tax liabilities (C)

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. We seek to organize our affairs in a tax-efficient and balanced manner, taking into account the applicable regulations of the jurisdictions in which we operate. 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 (C)

Ahold and its businesses are subject to various federal, regional, state and local laws and regulations in each country in which they operate, relating to, among other areas: zoning; land use; antitrust restrictions; work place safety; public health including food and non-food safety; environmental protection; alcoholic beverage, tobacco and pharmaceutical sales; and information security. Ahold and its businesses are also subject to a variety of laws governing the relationship with employees, including but not limited to minimum wage, overtime, working conditions, health care, disabled access and work permit requirements. The cost of compliance with, or changes in, any of these laws could impact the operations and reduce the profitability of Ahold or its businesses and thus could affect Ahold's financial condition or results of operations. Ahold and its businesses are also subject to a variety of antitrust and similar laws and regulations in the jurisdictions in which they operate, which may impact or limit Ahold's ability to realize certain acquisitions, divestments, partnerships or mergers.

From time to time, Ahold and its businesses are parties to legal and regulatory proceedings in a number of countries, including the United States. Based on the prevailing regulatory environment or economic conditions in the markets in which Ahold businesses operate, litigation may increase in frequency and materiality. These legal and regulatory proceedings may include matters involving personnel and employment issues, personal injury, antitrust claims, contract claims and other matters. We estimate our exposure to these legal proceedings and establish accruals for the estimated liabilities where it is reasonably possible to estimate and where the potential realization of a loss contingency is more likely than not. The assessment of exposures and ultimate outcomes of legal and regulatory proceedings involves uncertainties. Adverse outcomes of these legal proceedings, or changes in our assessments of proceedings, could potentially result in material adverse effects on our financial results. For further information, see Note 34 to the consolidated financial statements.

Remuneration

Ahold's remuneration policy is prepared in accordance with the Dutch Corporate Governance Code and was adopted at the General Meeting of Shareholders on April 17, 2013.

Remuneration policy 2013

Ahold's remuneration policy aims at attracting, motivating and retaining the best-qualified talent. The policy is reviewed annually. This year the Supervisory Board decided on and shareholders approved (on April 17, 2013), several changes to the remuneration policy going forward. The aim was to make the policy more effective by simplifying it and increasing its transparency.

In addition, the adjusted policy aligns with Ahold's Reshaping Retail strategy and better supports the Company's pay for performance culture.

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

Overview of Total Direct Compensation

	Purpose and link to strategy	Policy	Changes 2012 vs 2013	Determinations
Base salary	The base salary supports the recruitment and retention of ExCo members with the required skills and experience to implement Ahold's strategy.	→ Base salaries are quoted in euros and were reviewed in April 2013.	→ None in policy, only regular salary increase.	Effective on January 1, 2013, base salaries were increased as follows: – CEO to €975,000 (1.0%) – CFO to €615,000 (2.5%) – COO Ahold USA to €650,000 (8.3%) – CCGC to €537,500 (1.4%)
ExCo Incentive Plan (EIP)	The EIP is aligned with the new Ahold strategy and supports the Company's pay for performance culture.	→ Target level (as % of base salary): 100% → Maximum bonus (as % of base salary): 150% → Calculation of the annual incentive: 90% based on Ahold's financial results at year end and 10% on responsible retailing performance.	→ A responsible retailing performance measure has been added. → The Return on Net Assets (RoNA) measure has been replaced by operating cash flow performance.	The financial performance resulted in a financial multiplier of 89%. The responsible retailing performance resulted in a RR multiplier of 100%, which is adjusted by the performance of the financial results. The above resulted in the following EIP pay out: – CEO: €867,750 – CFO: €547,350 – COO Ahold USA: €578,500 – CCGC: €478,375
Global Reward Opportunity (GRO)	The use of shares in the GRO program allows participants to benefit from the value that has been accrued during the course of the plan. In addition, the GRO program helps to align the global goals and Ahold's local businesses.	→ Target levels (as % of base salary): → CEO and COO Ahold USA: 185% → CFO and CCGC: 150%	→ A Return on Capital (RoC) performance hurdle at vesting has been added. → The link with the short-term performance is no longer applied on the performance shares at grant, but only on the conditional shares. → Vesting period of three years for all conditional and performance shares.	On April 18, 2013, the following numbers of shares were granted: – CEO: 147,281 – CFO: 75,325 – COO Ahold USA: 98,188 – CCGC: 65,834 On April 18, 2013, the following numbers of shares have vested: – CEO: 91,612 – CCGC: 30,472

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

Remuneration (continued)

Total Direct Compensation

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

Benchmarking

To assess the competitiveness of the overall remuneration provided to the ExCo, the package is benchmarked annually. The peer group used for this purpose is the same as that used to benchmark the performance of the Company (see table below). This peer group reflects Ahold's geographic operating areas and the markets most relevant to the recruitment and retention of top management. In addition, AEX market practice in the Netherlands is considered, as Ahold is based in the Netherlands. The composition (risk profile) of the Total Direct Compensation levels is taken into account when benchmarking these levels. The target Total Direct Compensation level is typically around the median.

Wal-Mart Stores	Costco	Supervalu
Carrefour	Kroger	Delhaize Group
Metro	Target	Staples
Tesco	Safeway	

Base salary

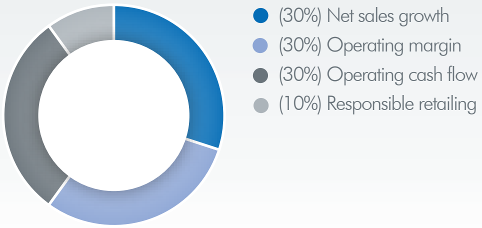
The level of the base salary of the members of the ExCo is derived from the benchmarking of Total Direct Compensation. Adjustment of the base salary is at the discretion of the Supervisory Board.

Annual cash incentive plan

The ExCo's adjusted annual cash incentive plan uses three equally weighted financial measures: net sales growth (30%), operating margin (30%) and operational cash flow (30%). In addition, a non-financial performance measure (10%) is included that relates to responsible retailing targets. The at-target payout as a percentage of base salary is 100%, contingent on full achievement of the objectives, with a cap at 150% of the base salary. Ahold does not disclose the required performance levels of the measures, as this is considered commercially sensitive information.

The actual 2013 EIP payout is 89% of base salary.

2013 EIP Performance measures and weighting



In addition to quantitative financial targets, we have also set non-financial targets that relate to our responsible retailing strategic ambitions. These non-financial targets are more qualitative and are therefore monitored in a more qualitative way. Targets set are aspirational, ambitious and aim mainly to provide a sense of direction rather than a required end-state. They are also intended to facilitate a dialogue between Ahold's ExCo and all relevant stakeholders. The additional information provided by the ExCo should enable the Supervisory Board to determine the ultimate score on RR.

To ensure there is a quantifiable aspect to the non-financial component and avoid any potential opportunity loss to the participant (as it is not possible to "overscore" on the non-financial component), the calculation of the score under the non-financial component is linked to the performance of the financial components. In short, the achieved financial multiplier is applied to the score on the non-financial component. If the financial multiplier is zero, the score on the non-financial component will be zero (regardless of the achieved score on the non-financial component) resulting in no pay-out.

Equity-based program: Global Reward Opportunity

Under the Global Reward Opportunity (GRO) program, shares are granted through a three-year program. The program consists of two components: shares with a performance hurdle at grant (conditional share grant) and shares with a performance hurdle at vesting (performance share grant).

The at-target value of the shares to be granted is divided by the average share price over the six months preceding the date of grant to calculate the number of shares. No adjustment for risk has or will be made.

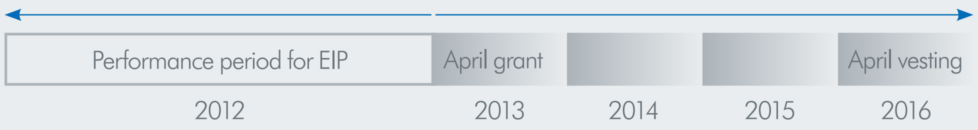
Scenario analyses are prepared regularly to estimate possible future payout levels. These analyses are included in the annual evaluation of the remuneration policy, each of its components and the mix of these components (the risk profile of the package).

Remuneration (continued)

Conditional share grant

The target value to be granted under the conditional share grant component for the ExCo is 50% of base pay. Furthermore, the actual value of the conditional share grant is subject to a performance condition at grant. The performance condition is the multiplier of the EIP of the preceding year (with a range between 0% and a maximum of 150%[1]). The maximum grant value is 75% of base salary.

Timeline for 2013 conditional GRO grant



Considering the above and the link with the EIP, the Conditional GRO grant can be considered as a deferred bonus plan, with a mandatory conversion into shares.

Calculation example

Assuming an at-target conditional share grant value of €100,000 and an annual incentive multiplier for the preceding year of 0.8, the value to be granted would be 0.8 x €100,000 = €80,000. Assuming, furthermore, a six-month average share price preceding the date of grant of €10.00, the number of shares to be conditionally granted would be 8,000. The number of conditionally granted shares is also the maximum number of shares that can vest. For more specifics on the maximum vesting per ExCo member, see table below.

Performance share grant

The target value to be granted under the performance share grant is differentiated for the ExCo per role to align this component with market practice. For the CEO and the U.S.-based COO, it has been increased to 135% of base salary and for the CFO and the CCGC the grant value remains 100% of base salary. The vesting of the performance shares is subject to a performance hurdle at vesting after a performance period of three years.

Half of the performance share grant is linked to a three-year return on capital target. The number of shares that eventually vest depends on performance and can range between 0% and a maximum of 150% of the number of shares granted.

For the other half of the grant, the performance at vesting is measured using TSR (share price growth and dividends paid over the performance period) benchmarked against the TSR performance of a peer group (see table "benchmarking.") The number of shares that will vest depends on Ahold's relative ranking in the peer group. An independent external advisor determines the ranking based on TSR performance. No shares will vest to ExCo members if Ahold ranks below the sixth position. The table below indicates the percentage of performance shares that could vest based on Ahold's ranking.

Company ranking

Rank	%	Rank	%	Rank	%	Rank	%
1	175%	4	100%	7	0%	10	0%
2	150%	5	75%	8	0%	11	0%
3	125%	6	50%	9	0%	12	0%

In anticipation of potential changes to the peer group due to delisting, mergers or other extraordinary circumstances, the Supervisory Board has the discretion to include comparable companies from a predetermined list of substitutes.

If a company drops out of the "main" peer group, it is replaced by the company on the substitute list (e.g., Sainsbury or Casino) that has the highest TSR performance.

Calculation example

Assuming an at-target performance share grant value of €100,000 and a six-month average share price preceding the date of grant of €10.00, the number of shares to be conditionally granted would be 10,000. In case of below threshold performance, no shares would vest. When maximum performance is achieved, 162.5% (i.e., (50% x 150%) + (50% x 175%)) of the shares granted may vest. In this example, a total number of 16,250 (10,000 x 162.5%) would vest. For more specifics on the maximum vesting per ExCo member, see table below.

	Target award (as % of base pay)[2]	Maximum vesting conditional shares (as % of base pay)[2]	Maximum vesting performance shares (as % of base pay)[2]	Total maximum vesting (as % of base pay)[2]
CEO	185%	75%	219%	294%
CFO	150%	75%	163%	238%
COO Ahold USA	185%	75%	219%	294%
CCGC	150%	75%	163%	238%

1 The final EIP multiplier is based on the achievement of the objectives of the EIP, with a cap at 150% of the base salary.
2 Under the assumption of a flat share price.

Remuneration (continued)

History of grant vesting

Analysis shows that the GRO program generated a higher value in the case of an above-target performance and a lower value in the case of a below-par performance. The expectation is that the introduction of the company multiplier for one-third of the grant (the conditional share grant only; the performance share grant will be granted at target) will have a stabilizing effect.

Share holding requirements and ownership guidelines

Management Board members must retain the shares awarded under the GRO program for a period of at least five years from the grant date. A portion of the shares is allowed to be sold to finance tax due at the date of vesting. All members of the Management Board are required to hold shares in the Company with a value equal to 150% of their base salary. The holding may be built up by retaining all after-tax shares from the GRO program and does not require additional purchases.

	Number of common shares[1,2]	% of base salary
Dick Boer	265,824	360%
Jeff Carr	10,000	21%
Lodewijk Hijmans vd Bergh	14,626	36%
James McCann	110,000	224%

1 Share price on December 29, 2013, was €13.22.
2 Vested GRO shares or purchased shares.

As long as the 150% is not reached the Management Board is not allowed to sell any shares, except for tax purposes under the GRO program.

Claw-back

A claw-back clause is applicable to all grants under the annual cash incentive plan and the GRO program to the Management Board members.

Pension and other contract terms

Pension

The pension plan for Management Board members is identical to that of all other Ahold employees in the Netherlands (including the other members of the ExCo) and is referred to as a defined benefit plan, based on career average salary (at Ahold). The normal retirement age is 65. Under this plan, each Management Board member pays a pension premium contribution of approximately 3.5% of his or her pension-bearing salary. During 2012, the Ahold Pension Fund plan was amended. The plan amendments have become effective in two phases: the first on January 1, 2013, and the second on January 1, 2014. The pension accrual for future benefits has been lowered from 2.25% to 2% as of January 1, 2014, contributions from participants will be gradually increased and the income offset component will be gradually lowered. The employer contribution and the conditional additional funding rules remain the same.

Loans

Ahold does not provide loans or advances to members of the ExCo or the Supervisory Board. There are no loans or advances outstanding. Ahold does not issue guarantees to the benefit of members of the ExCo or the Supervisory Board. There have been no such guarantees issued.

Additional arrangements

In addition to the remuneration allocated to ExCo 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 Management Board members is set at four years, while the term of employment is indefinite. If the Company terminates the employment agreement of any member of the Management 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 Management Board member is not reappointed. The employment agreements may be terminated by Ahold with a notice period of 12 months and by the Management Board member with a notice period of six months.

Future outlook

For 2014 no adjustments to the remuneration policy are expected.

Vesting of shares under the GRO plan

On February 28, 2014, a maximum of 2.3 million conditional shares granted in 2011 to Ahold employees under the mid-term component of the Global Reward Opportunity (GRO) equity-based long-term incentive plan, 2.8 million performance shares granted in 2009 to Ahold employees under the long-term component of the GRO plan, and 0.1 million matching shares granted in 2009 to Ahold employees under the mid-term component of the GRO 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 17, 2014, a maximum of 0.2 million conditional shares granted in 2011 to members of the Management Board under the mid-term component of the GRO plan and 0.2 million performance shares granted in 2009 to members of the Management Board under the long-term component of the GRO plan are expected to vest with continuing and retired Board members who received the grants. Except to finance tax due on the vesting date, members of the Management Board cannot sell the 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.

Declarations

Introduction

This 2013 Ahold Annual Report dated February 26, 2014 (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 2013 financial statements "jaarrekening" within the meaning of section 2:361 of the Dutch Civil Code, please refer to Financials. The members of the Management Board and the Supervisory Board have signed the 2013 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: *Ahold at a glance, Our strategy, Our 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 subsection *Other information* under *Financials*, and to the section *Investors*.

Declarations

The members of the Management 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 2013 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 December 29, 2013, and of the development and performance of the business for the financial year then ended
- → The management report includes a description of the principal risks and uncertainties that the Company faces

Management Board

Dick Boer	President and Chief Executive Officer
Jeff Carr	Executive Vice President and Chief Financial Officer
Lodewijk Hijmans van den Bergh	Executive Vice President and Chief Corporate Governance Counsel
James McCann	Executive Vice President and Chief Operating Officer, Ahold USA

This Annual Report, including the 2013 financial statements, audited by PricewaterhouseCoopers Accountants N.V., has been presented to the Supervisory Board. The 2013 financial statements and the independent auditor's report relating to the audit of the 2013 financial statements were discussed with the Audit Committee in the presence of the Management Board and the external auditor. The Supervisory Board recommends that the General Meeting of Shareholders adopts the 2013 financial statements included in this Annual Report and recommends the proposal to pay a cash dividend for the financial year 2013 of €0.47 per common share.

Supervisory Board

Jan Hommen (Chairman)
Judith Sprieser (Vice Chairman)
Derk Doijer
Stephanie Shern
Mark McGrath
Ben Noteboom
Rob van den Bergh

Consolidated income statement

€ million, except per share data	Note	2013	2012 (restated)[1]
Net sales	7	**32,615**	32,682
Cost of sales	8	**(23,933)**	(24,064)
Gross profit		**8,682**	8,618
Selling expenses		**(6,293)**	(6,225)
General and administrative expenses		**(1,150)**	(1,057)
Total operating expenses	8	**(7,443)**	(7,282)
Operating income		**1,239**	1,336
Interest income		**7**	10
Interest expense		**(225)**	(234)
Interest income (expense) on defined benefit pension plans – net	23	**(24)**	17
Other financial expenses		**(49)**	(1)
Net financial expenses	9	**(291)**	(208)
Income before income taxes		**948**	1,128
Income taxes	10	**(153)**	(267)
Share in income of joint ventures	14	**10**	8
Income from continuing operations		**805**	869
Income from discontinued operations	5	**1,732**	46
Net income attributable to common shareholders		**2,537**	915
Earnings per share	29		
Net income per share attributable to common shareholders			
Basic		**2.48**	0.88
Diluted		**2.39**	0.85
Income from continuing operations per share attributable to common shareholders			
Basic		**0.79**	0.84
Diluted		**0.77**	0.81
Weighted average number of common shares outstanding (in millions)			
Basic		**1,021**	1,040
Diluted		**1,072**	1,100

1 See *Note 3* for an explanation of the restatements.

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

Consolidated statement of comprehensive income

€ million	Note	2013	2012 (restated)[1]
Net income		**2,537**	915
Remeasurements of defined benefit pension plans			
Remeasurements of defined benefit pension plans before taxes	*23*	**230**	(1,204)
Income taxes	*10*	**(83)**	331
Other comprehensive income (loss) that will not be reclassified to profit or loss		**147**	(873)
Currency translation differences in foreign interests:			
Currency translation differences in foreign interests before income taxes from:			
Continuing operations		**(149)**	(56)
Discontinued operations		**30**	29
Cumulative translation differences from divestments transferred to net income	*5*	**(82)**	–
Income taxes	*10*	**1**	–
Cash flow hedges:			
Fair value losses in the year		**(10)**	(89)
Transfers to net income		**70**	45
Income taxes	*10*	**(15)**	11
Other comprehensive income (loss) of joint ventures – net of income taxes			
Share of other comprehensive income (loss) from:			
Continuing operations		**–**	1
Discontinued operations		**–**	(8)
Cumulative other comprehensive income transferred to net income	*5*	**9**	–
Other comprehensive loss reclassifiable to profit or loss		**(146)**	(67)
Total other comprehensive income (loss)		**1**	(940)
Total comprehensive income (loss) attributable to common shareholders		**2,538**	(25)
Attributable to:			
Continuing operations		**849**	(92)
Discontinued operations		**1,689**	67
Total comprehensive income (loss) attributable to common shareholders		**2,538**	(25)

1 See *Note 3* for an explanation of the restatements.

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

Consolidated balance sheet

€ million	Note	December 29, 2013	December 30, 2012 (restated)[1]	January 1, 2012 (restated)[1]
Assets				
Property, plant and equipment	11	**5,712**	6,038	5,984
Investment property	12	**543**	565	593
Intangible assets	13	**1,563**	1,569	836
Investments in joint ventures and associates	14	**197**	1,017	1,059
Other non-current financial assets	15	**415**	420	995
Deferred tax assets	10	**411**	512	534
Other non-current assets		**33**	35	34
Total non-current assets		**8,874**	10,156	10,035
Assets held for sale	5	**28**	–	–
Inventories	16	**1,450**	1,492	1,466
Receivables	17	**665**	793	751
Other current financial assets	18	**1,520**	43	336
Income taxes receivable		**11**	47	27
Other current assets		**98**	155	175
Cash and cash equivalents	19	**2,496**	1,886	2,438
Total current assets		**6,268**	4,416	5,193
Total assets		**15,142**	14,572	15,228
Equity and liabilities				
Equity attributable to common shareholders	20	**6,520**	5,146	5,810
Loans	21	**1,307**	1,431	1,489
Other non-current financial liabilities	22	**1,882**	1,930	1,813
Pensions and other post-employment benefits	23	**348**	643	352
Deferred tax liabilities	10	**123**	98	256
Provisions	24	**585**	646	664
Other non-current liabilities	25	**235**	251	230
Total non-current liabilities		**4,480**	4,999	4,804
Liabilities related to assets held for sale	5	**48**	–	–
Accounts payable		**2,387**	2,667	2,436
Other current financial liabilities	26	**262**	236	648
Income taxes payable		**97**	134	136
Provisions	24	**191**	256	253
Other current liabilities	27	**1,157**	1,134	1,141
Total current liabilities		**4,142**	4,427	4,614
Total equity and liabilities		**15,142**	14,572	15,228

1 See Note 3 for an explanation of the restatements.

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	Currency translation reserve	Cash flow hedging reserve	Other reserves including accumulated deficit[1]	Equity attributable to common shareholders
Balance as of January 1, 2012		**330**	**9,094**	**(265)**	**(93)**	**(3,189)**	**5,877**
Adjustments[2]		–	–	–	–	(67)	(67)
As restated[2]		**330**	**9,094**	**(265)**	**(93)**	**(3,256)**	**5,810**
Net income (restated)[2]		–	–	–	–	915	915
Other comprehensive loss (restated)[2]		–	–	(27)	(33)	(880)	(940)
Total comprehensive income (loss) (restated)[2]		–	–	(27)	(33)	35	(25)
Dividends		–	–	–	–	(415)	(415)
Share buyback		–	–	–	–	(277)	(277)
Cancellation of treasury shares		(12)	(381)	–	–	393	–
Share-based payments		–	–	–	–	53	53
Balance as of December 30, 2012 (restated)[2]	*20*	**318**	**8,713**	**(292)**	**(126)**	**(3,467)**	**5,146**
Net income		–	–	–	–	2,537	2,537
Other comprehensive income (loss)		–	–	(200)	45	156	1
Total comprehensive income (loss)		–	–	(200)	45	2,693	2,538
Dividends		–	–	–	–	(457)	(457)
Share buyback		–	–	–	–	(768)	(768)
Share-based payments		–	–	–	–	61	61
Balance as of December 29, 2013	*20*	**318**	**8,713**	**(492)**	**(81)**	**(1,938)**	**6,520**

1 Other reserves include the remeasurements of defined benefit plans.

2 See *Note 3* for an explanation of the restatements.

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

Consolidated statement of cash flows

€ million	Note	2013	2012 (restated)[1]
Operating income		**1,239**	1,336
Adjustments for:			
Depreciation, amortization, write-downs and impairments		**916**	946
Gains on the sale of assets / disposal groups held for sale		**(28)**	(21)
Share-based compensation expenses		**43**	40
Operating cash flows before changes in operating assets and liabilities		**2,170**	2,301
Changes in working capital:			
Changes in inventories		**(13)**	(27)
Changes in receivables and other current assets		**73**	(11)
Changes in payables and other current liabilities		**(21)**	177
Changes in other non-current assets, other non-current liabilities and provisions		**(42)**	(194)
Cash generated from operations		**2,167**	2,246
Income taxes paid – net		**(116)**	(134)
Operating cash flows from continuing operations		**2,051**	2,112
Operating cash flows from discontinued operations		**(16)**	(2)
Net cash from operating activities		**2,035**	2,110
Purchase of non-current assets		**(811)**	(910)
Divestments of assets / disposal groups held for sale		**52**	51
Acquisition of businesses, net of cash acquired	28	**(9)**	(701)
Divestment of businesses, net of cash divested	28	**2,352**	(43)
Changes in short-term deposits and similar instruments		**(1,472)**	155
Dividends received from joint ventures	14	**27**	21
Interest received		**6**	11
Other		**(1)**	(1)
Investing cash flows from continuing operations		**144**	(1,417)
Investing cash flows from discontinued operations		**135**	135
Net cash from investing activities		**279**	(1,282)
Interest paid		**(216)**	(234)
Repayments of loans		**(21)**	(459)
Repayments of finance lease liabilities		**(73)**	(74)
Dividends paid on common shares		**(457)**	(415)
Share buyback		**(768)**	(277)
Other cash flows from derivatives		**(19)**	110
Other		**(75)**	17
Financing cash flows from continuing operations		**(1,629)**	(1,332)
Financing cash flows from discontinued operations		**(4)**	(7)
Net cash from financing activities		**(1,633)**	(1,339)
Net cash from operating, investing and financing activities	28	**681**	(511)

1 See Note 3 for an explanation of the restatements.

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

Notes to the consolidated financial statements

1 The Company and its operations

The principal activity of Koninklijke Ahold N.V. (Ahold or the Company or Group or Ahold group), a public limited liability company with its registered seat in Zaandam, the Netherlands, is the operation of retail stores in Europe and the United States 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 (EU) and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. 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 Dutch Civil Code).

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 2013 consisted of 52 weeks and ended on December 29, 2013. The comparative financial year 2012 consisted of 52 weeks and ended on December 30, 2012.

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:

	2013	2012	2011
Average exchange rate	**0.7533**	0.7782	
Year-end closing exchange rate	**0.7277**	0.7566	0.7724

The preparation of financial statements requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, 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*)

The Company must estimate the allowances that are earned based on 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. The Company must also estimate the amount of related product that has been sold and the amount that remains in ending inventories and allocate the allowance to cost of sales or inventories accordingly.

Income taxes (*Notes 3 and 10*)

The ultimate tax effects of transactions may be uncertain for a considerable period of time, requiring management to estimate the related current and deferred tax positions. The Company recognizes liabilities for uncertain tax positions when it is more likely than not that additional tax will be due. Judgment is required in determining whether deferred tax assets are realizable.

Intangible assets (*Note 3*)

Intangible assets acquired in a business acquisition are stated at fair value, as determined at the date of the acquisition. To determine the fair value at the acquisition date judgments and estimates are required.

Leases and sale and leaseback transactions (*Note 3*)

The classification of leases as finance leases or operating leases requires judgments about the fair value of the leased asset, the split of the fair value between land and buildings, the economic life of the asset, whether or not to include renewal options in the lease term and the appropriate discount rate to calculate the present value of the minimum lease payments.

Revenue recognition with respect to sale and leaseback transactions depends on whether the Company transfers all risks and rewards to the buyer, does not maintain (or maintains only minor) continuing involvement in the property other than the lease payments and whether the transaction is established at fair value.

2 Basis of preparation (continued)

Impairments (*Note 3*)

Judgments and estimates are required, not only to determine whether there is an indication that an asset may be impaired, but also whether indications exist that impairment losses previously recognized may no longer exist or may have decreased (impairment reversal).

Company and multi-employer pension obligations (*Note 23*)

The present value of the pension obligations depends on a number of assumptions that are determined on an actuarial basis. The assumptions used in determining the net cost (income) for pensions include the discount rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. Other key assumptions comprise longevity and future salary and pension increases. Additional information is disclosed in *Note 23*.

Provisions and contingencies (*Notes 24 and 34*)

The recognition of provisions requires estimates and judgment regarding the timing and the amount of outflow of resources. The main estimates are as follows:

- Self-insurance program: estimates and assumptions include an estimate of claims incurred but not yet reported, historical loss experience, projected loss development factors, estimated changes in claim reporting patterns, claim settlement patterns, judicial decisions and legislation;
- Loyalty programs: estimated cost of benefits to which customers participating in the loyalty program are entitled;
- Claims and legal disputes: 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: 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;
- Onerous contracts: 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.

Fair value measurements

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

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

3 Significant accounting policies

Consolidation

The consolidated financial statements incorporate the financial figures of the Company and its subsidiaries. Subsidiaries are entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the 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 subsidiaries, joint ventures and associates are prepared in their functional currencies, which are determined based on the primary economic environment in which they operate. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on 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 and 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 the exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the respective periods. Investments in joint ventures and associates with a functional currency other than the euro are translated into euros using exchange rates prevailing on the balance sheet date. Exchange rate differences arising during consolidation and on the translation of investments in subsidiaries, joint ventures and associates are included in other comprehensive income and 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 other comprehensive income and in equity, in the currency translation reserve.

3 Significant accounting policies (continued)

On the disposal of a foreign operation resulting in loss of control, loss of joint control or loss of significant influence, the related cumulative exchange rate difference that was included in equity is transferred to the consolidated income statement. On the partial disposal of a foreign operation not resulting in loss of control, the related cumulative exchange rate difference that was included in equity is proportionately re-attributed to the non-controlling interests in that foreign operation. On the disposal of a foreign operation not resulting in loss of joint control or loss of significant influence, the related cumulative exchange rate difference that was included in equity is proportionately 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 Management Board to make decisions about resources to be allocated to the segments and to assess their performance. In establishing the reportable segments, certain operating segments with similar economic characteristics have been aggregated.

The segments' performance 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 geographic 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 goods through the online channel. Ahold also generates revenues from the sale of products to retail franchisees that are recognized upon delivery. Ahold recognizes franchise fees as revenue when all material services relating to the contract have been substantially performed. Revenue from the sale of gift cards and gift certificates is recognized when the gift card or gift certificate is redeemed by the retail customer. Future discounts earned by customers in connection with bonus or loyalty cards and other company-sponsored programs 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, excluding sales taxes and value-added taxes. 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.

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, 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 store employees' salaries and wages, store expenses, rent income and rent expense or depreciation related to stores, advertising costs and other selling expenses.

General and administrative expenses

General and administrative expenses consist of support office employees' salaries and wages, 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 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.

3 Significant accounting policies (continued)

Income taxes

Income tax expense represents the sum of current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity or other comprehensive income. Current tax expense is based on the best estimate of taxable income for the year, using tax rates that have been enacted or substantively enacted at the balance sheet date and adjustments for current taxes payable (receivable) for prior years. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and the corresponding tax basis used in the computation of taxable income. Deferred tax assets and liabilities are generally recognized for all temporary differences. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized.

Deferred tax assets, including deferred tax assets for tax loss carryforward positions and tax credit carryforward positions, are recognized to the extent that it is probable that future taxable income will be available against which temporary differences, unused tax losses or unused tax credits can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are not discounted. Deferred income tax assets and liabilities are offset 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. 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 of disposal. 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.

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 and 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 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.

3 Significant accounting policies (continued)

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 rental 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. These 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 the determination of an appropriate discount rate to calculate the present value of the minimum lease payments.

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 that contain an Ahold store as well as other stores leased to third-party retailers. In such situations, 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 that 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. 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 arises on the acquisition of subsidiaries and represents the excess of the consideration transferred 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.

3 Significant accounting policies (continued)

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

Separately acquired intangible assets and internally developed software are carried at cost less accumulated amortization and impairment losses. Intangible assets acquired in a business combination are recognized at fair value at the date of acquisition (which is regarded as their cost).

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 estimated useful lives, which are as follows:

Customer relationships	7 – 25 years
Software	3 – 10 years
Lease-related intangibles	remaining expected duration of the lease
Brand names	indefinite
Other	5 – indefinite

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

Investments in joint arrangements and associates

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Joint operations arise where Ahold has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where Ahold has rights to the net assets of the arrangement and therefore equity accounts for its interest.

Associates are entities over which Ahold has significant influence but not control, generally accompanying a shareholding of between 20% and 50% 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. Associates are accounted for using the equity method.

Under the equity method, investments in joint ventures and associates are measured initially at cost and subsequently 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 figures 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.

3 Significant accounting policies (continued)

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. For certain inventories, cost is approximated using the retail method, in which the sales value of the inventories is reduced by the appropriate percentage of gross margin. 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. 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 a financial instrument. Financial assets are derecognized when the rights to receive cash flows from the financial assets expire, or if the Company transfers the financial asset to another party and does not retain control or substantially all risks and rewards of the asset. Financial liabilities are derecognized when the Company's obligations specified in the contract expire or are discharged or cancelled. 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. 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. Investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured are carried at cost. 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.

Cash and cash equivalents

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 and similar instruments 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.

3 Significant accounting policies (continued)

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

Under Ahold's self-insurance program, part of the insurance risk is ceded under a reinsurance treaty, which is a pooling arrangement between unrelated companies. 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 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 actual surplus or deficit in Ahold's defined benefit plans measured as the present value of the defined benefit obligations less the fair value of plan assets. Any surplus resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan. No adjustment for the time value of money is made if 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.

Defined benefit obligations are actuarially calculated 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 market yields on high-quality corporate bonds (i.e., bonds rated AA) 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.

3 Significant accounting policies (continued)

Defined benefit costs are split into three categories:

- Service cost, past service cost, gains and losses on curtailment and settlements
- Net interest expense or income
- Remeasurement

The first category is presented as labor costs within operating earnings. Past-service costs are recognized in the income statement in the period of plan amendment. Results from curtailments or settlements are recognized immediately. During 2012, the Company changed its policy for measuring past service years within the Dutch pension fund. The previous policy was to calculate past service years based on a participant's accrued benefits, but this has been changed to a methodology that will use the maximum past service years based on a participant's actual date of hire or accrued benefits.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset and is presented within net financial expenses.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognized immediately in the balance sheet with a charge or credit to other comprehensive income in the period in which it occurs. Remeasurements recorded in other comprehensive income are not recycled.

Contributions to defined contribution plans are recognized as an expense when employees have rendered service entitling them to the contributions. 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 all actuarial gains and losses are recognized in the 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.

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 based upon various assumptions that include, but are not limited to, historical loss experience, projected loss development factors and actual payroll costs.

Restructuring provisions are recognized when the Company has approved a detailed formal restructuring plan and the restructuring has either 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.

Changes in presentation

In 2013, Ahold changed the presentation of its income statement to a framework that provides a better alignment between expense categories and functions. The change resulted in certain reclassifications within the 2012 income statement. In the 2012 income statement, this change decreased cost of sales by €133 million and increased selling expenses and general and administrative expenses by €87 million and €46 million, respectively. Furthermore, the comparative 2012 expenses by nature figures have been changed to conform to the current year presentation (see *Note 8*).

In 2013, Ahold's investment in ICA met the criteria to be classified as a discontinued operation and, accordingly, €75 million that was previously reported in 2012 as share of income from joint ventures has been reclassified to income from discontinued operations.

In 2013, Ahold's investment in Slovakia met the criteria to be classified as a discontinued operation and, accordingly, a €26 million loss that was previously reported in 2012 within income before taxes has been reclassified to income from discontinued operations. In the 2012 income statement, this change decreased net sales by €159 million, cost of sales by €119 million, selling expenses by €40 million and general and administrative expenses by €24 million.

The tables at the end of this note outline the effects on Ahold's comparative 2012 amounts.

New accounting policies effective for 2013

The amendment to IAS 1, "Presentation of Financial Statements," as part of the "Annual Improvements to IFRSs 2009-2011 Cycle," became effective in 2013. These amendments require Ahold to group the items in other comprehensive income on the basis of whether they are potentially able to be subsequently reclassified to profit or loss (reclassification adjustments). The presentation of Ahold's consolidated statement of comprehensive income has been adjusted to comply with these amendments; however the amendments have no effect on Ahold's financial position or performance.

IAS 19, "Employee Benefits," (as revised in June 2011) became effective for the Company as of January 1, 2013. Ahold has applied the revised standard retrospectively and in accordance with the transitional provisions as set out in IAS 19.173 (as revised). These transitional provisions do not have an effect on future periods.

3 Significant accounting policies (continued)

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant changes relate to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and therefore eliminate the “corridor approach” permitted under the previous version of IAS 19, and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated balance sheet to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 have been replaced with a “net-interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. IAS 19 (as revised) introduces certain changes in the presentation of the defined benefit cost, including more extensive disclosures. In addition to the IAS 19 amendments, Ahold has changed its presentation of the net-interest amount to be within net financial expenses, instead of the previous presentation within operating expenses.

IAS 19 also requires that all administration costs be expensed as incurred. In 2013, Ahold has prospectively changed the way it accounts for the contributions it makes to prepay disbursement costs that will be incurred when future benefits are paid to beneficiaries. These costs were previously included in the defined benefit obligation of the pension plan for the Netherlands, but will now be expensed as contributions are made.

IFRS 10, “Consolidated financial statements,” replaces parts of IAS 27, “Consolidated and separate financial statements” and SIC 12, “Consolidation – special purpose entities.” Under IFRS 10, the term “subsidiaries” refers to all entities (including structured entities) over which Ahold has control. Control is defined as Ahold having power over an entity; being exposed to, or having rights to, variable returns from its involvement with the entity; and having the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to Ahold. They are deconsolidated from the date that control ceases. Ahold has applied IFRS 10 retrospectively in accordance with the transition provisions of IFRS. The adoption of IFRS 10 does not have any effect on Ahold’s financial position or performance.

IFRS 11, “Joint arrangements,” replaces IAS 31, “Interests in joint ventures,” and SIC 13, “Jointly controlled entities,” and deals with how a joint arrangement, in which two or more parties have joint control over an entity, should be classified. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. Joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting. The adoption of IFRS 11 does not affect Ahold’s financial position or performance, as Ahold did not previously use proportionate consolidation, and there are no entities previously accounted for under the equity method that should be accounted for on a line-by-line basis (joint operations) under IFRS 11.

IFRS 12, “Disclosures of interests in other entities,” was issued in May 2011, and provides disclosure requirements on interests in subsidiaries, associates, joint ventures, and unconsolidated structured entities. In general, the annual disclosure requirements of IFRS 12 are more extensive.

IAS 27, “Separate financial statements,” was amended in May 2011 after IFRS 10 was published. The revised IAS 27 pertains only to the accounting for subsidiaries, associates and joint ventures in the separate financial statements of the parent company. The adoption of the amended IAS 27 does not have any financial effect on the separate financial statements, as the control conclusion has not changed for any of Ahold’s investees.

IAS 28, “Investments in associates and joint ventures prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. Ahold’s current equity method accounting has not been changed as a result of this amendment.

IFRS 13, “Fair value measurement,” became effective for the Company as of January 1, 2013. It is applied prospectively. IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across all IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within the IFRSs. Upon the adoption of the standard, Ahold has recognized the effect of non-performance risk, including the Company’s own credit risk, in the measurements of its financial liabilities at fair value. The adoption of IFRS 13 does not have a significant effect on Ahold’s financial position or performance. For more information about financial instruments and fair value measurements, see *Note 30*.

Amendments to IAS 36, “Impairment of assets,” on the recoverable amount disclosures for non-financial assets removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The amendment is not mandatory for the Group until January 1, 2014, however the Company has decided to adopt the amendment early as of January 1, 2013.

3 Significant accounting policies (continued)

The restatements to Ahold's 2012 comparative amounts for the changes in presentation and adoption of IAS 19 (as revised) are as follows:

€ million, except per share data	2012 as reported	Changes in presentation	IAS 19 restatement	2012 as restated
Consolidated income statement				
Net sales	32,841	(159)	–	32,682
Cost of sales	(24,317)	252	1	(24,064)
Gross profit	8,524	93	1	8,618
Selling expenses	(6,161)	(47)	(17)	(6,225)
General and administrative expenses	(1,176)	(22)	141	(1,057)
Operating income	1,187	24	125	1,336
Interest income	10	–	–	10
Interest expense	(236)	2	–	(234)
Interest income (expense) on defined benefit pension plans	–	–	17	17
Other financial expense	(1)	–	–	(1)
Income before income taxes	960	26	142	1,128
Income taxes	(211)	–	(56)	(267)
Share in income (loss) of joint ventures	81	(75)	2	8
Income from continuing operations	830	(49)	88	869
Income (loss) from discontinued operations	(3)	49	–	46
Net income attributable to common shareholders	827	–	88	915
Net income per share attributable to common shareholders				
Basic	0.80	–	0.08	0.88
Diluted	0.77	–	0.08	0.85
Income from continuing operations per share attributable to common shareholders				
Basic	0.80	(0.04)	0.08	0.84
Diluted	0.78	(0.05)	0.08	0.81

3 Significant accounting policies (continued)

€ million	2012 as reported	Changes in presentation	IAS 19 restatement	2012 as restated
Consolidated statement of comprehensive income line items				
Net income	827	–	88	915
Remeasurement of defined benefit pension plans before taxes	–	–	(1,204)	(1,204)
Income taxes	–	–	331	331
Other comprehensive loss that will not be reclassified to profit or loss	–	–	(873)	(873)
Other comprehensive loss reclassifiable to profit or loss	(70)	–	3	(67)
Total other comprehensive loss	(70)	–	(870)	(940)
Total comprehensive income (loss) attributable to common shareholders	757	–	(782)	(25)

€ million	January 1, 2012 as reported	Changes in presentation	IAS 19 restatement	January 1, 2012 as restated
Consolidated balance sheet line items				
Investments in joint ventures	1,087	–	(28)	1,059
Other non-current financial assets	859	–	136	995
Deferred tax assets	394	–	140	534
Pensions and other post-employment benefits	(94)	–	(258)	(352)
Deferred tax liabilities	(199)	–	(57)	(256)
Equity attributable to common shareholders	(5,877)	–	67	(5,810)

€ million	December 30, 2012 as reported	Changes in presentation	IAS 19 restatement	December 30, 2012 as restated
Consolidated balance sheet line items				
Investments in joint ventures	1,047	–	(30)	1,017
Other non-current financial assets	1,059	–	(639)	420
Deferred tax assets	353	–	159	512
Pensions and other post-employment benefits	(110)	–	(533)	(643)
Deferred tax liabilities	(292)	–	194	(98)
Equity attributable to common shareholders	(5,995)	–	849	(5,146)

3 Significant accounting policies (continued)

€ million	December 30, 2012 as reported	Changes in presentation	IAS 19 restatement	December 30, 2012 as restated
Consolidated statement of changes in equity				
Share capital	318	–	–	318
Additional paid-in capital	8,713	–	–	8,713
Currency translation reserve	(298)	–	6	(292)
Cash flow hedging reserve	(126)	–	–	(126)
Other reserves including accumulated deficit	(2,612)	–	(855)	(3,467)
Equity attributable to common shareholders	5,995	–	(849)	5,146

€ million	2012 as reported	Changes in presentation	IAS 19 restatement	2012 as restated
Consolidated statement of cash flows line items				
Operating income	1,187	24	125	1,336
Adjustments for:				
Depreciation, amortization, write-downs and impairments	968	(22)	–	946
Operating cash flows before changes in operating assets and liabilities	2,174	2	125	2,301
Changes in working capital:				
Changes in inventories	(24)	(3)	–	(27)
Changes in receivables and other current assets	(9)	(2)	–	(11)
Changes in payables and other current liabilities	180	(3)	–	177
Changes in other non-current assets, other non-current liabilities and provisions	(71)	2	(125)	(194)
Cash generated from operations	2,250	(4)	–	2,246
Operating cash flows from continuing operations	2,116	(4)	–	2,112
Operating cash flows from discontinued operations	(6)	4	–	(2)
Purchase of non-current assets	(911)	1	–	(910)
Dividends received from joint ventures	157	(136)	–	21
Investing cash flows from continuing operations	(1,282)	(135)	–	(1,417)
Investing cash flows from discontinued operations	–	135	–	135
Interest paid	(236)	2	–	(234)
Repayments of finance lease liabilities	(75)	1	–	(74)
Other cash flows from derivatives	111	(1)	–	110
Other cash flows from financing activities	16	1	–	17
Financing cash flows from continuing operations	(1,335)	3	–	(1,332)
Financing cash flows from discontinued operations	(4)	(3)	–	(7)

3 Significant accounting policies (continued)

New accounting policies not yet effective for 2013

IFRS 9, "Financial instruments," addresses the classification, measurement and recognition of financial assets and financial liabilities. The IASB is adding to the standard as it completes the various phases of its comprehensive project on financial instruments that are to eventually form a complete replacement for IAS 39 "Financial Instruments: Recognition and Measurement." The Company anticipates that the application of IFRS 9 in the future may have an impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed. IFRS 9, as amended in November 2013, amended the mandatory effective date of this IFRS. The mandatory effective date is not specified in IFRS 9 but will be determined when the outstanding phases are finalized.

Narrow scope amendments to IAS 19, "Employee Benefits," entitled "Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)," apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendments will be effective for the Company as of July 1, 2014, subject to EU endorsement. Based on the Company's preliminary assessment, the adjustment will result in an increase of the defined benefit obligation by approximately €26 million and a decrease in other comprehensive income for the year.

4 Acquisitions

2013 acquisitions

On August 14, 2012, Ahold announced that its Albert Heijn division had completed the acquisition of 78 C1000 and four Jumbo stores from Jumbo for €290 million in cash, with €264 million paid by December 29, 2013 (2013: credit €1 million and 2012: €265 million) and the remainder to be settled as agreements are reached with the franchisees. During 2013, 24 of the stores were converted to the Albert Heijn banner (39 stores converted in total by the end of 2013). The remaining 43 franchisee-owned stores are to be converted to the Albert Heijn banner over a period of time, in close cooperation with the entrepreneurs. Goodwill recognized in the amount of €129 million by December 29, 2013 (2013: €76 million and 2012: €53 million), which will not be deductible for tax purposes, represents expected synergies from the combination of operations, as well as the ability to expand Ahold's geographic reach. The amounts recognized in the financial statements for the stores converted less than 12 months ago were determined on a provisional basis.

The 39 individual stores that were converted to the Albert Heijn banner have contributed €149 million to 2013 net sales and an insignificant amount to net income. It is not practicable to provide the 2013 and 2012 pro-forma effect on Ahold's net sales and net income.

Other 2013 acquisitions

Ahold completed several other minor acquisitions with a total purchase consideration of €16 million, including several stores acquired in the Netherlands for €10 million. In addition, the Netherlands acquired the Dutch operation of a sourcing cooperation that was unwound after the sale of ICA.

All acquisitions were accounted for using the purchase method of accounting.

The allocation of the fair value of the net assets acquired and the goodwill arising from the acquisitions during 2013 is as follows:

€ million	Jumbo	Other	**Total**
Property, plant and equipment	–	4	**4**
Goodwill	76	5	**81**
Other intangible assets	(77)	–	**(77)**
Current assets	–	12	**12**
Current liabilities	–	(5)	**(5)**
Total purchase consideration	**(1)**	**16**	**15**
Assets given up	–	(6)	**(6)**
Acquisition of business, net of cash	**(1)**	**10**	**9**

5 Assets and liabilities held for sale and discontinued operations

Assets and liabilities held for sale

€ million	December 29, 2013	December 30, 2012
Non-current assets and disposal groups held for sale	3	–
Assets held for sale from discontinued operations	25	–
Total assets held for sale	**28**	–
Liabilities related to assets held for sale from discontinued operations	**48**	–

The non-current assets and disposal groups held for sale consisted primarily of property, plant and equipment. At year-end 2012, the non-current assets and disposal groups held for sale (€1 million) were included in other current assets and there were no liabilities held for sale.

At year-end 2013, the assets held for sale and liabilities related to assets held for sale from discontinued operations consisted of the carrying value of the Slovakian disposal group as presented below:

€ million	December 29, 2013	December 30, 2012
Non-current assets	1	–
Current assets	24	–
Total assets held for sale from discontinued operations	**25**	–
Non-current liabilities	25	–
Current liabilities	23	–
Total liabilities related to assets held for sale from discontinued operations	**48**	–

5 Assets and liabilities held for sale and discontinued operations (continued)

Discontinued operations

Income from discontinued operations is specified as follows:

€ million	2013	2012 (restated)[1]
ICA	**137**	75
Slovakia	**(3)**	(26)
Other	**2**	–
Operating results from discontinued operations[2]	**136**	49
ICA	**1,614**	–
Slovakia	**(20)**	–
BI-LO / Bruno's	**3**	3
Various[3]	**(1)**	(6)
Results on divestments[4]	**1,596**	(3)
Income from discontinued operations, net of income taxes	**1,732**	46

1 See *Note 3* for an explanation of the restatements.

2 Operating results from discontinued operations are after net income tax benefits of €8 million and nil in 2013 and 2012, respectively.

3 Includes adjustments to the results on various other past divestments.

4 Results on divestments are after net income tax benefits of €9 million and nil in 2013 and 2012, respectively.

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

ICA

On February 10, 2013, Ahold reached a sale agreement with Hakon Invest regarding its 60% holding in ICA for proceeds of SEK 20 billion. Upon the sale agreement, Ahold's investment in ICA was classified as a discontinued operation and the transaction was completed on March 27, 2013.

The 2013 operating results from discontinued operations includes Ahold's proportionate share in ICA's operating results for the month of January 2013 of a €2 million loss, as well as a dividend of SEK 1.2 billion (€142 million) received from ICA. The expected cash flows from the receipt of the dividend were subject to a cash flow hedge and, consequently, Ahold recognized €139 million of dividend income (€142 million dividend receivable at the date of recognition less the effect of the cash flow hedge of €3 million).

An amount of €73 million, previously reported as share in income from joint ventures, has been reclassified to income from discontinued operations in the comparative figures (restated to €75 million as a result of retrospective application of IAS 19 "Employee Benefits," (as revised June 2011), see *Note 3*).

5 Assets and liabilities held for sale and discontinued operations (continued)

Ahold recorded a gain of €1,614 million as a result on divestment of ICA as presented below:

€ million	2013
Proceeds net of cost to sell	2,368
Net assets divested	(828)
Results on divestment before recycling of currency exchange differences and other items	1,540
Currency exchange differences transferred from equity	82
Other items previously recognized in other comprehensive income	(9)
Results on divestments before income taxes	1,613
Income taxes	1
Result on divestment of ICA	**1,614**

Slovakia

On November 14, 2013, it was announced that Ahold had reached an agreement with Condorum regarding the sale of Ahold's Slovakian business. In relation hereto Ahold has agreed to pay an amount of €44 million. Upon the sale agreement, Ahold Slovakia qualified as held for sale and discontinued operation. The transaction is expected to close in the first half 2014, and is subject to customary conditions.

The 2013 operating results of Ahold Slovakia as included in the operating results from discontinued operations were a loss of €3 million. The 2012 operating loss of €26 million that was previously reported as income from continuing operations has been reclassified to income from discontinued operations in the comparative figures (see *Note 3*). The condensed income statement for the Slovakian business is as follows:

€ million	2013	2012
Net sales	**139**	159
Cost of sales	**(105)**	(119)
Gross profit	**34**	40
Total operating expenses	**(44)**	(64)
Operating loss	**(10)**	(24)
Net financial expenses	**(2)**	(2)
Loss before income taxes	**(12)**	(26)
Income taxes[1]	**9**	–
Operating results from discontinued operations, net of income taxes	**(3)**	(26)

1 Included in income tax benefits was a €6 million deferred tax asset recognized for 2012 operating losses which was not recognized in the comparative period as it was assessed to be not recoverable unless Ahold was to cease operating in Slovakia.

5 Assets and liabilities held for sale and discontinued operations (continued)

Upon signing a binding sale agreement and qualification as held for sale, the disposal group was measured at fair value less cost to sell and an onerous contract provision was recognized for the loss on divestment. In connection with the divestment of Slovakia, Ahold recorded a loss of €20 million as presented below:

€ million	Loss before taxes	Income taxes	**Net of income taxes**
Impairment loss on the measurement to fair value less cost to sell	(16)	4	**(12)**
Loss on divestment[1]	(12)	5	**(7)**
Transaction costs	(1)	–	**(1)**
Result on divestment of Slovakia	(29)	9	**(20)**

1 Income tax benefits include the recognition of a €2 million deferred tax asset resulting from the difference between the carrying value and the tax base of Ahold's investment in the Slovakian business.

BI-LO / 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 provision, after tax, of €62 million in 2009. In 2010, the reorganized BI-LO exited bankruptcy protection. In 2013, Ahold recognized a reduction of €3 million (2012: a reduction of €3 million) in its provision, after tax, within results on divestments. For a description of the remaining provisions, see *Note 34*.

6 Segment reporting

Reportable segments

Ahold's retail operations are presented in three reportable segments. In addition, Other retail, consisting of Ahold's unconsolidated joint venture JMR, and Ahold's Corporate Center are presented separately. Ahold's previously reported segment "Other Europe" has been renamed "Czech Republic" following the classification of Ahold's business in Slovakia as a discontinued operation. 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	Included in the Reportable segment
Ahold USA	Stop & Shop New England, Stop & Shop New York Metro, Giant Landover, Giant Carlisle and Peapod
The Netherlands	Albert Heijn, Albert Heijn Belgium, Albert Heijn Germany, Etos, Gall & Gall, bol.com and albert.nl
Czech Republic	Albert

Other	Included in Other
Other retail	Unconsolidated joint venture JMR (49%)
Corporate Center	Corporate Center staff (the Netherlands, Switzerland and the United States)

Net sales

€ million	**2013**	2012 (restated)[1]
Ahold USA	**19,676**	20,112
The Netherlands	**11,494**	11,054
Czech Republic	**1,445**	1,516
Ahold group	**32,615**	32,682

1 See *Note 3* for an explanation of the restatements.

6 Segment reporting (continued)

Operating income

€ million	2013	2012 (restated)[1]
Ahold USA	663	735
The Netherlands	612	652
Czech Republic	31	27
Corporate Center	(67)	(78)
Ahold group	**1,239**	1,336

1 See Note 3 for an explanation of the restatements.

Additions to property, plant and equipment, investment property, and intangible assets (including assets acquired through business combinations)

€ million	2013	2012
Ahold USA	519	813
The Netherlands	289	1,016
Czech Republic (and Slovakia, prior to classification as discontinued operation)	34	47
Corporate Center	1	–
Ahold group	**843**	1,876

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

€ million	2013	2012 (restated)[1]
Ahold USA	544	552
The Netherlands	245	222
Czech Republic	35	41
Corporate Center	1	2
Ahold group	**825**	817

1 See Note 3 for an explanation of the restatements.

Net impairments of property, plant and equipment, investment property, intangible assets, and write-downs of intangible assets under development

€ million	2013	2012 (restated)[1]
Ahold USA	83	124
The Netherlands	9	5
Czech Republic	(1)	–
Corporate Center	–	–
Ahold group	**91**	129

1 See Note 3 for an explanation of the restatements.

6 Segment reporting (continued)

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

€ million	2013	2012
Ahold USA	**5,005**	5,332
The Netherlands	**2,428**	2,398
Czech Republic (and Slovakia, prior to classification as discontinued operation)	**382**	440
Corporate Center	**3**	2
Ahold group	**7,818**	8,172

Additional segment information

Segment results do not include significant non-cash items other than depreciation, amortization, write-downs, and impairment losses and reversals. For more information on write-downs of intangible assets under development, see *Note 13*.

Segment information joint ventures – Other retail (JMR)

The information with respect to JMR is presented in *Note 14*.

7 Net sales

€ million	2013	2012 (restated)[1]
Sales to retail customers	**29,005**	29,420
Sales to franchisees and franchise fees	**2,421**	2,324
Online sales	**1,086**	830
Other sales	**103**	108
Net sales	**32,615**	32,682

1 See *Note 3* for an explanation of the restatements.

8 Expenses by nature

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

€ million	2013	2012 (restated)[1]
Cost of product	**22,912**	23,079
Labor costs	**4,705**	4,544
Other operational expenses	**2,334**	2,284
Depreciation and amortization	**825**	817
Write-down of intangible assets under development *(Note 13)*	**8**	92
Rent income and expense – net	**537**	514
Impairment losses and reversals – net	**83**	37
Gains on the sale of assets – net	**(28)**	(21)
Total expenses	**31,376**	31,346

1 See *Note 3* for an explanation of the restatements.

9 Net financial expenses

€ million	2013	2012 (restated)[1]
Interest income	**7**	10
Interest expense	**(225)**	(234)
Interest income (expense) on defined benefit pension plans - net	**(24)**	17
Losses on foreign exchange	**(8)**	(10)
Fair value gains (losses) on financial instruments	**(22)**	16
Other	**(19)**	(7)
Other financial expenses	**(49)**	(1)
Net financial expenses	**(291)**	(208)

1 See *Note 3* for an explanation of the restatements.

Interest income mainly relates to interest earned on cash and cash equivalents and short-term cash deposits and similar instruments.

Interest expense primarily relates to financial liabilities measured at amortized cost (mainly loans, finance lease liabilities, financing obligations and cumulative preferred financing shares) and interest accretions to provisions. Interest income on defined benefit pension plans in 2012 arose as the balance of pension plans were in an asset position. At year end 2012 substantially all pension plans were in a liability position. Consequently, during 2013, the net interest component of pension expense resulted in interest expense.

9 Net financial expenses (continued)

Foreign exchange results on financial assets and liabilities, including amounts released from the cash flow hedging reserve, are presented as part of net financial expenses, within losses on foreign exchange. The losses on foreign exchange in 2013 mainly resulted from the foreign exchange translation of the remaining GBP 250 million of the original GBP 500 million notes. 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 2013, the Company recorded a net exchange loss (including impact of foreign exchange hedging instruments) of €1 million in operating income (2012: loss of €2 million).

The fair value losses in 2013 on financial instruments primarily resulted from the derivatives related to the remaining GBP 250 million notes (an interest rate and a cross-currency swap), which do not qualify for hedge accounting treatment, and were mainly caused by the US dollar interest rate and currency rate movements.

For more information on financial instruments, see *Note 30*.

"Other" included in "Other financial expenses" in 2013 primarily comprised of €11 million relating to the change in discount rate used for a multi-employer pension plan withdrawal provision.

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	2013	2012 (restated)[1]
Current income taxes		
Domestic taxes (the Netherlands)	**(103)**	(76)
Foreign taxes		
United States	**(26)**	(14)
Europe – Other	**4**	(21)
Total current tax expense	**(125)**	(111)
Deferred income taxes		
Domestic taxes (the Netherlands)	**(18)**	(61)
Foreign taxes		
United States	**(18)**	(93)
Europe – Other	**8**	(2)
Total deferred tax expense	**(28)**	(156)
Total income taxes on continuing operations	**(153)**	(267)

1 See *Note 3* for an explanation of the restatements.

10 Income taxes (continued)

Effective income tax rate on continuing operations

Ahold's effective tax rate in its consolidated income statement differed from the Netherlands' statutory income tax rate of 25.0%. The following table reconciles the statutory income tax rate with the effective income tax rate in the consolidated income statement:

	2013		2012 (restated)[1]	
	€ million	%	€ million	%
Income before income taxes	**948**		1,128	
Income tax expense at statutory tax rate	**(237)**	**25.0%**	(282)	25.0%
Adjustments to arrive at effective income tax rate:				
Rate differential (local rates versus the statutory rate of the Netherlands)	**(38)**	**4.0%**	(32)	2.8%
Deferred tax income related to recognition of deferred tax assets-net	**40**	**(4.2)%**	5	(0.4)%
Reserves, (non-) deductibles and discrete items	**82**	**(8.7)%**	42	(3.7)%
Total income taxes	**(153)**	**16.1%**	(267)	23.7%

1 See *Note 3* for an explanation of the restatements.

"Rate differential" indicates the effect of Ahold's taxable income being generated and taxed in jurisdictions where tax rates differ from the statutory tax rate in the Netherlands. "Reserves, (non-) deductibles and discrete items" include one-time transactions. During 2013, a tax benefit of €37 million was recognized from movements in income tax contingency reserves.

Notes to the consolidated financial statements

10 Income taxes (continued)

Income taxes on discontinued operations

Current and deferred income tax related to discontinued operations amounted to a €17 million benefit in 2013 and nil in 2012 and has been included within the result from discontinued operations. The 2013 current and deferred income tax benefit on discontinued operations is mainly related to Slovakia. For further information, see *Notes 5 and 34*.

Deferred income tax

The significant components and annual movements of deferred income tax assets and liabilities as of December 29, 2013, and December 30, 2012, are as follows:

€ million	January 1, 2012	Adjustments[1]	January 1, 2012 (restated)[1]	Recognized in income statement	Other	December 30, 2012 (restated)[1]	Recognized in income statement	Other	**December 29, 2013**
Leases and financings	235	–	235	3	(1)	237	5	(19)	**223**
Pensions and other post-employment benefits	16	83	99	(119)	325	305	(7)	(88)	**210**
Provisions	134	–	134	(20)	–	114	20	21	**155**
Derivatives and loans	16	–	16	(4)	12	24	5	(14)	**15**
Interest	38	–	38	20	(1)	57	(29)	(1)	**27**
Other	84	–	84	3	(9)	78	(39)	(11)	**28**
Total gross deductible temporary differences	523	83	606	(117)	326	815	(45)	(112)	**658**
Unrecognized deductible temporary differences	(51)	–	(51)	(5)	–	(56)	3	49	**(4)**
Total recognized deductible temporary differences	472	83	555	(122)	326	759	(42)	(63)	**654**
Tax losses and tax credits	316	–	316	(56)	(81)	179	(15)	(1)	**163**
Unrecognized tax losses and tax credits	(139)	–	(139)	4	91	(44)	43	(34)	**(35)**
Total recognized tax losses and tax credits	177	–	177	(52)	10	135	28	(35)	**128**
Total net deferred tax asset position	649	83	732	(174)	336	894	(14)	(98)	**782**
Property, plant and equipment and intangible assets	(336)	–	(336)	18	(46)	(364)	(14)	(5)	**(383)**
Inventories	(112)	–	(112)	(1)	2	(111)	1	5	**(105)**
Other	(6)	–	(6)	1	–	(5)	(1)	–	**(6)**
Total deferred tax liabilities	(454)	–	(454)	18	(44)	(480)	(14)	–	**(494)**
Net deferred tax assets	195	83	278	(156)	292	414	(28)	(98)	**288**

1 See *Note 3* for an explanation of the restatements.

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.

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	December 29, 2013	December 30, 2012 (restated)[1]
Deferred tax assets	**411**	512
Deferred tax liabilities	**(123)**	(98)
Net deferred tax assets	**288**	414

1 See Note 3 for an explanation of the restatements.

As of December 29, 2013, Ahold had operating and capital loss carryforwards of a total nominal amount of €1,239 million, mainly expiring between 2019 and 2033 (December 30, 2012: €1,346 million). The following table specifies the years in which Ahold's operating and capital loss carryforwards and tax credits are scheduled to expire:

€ million	2014	2015	2016	2017	2018	2019-2023	2024-2028	After 2028	Does not expire	Total
Operating and capital losses (nominal value)	5	31	8	25	22	350	476	307	15	**1,239**
Operating and capital losses (tax value)	1	6	2	8	8	50	26	17	5	**123**
Tax credits	7	7	5	5	4	6	1	–	5	**40**
Tax losses and tax credits	8	13	7	13	12	56	27	17	10	**163**

Operating and capital loss carryforwards related to one jurisdiction may not be used to offset income taxes in other jurisdictions. Of the loss carryforwards, €1,037 million relates to U.S. state taxes, for which a weighted average tax rate of 5.41% 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 a 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 are as follows:

€ million	2013	2012 (restated)[1]
Share-based compensation	**12**	4
Cash flow hedges	**(15)**	11
Currency translation differences in foreign interest	**1**	–
Remeasurement of defined benefit pension plans	**(83)**	331
Total	**(85)**	346

1 See Note 3 for an explanation of the restatements.

11 Property, plant and equipment

€ million	Buildings and land: Stores	Buildings and land: Other	Furnishings, machinery and equipment	Other	Under construction	Total
As of January 1, 2012						
At cost	6,829	567	3,918	95	174	11,583
Accumulated depreciation and impairment losses	(2,653)	(207)	(2,689)	(50)	–	(5,599)
Carrying amount	**4,176**	**360**	**1,229**	**45**	**174**	**5,984**
Year ended December 30, 2012						
Additions	56	8	98	21	650	833
Transfers from under construction	300	24	293	2	(619)	–
Acquisitions through business combinations	99	1	8	–	–	108
Depreciation	(351)	(21)	(348)	(9)	–	(729)
Impairment losses	(38)	–	(10)	(1)	–	(49)
Impairment reversals	–	–	1	–	–	1
Assets classified to held for sale or sold	(3)	–	(3)	–	–	(6)
Other movements	(5)	(6)	(1)	–	(1)	(13)
Exchange rate differences	(69)	(1)	(18)	(1)	(2)	(91)
Closing carrying amount	**4,165**	**365**	**1,249**	**57**	**202**	**6,038**
As of December 30, 2012						
At cost	7,067	563	4,080	113	202	12,025
Accumulated depreciation and impairment losses	(2,902)	(198)	(2,831)	(56)	–	(5,987)
Carrying amount	**4,165**	**365**	**1,249**	**57**	**202**	**6,038**
Year ended December 29, 2013						
Additions	74	33	94	17	489	707
Transfers from under construction	233	47	251	3	(534)	–
Acquisitions through business combinations	–	–	4	–	–	4
Depreciation	(346)	(21)	(342)	(11)	(1)	(721)
Impairment losses	(55)	–	(15)	(1)	–	(71)
Impairment reversals	1	–	1	–	–	2
Assets classified to held for sale or sold	(18)	–	(5)	(1)	–	(24)
Other movements	(23)	(1)	(3)	–	(1)	(28)
Exchange rate differences	(139)	(12)	(35)	(3)	(6)	(195)
Closing carrying amount	**3,892**	**411**	**1,199**	**61**	**149**	**5,712**
As of December 29, 2013						
At cost	6,879	617	4,052	120	149	11,817
Accumulated depreciation and impairment losses	(2,987)	(206)	(2,853)	(59)	–	(6,105)
Carrying amount	**3,892**	**411**	**1,199**	**61**	**149**	**5,712**

11 Property, plant and equipment (continued)

Buildings and land includes improvements to these assets. "Other" buildings and land mainly includes distribution centers and warehouses. "Other" property, plant and equipment mainly consists of trucks, trailers and other vehicles. Assets under construction mainly consists of stores.

In 2013, Ahold recognized net impairment losses of €69 million for property, plant and equipment. These were mainly related to Ahold USA (€66 million). On August 6, 2013, Stop & Shop announced plans to close six stores and three gas stations in New Hampshire. Ahold recognized $24 million (€18 million) of impairments related to these stores based on the exit assumption. The carrying amount of the associated assets were written down to nil. The remainder relates to various other operating and closed stores.

The higher of the value in use or fair value less cost to sell represents an asset's recoverable amount. The value-in-use method involves estimating future cash flows. The present value of estimated future cash flows has been calculated using pre-tax discount rates ranging between 6.4% and 12.8% (2012: 7.0%-12.1%). Fair value represents the price that would be received to sell an asset in an orderly transaction between market participants and has generally been measured by using discounted cash flow projections based on the assets' highest and best use from the market participants' perspective. The fair value less cost to sell was the recoverable amount in the determination of €15 million of the impairment losses.

The additions to property, plant and equipment include capitalized borrowing costs of €2 million (2012: €2 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 3.6% and 7.5% (2012: 4.1%-9.2%).

Other movements mainly include transfers to investment property and from lease-related intangible assets.

The carrying amount of land and buildings includes amounts related to assets held under finance leases and financings of €808 million and €163 million respectively (December 30, 2012: €881 million and €182 million). In addition, the carrying amount of machinery and equipment and other includes an amount of €4 million (December 30, 2012: €2 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 €48 million (December 30, 2012: €64 million) has been pledged as security for liabilities, mainly for loans.

12 Investment property

€ million	**2013**	2012
At the beginning of the year		
At cost	**876**	870
Accumulated depreciation and impairment losses	**(311)**	(277)
Carrying amount	**565**	593
Additions	**16**	18
Depreciation	**(22)**	(24)
Impairment losses and reversals – net	**(7)**	(7)
Assets classified to held for sale or sold	**(18)**	(32)
Transfers from property, plant and equipment and lease-related intangibles	**26**	24
Exchange rate differences	**(17)**	(7)
Closing carrying amount	**543**	565
At the end of the year		
At cost	**863**	876
Accumulated depreciation and impairment losses	**(320)**	(311)
Carrying amount	**543**	565

12 Investment property (continued)

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 a shopping center leased to a third-party retailer as investment property, unless it represents an insignificant portion of the property.

In 2013, Ahold recognized impairment losses of €7 million. These were related to Ahold USA (€3 million) and the Netherlands (€4 million).

The carrying amount of investment property includes an amount related to assets held under finance leases and financings of €33 million and €44 million (December 30, 2012: €38 million and €50 million), respectively. Ahold does not have legal title to these assets. Company-owned investment property with a carrying amount of €65 million (December 30, 2012: €66 million) has been pledged as security for liabilities, mainly for loans.

The fair value of investment property as of December 29, 2013, amounted to approximately €715 million (December 30, 2012: €757 million). These fair value measurements are primarily categorized within Level 2. The most significant input into this valuation approach are observable market retail yields and tenant rents to calculate the fair value. An insignificant portion of the fair value measurement is based on the Company's own valuation methods, which are categorized within level 3. Fair value represents the price that would be received to sell an asset in an orderly transaction between market participants and has generally been measured by using discounted cash flow projections based on the assets' highest and best use from the market participants' perspective. For mixed use properties and properties held for strategic purposes, 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 in 2013 amounted to €63 million (2012: €69 million). Direct operating expenses (including repairs and maintenance but excluding depreciation expense) arising from rental-income-generating and non-rent-generating investment property in 2013 amounted to €30 million (2012: €36 million).

Notes to the consolidated financial statements

13 Intangible assets

€ million	Goodwill	Lease-related intangibles	Software	Customer relationships	Brand names	Other	Under development	Total
As of January 1, 2012								
At cost	407	248	545	49	–	166	170	1,585
Accumulated amortization and impairment losses	(3)	(144)	(497)	(39)	–	(66)	–	(749)
Carrying amount	**404**	**104**	**48**	**10**	**–**	**100**	**170**	**836**
Year ended December 30, 2012								
Additions	–	8	9	–	–	5	109	131
Transfers from under development	–	–	124	–	–	6	(130)	–
Acquisitions through business combinations	372	8	43	73	86	204	–	786
Amortization	–	(10)	(41)	(6)	–	(11)	–	(68)
Write-downs	–	–	–	–	–	–	(92)	(92)
Assets classified to held for sale or sold	–	–	–	–	–	(1)	–	(1)
Other movements	–	(11)	–	–	–	–	–	(11)
Exchange rate differences	(7)	(1)	(1)	–	–	(1)	(2)	(12)
Closing carrying amount	**769**	**98**	**182**	**77**	**86**	**302**	**55**	**1,569**
As of December 30, 2012								
At cost	772	254	714	121	86	379	55	2,381
Accumulated amortization and impairment losses	(3)	(156)	(532)	(44)	–	(77)	–	(812)
Carrying amount	**769**	**98**	**182**	**77**	**86**	**302**	**55**	**1,569**
Year ended December 29, 2013								
Additions	–	–	16	1	–	20	75	112
Transfers from under development	–	–	49	–	–	2	(51)	–
Acquisitions through business combinations	81	–	–	–	–	(77)	–	4
Amortization	–	(10)	(56)	(7)	–	(11)	–	(84)
Impairments and write-downs	(1)	(3)	–	(1)	–	(4)	(8)	(17)
Assets classified to held for sale or sold	–	(1)	(1)	–	–	–	–	(2)
Other movements	–	–	1	–	–	1	–	2
Exchange rate differences	(12)	(4)	(1)	–	–	(3)	(1)	(21)
Closing carrying amount	**837**	**80**	**190**	**70**	**86**	**230**	**70**	**1,563**
As of December 29, 2013								
At cost	841	239	680	119	86	320	70	2,355
Accumulated amortization and impairment losses	(4)	(159)	(490)	(49)	–	(90)	–	(792)
Carrying amount	**837**	**80**	**190**	**70**	**86**	**230**	**70**	**1,563**

Goodwill recognized on acquisitions in 2013 relates mainly to the acquisition of C1000 stores (see *Note 4* for more details). Goodwill recognized on acquisitions in 2012 relates mainly to the acquisition of bol.com, Genuardi's Family Markets stores, and C1000 and Jumbo stores.

13 Intangible assets (continued)

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 reportable segments are as follows:

€ million		December 29, 2013	December 30, 2012
Reportable segment	**Cash-generating unit**		
Ahold USA	Stop & Shop New England	**12**	12
	Stop & Shop New York Metro	**22**	23
	Giant Carlisle	**209**	217
	Giant Landover	**7**	7
	Peapod	**19**	20
The Netherlands	Albert Heijn	**335**	255
	bol.com	**201**	201
	Etos	**7**	7
	Gall & Gall	**1**	1
Czech Republic	Czech Republic	**24**	26
Ahold group		**837**	769

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 value-in-use calculations. Value-in-use was determined using discounted cash flow projections that generally cover a period of five years and are based on the financial plans approved by the Company's management. Due to the expected continuation of high growth in the relevant on-line retail markets, the periods covered by the projections for bol.com and Peapod are ten years to better reflect the growth expectations in sales, profitability and cash generation after the first five year projection period. The key assumptions for the value-in-use calculations are those regarding discount rate, sales growth and operating margin. The post-tax rates used to discount the projected cash flows reflect specific risks relating to relevant CGUs and are 5.7% for Ahold USA, 5.9% for the Netherlands, 10.3% for bol.com and 6.8% for the Czech Republic. The sales growth rates and operating margins used to estimate future performance are based on past performance and experience of growth rates and operating margins achievable in Ahold's main markets. The average annual compound sales growth rates applied in the projected period ranged between 2.8% and 15.5%. The average operating margins applied in the projected period ranged between 1.7% and 6.6%. Growth rates used to extrapolate cash flows beyond the explicit forecast period are set such that the return on invested capital never exceeds the weighted average cost of capital of the CGUs.

The sensitivity analyses indicated that the recoverable amounts of the CGUs would still be in excess of the carrying amounts with sufficient and reasonable headroom if the discount rates for Ahold USA, the Netherlands (excluding bol.com) and the Czech Republic were higher by 2%. Should the sales growth rate of bol.com be reduced by 170 basis points, the operating margin be reduced by 50 basis points or the discount rate be raised by 145 basis points in the projected period, the carrying value of this CGU would equal the recoverable amount.

Lease-related intangible assets consist primarily of favorable operating lease contracts acquired in business acquisitions. Customer relationships consist primarily of pharmacy scripts and customer lists recognized through the acquisition of bol.com in 2012. Brand names include the name "bol.com." Ahold expects that bol.com will play an important role in its business strategy and believes there is currently no foreseeable limit to the period over which the brand is expected to generate net cash inflows. Therefore the brand is assessed to have an indefinite useful life. The asset is tested for impairment in accordance with the policies as stated in *Note 3*. "Other" mainly includes intangible assets related to location development rights, deed restrictions and similar assets. Included in "Other" is an intangible asset allocated to Stop & Shop New England with an indefinite useful life and a carrying value of €25 million (2012: €26 million). The useful life of this asset is assessed to be indefinite since it relates to the land portion of an owned location. Also included in 2013 is the prepaid purchase consideration for the transfer of C1000 stores of €127 million (2012: €204 million). The amount will be reallocated to the appropriate intangible assets (mainly goodwill) as agreements are reached with the franchisees.

13 Intangible assets (continued)

Intangible assets under development relate mainly to software development. The additions to intangible assets under development include capitalized borrowing costs of nil (2012: €5 million). The capitalization rate used was the same as for property, plant and equipment (see *Note 11*). In 2013, there was a €8 million write-down of capitalized software development costs (2012: €92 million).

14 Investments in joint ventures and associates

On February 10, 2013 Ahold reached a sale agreement with Hakon Invest regarding its 60% holding in ICA for SEK 20 billion. The transaction was completed on March 27, 2013. For a description of the result on the divestment of ICA, see *Note 5*.

In 1992, Ahold partnered with Jerónimo Martins, SGPS, S.A. in the joint venture JMR - Gestão de Empresas de Retalho, SGPS S.A. (JMR). Ahold holds 49% of the shares in JMR and shares equal voting power on JMR's board of directors with Jerónimo Martins, SGPS, S.A. JMR operates food retail stores in Portugal under the brand name Pingo Doce. JMR is a joint venture and is accounted for using the equity method. There is no quoted market price available.

Ahold is also a partner in various smaller joint arrangements and associates that are individually not material to the group. Ahold does not have subsidiaries with non-controlling interests that are material to the group.

Set out below is the summarized financial information for JMR and ICA (on a 100% basis).

€ million	**JMR 2013**	JMR 2012	ICA 2012[1]	Total 2012[1]
Summarized balance sheet				
Current				
Cash and cash equivalents	**103**	134	519	653
Other current assets	**297**	300	1,392	1,692
Total current assets	**400**	434	1,911	2,345
Financial liabilities (excluding trade payables)	**(140)**	(73)	(1,315)	(1,388)
Other current liabilities	**(820)**	(718)	(1,451)	(2,169)
Total current liabilities	**(960)**	(791)	(2,766)	(3,557)
Non-current				
Assets	**1,154**	1,180	3,083	4,263
Financial liabilities	**(228)**	(426)	(538)	(964)
Other liabilities	**(25)**	(22)	(378)	(400)
Total non-current liabilities	**(253)**	(448)	(916)	(1,364)
Net assets	**341**	375	1,312	1,687

1 See *Note 3* for an explanation of the restatements.

14 Investments in joint ventures and associates (continued)

€ million	JMR 2013	JMR 2012	ICA 2012[1]	Total 2012[1]
Summarized statement of comprehensive income				
Net sales	**3,432**	3,295	11,125	14,420
Depreciation and amortization	**(100)**	(103)	(172)	(275)
Interest income	**1**	1	9	10
Interest expense	**(23)**	(19)	(43)	(62)
Income tax expense	**(27)**	(11)	(222)	(233)
Profit from continuing operations	**18**	10	125	135
Net income	**18**	10	125	135
Other comprehensive income (loss)	**1**	2	(13)	(11)
Total comprehensive income	**19**	12	112	124
Dividends received from joint venture	**(26)**	(16)	(136)	(152)

1 See *Note 3* for an explanation of the restatements.

Share in profit from continuing operations for Ahold's interests in all individually immaterial joint ventures was €1 million (2012: €3 million) and nil for individually immaterial associates (2012: nil).

The information presented below represents a reconciliation of the summarized financial information presented above to the carrying amount of JMR and ICA.

€ million	JMR 2013	ICA 2013	JMR 2012	ICA 2012[1]
Opening net assets beginning of the year	**375**	**1,312**	395	1,374
Net income	**18**	**(3)**	10	125
Other comprehensive income (loss)	**1**	**–**	2	(13)
Dividend	**(53)**	**–**	(32)	(226)
Investments classified from / (to) held for sale or sold	**–**	**(1,352)**	–	–
Other changes in equity of joint ventures	**–**	**–**	–	2
Exchange rate differences	**–**	**43**	–	50
Closing net assets	**341**	**–**	375	1,312
Interest in joint venture	**49%**	**–**	49%	60%
Goodwill	**–**	**–**	–	16
Carrying value[1]	**167**	**–**	184	803

1 See *Note 3* for an explanation of the restatements.

14 Investments in joint ventures and associates (continued)

Changes in the carrying amount of Ahold's interest in joint ventures and associates are as follows:

€ million	JMR 2013	ICA 2013	Other 2013	Total 2013	JMR 2012	ICA 2012[1]	Other 2012	Total 2012[1]
Beginning of the year (restated)[1]	**184**	**803**	**30**	**1,017**	194	840	25	1,059
Share in income of joint ventures	**9**	**–**	**1**	**10**	5	–	3	8
Share in income of joint ventures classified as discontinued operations[2]	**–**	**(2)**	**–**	**(2)**	–	75	–	75
Dividend	**(26)**	**–**	**(1)**	**(27)**	(16)	(136)	(5)	(157)
Share of other comprehensive income (loss)	**–**	**–**	**–**	**–**	1	–	–	1
Share of other comprehensive income (loss) from discontinued operations	**–**	**–**	**–**	**–**	–	(8)	–	(8)
Investments classified from / (to) held for sale or sold	**–**	**(828)**	**–**	**(828)**	–	–	(3)	(3)
Other changes in equity of joint ventures	**–**	**–**	**–**	**–**	–	2	10	12
Exchange rate differences	**–**	**27**	**–**	**27**	–	30	–	30
End of the year	**167**	**–**	**30**	**197**	184	803	30	1,017

1 See *Note 3* for an explanation of the restatements.

2 Ahold's investment in ICA was classified as a discontinued operation and, accordingly, €73 million that was previously reported as share in income from joint ventures (restated to €75 million as a result of retrospective application of IAS 19 "Employee Benefits," as revised in June 2011) has been reclassified to income from discontinued operations.

Commitments and contingent liabilities in respect of joint ventures and associates

There are no contingent liabilities or significant restrictions relating to the Company's interest in the joint ventures and associates. The commitments are presented in *Note 31*.

15 Other non-current financial assets

€ million	December 29, 2013	December 30, 2012 (restated)[1]
Derivative financial instruments	**278**	280
Defined benefit asset	**5**	23
Reinsurance assets	**89**	68
Loans receivable	**32**	35
Other	**11**	14
Total other non-current financial assets	**415**	420

1 See *Note 3* for an explanation of the restatements.

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 fair value of plan assets exceeds the present value of the defined benefit obligations. For more information on defined benefit plans, see *Note 23*.

Of the non-current loans receivable, €17 million matures between one and five years and €15 million after five years (December 30, 2012: €12 million between one and five years and €23 million after five years). The current portion of loans receivable of €5 million is included in other receivables (December 30, 2012: €3 million).

Part of the self-insured 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. The 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 also *Notes 18, 22 and 26*) on its balance sheet. There were no significant gains or losses related to this pooling arrangement during 2013 or 2012.

16 Inventories

€ million	December 29, 2013	December 30, 2012
Finished products and merchandise inventories	**1,410**	1,447
Raw materials, packaging materials, technical supplies and other	**40**	45
Total inventories	**1,450**	1,492

In 2013, €644 million has been recognized as a write-off of inventories in the income statement (2012: €645 million). The write-off of inventories is Ahold's best estimate based on significant assumptions applied to certain products measured using the retail method. The write-off may vary from year to year due to various factors, including exchange rate differences and inflation.

17 Receivables

€ million	December 29, 2013	December 30, 2012
Trade receivables	**358**	424
Vendor allowance receivables	**191**	212
Other receivables	**135**	174
	684	810
Provision for impairment	**(19)**	(17)
Total receivables	**665**	793

The balances as of December 29, 2013, are presented net for the financial assets and liabilities subject to an enforceable master netting arrangement between the Company and the counterparty that allows for net settlement of the relevant balances. The total impact in 2013 is €114 million.

At December 29, 2013, the aging analysis of receivables was as follows:

					Past due	
€ million	**Total**	**Not past due**	**0–3 months**	**3–6 months**	**6–12 months**	**> 12 months**
Trade receivables	358	282	49	11	4	12
Vendor allowance receivables	191	152	35	3	1	–
Other receivables	135	84	28	13	5	5
	684	518	112	27	10	17
Provision for impairment	(19)	–	(2)	(1)	(2)	(14)
Total receivables	**665**	**518**	**110**	**26**	**8**	**3**

Receivables that were past due but not impaired relate to a number of independent customers for whom there is no recent history of default.

At December 30, 2012, the aging analysis of receivables was as follows:

					Past due	
€ million	Total	Not past due	0–3 months	3–6 months	6–12 months	> 12 months
Trade receivables	424	345	59	8	3	9
Vendor allowance receivables	212	173	35	3	–	1
Other receivables	174	95	54	14	4	7
	810	613	148	25	7	17
Provision for impairment	(17)	–	(3)	(1)	(2)	(11)
Total receivables	**793**	**613**	**145**	**24**	**5**	**6**

The concentration of credit risk with respect to receivables is limited, as the Company's customer base and vendor base are 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 December 29, 2013. For more information about credit risk, see *Note 30*.

17 Receivables (continued)

The changes in the provision for impairment were as follows:

€ million	2013	2012
Beginning of the year	**(17)**	(16)
Released / (charged) to income	**(9)**	(8)
Used	**6**	7
Exchange rate differences	**1**	–
End of the year	**(19)**	(17)

18 Other current financial assets

€ million	December 29, 2013	December 30, 2012
Short-term deposits and similar instruments	**1,467**	–
Reinsurance assets – current portion (see *Note 15*)	**47**	41
Other	**6**	2
Total other current financial assets	**1,520**	43

As per December 29, 2013, short-term deposits and similar instruments included short-term investments with a remaining maturity at acquisition of between three and twelve months.

Of the short-term deposits and similar instruments as of December 29, 2013, €15 million was restricted (December 30, 2012: nil). This primarily consisted of investments held for insurance purposes for U.S. workers' compensation and general liability programs. As of December 30, 2012 this restricted balance was included in cash and cash equivalents, see *Note 19*.

Other mainly consists of the current portion of the derivative financial instruments. For more information on financial instruments and fair values, see *Note 30*.

19 Cash and cash equivalents

€ million	December 29, 2013	December 30, 2012
Cash in banks and cash equivalents	**2,206**	1,547
Cash on hand	**290**	339
Total cash and cash equivalents	**2,496**	1,886

Of the cash and cash equivalents as of December 29, 2013, €4 million was restricted (December 30, 2012: €22 million). This primarily consisted of cash held in escrow accounts mainly related to construction activities. A part of the restricted balance that was included in the December 30, 2012 balance is now included in short-term deposits and similar instruments, see *Note 18*.

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 €166 million and €170 million as of December 29, 2013, and December 30, 2012, 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 December 29, 2013:

	€ 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 authorized share capital	**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 since they no longer meet the definition of a liability. For disclosures regarding Ahold's cumulative preferred financing shares, see *Note 22*.

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 January 1, 2012	**1,100,888**	**41,083**	**1,059,805**
Share buyback	–	26,832	(26,832)
Cancellation of treasury shares	(39,900)	(39,900)	–
Share-based payments	–	(5,534)	5,534
Balance as of December 30, 2012	**1,060,988**	**22,481**	**1,038,507**
Share buyback	–	61,009	(61,009)
Share-based payments	–	(4,995)	4,995
Balance as of December 29, 2013	**1,060,988**	**78,495**	**982,493**

Dividends on common shares

On April 17, 2013, the General Meeting of Shareholders approved the dividend over 2012 of €0.44 per common share (€457 million in the aggregate). The dividend was paid on May 2, 2013. The Management Board, with the approval of the Supervisory Board, proposes that a dividend of €0.47 per common share be paid in 2014 with respect to 2013. 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 December 29, 2013. The payment of this dividend will not have income tax consequences for the Company.

Share buyback

On February 28, 2013, Ahold announced its decision to return €500 million to its shareholders by way of a share buyback program to be completed over a 12-month period. Subsequently, on June 4, 2013, Ahold announced an extension to this program of an additional €1.5 billion, for a total share buyback of €2 billion, expected to be completed by the end of 2014. Under this program, 61,008,851 of the Company's own shares were repurchased and delivered in 2013. Shares were repurchased at an average price of €12.58 per share for a total amount of €768 million.

On March 19, 2012, Ahold completed its €1 billion share buyback program announced on March 3, 2011. Under this program, 106,814,343 of the Company's own shares were repurchased and delivered in 2011 and 2012 (2011: 79,982,258 and 2012: 26,832,085) for a total consideration of €1 billion (2011: €723 million and 2012: €277 million), at an average price of €9.36 (2011: €9.04 and 2012: €10.33).

Of the total shares repurchased, 39,900,000 were cancelled on July 9, 2012.

20 Equity attributable to common shareholders (continued)

Share-based payments

Share-based payments recognized in equity in the amount of €61 million (2012: €53 million) relate to the 2013 GRO share-based compensation expenses of €43 million (2012: €40 million), see *Note 32*; the stock options exercised of €6 million (2012: €9 million); and the current and deferred income taxes recognized in and transferred from equity relating to share-based compensation of €12 million (2012: €4 million), see *Note 10*.

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. Moreover, outside the scope of a public offer, 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 December 29, 2013, or during 2013 and 2012.

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 for no consideration to acquire cumulative preferred shares from the Company, from time to time until December 2018, 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. In case the authorized share capital of the Company is amended during the term of the option, the Option Agreement provides for a corresponding change of the total par value of cumulative preferred shares under option. 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[1]. 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%, 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 the balance sheet total as of 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%. Subject to limited exceptions, any potential transfer of cumulative preferred shares requires the approval of the Management Board. Cumulative preferred shares can only be issued in a registered form. The Company may stipulate that only 25% 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 three members, who are appointed by the board of SAC itself.

Legal reserves

In accordance with the Dutch Civil Code and statutory requirements in other countries, legal reserves have to be established in certain circumstances. Legal reserves are not available for distribution to the Company's shareholders. The currency translation reserve, cash flow hedging reserve and other reserves include non-distributable amounts. Of the total equity as per December 29, 2013, of €6,520 million, an amount of €513 million is non-distributable (December 30, 2012 as restated: €644 million out of total equity of €5,146 million). See *Note 7* to the parent company financial statements for more detail on the legal reserves.

1 If the articles of association are amended in accordance with the amendments that have been proposed and accepted at the Extraordinary General Meeting of January 21, 2014, the new nominal value of the ordinary shares and the cumulative preferred financing shares will be €0.01. The nominal value of the cumulative preferred shares will remain to be €500.00. The holders of cumulative preferred shares will, as of the date of amendment, be entitled to 50,000 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.

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.

€ million	Current portion within 1 year	Non-current portion: Between 1 to 5 years	Non-current portion: After 5 years	Total December 29, 2013	Current portion within 1 year	Non-current portion: Between 1 to 5 years	Non-current portion: After 5 years	Total December 30, 2012
Notional redemption amounts								
GBP 500 notes 6.50%, due March 2017[1]	–	288	–	288	–	290	–	290
USD 94 indebtedness 7.82%, due January 2020[2]	6	29	6	41	6	29	13	48
USD 71 indebtedness 8.62%, due January 2025	–	–	52	52	–	–	54	54
USD 500 notes 6.875%, due May 2029	–	–	364	364	–	–	378	378
JPY 33,000 notes LIBOR plus 1.5%, due May 2031[3]	–	–	228	228	–	–	290	290
Deferred financing costs	–	(1)	(2)	(3)	–	(1)	(3)	(4)
Total notes	6	316	648	970	6	318	732	1,056
Other loans	–	2	1	3	–	2	3	5
Financing obligations[4]	14	64	268	346	13	63	305	381
Mortgages payable[5]	2	3	5	10	3	2	6	11
Total loans	22	385	922	1,329	22	385	1,046	1,453

1 During 2005, Ahold bought back GBP 250 million of the notes. The remaining notional redemption amount of GBP 250 million (€ 300 million) has been netted with €12 million as per December 29, 2013, (December 30, 2012: €16 million) representing an amount, amortized over the remaining terms of the notes, that relates to a hedging instrument that stopped qualifying for fair value hedge accounting. The remaining notional amount of GBP 250 million was, through two swap contracts, swapped to $356 million, and carries a six-month floating U.S. dollar interest rate (see *Note 30* for additional information). Ahold is required under these swap contracts to redeem the U.S. dollar notional amount through semi-annual installments that commenced in September 2004. $260 million has been paid down as of December 29, 2013.
2 As of December 29, 2013, $39 million has been repaid since inception.
3 Notes were swapped to €299 million at an interest rate of 7.065% (see *Note 30* for additional information related to the JPY cross-currency swap).
4 The weighted average interest rate for the financing obligations amounted to 7.9% in 2013 (2012: 7.9%).
5 Mortgages payable are collateralized by buildings and land. The weighted average interest rate for these mortgages payable amounted to 5.9% in 2013 (2012: 6.5%).

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 (EMTN) program that had an aggregate of €528 million of outstanding notes as of December 29, 2013. The notes issued under the program include the remaining outstanding balances of GBP 500 million and JPY 33,000 million notes, maturing in 2017 and 2031, respectively. The notes issued under the EMTN program contain customary restrictive covenants. During 2013, Ahold was in compliance with these covenants.

Credit facilities

Ahold has access to a €1.2 billion unsecured, committed, multi-currency and syndicated credit facility that was refinanced in June 2011. In June 2013, maturity was extended by one year (until 2018) for the full amount. This was the last extension possible. This credit facility may be used for working capital and for general corporate purposes and provides for the issuance of letters of credit to an aggregate maximum amount of $550 million (€400 million).

The facility contains customary covenants and is subject to a financial covenant that requires Ahold not to exceed a maximum leverage ratio, as defined in the facility agreement, of 4.0:1.

During 2013, Ahold was in compliance with these covenants, and as of December 29, 2013, there were no outstanding borrowings under the facility other than letters of credit to an aggregate amount of $237 million (€172 million).

Ahold also has access to various uncommitted credit facility lines serving working capital needs that, as of December 29, 2013, totaled €106 million. As of December 29, 2013, €9 million was drawn under these credit facility lines.

22 Other non-current financial liabilities

€ million	December 29, 2013	December 30, 2012
Finance lease liabilities	**1,069**	1,179
Cumulative preferred financing shares	**497**	497
Derivative financial instruments	**182**	175
Reinsurance liabilities	**100**	76
Other	**34**	3
Total other non-current financial liabilities	**1,882**	1,930

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*.

Other mainly consists of a pretax liability for the discounted amount of the remaining settlement liability of $33 million (€25 million) relating to an agreement with the New England Teamsters and Trucking Industry Pension Fund (NETTI) to settle Stop & Shop's pension liabilities in the fund, see *Note 23*.

Finance lease liabilities

Finance lease liabilities are payable as follows:

€ million	December 29, 2013			December 30, 2012		
	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	**162**	**87**	**75**	172	97	75
Between one and five years	**629**	**281**	**348**	665	317	348
After five years	**1,011**	**274**	**737**	1,145	314	831
Total	**1,802**	**642**	**1,160**	1,982	728	1,254

	December 29, 2013	December 30, 2012
Current portion finance lease liabilities (see *Note 26*)	**74**	75
Current portion finance lease liabilities included in "liabilities related to assets held for sale" (see *Note 5*)	**1**	–
Non-current portion finance lease liabilities included in "liabilities related to assets held for sale" (see *Note 5*)	**16**	–
Non-current portion finance lease liabilities	**1,069**	1,179

Finance lease liabilities are principally for buildings. Terms range primarily from 10 to 25 years and include renewal options if it is reasonably certain, at the inception of the leases, that they will be exercised. At the time of entering into a finance lease agreement, the commitment is recorded at its 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 December 29, 2013, the finance lease liabilities are recorded at their present value at an average interest rate of 7.8% (December 30, 2012: 8.0%).

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.

22 Other non-current financial liabilities (continued)

During 2013, interest expense on finance lease liabilities was €95 million (2012: €102 million), of which €2 million related to discontinued operations (2012 as restated: €4 million). Total future minimum sublease income expected to be received under non-cancelable subleases as of December 29, 2013, is €116 million (December 30, 2012: €140 million). The total contingent rent expense recognized during the year on finance leases was €4 million (2012: €1 million).

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 cumulative preferred financing shares	81
Additional paid-in capital cumulative preferred financing shares	416
Balance as of December 29, 2013, and December 30, 2012	**497**

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. 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. The current financing dividend percentage is 5.93% per year for the shares issued in June 1996, 6.08% per year for the shares issued in August 1998, 3.85% per year for the shares issued in October 2000, and 3.35% 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 75 million. This represents approximately 8% 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 (depositary 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, on the notification date, and on 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 depositary 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 pay defined benefit 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 additional pension benefits for certain company executives and life insurance and medical care benefits for certain retired employees meeting age and service requirements at its U.S. subsidiaries, all of which the Company funds as claims are incurred.

The pension plans expose the Company to actuarial risks such as: longevity risk, interest rate risk, currency risk, salary risk and investment risk. Longevity risk relates to the mortality assumptions used to value the defined benefit obligation where an increase in participants' life expectancies will increase a plan's liability. Interest rate risk relates to the discount rate used to value the defined benefit obligation where a decrease in the discount rate will increase a plan's liability, however this will be partially offset by an increase in the return on a plan's investments in debt instruments. The pension plans may mitigate interest rate risk by entering into interest rate swap contracts. Currency risk relates to the fact that a plan holds investments that may not be denominated in the same currency as the plan's obligations. The pension plans may mitigate currency risk by purchasing forward currency instruments. Salary risk relates to salary increase assumptions used to value the defined benefit obligation, where an increase will result in a higher plan liability. See below for more details on the Company's asset-liability matching strategy employed to manage its investment risk.

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	December 29, 2013	December 30, 2012 (restated)[1]
Defined benefit liabilities	**(348)**	(643)
Defined benefit assets	**5**	23
Total defined benefit plans	**(343)**	(620)

1 See *Note 3* for an explanation of the restatements.

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

23 Pensions and other post-employment benefits (continued)

Net defined benefit cost is comprised of the following components. The net interest (income) expense is presented as net financial expenses in the income statement and plan remeasurements are presented as other comprehensive income. All other components of net defined benefit cost are presented in the income statement as cost of sales, selling expenses, and general and administrative expenses, depending on functional areas of the employees earning the benefits.

€ million	2013	2012 (restated)[1]
Service cost		
Current service cost	**119**	75
Past service cost	**–**	(39)
Gain on settlement	**(9)**	(6)
Net interest (income) expense	**24**	(17)
Administrative cost	**8**	11
Components of defined benefit cost recorded in the income statement	**142**	24
Remeasurements recognized:		
Return on plan assets, excluding amounts included in net interest (income) / cost	**102**	(289)
Loss from changes in demographic assumptions	**13**	154
(Gain) loss from changes in financial assumptions	**(298)**	1,358
Experience gains	**(47)**	(19)
Components of defined benefit cost recognized in other comprehensive income	**(230)**	1,204
Total net defined benefit cost	**(88)**	1,228

1 See *Note 3* for an explanation of the restatements.

23 Pensions and other post-employment benefits (continued)

The changes in the defined benefit obligations and plan assets in 2013 and 2012 were as follows:

€ million	The Netherlands 2013	The Netherlands 2012 (restated)	United States 2013	United States 2012 (restated)	Total 2013	Total 2012 (restated)
Defined benefit obligations						
Beginning of the year	**3,433**	2,128	**1,350**	1,469	**4,783**	3,597
Current service cost	**98**	56	**21**	19	**119**	75
Past service cost	**–**	(39)	**–**	–	**–**	(39)
Gain on settlements	**–**	–	**(9)**	(6)	**(9)**	(6)
Interest expense	**125**	117	**49**	76	**174**	193
Contributions by plan participants	**16**	12	**–**	–	**16**	12
Benefits paid	**(94)**	(88)	**(60)**	(67)	**(154)**	(155)
Settlement payments	**–**	–	**(164)**	(359)	**(164)**	(359)
(Gain) loss from changes in demographic assumptions	**(3)**	152	**16**	2	**13**	154
(Gain) loss from changes in financial assumptions	**(157)**	1,116	**(141)**	242	**(298)**	1,358
Experience (gains) losses	**(46)**	(21)	**(1)**	2	**(47)**	(19)
Exchange rate differences	**–**	–	**(41)**	(28)	**(41)**	(28)
End of the year	**3,372**	3,433	**1,020**	1,350	**4,392**	4,783
Plan assets						
Fair value of assets, beginning of the year	**3,191**	2,762	**972**	1,116	**4,163**	3,878
Interest income	**114**	151	**36**	59	**150**	210
Company contribution	**122**	122	**61**	195	**183**	317
Contributions by plan participants	**16**	12	**–**	–	**16**	12
Benefits paid	**(94)**	(88)	**(60)**	(67)	**(154)**	(155)
Settlement payments	**–**	–	**(164)**	(359)	**(164)**	(359)
Administrative cost	**(4)**	(4)	**(4)**	(7)	**(8)**	(11)
Return on plan assets, excluding amounts included in net interest (income) expense	**(150)**	236	**48**	53	**(102)**	289
Exchange rate differences	**–**	–	**(35)**	(18)	**(35)**	(18)
Fair value of assets, end of the year	**3,195**	3,191	**854**	972	**4,049**	4,163
Funded status	**(177)**	(242)	**(166)**	(378)	**(343)**	(620)

The total defined benefit obligation of €4,392 million as of December 29, 2013, includes €108 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.

23 Pensions and other post-employment benefits (continued)

During 2013, Ahold changed the way it accounts for the contributions it makes to prepay disbursement costs that will be incurred when future benefits are paid to beneficiaries. These costs were previously included in the defined benefit obligation of the pension plan for the Netherlands, but will now be expensed as contributions are made. This change has resulted in a reduction of the 2013 year end defined benefit obligation of €102 million, which has been treated as a remeasurement and recognized within other comprehensive income.

During 2012, the Company amended its defined benefit pension plan in the Netherlands. The plan amendments included, among other changes, raising the retirement age and gradually increasing the amount that participants will contribute in future years. The effect of all amendments was a net past service cost of €39 million.

During 2012, the Company changed its methodology for measuring past service years within the Dutch pension fund. The previous methodology was to calculate past service years based on a participant's accrued benefits, but this has been changed to a methodology that uses the maximum past service years based on a participant's actual date of hire or accrued benefits. The effect of the change on the 2012 year-end defined benefit obligation was an increase of €101 million, which was recognized as a remeasurement within other comprehensive income.

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 years of age 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 a 401(k) plan. All other eligible employees were transferred to a 401(k) plan. Accrued benefits under the defined benefit plan for employees transferred to a 401(k) plan were frozen for pay and service as of December 31, 2009 (frozen plan). The resulting curtailment gain in 2008 was largely offset by accrued additional (transition) contributions that the Company will make to a 401(k) plan for a period of five years (2010-2014) to employees meeting certain age or service requirements who were transferred to a 401(k) plan. During 2012, the Company settled the frozen accrued benefits of participants who elected to receive a lump sum payout. At that time, the Company recognized a settlement gain of €6 million. In 2013, the Company settled the remaining frozen accrued benefits by purchasing annuity contracts, which resulted in a further settlement gain of €9 million.

Cash contributions

From 2013 to 2014, Company contributions are expected to decrease from €122 million to €114 million in the Netherlands and decrease from $81 million (€61 million) to $64 million (€47 million) in the United States.

As of year-end 2013, the funding ratio, calculated in accordance with regulatory requirements, of the largest Dutch plan was 116% and the U.S. pension plan was 112%. Under the financing agreement with the Dutch pension fund, contributions are made as a percent of employees' salaries and shared between Ahold and the employees. The agreement also allows for a reduction in premiums if certain funding conditions are met. In addition, Ahold can be required to contribute a maximum amount of €150 million over a five-year period if the funding ratio is below 105%. Contributions to the U.S. pension plan are required if the prior year-end funding ratio falls below 100% as measured under the Pension Protection Act.

Actuarial assumptions

The calculations of the defined benefit obligation and net defined benefit cost are sensitive to the assumptions set out below. These assumptions require a large degree of judgment. Actual experience may differ from the assumptions made. The assumptions required to calculate the actuarial present value of benefit obligations and the net defined benefit costs are determined per plan are as follows (expressed as weighted averages):

	The Netherlands		United States	
Percent	**2013**	2012	**2013**	2012
Discount rate	**3.6**	3.6	**5.0**	4.2
Future salary increases	**3.7**	4.2	**4.5**	5.0
Future pension increases	**1.5**	1.5	**0.0**	0.0

23 Pensions and other post-employment benefits (continued)

Assumptions regarding longevity are based on published statistics and mortality tables. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	The Netherlands		United States	
Years	**2013**	2012	**2013**	2012
Longevity at age 65 for current pensioners				
Male	**21.9**	21.9	**19.3**	19.2
Female	**23.7**	23.7	**21.1**	21.0
Longevity at age 65 for current members aged 50				
Male	**23.2**	23.2	**20.2**	20.2
Female	**24.5**	24.5	**21.6**	21.6

The following table summarizes how the effect on the defined benefit obligations at the end of the reporting period would have increased (decreased) as a result of a 0.5 percentage-point change in the respective assumptions.

€ million	The Netherlands	United States	Total
Discount rate			
0.5 percentage-point increase	(339)	(59)	(398)
0.5 percentage-point decrease	396	65	461
Future salary increases			
0.5 percentage-point increase	46	7	53
0.5 percentage-point decrease	(43)	(7)	(50)
Future pension increases			
0.5 percentage-point increase	335	N/A	335
0.5 percentage-point decrease	(294)	N/A	(294)
Life expectancy			
1 year increase at age 65	135	30	165

The above sensitivity analyses have been based on a change in the assumption while holding all other assumptions constant. In reality one might expect interrelationships between the assumptions, especially between discount rate and future salary increases as both depend to a certain extent on expected inflation rates. The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to the previous period.

23 Pensions and other post-employment benefits (continued)

Plan assets

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

€ million	The Netherlands 2013	The Netherlands 2012	United States 2013	United States 2012
Equity instruments:				
Consumer goods	**184**	168	**45**	45
Financial services	**166**	206	**48**	40
Telecommunications and information	**87**	75	**59**	57
Energy and utilities	**68**	70	**27**	25
Industry	**100**	96	**30**	29
Other	**4**	4	**41**	42
Debt instruments:				
Government	**840**	755	**106**	117
Corporate bonds (investment grade)	**861**	913	**143**	205
Corporate bonds (non-investment grade)	**14**	12	**37**	61
Other	**–**	–	**23**	–
Real estate:				
Retail	**41**	54	**–**	–
Offices	**48**	54	**–**	–
Residential	**31**	33	**–**	–
Other	**–**	–	**19**	17
Investment funds	**602**	480	**265**	325
Derivatives:				
Interest rate swaps	**(22)**	138	**–**	–
Forward foreign exchange contracts	**10**	21	**–**	–
Cash and cash equivalents	**163**	125	**11**	9
Other	**(2)**	(13)	**–**	–
Total	**3,195**	3,191	**854**	972

Virtually all equity and debt instruments have quoted prices in active markets. Derivatives can be classified as level 2 instruments and real estate and investment funds as level 3 instruments based on the definitions in IFRS 13, Fair value measurement. It is the policy of the funds to use interest rate swaps to hedge their exposure to interest rate risk. Foreign currency exposures are hedged by the use of forward foreign exchange contracts.

23 Pensions and other post-employment benefits (continued)

In the Netherlands, the plan assets are managed by outside investment managers following investment strategies 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 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% variable yield and 60% fixed income. 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 short-term 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: 45% equity securities, 45% debt securities and 10% other investments.

In 2013, the Dutch plans had €2 million of plan assets invested in Ahold debt securities and €1 million in Ahold-occupied real estate (2012: nil). In 2013 or 2012, the U.S. plans did not have any plan assets invested in Ahold financial instruments or Ahold-occupied real estate.

The actual return on plan assets in 2013 was negative 1.0% for the Dutch plans (2012: +12.8%) and +9.2% for the U.S. plans (2012: +10.2%).

Benefit maturities

The weighted average duration of the defined benefit obligations of the Dutch and U.S. plans are 22.9 and 12.9 years, respectively.

The Dutch and U.S. plans have the following expected schedule of benefit payments.

€ million	The Netherlands	United States	Total
Amount due within one year	88	63	151
Amount due between two and five years	325	234	559
Amount due between six and ten years	508	335	843

23 Pensions and other post-employment benefits (continued)

Defined contribution plans

In the Netherlands, the United States and Czech Republic, 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 2013 and 2012, the Company contributed €34 million and €30 million, respectively, to its defined contribution plans. These contributions were recognized as an expense in the income statement and related entirely to continuing operations in 2013 and 2012.

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 employers and unions and they are typically responsible for oversight of the investment of the assets and administration of the plan. Contribution rates and benefit levels are generally determined through the collective bargaining process between the participating employers and unions. None of the Company's collective bargaining agreements require that a minimum funding requirement exists for these plans.

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 there is no reliable basis to accurately determine Ahold's share of plan obligations and assets following 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 balance sheet.

The risks of participating in multi-employer plans are different from the risks of single employer plans. Ahold's contributions may be used to provide benefits to employees of other participating employers. Ahold may become obligated for a plan's unfunded obligations if other participating employers' cease to participate in the plan. Similarly, if a number of employers cease to have employees participating in the plan, Ahold could be responsible for an increased share of the plan's deficit. If Ahold withdraws from a plan, it may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Defined benefit plans

Ahold participated in 13 multi-employer pension plans that are defined benefit plans on the basis of the terms of the benefits provided. The following table presents Ahold's estimate of its proportionate share of each plan's deficit or surplus. Ahold's participation is the relative amount of its contributions during the year in relation to the total amount of contributions made to the plan. The estimate of Ahold's net proportionate share of the plans' deficits is based on the latest available information received from these plans, such as the plans' measurement of plan assets and the use of discount rates between 6.5% and 8.5%. The information received has been updated for market trends and conditions through the end of 2013, and does not represent Ahold's direct obligation. While this is our best estimate, based upon information available to us, it is imprecise and not necessarily reliable.

23 Pensions and other post-employment benefits (continued)

€ million	Date of latest information	December 29, 2013 Annual contributions	Plan deficit / (surplus)	Ahold's participation	Ahold's proportionate share of deficit / (surplus)	December 30, 2012 Annual contributions	Plan deficit / (surplus)	Ahold's participation	Ahold's proportionate share of deficit / (surplus)
FELRA & UFCW Food Pension Fund	Jan. 1, 2013	**26**	**716**	**61.2%**	**438**	33	828	60.3%	499
Mid-Atlantic UFCW & Participating Employers Pension Fund	*	**6**	*	*	*	–	–	–	–
New England Teamsters & Trucking Industry Pension original pool	Oct. 1, 2012	**–**	**–**	**–**	**–**	6	2,907	3.0%	87
New England Teamsters & Trucking Industry Pension new pool	*	**6**	*	*	*	–	–	–	–
UFCW Local 1262 & Employers Pension Fund	Jan. 1, 2012	**6**	**167**	**22.6%**	**38**	7	224	21.5%	48
United Food & Commercial Workers Intl Union – Industry Pension Fund	July 1, 2012	**17**	**(357)**	**21.9%**	**(78)**	17	(99)	22.0%	(22)
UFCW Local 1500 Pension Plan	Jan. 1, 2013	**6**	**132**	**26.8%**	**35**	6	138	25.8%	36
Warehouse Employees' Union Local 730 Pension Trust Fund	Jan. 1, 2013	**2**	**66**	**59.5%**	**39**	2	87	53.7%	47
Other plans	various	**5**	**3,699**	**1.3%**	**9**	6	5,155	1.2%	37
Total		**74**	**4,423**		**481**	77	9,240		732

* *These are new plans in 2013 and Ahold has not yet received the valuation reports from the plan administrators.*

In 2012 a restructuring took place regarding the FELRA & UFCW Food Pension Fund. Under the restructuring, the Mid-Atlantic UFCW & Participating Employers Pension Fund was created for future service accruals for active Giant Landover employees. Both plans are funded by Ahold USA and any other participating employers. It is anticipated that the contribution levels of the Mid-Atlantic UFCW & Participating Employers Pension Fund will be sufficient to fully fund benefits earned by the employees of Ahold USA and other participating employers.

During 2013, Stop & Shop reached an agreement with the New England Teamsters and Trucking Industry Pension Fund (NETTI) to settle Stop & Shop's pension liabilities in the fund. This agreement follows NETTI's restructuring to create a new future benefit service "pool." Employers who participate in the new pool will be responsible only for the pension benefits of their own employees, without regard to any previous fund liabilities in the original pension pool. Under the settlement agreement, Stop & Shop has moved its employees into the new pool, effective March 31, 2013, without any loss of benefits for its employees and will settle its liability and payment obligations in the original pension pool through the payment of $100 million (€76 million), payable in two equal installments of $50 million, the first paid on June 22, 2013, and the second due by April 30, 2025.

If the underfunded liabilities of the multi-employer pension 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. However, all future increases will be subject to the collective bargaining process. In 2014, the Company expects its contributions to decrease to €72 million. 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. Except for the NETTI withdrawal liability payment mentioned above, no other withdrawal payments were incurred or included in the 2013 and 2012 contributions disclosed above. 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.

23 Pensions and other post-employment benefits (continued)

Defined contribution plans

Ahold also participates in 41 multi-employer plans that are defined contribution plans on the basis of the terms of the benefits provided. The majority of these plans provide health and welfare benefits. The Company contributed €240 million and €219 million to multi-employer defined contribution plans during both 2013 and 2012, respectively. These contributions are recognized as an expense in the consolidated income statement and related entirely to continuing operations in 2013 and 2012. These plans vary significantly in size, with contributions to the three largest plans representing 63% of total contributions.

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 30, 2012							
Current portion	105	12	101	10	22	6	256
Non-current portion	424	37	19	36	75	55	646
Carrying amount	**529**	**49**	**120**	**46**	**97**	**61**	**902**
Year ended December 29, 2013							
Additions charged to income	125	19	5	33	22	10	214
Used during the year	(116)	(22)	(98)	(13)	(22)	(10)	(281)
Released to income	(5)	(1)	(10)	(5)	(20)	(1)	(42)
Interest accretion	5	1	–	4	5	1	16
Effect of changes in discount rates	(8)	1	–	1	13	3	10
Classified to held for sale or sold	–	–	–	–	–	(2)	(2)
Other movements	–	–	(5)	7	(12)	–	(10)
Exchange rate differences	(20)	–	(3)	(3)	(3)	(2)	(31)
Closing carrying amount	**510**	**47**	**9**	**70**	**80**	**60**	**776**
As of December 29, 2013							
Current portion	122	14	5	18	26	6	191
Non-current portion	388	33	4	52	54	54	585

Maturities of total provisions as of December 29, 2013, are as follows:

€ million	Self-insurance program	Loyalty programs	Claims and legal disputes	Restructuring	Onerous contracts	Other	Total
Amount due within one year	122	14	5	18	26	6	191
Amount due between two and five years	263	33	2	31	33	12	374
Amount due after five years	125	–	2	21	21	42	211
Total	**510**	**47**	**9**	**70**	**80**	**60**	**776**

24 Provisions (continued)

Self-insurance program

Ahold is self-insured for certain potential losses, mainly relating to general liability, 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 effective as of December 1, 2012, $17.5 million (€13 million) for property losses. For property losses the maximum self-insurance retention per occurrence, including defense costs, was $8 million (€6 million) before December 1, 2012. For property losses, Ahold purchased a stop-loss coverage of $50 million (€37 million) to limit the aggregate exposure for named windstorms through June 1, 2014. A portion of this risk is reinsured to third parties, see *Note 15*.

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 claim 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 participating in the loyalty program are entitled.

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. During 2013, Ahold paid €92 million in settlement of the adverse judgment received in Stop & Shop's legal proceedings against Vornado. The amount was provided for in 2011.

Restructuring

In 2013, Ahold recognized restructuring provisions of €33 million, mainly related to Ahold's U.S. operations, which includes a restructuring provision of €23 million in connection with the closure of six stores and three gas stations in New Hampshire. 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. The balance of the provision as of December 29, 2013, consisted of €57 million related to rent and closing costs within US operations (including provisions for Ahold's former Tops stores of €22 million) and €13 million for restructurings within Ahold's Czech operations.

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. Ahold recognized an onerous contract provision of €12 million for the loss on divestment of its Slovakian operations upon signing a binding sale agreement.

Other

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

25 Other non-current liabilities

€ million	December 29, 2013	December 30, 2012
Step rent accruals	**201**	211
Deferred income	**17**	26
Other	**17**	14
Total other non-current liabilities	**235**	251

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 income on vendor allowances and deferred gains on sale and leaseback transactions.

26 Other current financial liabilities

€ million	December 29, 2013	December 30, 2012
Finance lease liabilities – current portion (see *Note 22*)	**74**	75
Interest payable	**24**	25
Short-term borrowings	**52**	42
Dividend cumulative preferred financing shares	**24**	24
Reinsurance liabilities – current portion (see *Note 15*)	**52**	45
Loans – current portion (see *Note 21*)	**22**	22
Other	**14**	3
Total other current financial liabilities	**262**	236

Other mainly includes a multi-employer union pension withdrawal liability.

27 Other current liabilities

€ million	December 29, 2013	December 30, 2012
Accrued expenses	**542**	533
Compensated absences	**248**	247
Payroll taxes, social security and VAT	**244**	249
Deferred income	**33**	27
Gift card liabilities	**73**	69
Other	**17**	9
Total other current liabilities	**1,157**	1,134

28 Cash flow

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

€ million	2013	2012
Cash and cash equivalents at the beginning of the year	1,886	2,438
Restricted cash	(22)	(31)
Cash and cash equivalents at the beginning of the year, excluding restricted cash	1,864	2,407
Net cash from operating, investing and financing activities	681	(511)
Effect of exchange rate differences on cash and cash equivalents	(48)	(32)
Restricted cash	4	22
Cash and cash equivalents related to discontinued operations	(5)	–
Cash and cash equivalents of continuing operations at the end of the year	**2,496**	**1,886**

The following table presents additional cash flow information:

€ million	2013	2012
Non-cash investing activities		
Accounts payable at year-end related to purchased non-current assets	81	117
Assets acquired under finance leases from continuing operations	52	39
Non-cash financing activities		
Finance lease liabilities originated from continuing operations	(52)	(39)
Acquisition of businesses		
Fair value of assets acquired	61	(587)
Goodwill	(81)	(372)
Less: liabilities assumed	5	234
Total consideration paid	(15)	(725)
Assets given up	6	–
Cash acquired	–	24
Acquisition of businesses, net of cash acquired	**(9)**	**(701)**
Divestments of businesses		
Result on divestments of discontinued operations before income taxes	1,587	(3)
Net assets divested	828	–
Changes in accounts receivable / payable and provisions – net	(6)	(40)
Loss on fair value less cost to sell measurement	16	–
Currency exchange differences transferred from equity	(82)	–
Other items previously recognized in other comprehensive income	9	–
Divestment of businesses, net of cash divested	**2,352**	**(43)**

29 Earnings per share

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

	2013	2012 (restated)[1]
Earnings (€ million)		
Net income attributable to common shareholders for the purposes of basic earnings per share	**2,537**	915
Effect of dilutive potential common shares – reversal of preferred dividends from earnings	**25**	25
Net income attributable to common shareholders for the purposes of diluted earnings per share	**2,562**	940
Number of shares (in millions)		
Weighted average number of common shares for the purposes of basic earnings per share	**1,021**	1,040
Effect of dilutive potential common shares:		
Share options and conditional shares	**13**	11
Cumulative preferred financing shares	**38**	49
Weighted average number of common shares for the purposes of diluted earnings per share	**1,072**	1,100

1 See *Note 3* for an explanation of the restatements.

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

€ million	2013	2012 (restated)[1]
Income from continuing operations, attributable to common shareholders for the purposes of basic earnings per share	**805**	869
Effect of dilutive potential common shares – reversal of preferred dividends from earnings	**25**	25
Income from continuing operations, attributable to common shareholders for the purposes of diluted earnings per share	**830**	894

1 See *Note 3* for an explanation of the restatements.

Basic and diluted income per share from discontinued operations attributable to common shareholders amounted to €1.69 and €1.62, respectively (2012 as restated: €0.04 basic and €0.04 diluted). They are based on the income from discontinued operations attributable to common shareholders of €1,732 million (2012 as restated: €46 million) and the denominators detailed above.

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 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 Management 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 department reviews the Treasury internal control environment regularly. Relationships with 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 loan and interest payments, 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.

In 2013, Ahold had a significant SEK exposure arising from the ICA divestment that was hedged in compliance with the Company's risk management framework.

Foreign currency sensitivity analysis

Assuming the euro had strengthened (weakened) by 10% against the U.S. dollar compared to the actual 2013 rate, with all other variables held constant, the hypothetical result on income before income taxes would have been a decrease (increase) of €32 million (2012: €33 million), mainly as a result of foreign exchange losses on the translation of U.S. dollar denominated cash and cash equivalents and a change of the fair value of the GBP cross-currency swap for which no hedge accounting is applied.

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 December 29, 2013, after taking into account the effect of interest rate swaps and cross-currency swaps, approximately 98% of Ahold's interest bearing debt was at fixed rates of interest (2012: 97%).

Interest rate sensitivity analysis

The total interest expense recognized in the 2013 income statement related to the variable rates of long-term debt, net of swaps, amounted to €5 million (2012: €7 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 (2012: nil). 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 €2 million or a gain of €2 million, respectively (2012: a loss of €4 million or a gain of €4 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%.

The total interest income recognized in the 2013 income statement amounted to €7 million (2012: €10 million) related mainly to variable rate money market fund investments and deposits. 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 of €9 million or a loss of €5 million, respectively (2012: gain of €3 million or a loss of €2 million). In performing this analysis, the effect was limited to a point where the absolute value of the reference interest would not decrease below 0%.

30 Financial risk management and financial instruments (continued)

The cash flow hedge reserve would be impacted by interest rate movements through the JPY cross-currency swap which qualified for cash flow hedge accounting. The impact of interest rate movements related to the bond and the swap's variable leg are not reflected as they offset each other. The impact of 25 basis points increase (25 basis point decrease) in euro interest rates related to the remaining fair value exposure on the swap's fixed leg (defined as those on the rate for the EUR fix leg, so impact on discount rate) is a loss of €15 million (gain of €15 million).

The above sensitivity analyses are for illustrative purposes only as, in practice, market rates rarely change in isolation from 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 minimum rating of A- (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 €102 million as of December 29, 2013 (December 30, 2012: €106 million). A netting agreement is in place with one financial counterparty that reduces the credit exposure (as of December 29, 2013, net exposure of €96 million).

The concentration of credit risk with respect to receivables is limited as the Company's customer base and vendor base are 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 December 29, 2013. 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. Ahold manages short-term liquidity based on projected cash flows over rolling periods of six months. As of December 29, 2013, Ahold had €1 billion of committed undrawn bank facilities. The facility can be drawn on for working capital and general corporate purposes and €4 billion of cash balances (including short-term deposits and similar instruments) available to manage its liquidity.

30 Financial risk management and financial instruments (continued)

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.

The following tables summarize the expected maturity profile of the Company's derivative financial instruments and non-derivative financial liabilities as of December 29, 2013, and December 30, 2012, respectively, based on contractual undiscounted payments:

Year ended December 29, 2013

€ million	Net carrying amount	Within 1 year	Between 1 and 5 years	After 5 years	Total
		Contractual cash flows			
Non-derivative financial liabilities					
Notes	**(970)**	**(62)**	**(528)**	**(1,033)**	**(1,623)**
Other loans	**(3)**	**(2)**	**(2)**	**–**	**(4)**
Financing obligations	**(346)**	**(48)**	**(165)**	**(185)**	**(398)**
Mortgages payable	**(10)**	**(3)**	**(7)**	**(2)**	**(12)**
Finance lease liabilities	**(1,143)**	**(198)**	**(670)**	**(801)**	**(1,669)**
Cumulative preferred financing shares[1]	**(497)**	**(24)**	**(79)**	**(48)**	**(151)**
Short-term borrowings	**(52)**	**(52)**	**–**	**–**	**(52)**
Reinsurance liabilities	**(152)**	**(53)**	**(86)**	**(15)**	**(154)**
Accounts payable	**(2,387)**	**(2,387)**	**–**	**–**	**(2,387)**
Other	**(48)**	**(14)**	**(5)**	**(47)**	**(66)**
Derivative financial assets and liabilities					
Cross-currency derivatives and interest flows	**61**[2]	**(28)**	**204**	**(235)**	**(59)**
Interest derivatives and interest flows	**41**	**12**	**31**	**–**	**43**

1 Cumulative preferred financing shares have no maturity. For the purpose of the table above, the future dividend cash flows were calculated until the coupon reset date of each of the four share-series (2016, 2018, 2020 and 2023). No liability redemption was assumed. Actual cash flows may differ, see Note 22.

2 The net carrying amount for cross-currency derivatives and interest flows consists of the GBP and JPY cross-currency swap, €237 million and €(182) million respectively, and €6 million of forward foreign currency contracts.

30 Financial risk management and financial instruments (continued)

Year ended December 30, 2012

€ million	Net carrying amount	Contractual cash flows: Within 1 year	Between 1 and 5 years	After 5 years	Total
Non-derivative financial liabilities					
Notes	(1,056)	(66)	(566)	(1,205)	(1,837)
Other loans	(5)	(1)	(1)	(3)	(5)
Financing obligations	(381)	(73)	(298)	(243)	(614)
Mortgages payable	(11)	(3)	(7)	(2)	(12)
Finance lease liabilities	(1,254)	(218)	(879)	(778)	(1,875)
Cumulative preferred financing shares[1]	(497)	(24)	(79)	(54)	(157)
Short-term borrowings	(42)	(42)	–	–	(42)
Reinsurance liabilities	(121)	(45)	(67)	(10)	(122)
Accounts payable	(2,667)	(2,667)	–	–	(2,667)
Other	(2)	–	–	(2)	(2)
Derivative financial assets and liabilities					
Cross-currency derivatives and interest flows	46	(34)	190	(151)	5
Interest derivatives and interest flows	59	11	49	–	60

1 Cumulative preferred financing shares have no maturity. For the purpose of the table above, the future dividend cash flows were calculated until the coupon reset date of each of the four share-series (2013, 2016, 2018 and 2020). No liability redemption was assumed.

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 December 29, 2013, and December 30, 2012, respectively. Refer to *Note 34* for the liquidity risk related to guarantees.

Credit ratings

S&P upgraded Ahold's corporate credit rating to BBB with a stable outlook in June 2009 and, since then, this rating has remained unchanged. In July 2013, Moody's affirmed Ahold's Baa3 issuer credit rating and changed the outlook to positive from stable. Maintaining investment grade credit ratings is a cornerstone 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.

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 lease adjusted debt, which includes borrowings, cash and cash equivalents, short-term deposits and similar instruments, equity, and the present value of the operating lease commitments. Ahold may balance its overall capital structure in a number of ways, including through the payment of dividends, capital repayment, new share issues and share buybacks as well as the issuance of new debt or the redemption of existing debt.

30 Financial risk management and financial instruments (continued)

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	December 29, 2013 Carrying amount	December 29, 2013 Fair value	December 30, 2012 Carrying amount	December 30, 2012 Fair value
Loans receivable	**37**	**44**	38	54
Trade and other (non) current receivables	**666**	**666**	800	800
Reinsurance assets	**136**	**136**	109	109
Total loans and receivables	**839**	**846**	947	963
Cash and cash equivalents	**2,496**	**2,496**	1,886	1,886
Short-term deposits and similar instruments	**1,467**	**1,467**	–	–
Derivatives	**284**	**284**	282	282
Available for sale	**4**	**4**	4	4
Total financial assets	**5,090**	**5,097**	3,119	3,135
Notes	**(970)**	**(1,169)**	(1,056)	(1,348)
Other loans	**(3)**	**(4)**	(5)	(4)
Financing obligations[1]	**(346)**	**(356)**	(381)	(420)
Mortgages payable	**(10)**	**(12)**	(11)	(12)
Finance lease liabilities	**(1,143)**	**(1,468)**	(1,254)	(1,731)
Cumulative preferred financing shares	**(497)**	**(539)**	(497)	(535)
Dividend cumulative preferred financing shares	**(24)**	**(24)**	(24)	(24)
Accounts payable	**(2,387)**	**(2,387)**	(2,667)	(2,667)
Short-term borrowings	**(52)**	**(52)**	(42)	(42)
Interest payable	**(24)**	**(24)**	(25)	(25)
Reinsurance liabilities	**(152)**	**(152)**	(121)	(121)
Other	**(48)**	**(54)**	(2)	(2)
Total financial liabilities at amortized cost	**(5,656)**	**(6,241)**	(6,085)	(6,931)
Derivatives	**(182)**	**(182)**	(177)	(177)
Total financial liabilities	**(5,838)**	**(6,423)**	(6,262)	(7,108)

1 The fair value of financing obligations as of December 30, 2012, includes a decrease of €153 million in order to correct the amount previously disclosed in Ahold's Annual Report 2012.

Of Ahold's categories of financial instruments, only derivatives, assets available for sale and reinsurance assets (liabilities) are measured and recognized on the balance sheet at fair value. These fair value measurements are categorized within Level 2 of the fair value hierarchy. The Company uses inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The fair value of derivative instruments is measured by using either a market or income approach (mainly present value techniques). Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates that match the maturity of the contracts. Interest rate swaps are measured at the present value of expected future cash flows. Expected future cash flows are discounted by using the applicable yield curves derived from quoted interest rates.

30 Financial risk management and financial instruments (continued)

The valuation of Ahold's derivatives instruments is adjusted for the credit risk of the counterparty (counterparty credit risk) and of the reporting entity (own credit risk) in accordance with IFRS13. The valuation adjustment for counterparty credit risk requires a Credit Valuation Adjustment ("CVA") and a Debit Valuation Adjustment ("DVA") for an adjustment to own credit risk. The CVA / DVA calculations have been added to the risk-free fair value of Ahold's interest and cross currency swaps. The valuation technique for the CVA / DVA calculation is based on relevant observable market inputs.

The carrying amount of receivables, cash and cash equivalents, accounts payable, short-term deposits and similar instruments, 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.

Short-term deposits and similar instruments include financial assets at fair value through profit or loss (€135 million) and loans and receivables (€1,332 million). Short-term deposits and similar instruments contain short-term liquid investments that are considered part of Ahold's cash management financial assets as these investment products provide short-term liquidity while also providing capital preservation.

Derivatives

Fair values, notional amounts, maturities and the qualification of derivative financial instruments for accounting purposes are presented in the table below:

		December 29, 2013			December 30, 2012		
		Fair value			Fair value		
€ million	Maturity	**Assets**	**Liabilities**	**Notional amount**	Assets	Liabilities	Notional amount
Forward foreign currency contracts[1]	Within 1 year	**6**	**–**	**124**	2	–	129
Cross-currency swap[2]	After 5 years	**–**	**(182)**	**228**	–	(175)	290
Total cash flow hedges		**6**	**(182)**	**352**	2	(175)	419
Forward foreign currency contracts[3]	Within 1 year	**–**	**–**	**–**	–	(2)	64
Total net investment hedges		**–**	**–**	**–**	–	(2)	64
Interest rate swap	Between 1 to 5 years	**41**	**–**	**300[5]**	59	–	306[5]
Cross-currency swap[4]	Between 1 to 5 years	**237**	**–**	**300[5]**	221	–	306[5]
Total derivatives – no hedge accounting treatment		**278**	**–**	**300[5]**	280	–	306[5]
Total derivative financial instruments		**284**	**(182)**	**652**	282	(177)	789

1 Foreign currency forwards designated as cash flow hedges are used to hedge the future cash flows denominated in foreign currencies.

2 Cross-currency swap accounted for as a cash flow hedge used to hedge currency and cash flow risk on floating debt denominated in foreign currency, related to JPY 33,000 notes (see *Note 21* for additional information).

3 Foreign currency forwards accounted for as net investment hedges are used to hedge cash flow currency risk on a dividend flow from ICA.

4 As of December 29, 2013, the valuation of the GBP 250 cross-currency swap, related to the GBP 250 notes (see *Note 21* for additional information) includes the impact of the mark-to-market valuation of an embedded credit clause in the amount of €(1) million. The volatility in the financial markets resulted in a €4 million gain related to this credit clause in the year 2013 (€8 million gain in 2012). Ahold is required under these swap contracts to redeem the U.S. dollar notional amount through semi-annual installments that commenced in September 2004. $260 million has been paid down as of December 29, 2013.

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

Gains and losses recognized in cash flow hedging reserve in equity as of December 29, 2013, mainly relate to the swap on the JPY 33,000 notes and will be released to the income statement over a period lasting until 2031.

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. In 2013, the Company announced a new leadership structure. In place of the Corporate Executive Board and the Ahold Executive Team, a broader Executive Committee (ExCo) has been installed. The ExCo consists of the Management Board (formerly referred to as the Corporate Executive Board) and three other ExCo members. In light of the composition of the ExCo during 2013, the Company reassessed which persons constitute key management personnel as defined in IAS 24 "Related parties." The Company determined that key management personnel consist of the members of the ExCo and the members of the Supervisory Board. In 2012, the Company considered the members of the Management Board and the Supervisory Board to be the key management personnel.

The total compensation of key management personnel amounts to €13,755 thousand (2012: €8,596 thousand, based on the definition of key management personnel as disclosed in the 2012 Annual Report). This includes a crisis levy in The Netherlands of €758 thousand (2012: €773 thousand) following the Budget Agreement 2013 Tax Measures Implementation Act that was extended in the 2014 Tax Plan. The crisis levy is €758 thousand (2012: €773 thousand) for members of the ExCo and nil for the members of the Supervisory Board (2012: nil).

Employment contracts with individual Management Board members

Dick Boer

In 2013, the Company provided Dick Boer with a base salary of €975,000 on an annual basis, participation in the annual cash incentive plan and 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% of base salary and is capped at 150% in case of extraordinary performance. Unless Boer's employment agreement is otherwise terminated, he will be eligible for reappointment at the annual General Meeting of Shareholders in April 2015. In the event that the Company terminates his employment agreement for reasons other than cause or because he is not reappointed by the shareholders, Boer is entitled to a severance payment equal to one year's base salary. His employment agreement may be terminated by the Company with a notice period of 12 months and by Boer with a notice period of six months. Boer participates in Ahold's Dutch Pension Plan.

Jeff Carr

In 2013, the Company provided Jeff Carr with a base salary of €615,000 on an annual basis, participation in the annual cash incentive plan and 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% of base salary and is capped at 150% in case of extraordinary performance. Furthermore, Carr receives a housing allowance of €7,000 net per month for the first term of four years. Unless Carr's employment agreement is otherwise terminated, he will be eligible for reappointment at the annual General Meeting of Shareholders in April 2015. In the event that the Company terminates his employment agreement for reasons other than cause or because he is not reappointed by the shareholders, Carr is entitled to a severance payment equal to one year's base salary. His employment agreement may be terminated by the Company with a notice period of 12 months and by Carr with a notice period of six months. Carr participates in Ahold's Dutch Pension Plan.

Lodewijk Hijmans van den Bergh

In 2013, the Company provided Lodewijk Hijmans van den Bergh with a base salary of €537,500 on an annual basis, participation in the annual cash incentive plan and 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% of base salary and is capped at 150% in case of extraordinary performance. Unless Hijmans van den Bergh's employment agreement is otherwise terminated, he will be eligible for reappointment in 2014. In the event that the Company terminates his employment agreement for reasons other than cause or because he is not reappointed by the shareholders, Hijmans van den Bergh is entitled to a severance payment equal to one year's base salary. His employment agreement may be terminated by the Company with a notice period of 12 months and by Hijmans van den Bergh with a notice period of six months. Hijmans van den Bergh participates in Ahold's Dutch Pension Plan.

James McCann

In 2013, the Company provided James McCann with a base salary of €650,000 on an annual basis, participation in the annual cash incentive plan and 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% of base salary and is capped at 150% in case of extraordinary performance. Furthermore, McCann receives a housing allowance of $10,000 net per month for the first term of four years. Unless McCann's employment agreement is otherwise terminated, he will be eligible for reappointment at the annual General Meeting of Shareholders in April 2015. In the event that the Company terminates his employment agreement for reasons other than cause or because he is not reappointed by the shareholders, McCann is entitled to a severance payment equal to one year's base salary. His employment agreement may be terminated by the Company with a notice period of 12 months and by McCann with a notice period of six months. McCann participates in Ahold's Dutch Pension Plan.

31 Related party transactions (continued)

Remuneration of the Management Board by member

€ thousand	Base salary	Bonuses[1]	Other[2]	Total direct remuneration	Share-based compensation[3]	Pensions[4]	Total remuneration[5]
	Direct remuneration				Deferred remuneration		
Dick Boer							
2013	**975**	**868**	**12**	**1,855**	**1,114**	**433**	**3,402**
2012	965	478	13	1,456	890	95	2,441
Jeff Carr							
2013	**615**	**547**	**154**	**1,316**	**615**	**257**	**2,188**
2012	600	330	155	1,085	386	175	1,646
Lodewijk Hijmans van den Bergh							
2013	**537**	**478**	**16**	**1,031**	**545**	**212**	**1,788**
2012	530	292	49	871	412	120	1,403
James McCann							
2013	**650**	**579**	**414**	**1,643**	**665**	**239**	**2,547**
2012	600	330	153	1,083	386	138	1,607
Total 2013	**2,777**	**2,472**	**596**	**5,845**	**2,939**	**1,141**	**9,925**
Total 2012	2,695	1,430	370	4,495	2,074	528	7,097

Remuneration of the Executive Committee including Management Board

During 2013, the ExCo was formed. The table below specifies the remuneration of the ExCo, comprising the Management Board members as above and the additional ExCo members that were not part of the Management Board.

€ thousand	**2013**
Base salary	**3,183**
Bonuses[1]	**2,821**
Other[2]	**865**
Share-based compensation[3]	**3,983**
Pensions[4]	**1,320**
Total remuneration[5]	**12,172**

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

2 "Other" mainly includes allowances for housing expenses, relocation costs, international school fees, employer's contributions to social security plans, benefits in kind such as tax advice, tax compensation (for company car, hypo tax), 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 2013 reflects this year's portion of the share grants over the previous five years (2009 to 2013). The share-based compensation expense also includes the expense related to the shares under the new program as described in Note 32. Under this program 105,000 shares were granted to ExCo members that were not part of the Management Board, of which 35,000 shares vested in 2013. The total share-based compensation expense in 2013 for these ExCo members is €1,044,000 of which €792,000 is related to the new program and €252,000 to the 2013 grant under the GRO program.

4 Pension costs are the total net periodic pension costs.

5 The crisis levy of 16% of the wages from current employment (including any bonuses) that employers paid their employees during 2012 and 2013, insofar as such wages exceeded €150,000, came into effect in 2012 following the Budget Agreement 2013 Tax Measures Implementation Act and was extended through 2013 in the 2014 Tax Plan. The total crisis levy accrued for the Management Board members in 2013 was €707,000 (2012: €773,000) and is excluded from "Total remuneration" as presented in the tables above. The crisis levy was €403,000, €94,000, €189,000 and €21,000 for Dick Boer, Jeff Carr, Lodewijk Hijmans van den Bergh and James McCann, respectively (2012: €472,000, €67,000, €151,000 and €83,000 respectively). The total crisis levy accrued for the ExCo members that were not part of the Management Board was €51,000 in 2013 (2012: nil).

31 Related party transactions (continued)

Remuneration of the Supervisory Board members

€ thousand	2013	2012
Jan Hommen (appointed in 2013)	35	–
Stephanie Shern (reappointed in 2013)	98	89
Rob van den Bergh (appointed in 2011)	104	87
Derk Doijer (reappointed in 2013)	100	84
Judith Sprieser (reappointed in 2010)	112	94
Mark McGrath (reappointed in 2012)	109	101
Ben Noteboom (reappointed in 2013)	101	81
René Dahan (resigned in October 2013)	87	102
Tom de Swaan (resigned in October 2013)	79	88
Total	**825**	726

Shares and other interests in Ahold

As of December 29, 2013, Management Board members held the following shares and other interests in Ahold:

€ million	Common shares subject to additional holding requirement[1]	Other common shares	Total common shares
Dick Boer	42,420	223,404	265,824
Jeff Carr	–	10,000	10,000
Lodewijk Hijmans van den Bergh	14,626	–	14,626
James McCann	–	110,000	110,000
Total	**57,046**	**343,404**	**400,450**

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 Management Board members should be retained for a period of at least five years after granting, except to finance tax due at the vesting date, or at least until the end of a member's employment by the Company, if this period is shorter.

As of December 29, 2013, Ben Noteboom held 18,000 Ahold common shares and Rob van den Bergh held 15,000 Ahold common shares. None of the other Supervisory Board members held Ahold shares.

Ahold does not provide loans or advances to members of the Management Board or the Supervisory Board. There are no loans or advances outstanding. Ahold does not issue guarantees to the benefit of members of the Management Board or the Supervisory Board. No such guarantees are outstanding.

31 Related party transactions (continued)

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 2013 and 2012, the Company entered into the following transactions with unconsolidated related parties:

For the year ended December 29, 2013

€ million	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties	Commitments to related parties
ICA	1	–	–	–	–
Stationsdrogisterijen	15	–	–	5	–
JMR	6	–	2	1	–
Cathedral Commons	–	–	3	–	22
Other	2	2	15	3	23
Total	24	2	20	9	45

For the year ended December 30, 2012

€ million	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties	Commitments to related parties[1]
ICA	32	1	12	8	–
Stationsdrogisterijen	15	–	–	5	–
JMR	6	–	2	1	–
Accounting Plaza B.V.	–	8	–	–	–
Cathedral Commons	–	–	3	–	22
Other	1	2	12	2	31
Total	54	11	29	16	53

1 The amount for commitments to related parties as of December 30, 2012 includes an increase of €22 million in order to correct the amount disclosed in Ahold's 2012 Annual Report.

These unconsolidated related parties consist of:

- ICA, in which Ahold divested its interest in 2013. Sales to and purchases from ICA are presented for the period ending on March 27, 2013.
- Stationsdrogisterijen C.V., a joint venture of Ahold in the health and beauty care retail business
- JMR, a joint venture of Ahold in the retail business
- Cathedral Commons Partners, LLC, a real estate joint venture of Ahold
- Accounting Plaza B.V., in which Ahold divested its interest in 2012
- "Other," which 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*.

32 Share-based compensation

In 2013, Ahold's share-based compensation program consisted of a conditional share grant program called Global Reward Opportunity (GRO). This program, introduced in 2006, replaced the Company's share option plans. In principle, plan rules will not be altered during the term of the plans. Total 2013 GRO share-based compensation expenses were €43 million (2012: €40 million). Ahold's share-based compensation programs are equity-settled.

The fair value of the shares granted under the GRO program in 2013 at grant date was €48 million, of which €4 million related to Management Board members. This fair value is expensed over the vesting period of the grants adjusted for assumed annual forfeitures of 5% (2012: 5%), excluding Management Board members. For the share-based compensation expenses allocable to the individual Management Board members, see *Note 31*.

GRO program

Main characteristics

Under the 2006-2012 GRO program, Ahold shares were granted through a mid-term (three-year) and a long-term (five-year) program. The number of shares granted depended 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. For participants other than the Management Board members, the mid-term component of the program contained a matching share 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 shares were 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 (three-year programs) or fifth year (five-year program) after the grant, provided the participant is still employed by Ahold. Shares granted to Management Board members vest on the day after the annual General Meeting of Shareholders in the third year (mid-term component) or fifth year (long-term component) after the grant, subject to continued employment. Management 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.

Under the 2006 GRO program, the 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 for the composition of the peer group), measured over a five-year period using Total Shareholder Return (TSR), which is the sum of share price growth and dividends paid. The table below indicates the percentage of conditional shares that could vest based on the ranking of Ahold within the peer group:

2006-2012 GRO program rank	1	2	3	4	5	6	7	8	9	10	11	12
Management 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%

A revised GRO program was introduced as of the 2013 grant. Under the revised GRO program, shares are granted through a three-year program. The program consists of three components: one with a performance hurdle at grant (conditional share grant) and two components with a performance hurdle at vesting (performance share grants). The size of the conditional share grant is subject to the Executive Committee Multiplier Incentive plan of the preceding year for Management Board members and the Actual Multiplier of the preceding year for other employees. Half of the performance share grant is linked to a three-year return on capital (RoC) target. Dependent on RoC performance, the number of shares that eventually vest can range between 0% and a maximum of 150% of the number of shares granted. For the other half, the performance at vesting is measured using the TSR ranking. The table below indicates the percentage of shares with a TSR performance measure under the 2013 GRO program that could vest based on the ranking of Ahold within the peer group:

32 Share-based compensation (continued)

2013 GRO program rank	1	2	3	4	5	6	7	8	9	10	11	12
Vice President and up	175%	150%	125%	100%	75%	50%	0%	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 2013, Ahold held the second position with respect to the 2009 share grant, the third position for the 2010 grant, the fifth position for the 2011 grant, the fourth position for the 2012 grant and the eighth position for the 2013 grant. The 2009 share grant's long-term component vests on the day after the publication of the 2013 annual results. The final TSR ranking for this component is the second position (130% for Management Board members and 135% for other participants). The positions with respect to the 2010, 2011, 2012 and 2013 share grants are not an indication of Ahold's final ranking at the end of the performance periods, nor do they provide any information related to the 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 in certain circumstances (e.g., restructuring or divestment), a pro rata part of the granted shares will vest on the date of termination of employment.

In addition, a limited number of shares were granted to other ExCo members and other employees in 2013 under a new program. This program consists of unconditional and conditional shares. The unconditional shares vest immediately on the award date. The conditional shares vest in two tranches. Half of the conditional shares vest on the day after the publication of Ahold's full-year results in the first year and half in the second year after the grant. Under this plan, 123,000 shares were granted in 2013, of which 41,000 vested in the same year. At the end of 2013, 82,000 shares were outstanding, of which 41,000 will vest in 2014 and 41,000 in 2015.

The following table summarizes the status of the GRO program during 2013 for the individual Management Board members and for all other employees in the aggregate.

	Outstanding at the beginning of 2013	Granted[1]	Vested[2]	Forfeited	**Outstanding at the end of 2013**	Minimum number of shares[3]	Maximum number of shares[4]	Fair value per share at the grant date (€)
Dick Boer								
Five-year 2008 grant	52,674	5,267	57,941	–	**–**	–	–	8.04
Five-year 2009 grant	54,706	–	–	–	**54,706**	–	82,059	7.02
Three-year 2010 grant	33,671	–	33,671	–	**–**	–	–	9.50
Five-year 2010 grant	33,671	–	–	–	**33,671**	–	50,506	7.29
Three-year 2011 grant	65,965	–	–	–	**65,965**	65,965	65,965	8.59
Five-year 2011 grant	65,965	–	–	–	**65,965**	–	98,947	6.00
Three-year 2012 grant	73,026	–	–	–	**73,026**	73,026	73,026	9.23
Five-year 2012 grant	73,026	–	–	–	**73,026**	–	109,539	7.81
2013 TSR grant	–	57,757	–	–	**57,757**	–	101,074	7.76
2013 RoC grant	–	57,757	–	–	**57,757**	–	86,635	10.52
2013 conditional grant	–	31,767	–	–	**31,767**	31,767	31,767	10.52
Jeff Carr								
Three-year 2011 grant	50,388	–	–	–	**50,388**	50,388	50,388	8.31
Five-year 2011 grant	50,388	–	–	–	**50,388**	–	75,582	5.80
Three-year 2012 grant	45,405	–	–	–	**45,405**	45,405	45,405	9.23
Five-year 2012 grant	45,405	–	–	–	**45,405**	–	68,107	7.81
2013 TSR grant	–	29,539	–	–	**29,539**	–	51,693	7.76
2013 RoC grant	–	29,539	–	–	**29,539**	–	44,308	10.52
2013 conditional grant	–	16,247	–	–	**16,247**	16,247	16,247	10.52

32 Share-based compensation (continued)

	Outstanding at the beginning of 2013	Granted[1]	Vested[2]	Forfeited	**Outstanding at the end of 2013**	Minimum number of shares[3]	Maximum number of shares[4]	Fair value per share at the grant date (€)
Lodewijk Hijmans van den Bergh								
Three-year 2010 grant	30,472	–	30,472	–	**–**	–	–	9.50
Five-year 2010 grant	30,472	–	–	–	**30,472**	–	45,708	7.29
Three-year 2011 grant	34,902	–	–	–	**34,902**	34,902	34,902	8.59
Five-year 2011 grant	34,902	–	–	–	**34,902**	–	52,353	6.00
Three-year 2012 grant	40,108	–	–	–	**40,108**	40,108	40,108	9.23
Five-year 2012 grant	40,108	–	–	–	**40,108**	–	60,162	7.81
2013 TSR grant	–	25,817	–	–	**25,817**	–	45,179	7.76
2013 RoC grant	–	25,817	–	–	**25,817**	–	38,725	10.52
2013 conditional grant	–	14,200	–	–	**14,200**	14,200	14,200	10.52
James McCann								
Three-year 2011 grant	50,388	–	–	–	**50,388**	50,388	50,388	8.31
Five-year 2011 grant	50,388	–	–	–	**50,388**	–	75,582	5.80
Three-year 2012 grant	45,405	–	–	–	**45,405**	45,405	45,405	9.23
Five-year 2012 grant	45,405	–	–	–	**45,405**	–	68,107	7.81
2013 TSR grant	–	38,505	–	–	**38,505**	–	67,383	7.76
2013 RoC grant	–	38,505	–	–	**38,505**	–	57,757	10.52
2013 conditional grant	–	21,178	–	–	**21,178**	21,178	21,178	10.52
Subtotal Management Board members	1,046,840	391,895	122,084	–	**1,316,651**	488,979	1,768,385	

1 Represents the number of shares originally granted for the 2013 grant. For the five-year 2008 grant, the number of shares allocated in 2013 represents the additional number of shares allocated based on the final TSR ranking.

2 The vesting date of the five-year 2008 grant and the three-year 2010 grant was on April 18, 2013. The Euronext closing share price was €11.71 as of April 18, 2013.

3 For the three-year grants under the 2006-2012 GRO program and the conditional shares under the 2013 GRO program, the minimum number of shares that could potentially vest equals the number of outstanding shares. For the five-year grants, the minimum number of shares that could potentially vest would be nil if Ahold's ranking was eight or lower. For the 2013 TSR grants, the minimum number of shares that could potentially vest would be nil if Ahold's ranking was seventh or lower. For the 2013 RoC grants, the minimum number of shares that could potentially vest equals nil (as explained in the section *Main characteristics* above).

4 For the three-year grants under the 2006-2012 GRO program and the conditional shares under the 2013 GRO program, the maximum number of shares that could potentially vest equals the number of outstanding shares. For the five-year grants, the maximum number of shares that could potentially vest equals 150% of outstanding shares if Ahold's ranking is one. For the 2013 TSR grants, the maximum number of shares that could potentially vest equals 175% of outstanding shares if Ahold's ranking is one. For the 2013 RoC grants, the maximum number of shares that could potentially vest equals 150% of outstanding shares (as explained in the section *Main characteristics* above).

32 Share-based compensation (continued)

	Outstanding at the beginning of 2013	Granted[1,3]	Vested[2]	Forfeited	**Outstanding at the end of 2013**
Other employees					
2008 grant	1,775,688	446,075	2,195,297	26,466	**–**
2009 grant	2,383,467	–	75,618	84,810	**2,223,039**
2010 grant	2,668,790	–	1,343,430	91,446	**1,233,914**
2011 grant	5,120,934	–	120,591	320,042	**4,680,301**
2012 grant	5,843,962	–	77,193	359,330	**5,407,439**
2013 grant[4]	–	4,580,358	53,124	187,804	**4,339,430**
Subtotal Management Board members	1,046,840	391,895	122,084	–	**1,316,651**
Total number of shares	18,839,681	5,418,328	3,987,337	1,069,898	**19,200,774**

1 Represents the number of shares originally granted for the 2013 grant. For the five-year 2008 grant, the number of shares allocated in 2013 represents the additional number of shares allocated based on the final TSR ranking and the actual number of matching shares related to the 2008 grant.

2 The vesting date of the five-year 2008 grant, the matching shares related to the 2008 grant and the three-year 2010 grant was March 1, 2013. The Euronext closing share price was €10.92 as of March 1, 2013.

3 The grant date fair value of the matching shares is expensed over the five-year vesting period. In this table the matching shares are presented as awarded in the year of vesting. The total number of matching shares granted up to and outstanding at the end of the 2013 is 192,034 (2012: 304,985).

4 The 2013 grant includes the new program as described above. Under this new program 123,000 shares were granted in 2013, of which 41,000 vested in the same year. At the end of 2013, 82,000 shares under this program were outstanding, of which 41,000 will vest in 2014 and 41,000 in 2015.

Valuation model and input variables

The weighted average fair value of the conditional shares granted in 2013, for all eligible participants including Management Board members, amounted to €10.66, €8.72 and €10.64 per share for the conditional shares, TSR performance shares and RoC performance shares, respectively (2012: €9.19 and €8.84 for three-year and five-year component, respectively). The fair values of the conditional shares and the RoC performance shares are based on the Black-Scholes model. The fair values of the TSR performance shares are determined using a Monte Carlo simulation model. The most important assumptions used in the valuations of the fair values were as follows (expressed as weighted averages for 2012):

Percent	**2013**	2012
Risk-free interest rate	**0.3**	1.0
Volatility	**17.6**	23.1
Assumed dividend yield	**4.2**	4.6

Expected volatility has been determined based on historical volatilities for a period of three years (2013 grant).

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 Management Board, to whom a separate plan applied. The term of the 2005 share options for all participants except Management Board members is eight years and the exercise of these options is conditional upon continued employment during a three-year vesting period. Upon termination of employment, share options that have vested can be exercised during the four weeks following termination and are forfeited thereafter. The share option grant made in 2005 to members of the Management Board had a five- and a 10-year term and was subject to a performance criterion at vesting: the average economic value-added improvement versus targeted improvement over the three financial years prior to vesting. In 2008, the final vesting percentage was set at 96%.

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 10-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- or 10-year term. After the introduction of GRO, options were discontinued as a remuneration component. All options vested by the end of 2009.

32 Share-based compensation (continued)

The following table summarizes the status of the share option plans during 2013 for the individual Management Board members and for all other employees in the aggregate.

Description of grant	Outstanding at the beginning of 2013	Exercised	Forfeited	Expired	**Outstanding at the end of 2013**	Exercise price	Expiration date
Dick Boer							
Ten-year 2004 grant	21,000	21,000	–	–	**–**	5.83	12/28/2013
Subtotal Management Board members	21,000	21,000	–	–	**–**		
Weighted average exercise price	5.83						
Other employees							
Eight-year	928,552	540,860	–	387,692	**–**	6.36	
Ten-year	541,132	429,232	–	75,900	**36,000**	6.36	
Subtotal other employees	1,469,684	970,092	–	463,592	**36,000**		
Total options	1,490,684	991,092	–	463,592	**36,000**		
Weighted average exercise price	6.18	6.13		6.27	**6.36**		
Weighted average share price at date of exercise		11.59					

The following table summarizes information about the total number of outstanding share options as of December 29, 2013:

Number outstanding and exercisable at December 29, 2013	Exercise price	Expiration date	Remaining contractual years
36,000	6.36	04/03/2015	1.26

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 as follows:

€ million	**December 29, 2013**	December 30, 2012
Within one year	**687**	692
Between one and five years	**2,155**	2,217
After five years	**2,409**	2,767
Total	**5,251**	5,676

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.

33 Operating leases (continued)

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

€ million	2013	2012 (restated)[1]
Minimum rentals	705	676
Contingent rentals	21	28
Sublease income	(111)	(105)
Total	**615**	599

1 See *Note 3* for an explanation of the restatements.

During the fourth quarter Ahold closed six stores and three gas stations in the New Hampshire area, as announced on August 6, 2013. In the annual costs relating to minimum rentals for 2013, costs are included for the provision to cover the lease exposure for the closed locations.

In addition to the operating lease commitments disclosed above, Ahold has signed lease agreements for properties under development of which it has not yet taken possession. The total future minimum lease payments for these agreements amount to approximately €184 million (2012: €195 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) and also (partially) subleases various other properties that 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 as follows:

€ million	December 29, 2013	December 30, 2012 (restated)[1]
Within one year	180	180
Between one and five years	474	493
After five years	353	417
Total	**1,007**	1,090

1 See *Note 3* for an explanation of the restatements.

The total contingent rental income recognized during the year on all leases where Ahold is the lessor was €2 million (2012: €3 million).

34 Commitments and contingencies

Capital investment commitments

As of December 29, 2013, Ahold had outstanding capital investment commitments for property, plant and equipment and investment property, and for intangible assets of approximately €126 million and €6 million, respectively (December 30, 2012: €124 million and €3 million, respectively). Ahold's share in the capital investment commitments of its unconsolidated joint venture JMR amounted to €6 million as of December 29, 2013 (December 30, 2012: €6 million).

34 Commitments and contingencies (continued)

Purchase commitments

Ahold enters into purchase commitments with vendors in the ordinary course of business. Ahold has 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 December 29, 2013, the Company's purchase commitments were approximately €1,220 million (December 30, 2012: €1,509 million). The decrease in 2013 is primarily due to the expiry of a single purchase commitment with a three-year term. Not included in the 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	December 29, 2013	December 30, 2012
Lease guarantees	**491**	579
Lease guarantees backed by letters of credit	**67**	78
Corporate and buyback guarantees	**46**	52
Loan guarantees	**3**	5
Total	**607**	714

The amounts included in the table above are the maximum undiscounted amounts the Group could be forced to settle under the arrangement for the full guaranteed amount, if that amount is claimed by the counterparty to the guarantee. As part of the divestment of U.S. Foodservice in 2007, Ahold received an irrevocable standby letter of credit for $216 million (€163 million), which was reduced to $93 million (€67 million) as of December 29, 2013.

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 2040. The amounts of the lease guarantees exclude the cost of common area maintenance and real estate taxes; such amounts may vary in time, per region, and per property. Of the €491 million in the undiscounted lease guarantees, €229 million relates to the BI-LO / Bruno's divestment and €175 million to the Tops divestment. On a discounted basis the total lease guarantees amount to €424 million and €485 million as of December 29, 2013, and December 30, 2012, respectively.

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 within results on divestments.

On May 12, 2010, the reorganized BI-LO exited bankruptcy protection and BI-LO assumed 149 operating locations that are guaranteed by Ahold. During the BI-LO bankruptcy, BI-LO rejected a total of 16 leases which are guaranteed by Ahold and Ahold also took assignment of 12 other BI-LO leases with Ahold guarantees. Based on the foregoing developments, Ahold recognized a reduction of €23 million in its provision, after tax, within results on divestments in the first half of 2010. Since the end of the second quarter of 2010, Ahold has entered into settlements with a number of landlords relating to leases of former BI-LO or Bruno's stores that are guaranteed by Ahold.

At the end of 2013, the remaining provision relating to BI-LO and Bruno's was €25 million (2012: €35 million) with a related tax benefit offset of €11 million (2012: €15 million). This amount represents Ahold's best estimate of the discounted aggregate amount of the remaining lease obligations and associated charges, net of known mitigation offsets, which could result in cash outflows for Ahold under the various lease guarantees. Ahold continues to pursue its mitigation efforts with respect to these lease guarantee liabilities and to closely monitor any developments with respect to Bruno's and BI-LO.

34 Commitments and contingencies (continued)

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 its 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 guarantees reflect the maximum committed repurchase value under the guarantees. 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.

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.

		Contingent liability cap	
	Closing date	Local currency million	€ million
Disco	November 1, 2004	€15[1]	15[1]
BI-LO / Bruno's	January 31, 2005	$33	24
Deli XL	September 12, 2005	€40	40
U.S. Foodservice	July 3, 2007	None[2]	None[2]
Tops Markets	December 3, 2007	$70	51
Tops' Wilson Farms / Sugarcreek	December 3, 2007	$5	4

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 obligation relating to the litigation described below.

2 No cap on contingent liability, but Ahold has an indemnification obligation if a $40 million threshold is exceeded. The threshold was exceeded in 2009. See also the litigation described 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 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 S.A. (Disco) and Disco for certain claims made by alleged creditors of certain Uruguayan and other banks. For additional information, see the Uruguayan litigation described in the Legal proceedings section below. Ahold's indemnification obligation relating to this litigation is not capped at a certain amount nor restricted to a certain time period.

34 Commitments and contingencies (continued)

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 some 200 BI-LO or Bruno's operating or finance leases that 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 was recognized in 2009. BI-LO exited bankruptcy in May 2010 and the Company has re-evaluated its estimate of liability. 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 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. See also 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 46 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.

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. Ahold may be contingently liable to landlords under the guarantees of 71 of these leases in the same event.

Tops northeast Ohio stores
Tops closed all of its locations in northeast Ohio prior to year-end 2006. As of January 1, 2014, 34 of the total 55 closed locations in northeast Ohio have been sold, subleased or partially subleased. An additional 17 leases have been terminated or have terms due to expire within one year. Four 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.

Accounting Plaza
In 2012, Ahold sold its interest in Accounting Plaza and granted customary title-to-share type of warranties to the buyer and, accordingly, Ahold assesses the likelihood to be liable as remote.

ICA
In March 2013, Ahold sold its entire 60% stake in ICA AB to Hakon Invest AB (subsequently renamed to ICA Gruppen AB). Ahold has only granted customary title-to-share type of warranties to the buyer to a maximum amount of the purchase price and, accordingly, Ahold assesses the likelihood to be liable as remote.

34 Commitments and contingencies (continued)

Legal proceedings

Ahold and certain of its former or current subsidiaries are involved in a number of legal proceedings, which include litigation as a result of divestments, tax, employment, and other litigation and inquiries. 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 on its balance sheet.

U.S. Foodservice – Waterbury litigation

In October 2006, a putative class action was filed against U.S. Foodservice by Waterbury Hospital, 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 U.S. District Court in Connecticut. Ahold was (among other parties) named as defendant. In July 2009, the Plaintiffs filed a motion to certify a Plaintiff class in the action. Both Ahold and U.S. Foodservice filed a motion to dismiss against the complaint and also filed motions opposing the certification of a class in the action. 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.

On November 30, 2011, the U.S. District Court granted the Plaintiffs' motion to certify a class in the action certifying a class consisting of any person in the United States who purchased products from U.S. Foodservice pursuant to an arrangement that defined a sale price in terms of a cost component plus a markup ("cost-plus contract"), and for which U.S. Foodservice used a so-called "Value Added Service Provider" or "VASP" transaction to calculate the cost component. On August 30, 2013, the U.S. Court of Appeals for the Second Circuit ("Second Circuit") affirmed the decision of the U.S. District Court. The effect of the District Court's class certification order, if it is not reversed, vacated or otherwise modified, is to increase the potential liability exposure because it allows the named Plaintiffs to litigate breach of contract claims and claims under the Racketeer Influenced and Corrupt Organizations Act (RICO) on behalf of all Class Members. A RICO claim, if it were to be successful, could lead to an award to the plaintiffs of three times their compensatory damages. Parties are conducting discovery on the merits of the case with the trial currently expected to begin in late 2015 or 2016.

Ahold cannot at this time provide a reliable estimate of any of its potential liability in connection with the indemnification obligation mentioned in the table above because there are significant uncertainties regarding the possible outcomes of the litigation. Ahold believes that there are substantial defenses to these claims and it will continue to vigorously defend its interests in the pending litigation. Also, as is customary for this type of litigation, the dispute may be resolved through mediation and/or direct settlement negotiations with Plaintiffs. Any negotiated or court imposed resolution of this dispute may have a material adverse effect on Ahold's consolidated financial position.

U.S. Foodservice – Governmental / regulatory investigations

The Civil Division of the U.S. Department of Justice was conducting an investigation, which 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 divestment of U.S. Foodservice (July 3, 2007).

In September 2010, a settlement was reached with the Department of Justice under which U.S. Foodservice was obliged to pay an amount of $33 million (€24 million) to the U.S. government. Ahold paid, under its indemnification agreement with U.S. Foodservice, an amount of $23 million (€17 million). Ahold cannot exclude the possibility of further indemnification obligations resulting from other governmental or regulatory actions.

Uruguayan litigation

Ahold, together with Disco and Disco Ahold International Holdings N.V. (DAIH), is a party to or bears the risk of legal proceedings in one lawsuit in Uruguay related to Ahold's 2002 acquisition of Velox Retail Holdings' shares in the capital of DAIH. The two other related lawsuits in Uruguay have been decided in favor of Ahold. The damages alleged by the plaintiffs, alleged creditors of certain Uruguayan and other banks, amount to approximately $62 million (€45 million) plus interest and costs. As part of the sale of Disco to Cencosud in 2004, Ahold indemnified Cencosud and Disco against the outcome of these legal proceedings. The proceedings in the one remaining lawsuit are ongoing. Ahold continues to believe that the plaintiffs' claims are without merit and will continue to vigorously oppose such claims.

34 Commitments and contingencies (continued)

Other legal proceedings

In addition to the legal proceedings described above, Ahold and its former or current 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 unpredictable. It is possible that Ahold could be required to make expenditures, in excess of established provisions, in amounts that cannot reasonably be estimated.

35 Subsequent events

Capital repayment and reverse stock split

On November 14, 2013, Ahold announced a proposal to return €1 billion to shareholders through a capital repayment and reverse stock split. The proposal requires changes to Ahold's Articles of Association needing shareholder approval and is also subject to a two-month creditor objection period. Shareholder approval was given in an Extraordinary General Meeting held on January 21, 2014.

36 List of subsidiaries, joint ventures and associates

The following are Ahold's significant subsidiaries, joint ventures and associates as of December 29, 2013:

Consolidated subsidiaries

Unless otherwise indicated, these are, directly or indirectly, 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 Dutch 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.

36 List of subsidiaries, joint ventures and associates (continued)

Retail trade Europe

Albert Heijn B.V., Zaandam, the Netherlands
Albert Heijn Franchising B.V., Zaandam, the Netherlands
Gall & Gall B.V., Zaandam, the Netherlands
Etos B.V., Zaandam, the Netherlands
bol.com B.V., Utrecht, the Netherlands
AHOLD Czech Republic, a.s., Brno, Czech Republic
AHOLD Retail Slovakia, k.s., Bratislava, Slovak Republic
Albert Heijn België N.V, Schoten, Belgium
Ahold Germany GmbH, Mettmann, Germany

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

Other

Ahold Coffee Company B.V., Zaandam, the Netherlands
Ahold Nederland B.V., Zaandam, the Netherlands
Ahold Europe Real Estate & Construction B.V., Zaandam, the Netherlands
Ahold Finance U.S.A., LLC, Zaandam, the Netherlands
Ahold Financial Services, LLC, Carlisle, Pennsylvania, United States
Ahold Information Services, Inc., Greenville, South Carolina, United States
Ahold International Sàrl, Zug, Switzerland
Ahold Lease U.S.A., Inc., Boston, Massachusetts, United States
Ahold Licensing Sàrl, Geneva, Switzerland
Ahold U.S.A., Inc., Boston, Massachusetts, United States
American Sales Company, LLC, Lancaster, New York, United States
MAC Risk Management, Inc., Canton, Massachusetts, United States
The MollyAnna Company, Montpelier, Vermont, United States
Ahold Insurance N.V., Willemstad, Curaçao
Ahold Finance Company N.V., Zug, Switzerland

Joint ventures and associates (unconsolidated)

JMR – Gestão de Empresas de Retalho, SGPS, S.A., Lisbon, Portugal (49% owned by Ahold's subsidiary Ahold International Sarl)
Jerónimo Martins Retail Services S.A., Klosters, Switzerland (49% owned by Ahold's subsidiary Ahold International Sarl)

Parent company financial statements

Income statement

€ million	2013	2012 (restated)[1]
Income from subsidiaries and investments in joint ventures after income taxes	**2,524**	801
Other gains and losses after income taxes	**13**	114
Net income	**2,537**	915

1 See *Note 1* for an explanation of the restatements.

Parent company financial statements

Balance sheet

Before appropriation of current year result.

€ million	Note	December 29, 2013	December 30, 2012 (restated)[1]	January 1, 2012 (restated)[1]
Assets				
Property, plant and equipment		**1**	2	2
Deferred tax assets		**26**	28	31
Financial assets	*4*	**11,867**	11,149	10,942
Total non-current assets		**11,894**	11,179	10,975
Receivables	*5*	**19**	13	56
Other current financial assets	*6*	**1,265**	2	142
Cash and cash equivalents		**1,020**	544	189
Total current assets		**2,304**	559	387
Total assets		**14,198**	11,738	11,362
Liabilities and shareholders' equity				
Issued and paid-in share capital		**318**	318	330
Additional paid-in capital		**8,713**	8,713	9,094
Currency translation reserve		**(492)**	(292)	(265)
Cash flow hedging reserve		**(81)**	(126)	(93)
Reserve participations		**195**	326	402
Accumulated deficit		**(4,670)**	(4,708)	(4,675)
Net income		**2,537**	915	1,017
Shareholders' equity	*7*	**6,520**	5,146	5,810
Provisions	*8*	**42**	31	59
Loans	*9*	**2,174**	1,636	331
Cumulative preferred financing shares	*9*	**497**	497	497
Other non-current liabilities	*10*	**460**	455	329
Total non-current liabilities		**3,131**	2,588	1,157
Current liabilities	*11*	**4,505**	3,973	4,336
Total liabilities and shareholders' equity		**14,198**	11,738	11,362

1 See *Note 1* for an explanation of the restatements.

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 Dutch Civil Code. In accordance with subsection 8 of section 362, Book 2 of the Dutch Civil Code, the recognition and 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).

The restatements to Ahold's 2012 comparative amounts for the adoption of IAS 19 (as revised) are as follows:

€ million	2012 as reported	IAS 19 restatement	2012 as restated
Income statement line items			
Income from subsidiaries and investments in joint ventures after income taxes	713	88	801
Other gains and losses after income taxes	114	–	114
Net income	827	88	915

€ million	January 1, 2012 as reported	IAS 19 restatement	January 1, 2012 as restated
Balance sheet line items			
Deferred tax assets	30	1	31
Financial assets	11,009	(67)	10,942
Shareholders' equity	(5,877)	67	(5,810)
Provisions	(58)	(1)	(59)

€ million	December 30, 2012 as reported	IAS 19 restatement	December 30, 2012 as restated
Balance sheet line items			
Deferred tax assets	23	5	28
Financial assets	11,998	(849)	11,149
Shareholders' equity	(5,995)	849	(5,146)
Provisions	(26)	(5)	(31)

Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates are accounted for using the net asset value. Ahold calculates the net asset value using the accounting policies as described in *Note 3* to the consolidated financial statements.

2 Employees

The average number of employees of Koninklijke Ahold N.V. in full-time equivalents during 2013 was 161 (2012: 156). Salaries, social security charges and pension expenses amounted to €32 million, €3 million and €4 million, respectively, for 2013 (2012: expenses of €29 million, €4 million and a recovery of €1 million, respectively).

For information on the parent company's defined benefit pension plan, the remuneration of the Management 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.

The net pension assets and the net pension expense are calculated on the basis of the parent company's active employees only.

3 Auditor fees

Expenses for services provided by the parent company's independent auditor, PricewaterhouseCoopers Accountants N.V. ("PwC") in 2013 and Deloitte Accountants B.V. ("Deloitte") in 2012, and its member firms and / or affiliates to Ahold and its subsidiaries are specified as follows:

€ thousand	**PwC**	**Member firms / affiliates**	**Total 2013**	Deloitte	Member firms / affiliates	Total 2012
Audit fees	**2,106**	**1,938**	**4,044**	2,244	2,381	4,625
Audit-related fees	**223**	**–**	**223**	67	52	119
Tax advisory fees	**252**	**198**	**450**	–	–	–
Other non-audit fees	**–**	**–**	**–**	–	–	–
Total	**2,581**	**2,136**	**4,717**	2,311	2,433	4,744

4 Financial assets

€ million	**December 29, 2013**	December 30, 2012 (restated)[1]
Investments in subsidiaries	**10,591**	8,068
Loans receivable from subsidiaries	**994**	2,797
Other derivatives external	**278**	280
Deferred financing cost	**4**	4
Total financial assets	**11,867**	11,149

1 See *Note 1* for an explanation of the restatements.

For more information on derivatives, see *Note 12* to these parent company financial statements.

4 Financial assets (continued)

Investments in subsidiaries and joint ventures

€ million	2013	2012 (restated)[1]
Beginning of year (restated)[1]	8,068	7,936
Share in income	2,524	801
Dividends	(2,085)	(463)
Intercompany transfers	2,074	700
Share of other comprehensive income (loss) and other changes in equity	163	(875)
Transfers to loans receivable	(10)	(8)
Transfers (to) / from provisions	29	(38)
Other comprehensive income (loss) transferred to net income	(73)	–
Exchange rate differences	(99)	15
End of year	**10,591**	8,068

1 See *Note 1* for an explanation of the restatements.

Intercompany transfers include capital contributions and capital repayments. For a list of subsidiaries, joint ventures and associates, see *Note 36* to the consolidated financial statements.

Loans receivable

€ million	2013	2012
Beginning of year	2,797	2,753
Issued - net	145	76
Intercompany transfers	(1,936)	–
Transfers from investments	10	8
Exchange rate differences	(22)	(40)
End of year	**994**	2,797
Current portion	–	–
Non-current portion of loans	**994**	2,797

The loans receivable are related to loans with subsidiaries. On June 17, 2013, the parent company assigned the subordinated loan facility to Ahold Finance U.S.A., LLC.

5 Receivables

€ million	December 29, 2013	December 30, 2012
Receivables from subsidiaries	15	6
Receivables from joint ventures	2	2
Prepaid expenses	1	1
Income tax receivable	–	1
Other receivables	1	3
Total receivables	**19**	13

6 Other current financial assets

€ million	December 29, 2013	December 30, 2012
Short-term deposits and similar instruments	**1,263**	–
Hedging derivatives intercompany	**1**	1
Other	**1**	1
Total other current financial assets	**1,265**	2

As per December 29, 2013, short-term deposits and similar instruments included short-term investments with a remaining maturity at acquisition between three and twelve months.

7 Shareholders' equity

The shareholders' equity in the parent company financial statements equals the shareholders' equity presented in the consolidated financial statements, except that legal reserve participations and accumulated deficit are presented separately.

The currency translation reserve, cash flow hedging reserve and legal reserve participations are legal reserves that are required by Dutch law. The legal reserve participations include the increases in net asset value of joint ventures and associates since their first inclusion, less any amounts that can be distributed without legal restrictions.

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. From the total equity as per December 29, 2013, of €6,520 million, an amount of €513 million is non-distributable (December 30, 2012, as restated: €644 million from €5,146 million). For more information on the dividends on common shares, see *Note 20* to the consolidated financial statements.

7 Shareholders' equity (continued)

The movements in equity can be specified as follows:

€ million	Share capital	Additional paid-in capital	Legal reserves: Currency translation reserve	Legal reserves: Cash flow hedging reserve	Legal reserves: Reserve participations	Accumulated deficit including result for the year[1]	Equity attributable to common shareholders
Balance as of January 1, 2012	**330**	**9,094**	**(265)**	**(93)**	**402**	**(3,591)**	**5,877**
Adjustments[2]	–	–	–	–	–	(67)	(67)
As restated[2]	**330**	**9,094**	**(265)**	**(93)**	**402**	**(3,658)**	**5,810**
Net income (restated)[2]	–	–	–	–	–	915	915
Other comprehensive loss (restated)[2]	–	–	(27)	(33)	–	(880)	(940)
Total comprehensive income (loss) (restated)[2]	–	–	(27)	(33)	–	35	(25)
Dividends	–	–	–	–	–	(415)	(415)
Share buyback	–	–	–	–	–	(277)	(277)
Cancellation of treasury shares	(12)	(381)	–	–	–	393	–
Share-based payments	–	–	–	–	–	53	53
Other changes in reserves	–	–	–	–	(76)	76	–
Balance as of December 30, 2012 (restated)[2]	**318**	**8,713**	**(292)**	**(126)**	**326**	**(3,793)**	**5,146**
Net income	–	–	–	–	–	2,537	2,537
Other comprehensive income (loss)	–	–	(200)	45	–	156	1
Total comprehensive income (loss)	–	–	(200)	45	–	2,693	2,538
Dividends	–	–	–	–	–	(457)	(457)
Share buyback	–	–	–	–	–	(768)	(768)
Share-based payments	–	–	–	–	–	61	61
Other changes in reserves	–	–	–	–	(131)	131	–
Balance as of December 29, 2013	**318**	**8,713**	**(492)**	**(81)**	**195**	**(2,133)**	**6,520**

1 Accumulated deficit includes the remeasurements of defined benefit plans.

2 See *Note 1* for an explanation of the restatements.

8 Provisions

€ million	December 29, 2013	December 30, 2012 (restated)[1]
Provision for negative equity subsidiaries	36	7
Other provisions	6	24
Total provisions	**42**	31

1 See *Note 1* for an explanation of the restatements.

As of December 29, 2013, €2 million is expected to be utilized within one year (December 30, 2012: €7 million).

9 Loans

	December 29, 2013		December 30, 2012	
€ million	Non-current portion	Current portion	Non-current portion	Current portion
JPY 33,000 notes LIBOR plus 1.5%, due May 2031	228	–	290	–
Loans from subsidiaries	1,946	–	1,346	–
Total loans	**2,174**	–	1,636	–

The loans from subsidiaries mature in 2015 (€1,300 million), 2017 (€125 million), 2018 (€50 million) and 2022 (€471 million). 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.

10 Other non-current liabilities

€ million	December 29, 2013	December 30, 2012
Hedging derivatives external	182	175
Other derivatives intercompany	278	280
Total other non-current liabilities	**460**	455

For more information on derivatives, see *Note 12* to these parent company financial statements.

11 Current liabilities

€ million	December 29, 2013	December 30, 2012
Short-term borrowings from subsidiaries	**4,414**	3,920
Dividend cumulative preferred financing shares	**24**	24
Income tax payable	**32**	–
Payables to subsidiaries	**2**	2
Payables to joint ventures	**2**	2
Interest payable	**1**	1
Other current liabilities	**30**	24
Total current liabilities	**4,505**	3,973

The current liabilities are liabilities that mature within one year.

12 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. Details of these derivative contracts, other financial instruments and the parent company's risk management strategies are included in *Note 30* to the consolidated financial statements and in the tables presented below.

Non-current hedging derivatives – assets

€ million	2013 Total	2012 Total
Beginning of year	**280**	239
Fair value changes	**(2)**	41
End of year	**278**	280

12 Derivatives (continued)

Non-current hedging derivatives – liabilities

€ million	Hedging derivatives external	Other derivatives intercompany	2013 Total	2012 Total
Beginning of year	175	280	455	328
Fair value changes	7	(2)	5	127
End of year	**182**	**278**	**460**	455

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.

13 Related party transactions

Koninklijke Ahold N.V. 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 and were conducted at market prices.

14 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 €554 million as of December 29, 2013 (December 30, 2012: €654 million).

As part of the divestment of U.S. Foodservice in 2007, Ahold received an irrevocable standby letter of credit for $216 million (€163 million), which was reduced to $93 million (€67 million) as of December 29, 2013.

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 and certain other 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 Dutch Civil Code are disclosed in *Note 36* to the consolidated financial statements.

Zaandam, the Netherlands

February 26, 2014

Management Board

Dick Boer

Jeff Carr

Lodewijk Hijmans van den Bergh

James McCann

Supervisory Board

Jan Hommen (Chairman)

Judith Sprieser (Vice Chairman)

Stephanie Shern

Rob van den Bergh

Derk Doijer

Mark McGrath

Ben Noteboom

Other information

Independent auditor's report

To the General Meeting of Koninklijke Ahold N.V.

Report on the audit of the financial statements

Our opinion

In our opinion,

- the consolidated financial statements give a true and fair view of the financial position of Koninklijke Ahold N.V. (the 'Company') and its subsidiaries (the 'Group') as at December 29, 2013, and of their result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the company financial statements give a true and fair view of the financial position of Koninklijke Ahold N.V. as at December 29, 2013, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2013 of Koninklijke Ahold N.V., Zaandam.

These financial statements include:

- the consolidated financial statements which comprise the consolidated balance sheet as at December 29, 2013, the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information; and
- the company financial statements which comprise the company balance sheet as at December 29, 2013, the company income statement for the year then ended and the notes, comprising a summary of the significant accounting policies and other explanatory information.

The basis for our opinion

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

We are independent of the Company within the meaning of the relevant Dutch ethical requirements as included in the 'Verordening op de gedrags- en beroepsregels accountants' (VGBA) and the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO) and have fulfilled our other responsibilities under those ethical requirements.

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

Overview of the scope of our audit

Our Group audit scope focused on covering all significant reporting units. This analysis included significant reporting units where the Company has control, amongst others but not limited to the Netherlands, the United States and the Czech Republic, and a significant reporting unit where the Company has joint control with an unrelated party in Portugal. We subsequently determined the type of work that needed to be performed at each of the reporting units and identified those reporting units which, in our view, required a full audit of their complete financial information, either due to their size or their risk characteristics. This, together with additional procedures performed on Group level, gave us sufficient evidence we needed for our opinion on the Group financial statements as a whole.

The key audit matters from our audit

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. Key audit matters are selected from the matters communicated with the Management Board and the Supervisory Board, but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

Defined benefit obligations
The Group has defined benefit plans in the Netherlands and the U.S., giving rise to defined benefit obligations totalling to EUR 4.4 billion (Note 23). This area was important to our audit because of the magnitude of the amounts, the judgement and technical expertise required to determine these amounts and the required changes in accounting in 2013 in view of adopting IAS 19R.

Our procedures included, amongst others, involving our experts to assist us in evaluating the actuarial and demographic assumptions and valuation methodologies used by the Group to assess Ahold's various pension obligations. We assessed whether the key actuarial assumptions are reasonable and consistently applied, and evaluated the rationale for any changes. We also compared the membership census data used in the actuarial models to the payroll data of the Group. In addition, we assessed the application of the guidance in IAS19R in its pension calculations and disclosures.

Impairment testing of goodwill
The Group is required to annually test goodwill for impairment. This area was important to our audit because the goodwill impairment test requires significant judgement in determining the assumptions to be used for the cash flow forecasts. These assumptions include expectations for sales and margin developments, overall market or economic conditions and shopping trends.

Our audit procedures included, amongst others, evaluating the assumptions and methodologies used by the Group. We used a valuation expert to assist us. We focussed our procedures on the forecasted revenue growth and the WACC's for the cash generating units. Especially for the online business, we challenged assumptions about market growth rates for existing and new categories and the length of the forecasting period to be used. Furthermore we focused on the adequacy of the disclosures about the assumptions and the outcome of the impairment test in the financial statements. Management's conclusion on the goodwill impairment tests and related disclosures are included in Note 13.

Impairment testing of store assets
The Group operates retail stores in Europe and the U.S. The associated store assets are important to our audit due to the size of the store asset carrying value (Note 11) as well as the judgment involved in the assessment of the recoverability of the invested amounts. Such judgement focuses predominantly on future store performance, which is, amongst others, dependent on the expected store traffic, basket size and the competitive landscape in local markets. Management assesses, on a quarterly basis, whether there are triggering events indicating potential impairment. In 2013 management recognized net impairment losses of EUR 69 million.

Our audit procedures included, amongst others, an evaluation of the Group's policies and procedures to identify triggering events for potential impairment of assets related to underperforming stores. We challenged management's main cash flow assumptions and corroborated them by comparing them to internal forecasts and long term and strategic plans that were approved by senior management, external data as well as historic trend analyses. We also involved our valuation experts to analyse the applied WACC calculated by the Group.

Estimates in recognition of vendor allowances
The Group receives various types of vendor allowances, as further discussed in Note 3 to the financial statements. These allowances are a significant component of cost of sales. The majority of the incentives are settled during the financial year, however a substantial amount is collected after year-end. The recognition of receivables requires, to some extent, estimates from management, for example concerning purchase or sales volumes.

Our audit procedures included, amongst others, an evaluation of the accounting treatment of significant vendor allowance agreements applicable to the financial year and confirmation of the related positions and terms with the vendors. We also assessed the collectability of vendor allowance receivables, including a review of the collections related to the prior year (December 30, 2012) balance, reconciled estimates to signed agreements and tested management's controls on the vendor allowance process.

Contingent liabilities relating to divestments in prior periods
The Group provided significant lease guarantees and other representations and warranties, mostly in connection with divestments made in previous years. We refer to Note 34 of the financial statements for further details. We focussed on this area because of the potential significance of these commitments and contingencies. In addition, the assessment as to whether or not a liability should be recognized and whether amounts can be reliably estimated includes, to a certain extent, judgement from management.

Our procedures included, amongst others, an assessment of the legal advice obtained by the Group as well as periodic meetings with management to discuss developments in legal proceedings and unasserted claims. We also obtained confirmations from the Group's external legal counsels in order to compare their expert opinions to management's position on measurement and or disclosures for each of the material contingencies.

Our findings with respect to going concern

The Group's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

As part of our audit of the financial statements, we concur with management's use of the going concern basis of accounting in the preparation of the Group's financial statements.

The Management Board has not identified a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty.

However, neither the Management Board nor the auditor can guarantee the Group's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Management Board and the Supervisory Board

The respective responsibilities are set out in the appendix to this report.

We are required to communicate with the Management Board and Supervisory Board regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the management report and the other information

Pursuant to the legal requirements under Part 9 Book 2 of the Dutch Civil Code with respect to our responsibilities to report on the management report and the other Information:

- we have no deficiencies to report as a result of our examination whether the management report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the other information has been annexed as required by Part 9 of Book 2 of this Code;
- we report that the management report, to the extent we can assess, is consistent with the financial statements.

Amsterdam, February 26, 2014
PricewaterhouseCoopers Accountants N.V.

Original has been signed by

P.J. van Mierlo RA

Appendix

Responsibilities of the Management Board and the Supervisory Board for the financial statements

The Management Board is responsible for the preparation and fair presentation of these financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code and for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore the Management Board is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error. The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Dutch Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group and business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Distribution of profit

Articles of Association provisions governing the distribution of profit

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 Management Board, will then be available for distribution to the common shareholders subject to approval at the General Meeting of Shareholders. The Management 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.

Distribution of profit

The Management Board, with the approval of the Supervisory Board, proposes that a final dividend of €0.47 per common share be paid in 2014 with respect to 2013 (2012: €0.44).

Subsequent events

For information regarding subsequent events, see *Note 35* to the consolidated financial statements.

Share performance

The case for investing in Ahold

By purchasing Ahold shares, investors gain a stake in an international retailing group with strong local consumer brands in Europe and the United States with:

- A workforce of 222,000 employees
- Market leading positions
- Focus on profitable growth, cash generation and value creation
- A strong balance sheet and capital discipline
- Attractive shareholder returns

Share performance in 2013

On December 27, 2013, the closing price of Ahold's ordinary share on Euronext Amsterdam was €13.22, a 30% increase compared to €10.16 a year earlier. During the same period, the STOXX Europe Consumer Services 600 index increased by 26% and AEX index increased by 17%.

In 2013, Ahold shares traded on Euronext Amsterdam at an average closing price of €12.22 and an average daily trading volume of 3.2 million shares. Ahold's market capitalization was €13 billion at year-end 2013. The highest closing price for Ahold's shares during 2013 in Amsterdam was €14.10 on November 6, 2013, and the lowest was €10.14 on December 31, 2012.

On December 27, 2013, the closing price of Ahold's ADR was $18.21, 37% higher than the closing price on December 31, 2012 ($13.33). In the same period the Dow Jones index increased by 26%. In 2013, the average daily trading volume of Ahold American Depository Receipts (ADRs) was 128,042.

Performance of Ahold's common shares on Euronext Amsterdam:

	2013	2012
Closing common share price at year-end (in €)	**13.22**	10.16
Average closing common share price (in €)	**12.22**	9.93
Highest closing common share price (in €)	**14.10**	11.05
Lowest closing common share price (in €)	**10.14**	9.04
Average daily trading volume	**3,167,996**	3,315,165
Market capitalization (€ million)	**12,989**	10,551

Source: Euronext

Shareholder structure

Share capital

During 2013, Ahold's issued share capital decreased by approximately 56 million common shares to 982 million common shares. The reasons for this decrease were the 61 million shares Ahold acquired, pursuant to the €2 billion share repurchase program, offset by the use of five million treasury shares for the GRO program. The basic shares outstanding did not change and remained at 1,061 million at the end of 2013. As of December 29, 2013, there were 78 million shares held in treasury, the majority held by Ahold to cover the equity-based long-term incentive plan for employees.

Ahold's authorized share capital as of December 29, 2013, was comprised of the following:

- 1,700,000,000 common shares at €0.30 par value each
- 477,580,949 cumulative preferred financing shares at €0.30 par value each
- 1,250,000 cumulative preferred shares at €500 par value each

Shareholders by region:

Percent	**February 2014**	February 2013
North America	**23.5**	28.4
UK / Ireland	**19.3**	18.5
The Netherlands[1]	**7.8**	8.3
Rest of Europe	**7.2**	7.4
France	**5.1**	5.2
Germany	**3.6**	2.8
Rest of the world	**3.5**	2.3
Switzerland	**2.1**	1.4
Undisclosed[1]	**27.9**	25.7

1 The Netherlands excludes the percentage of shareholdings of all retail holdings and treasury shares, which are included in Undisclosed.

For additional information about Ahold's share capital, see *Notes 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).

American Depositary Receipts (ADRs)

Ahold's shares trade in the United States on the over-the-counter (OTC) market (www.otcmarkets.com) in the form of American Depositary Receipts (ADRs) (ticker: AHONY). The ratio between Ahold ADRs and the ordinary Netherlands (euro denominated) shares is 1:1, i.e., one ADR represents one Ahold ordinary share.

Deutsche Bank Trust Company Americas (the Depositary) acts as depositary bank for Ahold's ADR program. Ahold has been informed by the Depositary that as of December 29, 2013, there were 36,818,201 ADRs outstanding in the United States, compared with 50,347,861 as of December 30, 2012.

Please also see *Contact information* section for details on how to contact Deutsche Bank regarding the ADR program.

Security codes

Common shares:

Bloomberg code: AH NA
ISIN code: NL0006033250
Common code: 031732832
Sedol code: 5252602 NL

American Depositary Receipts (ADR):

Ticker: AHONY
Bloomberg code: AHONY US
ISIN code: US5004674025
Sedol code: 2037813 US
CUSIP: 500467402
Structure: Sponsored Level I ADR
Exchange: OTC
Ratio (DR:ORD): 1:1

Other codes:

Reuters code: AHLN.AS

The capital repayment and reverse stock split will result in a change in the ISIN and CUSIP numbers of both Ahold's common shares and ADRs. The new ISIN and CUSIP numbers will be posted on Ahold's website.

Shareholder returns

Shareholder returns

For the 2012 financial year, a cash dividend of €0.44 per common share was approved by the annual General Meeting of Shareholders on April 17, 2013, and paid on May 2, 2013.

The announced common stock dividend of €0.47 for the financial year 2013 is up 7% from last year and will be proposed to shareholders at the annual General Meeting of Shareholders to be held on April 16, 2014. The payout ratio of 51% is marginally outside our dividend policy range of 40-50% of adjusted income from continuing operations, due to the temporary impact of the ICA sale.

Shareholders KPIs 2009 – 2013

	2009	2010	2011	2012	**2013***
Dividend per common share	0.23	0.29	0.40	0.44	**0.47**
Dividend yield	2.5%	2.9%	3.8%	4.3%	**3.6%**
Payout ratio	30%	39%	47%	50%	**51%**
Total shareholder return	4.7%	17.2%	(5.4%)	13.8%	**35.8%**

*Subject to the approval of the annual General Meeting of Shareholders

Dividends on cumulative preferred financing shares

Ahold paid an annual dividend on cumulative preferred financing shares in 2013 and plans to pay dividends on these shares in 2014 as required by the terms of the shares.

Share buyback

Earlier this year, Ahold commenced a €500 million share buyback program announced on February 28, 2013. On June 4, the company announced an increase of the program to €2 billion, to be completed by the end of 2014. By the end of 2013, Ahold had completed 38% of the €2 billion share buy-back program, which lowered the number of outstanding common shares by 61,008,851 (6% of the total number of outstanding shares).

As of December 29, 2013, there were 78,494,495 shares held in treasury, the majority held by Ahold to cover long-term incentive and employee stock purchase plans.

Key dates

Key dates 2014

Annual General Meeting of Shareholders	April 16
Ex-dividend date	April 22
Dividend record date	April 24
Payment date	May 2
Announcement of first quarter 2014 results	May 28
Announcement of half-year 2014 results	August 21
Announcement of third quarter 2014 results	November 13

AGM 2014

This year's annual General Meeting of Shareholders (AGM) will be held at the Muziekgebouw aan 't IJ in Amsterdam, the Netherlands, on April 16, 2014. The meeting will start at 2.00 pm (CET).

Five-year overview

Results, cash flow and other information

€ million, except per share data	2013	2012[1]	2011[1]	2010[1]	2009[1]
Net sales	**32,615**	32,682	30,098	29,353	27,715
Net sales growth at constant exchange rates[2]	**2.0%**	3.6%	5.5%	4.6%	4.0%
Operating income	**1,239**	1,336	1,351	1,341	1,313
Underlying operating margin	**4.2%**	4.3%	4.6%	4.7%	4.9%
Net interest expense	**(242)**	(207)	(223)	(268)	(287)
Income from continuing operations	**805**	869	914	837	902
Income (loss) from discontinued operations	**1,732**	46	103	16	(8)
Net income	**2,537**	915	1,017	853	894
Net income per common share (basic)	**2.48**	0.88	0.92	0.73	0.76
Net income per common share (diluted)	**2.39**	0.85	0.89	0.72	0.74
Income from continuing operations per common share (basic)	**0.79**	0.84	0.82	0.72	0.76
Income from continuing operations per common share (diluted)	**0.77**	0.81	0.80	0.70	0.75
Dividend per common share	**0.47**	0.44	0.40	0.29	0.23
Free cash flow	**1,109**	1,051	845	1,029	925
Net cash from operating, investing and financing activities	**681**	(511)	(226)	(157)	(169)
Capital expenditures (including acquisitions)[3]	**843**	1,876	880	1,104	783
Capital expenditures as % of net sales	**2.6%**	5.7%	2.9%	3.8%	2.8%
Regular capital expenditures	**830**	929	807	846	772
Regular capital expenditures as % of net sales	**2.5%**	2.8%	2.7%	2.9%	2.8%
Average exchange rate (€ per $)	**0.7533**	0.7782	0.7189	0.7555	0.7194

1 See *Note 3* to the consolidated financial statements for an explanation of the restatements.

2 Net sales growth in 2010 and 2009 is adjusted for the impact of week 53 in 2009.

3 The amounts represent additions to property, plant and equipment, investment property and intangible assets. The amounts include assets acquired through business combinations and exclude discontinued operations.

Five-year overview

Balance sheet and other information

€ million	December 29, 2013	December 30, 2012[1]	January 1, 2012[1]	January 2, 2011	January 3, 2010
Equity[3]	**6,520**	5,146	5,810	5,910	5,440
Gross debt	**3,021**	3,246	3,680	3,561	3,700
Cash, cash equivalents, and short-term deposits and similar instruments	**3,963**	1,886	2,592	2,824	2,983
Net debt	**(942)**	1,360	1,088	737	717
Total assets	**15,142**	14,572	15,228	14,725	13,933
Number of stores[2]	**3,131**	3,074	3,008	2,970	2,909
Number of employees (in thousand FTEs)[2]	**123**	125	121	128	118
Number of employees (in thousands headcount)[2]	**222**	225	218	213	206
Common shares outstanding (in millions)[3]	**982**	1,039	1,060	1,145	1,181
Share price at Euronext (€)	**13.22**	10.16	10.41	9.88	9.26
Market capitalization[3]	**12,989**	10,551	11,033	11,314	10,938
Year-end exchange rate (€ per $)	**0.7277**	0.7566	0.7724	0.7474	0.6980

1 See *Note 3* to the consolidated financial statements for an explanation of the restatements.

2 The number of stores and employees include discontinued operations (Slovakia).

3 In 2013, €768 million was returned to shareholders through a share buyback (2012: €277 million, 2011: €837 million and 2010: €386 million).

Contact information

Contact information

Ahold proactively maintains an open dialogue with shareholders, providing accurate and complete information in a timely and consistent way. The Company does this through press releases, the Annual Report, presentations, webcasts, and regular briefings with analysts, fund managers and shareholders.

Ahold is covered by approximately 30 analysts who frequently issue reports on the Company.

Corporate website

Whether you want to view the Company's latest press releases or learn more about our local brands and heritage, our commitment to being a responsible retailer, or our approach to corporate governance, Ahold's corporate website provides a wealth of information for shareholders. If you have a general question about your shareholding, the "Financial information" section of our corporate website can help, as it contains much of the information that is most frequently requested from our shareholder helpline. Investors are also encouraged to sign up to receive emailed news alerts, which include all financial news releases throughout the year. You can access the corporate website at www.ahold.com

The company is responsible for the maintenance and integrity of the financial information on our website. This information has been prepared under the relevant accounting standards and legislation.

Electronic communication

In recent years, changes in legislation have removed the requirement for companies to mail large quantities of paper communications to shareholders. Instead, companies are choosing to communicate with their shareholders via the internet, because of its speed and environmental benefits, and to save costs. Ahold actively encourages shareholders to sign up to receive electronic communications, as part of our commitment to being a responsible retailer. For information about how to register to receive electronic communications, please visit the "Contact us" section of our corporate website.

How to get in touch

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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 anticipated, the effect of general economic or political conditions, competitive advantage, Ahold's ability to retain and attract employees who are integral to the success of the business, business and IT continuity, collective bargaining, information security, product safety, strategic projects, responsible retailing, insurance programs, Ahold's liquidity needs (including but not limited to health care and pension funding requirements) exceeding expected levels, other financial risks, unforeseen tax liabilities and legislative and regulatory environment and litigation risks, and other factors discussed in this Annual Report, in particular the paragraphs on *How we manage risk* and in Ahold's other public filings and disclosures. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this 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 laws.

Outside the Netherlands, Ahold presents itself under the name of "Royal Ahold" or simply "Ahold." For the reader's convenience, "Ahold," "the Company," "Ahold group," or "the Group" is also used throughout this Annual Report. The Company's registered name is "Koninklijke Ahold N.V."

Nielsen's information as included in this Annual Report does not constitute a reliable independent basis for investment advice or Nielsen's opinion as to the value of any security or the advisability of investing in, purchasing or selling any security.