

PROSPECTUS



Koninklijke Ahold Delhaize N.V.

*(incorporated as a public limited liability company in the Netherlands,
with its statutory seat in Zaandam, the Netherlands)*

EUR 750,000,000 0.875% Notes due September 2024

Koninklijke Ahold Delhaize N.V. (the **Issuer**, the **Company** or **Ahold Delhaize**) will issue the 0.875% Notes due September 2024 (the **Notes**) for an amount of EUR 750,000,000. The Notes will bear interest at the rate of 0.875% per annum. Interest on the Notes is payable annually in arrears on the Interest Payment Dates (as defined below) falling on 19 September in each year, commencing on September 19, 2018 up to and including the maturity date of the Notes, being September 19, 2024 (the **Maturity Date**).

The obligations of the Issuer under the Notes in respect of principal and interest constitute, (subject to the provisions of Condition 3 (*Negative Pledge*) of the terms and conditions of the Notes (the **Terms and Conditions**)) direct, unconditional and unsecured obligations of the Issuer, ranking *pari passu* without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but only to the extent permitted by applicable laws relating to creditors' rights. Payments on the Notes shall be made free and clear of, and without withholding or deduction for or on account of taxes of the Netherlands or any political subdivision or any authority thereof or therein having power to tax to the extent described in Condition 7 (*Taxation*) of the Terms and Conditions. The holders of Notes will benefit from the Cross Guarantee Agreement among the Company, Delhaize De Leeuw / Le Lion Comm. VA, Delhaize US Holding, Inc. and substantially all of the U.S. subsidiaries of Delhaize US Holding, Inc.. See "Part VI – Description of the Cross Guarantee".

Unless previously redeemed, the Notes mature on the Maturity Date. Furthermore, the Notes are subject to redemption in whole or in part (i) at their principal amount, together with accrued interest, at the Issuer's option from and including the date falling three months prior to but excluding the Maturity Date or (ii) at their principal amount, together with accrued interest and a "make-whole" premium at the Issuer's option at any time prior to the Maturity Date. The Notes are subject to redemption in whole at 101% of their principal amount, together with accrued interest, at the Issuer's option, if following a "put event", Noteholders submit put option notices in respect of at least 85% of the aggregate principal amount outstanding of the Notes. Finally, the Notes are subject to redemption in whole, at their principal amount, together with accrued interest, at the Issuer's option at any time in the event of certain changes affecting taxes of the Netherlands. See "Terms and Conditions of the Notes – Condition 5 (*Redemption and Purchase*)".

The Notes may be redeemed at the option of the holders of the Notes at 101% of their principal amount upon a change of control that is followed by certain ratings downgrades as set forth in "Terms and Conditions of the Notes – Condition 5 (*Redemption and Purchase*)".

This prospectus (the **Prospectus**) has been approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**), which is the Dutch competent authority for the purpose of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the **Prospectus Directive**) and relevant implementing measures in the Netherlands, as a Prospectus

issued in compliance with the Prospectus Directive, Commission Regulation 809/2004, as amended, and relevant implementing measures in the Netherlands for the purpose of giving information with regard to the issue of the Notes. Application has been made for the listing and trading of the Notes on Euronext Amsterdam N.V. (**Euronext Amsterdam**) with effect from September 19, 2017.

The Notes are expected to be assigned, on issue, a rating of BBB by Standard & Poor's Credit Market Services France S.A.S., a division of The McGraw-Hill Companies, Inc. (**Standard & Poor's**) and Baa2 by Moody's Investors Service, Ltd. (**Moody's**). Each of Standard & Poor's and Moody's is established in the European Community and registered pursuant to Regulation 1060/2009/EC of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation 513/2011/EC of the European Parliament and of the Council of 11 March 2011. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organization.

The Notes will be issued in bearer form and shall have denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof, up to and including EUR 199,000.

An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described in the chapter "*Risk Factors*" starting on page 6.

Definitions used, but not defined, in this section can be found elsewhere in this Prospectus. The language of the Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

The Notes will initially be represented by a temporary global note in bearer form (the **Temporary Global Note**) without interest coupons, which is expected to be deposited with a common safekeeper on behalf of Clearstream Banking S.A. (**Clearstream, Luxembourg**) and Euroclear Bank SA/NV (**Euroclear**) on or about September 19, 2017 (the **Closing Date**). The Temporary Global Note will be exchangeable for a permanent global note in bearer form (the **Permanent Global Note**) without interest coupons attached, upon certification as to non-U.S. beneficial ownership, not earlier than the first day following the expiry of 40 days after the Closing Date.

This Prospectus is dated September 15, 2017.

Joint Bookrunners

BofA Merrill Lynch

Deutsche Bank

Goldman Sachs International

J.P. Morgan

Co-Managers

BNP PARIBAS

ING Bank N.V., Belgian Branch

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus has been prepared for the purposes of the listing and admission to trading of the Notes on Euronext Amsterdam and does not constitute an offer of, or an invitation by or on behalf of the Managers to, subscribe or purchase any of the Notes in any jurisdiction by any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference (see “Documents Incorporated by Reference”).

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Managers do not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Managers that is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes.

For a description of further restrictions on offers and sales of Notes and distribution of this Prospectus see “Subscription and Sale” below.

No person is or has been authorized to give any information or to make any representation not contained in or not consistent with this Prospectus and any information or representation not so contained or inconsistent with this Prospectus or any other information supplied in connection with the Notes and, if given or made, such information must not be relied upon as having been authorized by or on behalf of the Issuer or the Managers. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that the information contained in this Prospectus is true subsequent to the date hereof or otherwise that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date hereof or, if later, the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Managers and the Issuer expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes should be considered as a recommendation by the Issuer or the Managers that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the offering of the

Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Managers to any person to subscribe for or to purchase any Notes.

Save for the Issuer, no other party has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers as to the accuracy or completeness of the information contained or incorporated in this Prospectus (including the pro-forma financial information) or any other information in connection with the Issuer or the offering of the Notes. The Managers do not accept any liability, whether arising in tort or in contract or in any other event, in relation to the information contained or incorporated by reference in this Prospectus or any other information in connection with the Issuer, the offering of the Notes or the distribution of the Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), or the securities laws of any state or other jurisdiction of the United States. The Notes are being offered and sold solely outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act (**Regulation S**). The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S) unless they have been so registered or pursuant to an available exemption from the registration requirements of the Securities Act. For a further description of certain restrictions on the offering and sale of the Notes and on the distribution of this document, see "Subscription and Sale" below.

All references in this document to **euro**, **EUR** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

In connection with the issue of the Notes, Merrill Lynch International (or any person acting on behalf of the Stabilizing Manager) (the **Stabilizing Manager**) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any such stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilization action or over-allotment must be conducted by the Stabilizing Manager in accordance with all applicable laws and rules.

When potential investors make a decision to invest in the Notes, they should base this decision on their own research of the Issuer and the conditions of the Notes, including, but not limited to, the associated benefits and risks. The investors must themselves assess, with their own advisors if necessary, whether the Notes are suitable for them, considering their personal income and financial situation. In case of any doubt about the risk involved in purchasing the Notes, investors should abstain from investing in the Notes.

The summaries and descriptions of legal provisions, accounting principles or comparisons of such principles, legal company forms or contractual relationships reported in the Prospectus may in no circumstances be interpreted as investment, legal or tax advice for potential investors. Potential investors are urged to consult their own advisor, bookkeeper or other advisors concerning the legal, tax, economic, financial and other aspects associated with the subscription to the Notes.

The Notes are intended to be held in a manner which would allow eligibility for the central banking system for the euro (**Eurosystem**). This simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

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PART I: RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfill its obligations under the Notes. Most of these factors are contingencies that may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors that are material for the purpose of assessing the market risks associated with the Notes are described below.

*The Issuer believes that the factors described below represent the material risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons that may not be considered material risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. The sequence in which the risk factors are listed is not an indication of their likelihood to occur or of the extent of their commercial consequences. Prospective investors should also read the detailed information set out elsewhere in this Prospectus or incorporated by reference in this Prospectus and reach their own views prior to making any investment decision and consult with their own professional advisors if they consider it necessary. Terms defined in "Terms and Conditions of the Notes" (the **Terms and Conditions**) below shall have the same meaning where used below. All references to "our", "we", "us", etc. are to the Issuer.*

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFILL ITS OBLIGATIONS UNDER THE NOTES

We have financial debt outstanding that could negatively impact our business.

As of January 1, 2017, Ahold Delhaize's consolidated net debt was €3,244 million, which represents 9% of our total assets. 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, current portion of available-for-sale financial assets, and short-term deposits and similar instruments. Our level of debt could:

- make it difficult for us to satisfy our obligations, including interest payments under the Notes and our other debt obligations;
- limit our ability to obtain additional financing for us and our respective subsidiaries to operate our businesses;
- limit our financial flexibility in planning for and reacting to industry changes;
- place us at a competitive disadvantage as compared to less leveraged companies;
- increase our vulnerability to general adverse economic and industry conditions, including changes in interest rates; and
- require us to dedicate a substantial portion of our cash flow to payments on our debt, reducing the availability of our cash flow for other purposes.

We may borrow additional funds to support our capital expenditures, working capital needs, to finance future acquisitions and for other purposes. The incurrence of additional debt could make it more likely that we will experience some or all of the risks described above.

If we do not generate positive cash flows, we may be unable to service our debt.

The mid- to long-term ability to pay principal, premium, if any, and interest on our debt will depend on the future operating performance of our and our respective subsidiaries' businesses. Future operating performance will be subject to market conditions and business factors that will often be beyond our or their control. Consequently, we are not able to guarantee that there will be sufficient cash flows to pay the principal, premium, if any, and interest on our debt. If cash flows and capital resources are insufficient to allow us to make scheduled payments on our debt, we may have to take alternative measures, such as reducing or delaying capital expenditures, selling assets, seeking additional capital or restructuring or refinancing our debt. We are not able to guarantee that the terms of our debt will allow us to take these alternative measures or that these alternative measures, individually or in the aggregate, will allow us to satisfy our scheduled debt service obligations. If we cannot make scheduled payments on our debt, we will be in default and, as a result:

- our debt holders could declare all outstanding principal and interest to be due and payable;
- our lenders could terminate their commitments and commence foreclosure proceedings against our assets; and
- we or one or more of our respective subsidiaries could be forced into bankruptcy or liquidation.

Certain of our debt agreements require us to maintain specified financial ratios and meet specific financial tests. Our failure to comply with these covenants could result in an event of default that, if not cured or waived, could result in us being required to repay these borrowings before their due date. If we were unable to make this repayment or otherwise refinance these borrowings, our lenders could foreclose on our assets. If we were unable to refinance these borrowings on favorable terms, our business could be adversely impacted.

The cross guarantee mechanism in place with us and some of our subsidiaries entails certain limits and restrictions and enforcing such guarantee in a legal proceeding, as necessary, would entail additional costs and formalities for the Noteholders.

The Guarantors are subsidiaries of the Issuer. Potential investors must read the description of the Cross Guarantee Agreement set out in Part VI (*Description of the Cross Guarantee*) of the Prospectus. In particular, the Noteholders will benefit from the Cross Guarantee Agreement, but it must be noted that in certain circumstances a Guarantor may terminate its guarantee. Also, the obligations of the Guarantors under the Cross Guarantee Agreement are limited to the maximum amount that can be guaranteed without constituting a fraudulent conveyance or fraudulent transfer under the various applicable insolvency laws. The Guarantors are obligated to make payments owed in respect of the Notes, in the event of non-payment by the Issuer without Noteholders needing to take any formal action. However, in case of default of the Issuer and non-performance by the Guarantors, if any Noteholder decides to enforce the guarantee in a legal proceeding, he would proceed directly against one or, if a single Guarantor is unable to financially satisfy a claim, several Guarantors (the guarantee binds all parties to the Cross Guarantee Agreement, but it is possible that the Noteholder must proceed against several Guarantors in case of default of one or several Guarantors). With the exception of the Issuer and Delhaize Le Lion/De Leeuw Comm. VA., all the current Guarantors are based in the United States, which leads to additional formalities and notification costs to be borne by the Noteholder who seeks to enforce the guarantees in a legal proceeding. The Fiscal Agent will only proceed to make payment, if he has received an adequate amount from one or several Guarantors. The Fiscal Agent shall deduct the movable withholding tax on the accrued interests that would be reimbursed, if and to the extent so required by applicable law. The Cross Guarantee Agreement is governed by New York law, which may lead to additional costs as the Noteholders may need to request assistance of a lawyer with expertise in financial products and New York law.

As a guarantor under the Cross Guarantee Agreement and some other agreements, under certain circumstances, we may have to pay for financial indebtedness of any of our subsidiaries.

Under the Cross Guarantee Agreement, if any financial indebtedness (as defined under Part VI (*Description of the Cross Guarantee*) of the Prospectus) owed by one of our subsidiaries party to such agreement is not recoverable from such entity, the creditor may call upon the guarantee and claim against any of the guarantors, including Ahold Delhaize, in accordance with the terms of the Cross Guarantee Agreement. We may therefore have to pay for any Financial Indebtedness of any of our subsidiaries party to the Cross Guarantee Agreement in case of default of such party. Apart from our guarantee under the Cross Guarantee Agreement, we may also have to pay amounts owed by any of our subsidiaries in case of default by such subsidiaries, in instances where we guaranteed the undertakings of any such subsidiaries.

Our results are subject to risks relating to competition and pressure on profit margins in the food retail industry.

The food retail industry is competitive and generally characterized by pressure on profit margins. Our competitors include international, national, regional and local supermarket chains, supercenters, independent grocery stores, specialty food stores, warehouse club stores, retail drug chains, convenience stores, membership clubs, general merchandisers, discount and online retailers and restaurants. It is possible that we could face increased competition in the future from some or all of these competitors. In addition, consolidation in the food retail industry due to increasing competition from larger companies is also likely to continue. Food retail businesses generally compete on the basis of location, quality of products, service, price, product variety, store condition and eCommerce offerings. The ability to maintain our current position depends upon the ability of our respective subsidiaries to compete in the food retail industry through various means such as price promotions, continued reduction of operating expenses where the cost savings are reinvested in our Company, enhancing customer offerings and store expansions. To the extent that prices are reduced to maintain or grow market share, net income and cash generated from the respective subsidiaries' operations could be adversely affected. Some of our competitors may have financial, distribution, purchasing and marketing resources that are greater than ours, and there is no assurance that we will be able to successfully compete in the markets where our respective subsidiaries operate. Profitability could be impacted as a result of the pricing, purchasing, financing, advertising or promotional decisions made by our competitors. Such an impact on profitability could have an adverse effect on our business and the businesses of our respective subsidiaries, cash flows, financial condition or operating results.

General economic factors may adversely affect our financial performance.

General economic conditions in the areas where our respective subsidiaries operate may adversely affect our overall financial performance. Factors such as higher interest rates, higher fuel and other energy costs, weakness in the housing market, inflation, deflation, higher levels of unemployment, unavailability of consumer credit, higher consumer debt levels, higher tax rates and other changes in tax laws, overall economic slowdown and other economic factors could adversely affect consumer demand for the products our respective subsidiaries sell, require a change in the mix of products that are sold to one with a lower average profit margin and result in slower inventory turnover and greater markdowns on inventory. Higher interest rates, higher fuel and other energy costs, higher transportation costs, inflation, higher costs of labor, insurance and healthcare, foreign exchange rate fluctuations, higher tax rates and other changes in tax laws, changes in other laws and regulations and other economic factors could increase the cost of sales and selling, general and administrative expenses, and otherwise adversely affect operations and operating results. These factors could affect not only our respective subsidiaries operations, but also the operations of suppliers from whom they purchase goods, which could result in an increase in the cost to us of the goods sold to customers.

Our international operations subject us to numerous risks.

We are a global company incorporated in the Netherlands with key suppliers operating internationally. We may further expand our business and operations into new countries. The international nature of our business and operations subjects us to risks inherent in operating in or selling products imported from foreign countries, including government regulation; political and economic instability; currency restrictions; fluctuations and other restraints; import and export restrictions; complex and burdensome tax regimes; additional tax assessments in foreign jurisdictions; risks of expropriation; threats to employees; terrorist activities, including extortion; and risks of U.S. and foreign governmental regulation and action in relation to these operations.

Turbulence in the global credit markets and economy may adversely affect our financial condition or access to capital markets and liquidity and of our respective subsidiaries.

Disruptions in the capital and credit markets could adversely affect our ability and of our respective subsidiaries to draw on our bank credit facilities or enter into new bank credit facilities. Access to funds under our bank credit facilities is dependent on the ability of the banks that are parties to the facility agreements to meet their funding commitments. Those banks may not be able to meet their funding commitments to us and our respective subsidiaries, if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests from us and our respective subsidiaries and other borrowers within a short period of time. In addition, our suppliers and third-party service providers could experience credit or other financial difficulties that could result in their inability to supply us with necessary goods and services in a timely fashion or at all.

The significance of the contributions of our U.S. businesses to our revenues and the geographic concentration of our respective subsidiaries' U.S. operations on the East Coast of the United States make us vulnerable to economic downturns, natural disasters and other catastrophic events that impact that region.

A total of 62% of our revenues (excluding discontinued operations) during the financial year ended January 1, 2017, was generated through our respective subsidiaries' U.S. operations. We depend in part on these U.S. operations for dividends and other payments to generate the funds necessary to meet financial obligations. Substantially all of the U.S. operations are located on the East Coast of the United States. Consequently, the operations depend significantly upon economic and other conditions in this area, in addition to those that may affect the United States or the world as a whole. Our operating results as a whole may suffer based on a general economic downturn, natural disaster, change in regulations or other adverse condition impacting the East Coast of the United States.

Increases in interest rates and/or a downgrade of our credit ratings could negatively affect our financing costs and our ability to access capital.

We are exposed to changes in interest rates with respect to our outstanding debt position and/or additional debt to the extent that we raise debt in the capital markets to meet maturing debt obligations, to fund our capital expenditures and working capital needs, and to finance future acquisitions. To manage interest rate risk, we have 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. As at January 1, 2017, after taking into account the effect of interest rate swaps and cross-currency swaps, the entirety of our long-term debt was at fixed rates of interest.

It is anticipated that our daily working capital requirements will continue to be primarily financed with operational cash flow and through the use of various committed and uncommitted lines of credit. The interest rates on these short- and medium-term borrowing arrangements will generally be determined either as the inter-bank offering rate at the borrowing date plus a pre-set margin, or based on market quotes from banks.

Although we may employ risk management techniques to hedge against interest rate volatility, significant and sustained increases in market interest rates could materially increase our financing costs and negatively impact our reported results.

We will rely on access to bank and capital markets as sources of liquidity for cash requirements not satisfied by cash flows from operations. A downgrade in our credit ratings from the internationally-recognized credit rating agencies, particularly to a level below investment grade, could negatively affect our ability to access the bank and capital markets, especially in a time of uncertainty in either of those markets. A rating downgrade could also impact our ability to grow our businesses by substantially increasing the cost of, or limiting access to, capital.

A credit rating is not a recommendation to buy, sell or hold debt, as the credit rating does not comment as to market price or suitability for a particular investor. The credit ratings assigned to our debt address the likelihood of payment of principal and interest pursuant to the terms of the debt. A credit rating is subject to revision or withdrawal at any time by the assigning rating agency. Each credit rating should be evaluated independently of any other credit rating that may be assigned to our securities and should only be viewed as the opinion of the assigning credit rating agency.

A competitive labor market, changes in labor conditions or labor disruptions such as strikes, work stoppages and slowdowns may increase our respective subsidiaries' costs or negatively affect their financial performance.

Our success depends in part on our and our respective subsidiaries' ability to attract and retain qualified personnel in all the businesses, including executives to lead them. We compete with other businesses in our markets in attracting and retaining employees. Tight labor markets, increased overtime, collective labor agreements, increased healthcare costs, government-mandated increases in the minimum wage and a higher proportion of full-time employees could result in an increase in labor costs, which could materially impact our respective subsidiaries' operating results. A shortage of qualified employees may also require increases in wage and benefit offerings to compete effectively in the hiring and retention of qualified employees or to retain more expensive temporary employees.

A number of our and our respective subsidiaries' employees, both inside and outside of the United States, are members of unions. It is possible that relations with the unionized portion of some or all of those workforces could deteriorate or that the workforces could initiate a strike, work stoppage or slowdown in the future. Similar actions by the non-unionized workforces of our company's or the respective subsidiaries are also possible. In such an event, our respective subsidiaries' businesses, cash flows, financial condition and operating results could be negatively affected, and they may not be able to adequately meet the needs of customers by utilizing the remaining unaffected workforce. Further, as existing collective bargaining agreements are expected to expire, our respective subsidiaries who are signatory to such agreements may not be able to negotiate extensions to, or replacements for, such agreements on acceptable terms, which could result in work stoppages or other costs, which could be disruptive to business, lead to adverse publicity and have a material adverse impact on cash flows, financial condition and operating results.

While we believe that relations with our employees and those of our respective subsidiaries will continue to be good, we will always face the risk that legislative bodies may approve laws that liberalize the procedures for union organization, and there can be no assurance that our company's non-unionized employees will not become unionized. If more of our company's workforce becomes unionized, it could affect our operating expenses. Increased labor costs could increase our costs, resulting in a decrease in profits or an increase in losses. There can be no assurance that we or our subsidiaries will be able to fully absorb any increased labor costs through efforts to increase efficiencies in other areas of operations.

Because of the number of properties that we own and lease, we have a potential risk of environmental liability associated with these properties.

We are subject to laws, regulations and ordinances that govern activities and operations that may have adverse environmental effects and impose liabilities for the costs of cleaning, and certain damages arising from sites of past spills, disposals or other releases of hazardous materials. Under applicable environmental laws, we could be responsible for the remediation of environmental conditions and could be subject to associated liabilities relating to our or our respective subsidiaries' stores, warehouses and offices, as well as the land on which they are situated, regardless of whether we lease, sublease or own the stores, warehouses, offices or land in question and regardless of whether such environmental conditions were created by us or by a prior owner or tenant. The costs of investigation, remediation or removal of environmental conditions may be substantial, and these costs may increase if stricter laws are passed or applicable environmental laws are more strictly enforced. Certain environmental laws also impose liability in connection with the discharge, storage, handling, disposal of, or exposure to, hazardous or toxic substances, including materials containing asbestos, pursuant to which third parties may seek recovery from us or owners, tenants or sub-tenants of real properties for personal injuries associated with such substances or materials. There can be no assurance that environmental conditions relating to prior, existing or future store sites will not harm us through, for example, business interruption, cost of remediation or harm to reputation, which could have a material adverse effect on our financial position, operating results and liquidity.

If we are unable to locate appropriate real estate or enter into real estate leases on commercially acceptable terms, we may be unable to open new stores.

Our ability to open new stores depends on success in identifying and entering into leases on commercially reasonable terms for properties that are suitable for our needs. If we fail to identify and enter into leases on a timely basis for any reason, including our inability due to competition from other companies seeking similar sites, our growth may be impaired because we may be unable to open new stores as anticipated. Similarly, our business may be harmed if we are unable to renew the leases on our existing stores on commercially acceptable terms.

Unfavorable exchange rate fluctuations may negatively impact our financial performance.

Our respective subsidiaries' operations are conducted primarily in the United States, the Eurozone countries of the Netherlands, Luxembourg, Belgium, Germany and Greece and to a lesser extent in other parts of Europe outside the Eurozone, including the Czech Republic, Romania and the Republic of Serbia. Although our historical financial information is being presented in euros, during the financial year ended January 1, 2017, we derived 67% of our revenues from subsidiaries that have functional currencies other than the euro. The operating results and the financial position of each of our entities outside the Eurozone are accounted for in the relevant local currency, including the U.S. dollar, and are then translated into euros at the applicable foreign currency exchange rate for inclusion in our consolidated financial statements. Exchange rate fluctuations between these local currencies, including the U.S. dollar, and the euro could have a material adverse effect on our consolidated financial statements.

Because a substantial portion of our assets, liabilities and operating results are denominated in currencies other than our presentation currency, the euro, we are particularly exposed to currency risk arising from fluctuations in the value of these currencies against the euro.

Redenomination risk.

As a result of the continuing distressed conditions experienced by the peripheral Eurozone countries, there is an increased possibility of a member state exiting from the Eurozone. There is currently no established legal framework within the European treaties to facilitate such an event; consequently, it is not possible to accurately predict the course of events and legal consequences that would ensue.

Various aspects of our and our respective subsidiaries' businesses are subject to federal, regional, state and local laws and regulations, including environmental regulations, in the United States, the Netherlands, Belgium and other countries. Our compliance with these laws and regulations may require additional expenses or capital expenditures and could adversely affect our ability to conduct our business as planned.

In addition to environmental regulations, our and our respective subsidiaries' businesses are subject to federal, regional, state and local laws and regulations in the United States, the Netherlands, Belgium and other countries relating to, among other things, zoning, land use, workplace safety, public health, community right-to-know, store size, alcoholic beverage sales, tobacco sales and pharmaceutical sales. A number of jurisdictions regulate the licensing of supermarkets, including retail alcoholic beverage license grants. In addition, under certain regulations, we are prohibited from selling alcoholic beverages in certain of our stores. We are also subject to laws governing our relationships with employees, including minimum wage requirements, overtime, working conditions, collective bargaining, disabled access and work permit requirements. A number of laws exist that impose obligations or restrictions with respect to property access. Compliance with these laws could result in modifications to properties or prevent performing certain further renovations. Compliance with, or changes in, these laws could reduce revenue and profitability and could otherwise adversely affect our businesses, financial condition or operating results.

As a result of selling products, we face the risk of exposure to product liability claims and adverse publicity.

The preparation, packaging, marketing, distribution and sale of products purchased from others entail an inherent risk of product liability, product recall and resultant adverse publicity. These products may contain contaminants or other hazards that may be inadvertently redistributed by our respective subsidiaries. These contaminants or other hazards may, in certain cases, result in illness, injury or death if processing at the foodservice or consumer level does not eliminate the contaminants or other hazards. Even an inadvertent shipment of adulterated, contaminated or defective products may lead to an increased risk of exposure to product liability claims. There can be no assurance that these claims will not be asserted against us or our respective subsidiaries that we or they will not be obligated to perform such a recall in the future. If a product liability claim is successful, insurance may not be adequate to cover all liabilities incurred, and we may not be able to continue to maintain such insurance, or obtain comparable insurance at a reasonable cost, if at all. If our businesses do not have adequate insurance or contractual indemnification available, product liability claims relating to defective products could have a material adverse effect on the ability to successfully market products and on our businesses, financial condition and operating results. In addition, even if a product liability claim is not successful or is not fully pursued, the negative publicity surrounding any assertion that our products were defective, or caused illness, injury or death, could have a material adverse effect on the reputations of us and our respective subsidiaries with existing and potential customers and on our businesses and financial condition and operating results.

We are subject to risks related to corporate responsibility and sustainable retailing.

Many factors influence our reputation and the value of our respective subsidiaries' brands, including perceptions of our company held by our key stakeholders and the communities in which we do business. Increased regulatory demands, concerns about climate change, stakeholder awareness and the growing sentiment that large retailers should address sustainability issues across the entire supply chain mean that our respective subsidiaries' brands and reputations could suffer if we, our suppliers or our other business partners do not adequately address, or are perceived as not adequately addressing, relevant corporate responsibility issues affecting the food retail industry.

We may be unable to successfully develop and execute our strategy, which may include, but is not limited to, completing renovations and conversions, implementing brand repositioning plans and growing our eCommerce business.

Our success depends in large part on the ability of our respective subsidiaries to operate their customers' preferred local supermarkets. If they are unable to successfully develop and execute a strategy, or if our plans fail to meet customers' expectations, our overall financial condition and operating results could be adversely affected. The introduction, implementation, success and timing of new business initiatives and strategies, including but not limited to initiatives to increase revenue, reduce costs or enter into new areas of business, could be less successful or could be different than anticipated, which could materially adversely affect our business.

A key to our respective subsidiaries' business strategy is the renovation and/or conversion of existing stores, as well as the renovation of infrastructure. Although it is expected that cash flows generated from operations, supplemented by the unused borrowing capacity under our credit facilities and the availability of capital lease financing, will be sufficient to fund capital renovation programs and conversion initiatives, sufficient funds may not be available. The inability to successfully renovate and/or convert existing stores and other infrastructure could adversely affect our businesses, operating results and ability to compete successfully.

In addition, we anticipate that many customers are increasingly shopping over our eCommerce websites – including delhaize.be, ah.nl, bol.com and Peapod – and mobile commerce applications. We anticipate that online and mobile shopping will continue to be a key component of growth for food retailers in years to come, as witnessed by the most recent entrance of specialty eCommerce platforms in partnership with traditional supermarkets. Any failure by our respective subsidiaries to provide attractive, user-friendly online shopping platforms that meet the expectations of online shoppers and adapt to future developments and trends in eCommerce could place them and us at a competitive disadvantage, result in the loss of eCommerce and other sales, harm our reputation with customers and have a material adverse impact on the growth of our eCommerce business, operating results and ability to compete successfully

Businesses and/or financial results could be negatively affected if divestitures are not successfully completed or if contingent liabilities materialize in connection with completed divestitures.

We regularly evaluate the potential disposition of assets and businesses that may no longer help meet our objectives. When we decide to sell assets or a business, we may encounter difficulties in finding buyers or alternative exit strategies on acceptable terms or in a timely manner, which could delay the achievement of our strategic objectives. We may also dispose of a business at a price, or on terms, less desirable than we had anticipated. In addition, we may experience greater dis-synergies than expected, and the impact of the divestiture on our revenue growth may be larger than projected. After reaching an agreement with a buyer or seller for the disposition of a business, we will be subject to satisfaction of pre-closing conditions as well as to necessary regulatory and governmental approvals on acceptable terms, that, if not satisfied or obtained, may prevent us from completing the transaction. Dispositions may also involve continued financial involvement in the divested business, such as through continuing equity ownership, guarantees, indemnities or other financial and commercial obligations. There can be no assurance that the anticipated benefits of future divestitures will be realized.

We may be unsuccessful in managing the growth of our business or realizing the anticipated benefits of acquisitions we have made.

We may continue to reinforce our presence in the geographic locations where our respective subsidiaries currently operate, and in adjacent regions, by pursuing acquisition opportunities in the retail grocery industry and by opening new stores. We may also occasionally consider opportunities to expand into new regions. Realization of the anticipated benefits of an acquisition, store renovation, market renewal or store opening could take several years or may not occur at all. We face risks commonly encountered with growth through

acquisition and conversion or expansion. The areas where we and our respective subsidiaries could face risks include:

- identifying suitable acquisition opportunities or markets in which to expand;
- facing competitors who may have more resources to make acquisitions or expand operations or otherwise may make acquisitions that we would have been interested in pursuing;
- diverting management's time and focus from operating the businesses to acquisition or integration challenges;
- obtaining necessary financing on satisfactory terms;
- making payments on the indebtedness that might be incurred as a result of these acquisitions;
- losing customers of an acquired business;
- entering markets where we have no or limited experience;
- failing to assimilate the operations and personnel of acquired businesses;
- failing to install and integrate all necessary systems and controls;
- needing to integrate operations across different cultures and languages and to address the particular economic, currency, political, and regulatory risks associated with specific countries; and
- facing litigation or other claims or liabilities in connection with the acquired company, including claims from terminated employees, customers, former shareholders or other third parties.

There can be no assurance that we will be able to execute successfully on an acquisition and integration strategy or store openings. The failure to address these risks or other problems encountered in connection with past or future acquisitions and investments could have a material adverse effect on our businesses, financial condition and operating results.

Unexpected outcomes with respect to audits of tax filings in the jurisdictions where we or our respective subsidiaries operate could result in an adverse effect on our financial performance.

Because we and our respective subsidiaries operate in a number of countries, our businesses' income is subject to taxation in differing jurisdictions and at differing tax rates. Significant judgment is required in determining the consolidated income tax position. As a result of our multi-jurisdictional operations, we are exposed to a number of different tax risks including, but not limited to, changes in tax laws or interpretations of these tax laws. The tax authorities in the jurisdictions where our businesses operate may audit our tax returns and may disagree with the positions taken in those returns. While the ultimate outcome of such audits will not be certain, we will consider the merits of our filing positions in our overall evaluation of potential tax liabilities with the objective of having adequate liabilities recorded in our consolidated financial statements to meet potential exposures. An adverse outcome resulting from any settlement or future examination of our tax returns or any other tax audit could result in additional tax liabilities and could adversely affect our effective tax rate, which could have a material adverse effect on our financial position, operating results and liquidity. In addition, any examination by the tax authorities in the jurisdictions where our businesses operate could cause us to incur significant legal expenses and divert management's attention from the operation of the businesses.

Changes resulting from the EU Anti-Tax Avoidance Directive.

As part of its anti-tax avoidance package the EU Council adopted the Anti-Tax Avoidance Directive on July 12, 2016 in Council Directive (EU) 2016/1164 (**ATAD**). The ATAD must be implemented by each Member State as of 2019. On May 29, 2017 additional measures were introduced in Council Directive (EU) 2017/952 to neutralize the effects of hybrid mismatches with third countries (**ATAD II**). The measures introduced in ATAD II must be implemented ultimately by January 1, 2020 and January 1, 2022 (to the extent relating to reverse hybrid mismatches).

The implementation of these measures in the legislation of the EU jurisdictions in which we do business could have a material adverse effect on us. For example, the implementation of the general interest limitation rule (Article 4 ATAD) could result in an increase of our tax liabilities as certain interest costs could no longer be deductible. The measures in ATAD and ATAD II are minimum standards and, therefore, it is at the discretion of each Member State to implement measures in domestic law that go beyond the measures proposed in the ATAD and ATAD II. As such, it is not clear at this stage what the exact impact of the ATAD will be on our tax position.

Risks associated with the suppliers from whom products are sourced could adversely affect financial performance.

Significant disruptions in the operations of vendors and suppliers could materially impact our respective subsidiaries' businesses by disrupting store-level product selection or increasing costs, resulting in reduced sales. The products they sell are sourced from a wide variety of domestic and international suppliers. If disruptions should occur, the ability to find qualified suppliers who meet their standards, and to access products in a timely and efficient manner, could be significantly challenged. Political and economic instability in the countries in which suppliers are located, suppliers' financial instability or failure to meet required standards, labor problems experienced by suppliers, the availability of raw materials to suppliers, competition for products from other retailers, the impact of adverse weather conditions, product quality issues, currency exchange rates, transport availability and cost, inflation, deflation, and other factors relating to the suppliers and the countries in which they are located are beyond our control. In addition, tariffs and other impositions on imported goods, trade sanctions imposed on certain countries, the limitation on the importation of certain types of goods or of goods containing certain materials from other countries and other factors relating to foreign trade are beyond our control. These factors and other factors affecting the suppliers and access to products could result in decreased product selection and increased out-of-stock conditions, as well as higher product costs, which could adversely affect our respective subsidiaries operations and financial performance.

Risks associated with our franchised and affiliated stores could adversely affect our financial performance.

As of January 1, 2017, 25% of the stores in our store network were franchised or affiliated (that is, stores with one of our Company's banners and operated by independent third parties to whom we sell our products at wholesale prices) and 8% of our revenues are generated from our franchise or affiliate activities and are part of retail sales. The operators of our affiliated and franchised stores operate and oversee the daily operations of their stores and are independent third parties. Although we attempt to properly select, train and support the operators of our affiliated and franchised stores, the ultimate success and quality of any affiliated or franchised store will rest with the third party operators. If the operators of the affiliated and franchised stores do not successfully operate in a manner consistent with our standards, our image and reputation could be harmed. In addition, we have accounts receivable associated with the franchised and affiliated stores. If the third party operators of these stores do not operate successfully, we could be forced to write-off a portion of or all of the accounts receivable associated with such franchised and affiliated stores, which could adversely affect our business and operating results.

Natural disasters and geopolitical events could adversely affect our financial performance.

The occurrence of one or more natural disasters, such as hurricanes, earthquakes, tsunamis, pandemics or severe weather, whether as a result of climate change or otherwise, or geopolitical events, such as civil unrest in a country in which we or our respective subsidiaries operate or in which our suppliers are located, and attacks disrupting transportation systems, could adversely affect operations and financial performance. Such events could result in physical damage to one or more of properties, a temporary closure of one or more stores or distribution centers, a temporary lack of an adequate work force in a market, a temporary decrease in customers in an affected area, a temporary or long-term disruption in the supply of products from some local and overseas suppliers, a temporary disruption in the transport of goods from overseas, a delay in the delivery of goods to distribution centers or stores within a country in which our respective subsidiaries are operating, or a temporary reduction in the availability of products in their stores. These factors could otherwise disrupt and adversely affect operations and financial performance.

There are inherent limitations in our control systems, and misstatements due to error or fraud may occur and not be detected, that may harm our business and financial performance and result in difficulty meeting our reporting obligations.

Effective internal control over financial reporting is necessary for us to provide reasonable assurance with respect to our financial reports and to effectively prevent fraud. If we cannot provide reasonable assurance with respect to our financial reports and effectively prevent fraud, our reputation, business and operating results could be harmed. Internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. In addition, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risks that the control may become inadequate because of changes in conditions or that the degree of compliance with policies or procedures may deteriorate. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in our integration and implementation of changes to our internal controls, the businesses and operating results could be harmed and we could fail to meet our reporting obligations.

Operations are dependent on information technology (IT) systems, the failure or breach of security of any of which could harm the operations and the reputations of our respective subsidiaries and adversely affect our overall financial performance.

Many functions of our respective subsidiaries operations are dependent on IT systems developed and maintained by internal experts or third parties. It is possible that we may encounter unforeseen technical complexities or issues that we may be unable to resolve, or that the resolution of complexities or issues may require management to devote more attention than anticipated to such matters. The failure of any of these IT systems could also cause disruptions in operations, adversely affecting sales and profitability. There are recovery plans in place to reduce the negative impact of IT systems failures on our operations, but there is no assurance that these recovery plans will be completely effective in doing so. Any of these risks may cause us to incur unanticipated costs and may prevent us from obtaining the expected benefits and cost savings of the IT systems or from obtaining benefits and cost savings as soon as expected.

As part of normal operations, both we and our respective subsidiaries receive and store confidential information about customers (including credit/debit card information), employees and other third parties in our own systems and through our third-party service providers. These third-party service providers are used for a variety of reasons, including, without limitation, encryption and authentication technology, content delivery to customers, back-office support, and other functions. In addition, online operations depend upon the secure transmission of confidential information over public networks, including information permitting cashless payments.

Any failure to protect confidential data could materially damage our brand and reputation, and those of our respective subsidiaries, and result in significant expenses and disruptions to operations and loss of customer confidence and subject us to litigation, any of which could have a material adverse impact on our business and results of operations.

To protect against security breaches and rapidly evolving cyber threats, we maintain administrative, physical and technical security measures to protect, and to prevent unauthorized access to, such information. There are security processes, protocols and standards in place that are applicable both internally and to our third-party service providers to protect information from systems to which they have access under their engagements with us.

Inherent to our businesses, we face attempts – such as phishing, malware and distributed denial-of-service attacks – to access the information stored in our information systems or to disrupt our IT systems. We have not been subject to intrusions of our network security, nor have we experienced any other cyber-attack incidents, that, individually or in the aggregate, have been material to our or our respective subsidiaries' businesses, financial condition and operations. Any failure to protect against security breaches and cyber threats, could have a material adverse impact on our business and results of operations.

We have cyber risk insurance that includes business interruption and recovery cost coverages to protect against both third-party damages and expenses resulting from a privacy breach and first-party damages and costs incurred as a result of a cyber-attack incident.

A change in supplier terms could adversely affect our financial performance.

Our respective subsidiaries receive allowances, credits and income from suppliers primarily for volume incentives, new product introductions, in-store promotions and co-operative advertising. Certain of these funds are based on the volume of net sales or purchases, growth rate of net sales or purchases and marketing programs. If they do not grow our net sales over prior periods or if they are not in compliance with the terms of these programs, there could be a material adverse effect on the amount of incentives offered or paid to them by the suppliers. Additionally, suppliers routinely change the requirements for, and the amount of, funds available. No assurance can be given that the respective subsidiaries will continue to receive such incentives or will be able to collect outstanding amounts relating to these incentives in a timely manner, or at all. A reduction in, the discontinuance of, or a significant delay in receiving such incentives, as well as the inability to collect incentives, could have a material adverse effect on our businesses, results of operation, and financial condition.

We are subject to antitrust and similar legislation in the jurisdictions in which we operate.

We are subject to a variety of antitrust and similar legislation in the jurisdictions where we and our respective subsidiaries operate. In a number of markets, we have market positions which may make future significant acquisitions more difficult and may limit our ability to expand by acquisition or merger, if we wish to do so.

In addition, we and our respective subsidiaries are subject to legislation relating to unfair competitive practices and similar behavior in many of the jurisdictions where our respective subsidiaries operate. We or they may be subject to allegations of, or further regulatory investigations or proceedings into, such practices. Such allegations, investigations or proceedings (irrespective of merit) may require the devotion of significant management resources to defending ourselves. In the event that such allegations are proven, there may be significant fines, damages awards and other expenses, and our reputations may be harmed, which could materially adversely affect our businesses, results of operation, financial condition and liquidity.

Antitrust conditions imposed or to be imposed by the Belgian Competition Authority could have an adverse effect on Ahold Delhaize or could partly prevent the consummation of the merger as originally intended.

The Belgian Competition Authority approved the merger of Koninklijke Ahold N.V. and Delhaize Group NV/SA (**Delhaize Group**) on March 15, 2016, conditional upon our commitments to divest eight Albert Heijn stores, five Delhaize franchisee stores and a limited number of planned stores in Belgium to address competition concerns raised by the regulator.

The fulfillment of these commitments was not a condition precedent to the completion of the merger. In view hereof, the merger has lawfully taken place effective as of July 24, 2016.

We are conducting the divestment process in full compliance with these commitments. Until the satisfaction of all commitments, there can, however, be no assurance that the Belgian Competition Authority will not impose unanticipated conditions, terms, obligations or restrictions and that, to the extent that any such conditions, terms, obligations or restrictions are imposed, they will not have an adverse effect on Ahold Delhaize, impose additional material costs on, or materially limit, our revenues. Also, such unanticipated conditions, terms, obligations or restrictions could partly prevent the consummation of the merger as originally intended.

We will continue to incur integration, assimilation and restructuring costs following the merger.

We will continue to incur integration and restructuring costs following the merger, as we continue to integrate, assimilate and restructure the former Ahold and Delhaize businesses during the transition period following the merger. We cannot give any assurance that the realization of efficiencies related to the integration of the former Ahold and Delhaize businesses will offset the incremental integration and restructuring costs in the near term, if at all. An inability to realize these efficiencies could have an adverse effect on our businesses, subsequent integration, assimilation and restructuring and related transactions, cash flows, financial condition or operating results.

Uncertainties associated with the integration of Ahold and Delhaize may cause a loss of management personnel or other key employees, which could adversely affect our future business and operations.

We depend on the experience and industry knowledge of our officers and other key employees to execute our business plans. Our success depends, in part, upon our ability to attract and retain key management personnel and other key employees. Current and prospective employees may experience uncertainty about their roles within our and our respective subsidiaries' businesses post-merger, which may have an adverse effect on the ability to attract or retain key management and other key personnel. Accordingly, no assurance can be given that our and our respective subsidiaries' businesses will be able to attract or retain key management personnel or other key employees.

We may be unable to successfully integrate, assimilate and restructure the businesses of Ahold and Delhaize and the respective subsidiaries, and realize the anticipated benefits of the merger.

The merger involved the combination of two companies that operated as independent public companies. This requires devoting significant management attention and resources to integrating, assimilating and restructuring the businesses of the merged entities during the post-merger transition period. Potential difficulties we may encounter as part of this process include, but are not limited to, the following:

- inability to successfully coordinate the businesses, or particular business segments, of Ahold and Delhaize in a manner that permits our Company to enjoy the advantages of a complementary base of strong local brands and a strong financial profile for investing in future growth, to be able to provide

a superior customer offering, to achieve the full cost synergies and other benefits anticipated to result from the merger, and to further expand our global market reach and customer base;

- inability to achieve or maintain leading industry standards in quality and food retail offerings of the respective subsidiaries;
- complexities associated with managing the respective businesses, including challenges of integrating or coordinating complex systems, technology, networks and other assets in a seamless manner that minimizes any adverse impact on customers, suppliers, employees and other constituencies;
- continuing to provide consistent, high quality customer service during the period of integration and restructuring; and
- potential unknown liabilities and unforeseen expenses or delays associated with the merger, including but not limited to costs of integration and restructuring the former Ahold and Delhaize businesses that may exceed the costs that we anticipated prior to the execution of the merger agreement.

Any of the foregoing could adversely affect the ability to maintain relationships with customers, suppliers, employees and other constituencies, or the ability to achieve the anticipated benefits of the merger, or could reduce our earnings or otherwise adversely affect our businesses and financial results.

Unexpected outcomes in our legal proceedings could materially impact our financial performance.

From time to time, we or our respective subsidiaries are party to legal proceedings, including matters involving personnel and employment issues, personal injury, intellectual property, competition/antitrust matters, landlord-tenant matters, tax matters and other proceedings arising in the ordinary course of business. We estimate the exposure to the claims and litigation arising in the normal course of our business and make what we believe to be adequate provisions for this exposure. Unexpected outcomes in these matters could have an adverse effect on our financial condition and operating results.

We may experience adverse results arising from claims against our self-insurance programs.

We manage our insurable risks through a combination of self-insurance and commercial insurance coverage. Our and our respective subsidiaries' operations in the United States are self-insured for workers' compensation, general liability, property, vehicle accident and certain health care-related claims. Self-insurance liabilities are estimated based on actuarial valuations. While we believe that our actuarial estimates are reasonable, they are subject to a high degree of variability and uncertainty caused by such factors as future interest and inflation rates; future economic conditions; litigation and claims; settlement trends and results; legislative and regulatory changes; changes in benefit levels; and the frequency and severity of incurred-but-not-reported claims. It is possible that the final resolution of some claims may require significant expenditures in excess of existing reserves.

We 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 these insurers. If conditions of economic distress were to cause the liquidity or solvency of our counterparties to deteriorate, we may not be able to be indemnified from the insurer in accordance with the terms and conditions of our policies.

Increasing costs associated with our defined benefit pension plans may adversely affect our operating results, financial position or liquidity.

Most of our businesses and those of our respective subsidiaries have pension plans, the structures and benefits of which vary with conditions and practices in the countries concerned. Pension benefits are provided through defined contribution plans or defined benefit plans.

A defined contribution plan is a post-employment benefit plan under which the employing company and/or the employee has an obligation to pay limited contributions to a separate entity. Under such a plan, there are no legal or constructive obligations to pay further contributions, regardless of the performance of the funds held to satisfy future benefit payments. The actual retirement benefits are determined by the value of the contributions paid and the subsequent performance of investments made with these funds.

A defined benefit plan is a post-employment benefit plan that normally defines an amount of benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service, compensation and/or guaranteed returns on contributions made. Assumptions related to discount rates, inflation, interest crediting rate and future salary increases or mortality rates have a significant impact on our funding requirements related to these plans. These estimates and assumptions may change based on actual return on plan assets, changes in interest rates, demographic situation and governmental regulations. Therefore, our funding requirements could change and additional contributions could be required in the future.

In addition, a significant number of our respective subsidiaries have union employees in the United States who are covered by multi-employer plans (**MEPs**). An increase in the unfunded liabilities of these MEPs may result in increased future payments by us and the other participating employers. In addition, we may become obligated for a MEP'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 MEP, we could be responsible for an increased share of the MEP's deficit. If we withdraw from an MEP, we may be required to pay the MEP an amount based on the underfunded status of the MEP, referred to as a withdrawal liability. Since any of the respective subsidiaries with union employees who are covered by a MEP are only one of several employers participating in most of our MEPs and there is no reliable basis to accurately determine its share of plan obligations and assets following defined benefit principles, these MEPs are not included in our balance sheet.

We 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 our financial position, operating results and liquidity.

Joint venture and similar arrangements' governance

As the Issuer has entered into joint ventures and similar arrangements, there remains an inherent risk in managing them. It is more difficult to guarantee the achievement of joint goals that affect the Issuer's partners and the Issuer relies on its partners to help achieve such goals. The Issuer may also be impacted by reputational issues that affect its partners. It is Issuer's policy to choose partners with good reputations and to set out joint goals and clear contractual arrangements from the outset. The Issuer monitors performance and governance of its joint ventures and similar arrangements.

FACTORS THAT ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE NOTES

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behavior of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

There is no active trading market for the Notes.

The Notes are new securities that may not be widely traded and for which there is currently no active trading market. The Issuer has filed an application to have the Notes admitted to listing and trading on Euronext Amsterdam. If the Notes are admitted to trading after their issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. There is no assurance that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes. Therefore, investors may not be able to sell their Notes easily or at all, or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Notes. In the event that put options are exercised in accordance with Condition 5(c) (*Redemption at the option of Noteholders*), liquidity will be reduced for the remaining Notes. Furthermore, it cannot be guaranteed that the admission to listing and trading once approved will be maintained.

The Notes are exposed to market interest rate risk.

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. The longer the maturity of Notes, the more exposed Notes are to fluctuations in market interest rates.

The market value of the Notes may be affected by the creditworthiness of the Issuer and a number of additional factors.

The value of the Notes may be affected by the creditworthiness of the Issuer and a number of additional factors, such as market interest and yield rates and the time remaining to the maturity date and more generally all economic, financial and political events in any country, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. This may impact the trading price of the Notes. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

The Notes may be redeemed prior to maturity.

In the event: (A) of the occurrence of an Event of Default (as defined in Condition 8 (*Events of Default*)); or (B) that the Issuer would be obliged (as set out in Condition 7 (*Taxation*)) to increase the amounts payable in respect of any Notes as a result of any change in, or amendment to, the laws, treaties or regulations of the Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, treaties or regulations, which change or amendment becomes effective on or after the Issue Date, the Notes may be redeemed prior to maturity in accordance with the Terms and Conditions.

The Issuer may also redeem all or part of the Notes prior to maturity, in whole or in part, in accordance with Condition 5(d) (*Redemption at the Option of the Issuer (Refinancing)*), or in whole but not in part in accordance with Condition 5(e) (*Redemption at the option of the Issuer at Make-whole Premium*).

The Notes may be redeemed prior to maturity in the event of a change of control.

Each Noteholder will have the right to require the Issuer to repurchase all or any part of such holder's Notes at 101% of the principal amount together with accrued interest upon the occurrence of a Put Event, as such terms are defined herein, and in accordance with the Terms and Conditions of the Notes (the **Change of Control Put**). Following the occurrence of a Put Event, the holder of each Note will have the option to require the Issuer to redeem, or at the Issuer's option, purchase that Note on the Put Settlement Date pursuant to Condition 5(c) (*Redemption at the option of Noteholders*). The Notes are subject to redemption in whole at 101% of their principal amount, together with accrued interest, at the Issuer's option, if following a Change of Control Put, Noteholders submit put option notices in respect of at least 85% of the aggregate principal amount outstanding of the Notes.

Potential investors should be aware that the Change of Control Put can only be exercised upon the occurrence of a Put Event, which may not cover all situations where a change of control may occur or where successive changes of control occur in relation to the Issuer. Noteholders deciding to exercise the Change of Control shall have to do this through the bank or other financial intermediary through which the Noteholder holds the Notes (the **Financial Intermediary**) and are advised to check when such Financial Intermediary would require the receipt of instructions and Put Option Notices from Noteholders in order to meet the deadlines for such exercise to be effective. The fees and/or costs, if any, of the relevant Financial Intermediary shall be borne by the relevant Noteholders.

The Notes may be affected by the turbulence in the global credit markets.

Potential investors should be aware of the turbulence in the global credit markets, which has led to a general lack of liquidity in the secondary market for instruments similar to the Notes. The Issuer cannot predict when these circumstances will change and if and when they do there can be no assurance that conditions of general market illiquidity for the Notes and instruments similar to the Notes will not return in the future.

Modification to the Terms and Conditions of the Notes can be imposed on all Noteholders upon approval by defined majorities of Noteholders.

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Denominations involve integral multiples: definitive Notes.

The Notes have denominations consisting of a minimum of €100,000 plus one or more higher integral multiples of €1,000. It is possible that the Notes may be traded in amounts that are not integral multiples of €100,000. In such a case a holder who, as a result of trading such amounts, holds an amount that is less than €100,000 in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to €100,000.

If definitive Notes are issued, holders should be aware that definitive Notes that have a denomination that is not an integral multiple of €100,000 may be illiquid and difficult to trade.

The Notes may be exposed to exchange rate risks and exchange controls.

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Potential purchasers and sellers of the Notes may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions.

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to seek the advice of a tax professional regarding their individual tax liabilities with respect to the acquisition, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus.

Changes in governing law could modify certain Terms and Conditions.

The Terms and Conditions are based on the laws of the Netherlands in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws of the Netherlands, the official application, interpretation or the administrative practice after the date of this Prospectus.

Relationship with the Issuer may prejudice Noteholders.

All notices and payments to be delivered to the Noteholders will be distributed by the Issuer to such Noteholders in accordance with the Terms and Conditions. In the event that a Noteholder does not receive such notices or payments, its rights may be prejudiced. However, such Noteholders may not have a direct claim against the Issuer.

The Issuer, the Paying Agents and the Managers may engage in transactions adversely affecting the interests of the Noteholders.

The Paying Agents and the Managers might have conflicts of interests that could have an adverse effect on the interests of the Noteholders. Potential investors should be aware that the Issuer is involved in a general business relationship or/and in specific transactions with the Paying Agents or/and each of the Managers and that they might have conflicts of interests that could have an adverse effect to the interests of the Noteholders. Potential investors should also be aware that the Paying Agents, and each of the Managers may hold from time to time debt securities, shares or/and other financial instruments of the Issuer.

Within the framework of a normal business relationship with its banks, the Issuer entered into loans and other facilities (the **Funding Transactions**) with each of the Managers (via bilateral transactions or/and syndicated loans together with other banks). These Funding Transactions may include different or/and additional terms (and other covenants) compared to the terms of the proposed Notes.

All or some of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. All or some of the Managers and their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies with the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In particular (but without providing an exhaustive overview herein), a potential purchaser of Notes should note that the Terms and Conditions of the Notes do not include an event of default clause specifically protecting the Noteholders against a potential sale of all or substantially all of the assets of the Issuer or one of its material subsidiaries, or/and any change to the general nature of the business of the Issuer from that carried out on the Issue Date and having (or being capable of having) a material adverse effect on the Issuer to perform or comply with its obligations under the Notes.

In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. All or some of the Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions that consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect liquidity and future trading prices of the Notes. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase or pledge of any Notes. The investors should consult their legal advisers to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Financial condition of the Issuer could necessitate an increase in its indebtedness.

In the future, the Issuer could decide to increase its indebtedness, which could make it difficult to meet its obligations in the context of the Notes or could cause the value of the Notes to decrease. The general conditions of the Notes do not limit the amount of unsecured debts that the Issuer can incur. If the Issuer incurs additional debts, this could have important consequences for the Noteholders, as it could become more difficult for the Issuer to meet its obligations with respect to the Notes, which could lead to a loss in the commercial value of the Notes.

The Notes are unsecured obligations of the Issuer.

The right of the Noteholders to receive payment on the Notes is not secured. However, the Issuer's payment obligations under the Notes are guaranteed by certain of its subsidiaries in accordance with the Cross Guarantee Agreement. The Notes will be general, unsecured, unprivileged Notes.

The Issuer may not have the ability to repay the Notes.

The Issuer may not be able to repay the Notes at their maturity. The Issuer may also be required to repay all or part of the Notes in the event of a default. If the Noteholders were to ask the Issuer to repay their Notes following an event of default, the Issuer cannot be certain that it will be able to pay the required amount in full. The Issuer's ability to repay the Notes will depend on the Issuer's financial condition (including its cash position resulting from its ability to receive income and dividends from its subsidiaries (see above)) at the time of the requested repayment, and may be limited by law, by the terms of its indebtedness and by the agreements that it may have entered into on or before such date, which may replace, supplement or amend its existing or future indebtedness. The Issuer's failure to repay the Notes may result in an event of default under the terms of other outstanding indebtedness.

Credit ratings assigned to the Notes and the Issuer may not reflect all risks.

Standard & Poor's and Moody's have assigned ratings to the Issuer and to the Notes. The ratings may not reflect the potential impact of all risks related to the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the assigning rating agency at any time.

PART II: KEY FEATURES OF THE NOTES

The following overview refers to certain provisions of the Terms and Conditions and is qualified by the more detailed information contained elsewhere in this Prospectus. Capitalized terms that are defined in the Terms and Conditions have the same meaning when used in this overview. References to numbered Conditions are to the Terms and Conditions as set out under *Terms and Conditions of the Notes*.

Issuer:	Koninklijke Ahold Delhaize N.V.
The Notes:	EUR 750,000,000 0.875% Notes due September 2024, to be issued by the Issuer on September 19, 2017.
Fiscal Agent:	Deutsche Bank AG, London Branch.
Joint Bookrunners:	Deutsche Bank AG, London Branch, Goldman Sachs International, J.P. Morgan Securities plc and Merrill Lynch International.
Co-Managers:	BNP Paribas and ING Bank N.V., Belgian Branch
Interest:	The Notes bear interest from, and including, September 19, 2017 at the rate of 0.875% per annum payable annually in arrears on 19 September in each year, commencing on September 19, 2018.
Redemption:	Except as provided in (i) Condition 5(b) (<i>Redemption for tax reasons</i>), (ii) Condition 5(c) (<i>Redemption at the option of Noteholders</i>), (iii) Condition 5(d) (<i>Redemption at the option of the Issuer (Refinancing)</i>), (iv) Condition 5(e) (<i>Redemption at the option of the Issuer at Make-whole Premium</i>), and (v) Condition 5(f) (<i>Partial redemption</i>), the Notes may not be redeemed before their final maturity on September 19, 2024.
Negative Pledge:	The terms of the Notes contain a negative pledge provision that is described in Condition 3 of the Terms and Conditions.
Status of the Notes:	The Notes will constitute direct, unconditional and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but only to the extent permitted by applicable laws relating to creditors' rights.
Cross Guarantee Agreement:	The Issuer is party to a Cross Guarantee Agreement, dated as of May 21, 2007, as amended from time to time, with Delhaize Le Lion / De Leeuw Comm VA, Delhaize US Holding, Inc. and substantially all of its U.S. subsidiaries, under which each company party to the agreement guarantees fully and unconditionally, jointly and severally, the Issuer's existing financial indebtedness, Delhaize

America, LLC's existing financial indebtedness, the specific financial indebtedness of Delhaize Le Lion / De Leeuw Comm VA, and all future unsubordinated financial indebtedness of each party to the Cross Guarantee Agreement from the date such party joined the Cross Guarantee Agreement.

If any sum owed to a creditor by a guarantor pursuant to its guarantee under the Cross Guarantee Agreement is not recoverable from such guarantor for any reason whatsoever, then such guarantor is obligated, forthwith upon demand by such creditor, to pay such sum by way of a full indemnity.

Modification and Substitution:

The Terms and Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions and the Agency Agreement contains provisions for, *inter alia*, modification of any of the provisions of Notes or the substitution of the Issuer by any directly or indirectly wholly owned subsidiary of the Issuer as principal debtor in respect of the Notes, as further described in Condition 16 of the Terms and Conditions.

Withholding Tax and Additional Amounts:

If applicable law should require that payments of principal or interest made by the Issuer in respect of any Note be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever levied by the Netherlands, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to customary exceptions, as described in Condition 7 of the Terms and Conditions.

Listing and admission to trading:

Application has been made for the listing and trading of the Notes on Euronext Amsterdam.

Governing Law:

The Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, Dutch law.

Form:

The Notes will be issued in bearer form in denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000.

Credit Ratings:

The Notes are expected to be assigned on issue a rating of Standard & Poor's and Moody's. A credit rating is not a recommendation to buy, sell or hold securities and is subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal of a credit rating assigned to the Issuer may adversely affect the market price of the Notes.

Standard & Poor's and Moody's are established in the EU and are registered under the Regulation 1060/2009/EC on credit rating agencies, as amended.

Selling Restrictions:

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Notes may be sold in other jurisdictions only in compliance with applicable laws and regulations. See "*Subscription and Sale*" below.

Risk Factors:

There are certain factors that may affect the Issuer's ability to fulfill its obligations under the Notes. These are set out under "*Risk Factors*" above and include various risks relating to the Issuer's business. In addition, there are certain factors that are material for the purpose of assessing the market risks associated with the Notes. These are set out under "*Risk Factors*" and include the fact that the Notes may not be a suitable investment for all investors and certain market risks.

Use of Proceeds:

The net proceeds from the issue of the Notes will be applied by Ahold Delhaize for the refinancing of some financial indebtedness as well as for general corporate purposes. See "Part XII: Use of Proceeds".

International Securities Identification Number (ISIN):

XS1685798370

Common Code:

168579837

PART III: DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus shall be read and construed in conjunction with the documents listed below, which have been previously published or are published simultaneously with this Prospectus and which have been filed with the AFM. Such documents shall be incorporated in, and form part of this Prospectus, save that any statement contained in a document that is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

- (a) The articles of association of the Issuer;
- (b) the publicly available audited annual financial statements of the Issuer for the financial year ended January 1, 2017 (prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS-EU) and with Part 9 of Book 2 of the Dutch Civil Code) that appear on pages 109 to 228 (inclusive) of the Issuer's Annual Report 2016 (the **2016 Annual Report**) and the independent auditor's report that appears on pages 229 to 238 (inclusive) of the 2016 Annual Report;
- (c) the publicly available audited annual financial statements of the Issuer for the financial year ended January 3, 2016 (prepared in accordance with IFRS-EU and with Part 9 of Book 2 of the Dutch Civil Code) that appear on pages 69 to 151 (inclusive) of the Issuer's Annual Report 2015 (the **2015 Annual Report**) and the independent auditor's report that appears on pages 152 to 157 (inclusive) of the 2015 Annual Report;
- (d) the unaudited and unreviewed condensed consolidated interim financial information of the Issuer for the half year ended July 2, 2017;
- (e) pages 1 – 51 (inclusive) of the unaudited and unreviewed pro-forma financial information of the Issuer for the financial year ended January 3, 2016 and the first half financial year 2016 published October 6, 2016; and
- (f) pages 1 – 39 (inclusive) of the unaudited and unreviewed pro-forma financial information of the Issuer for the financial year ended January 1, 2017 published April 13, 2017.

The pro-forma financial information included in items (e) and (f) do not meet the criteria prescribed for pro-forma financial information under Annex II of the Prospectus Regulation, however, this information has been included, for the benefit of the Noteholders, to illustrate the financial position of the Issuer and its group for the financial year ended January 3, 2016 and for the first half financial year 2016 and for the financial year ended January 1, 2017. The pro-forma financial information included in items (e) and (f) is unaudited pro-forma financial information prepared by the Issuer in accordance with IFRS as issued by the IASB, and as adopted by the European Union. The pro-forma financial information in items (e) and (f) is incorporated to provide Noteholders a comparative basis to facilitate assessment of the performance of the Issuer following the merger between Ahold and Delhaize and to illustrate the financial position of the Issuer and its group for the financial year ended January 3, 2016 and for the first half financial year 2016 and for the financial year ended January 1, 2017. The pro-forma financial information has been included instead of detailed information in respect of each Guarantor, as such detailed information would not be materially relevant for Noteholders and would not affect the assessment of the financial position of the Issuer. For this purpose, the Issuer has sought and obtained a derogation in accordance with article 5:18 subsection 3(c) of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) with respect to the information referred to in Annex IX of the Prospectus Regulation in respect of the Guarantors to be included in this Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the registered offices of the Issuer and the website of the Issuer (www.aholddelhaize.com). For more information about the Issuer, please contact:

Koninklijke Ahold Delhaize N.V.

Investor relations

Provincialeweg 11

1506 MA Zaandam

The Netherlands

Tel: +31-88-659-5213

PART IV: TERMS AND CONDITIONS OF THE NOTES

The EUR 750,000,000 0.875 per cent. Notes due September 2024 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 14 (*Further issues*) and forming a single series therewith) of Koninklijke Ahold Delhaize N.V. (the "**Issuer**") are the subject of a fiscal agency agreement dated September 19, 2017 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, Deutsche Bank AG, London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). Certain provisions of these Terms and Conditions are summaries of the Agency Agreement and subject to its detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

In these Terms and Conditions the terms set out below shall have the following meanings:

"**Borrowed Moneys**" means any indebtedness for borrowed money with an original maturity of 12 months or more, the aggregate outstanding principal amount of which is greater than EUR 500,000,000 or the equivalent thereof in any other currency or currencies.

"**Calculation Date**" means the third business day preceding the Make-whole Redemption Date.

A "**Change of Control**" shall be deemed to have occurred at each time (whether or not approved by the Management Board or Supervisory Board of the Issuer) that any person or persons ("**Relevant Person(s)**") acting in concert or any person or persons acting on behalf of any such Relevant Person(s), at any time directly or indirectly acquire(s) or come(s) to own (A) more than 50 per cent. of the issued ordinary share capital of the Issuer or (B) such number of the shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of shareholders of the Issuer, provided that in the case of (B) above, a Change of Control shall not be deemed to have occurred if such number of shares is acquired or comes to be owned by Stichting Ahold Continuïteit and provided further that, for the avoidance of doubt, a Change of Control shall not be deemed to have occurred if a public offer has been made for the shares in the Issuer and such offer is not effected.

"**Change of Control Period**" means the period ending 90 days after the occurrence of the Change of Control.

"**Cross Guarantee Agreement**" means the cross guarantee agreement dated 21 May 2007 between the Issuer, Delhaize Le Lion / De Leeuw Comm. VA, Delhaize America, LLC and substantially all of the subsidiaries of Delhaize US Holding, Inc. (as amended or updated from time to time).

"**Extraordinary Resolution**" means a resolution passed at a meeting of Noteholders (whether originally convened or resumed following an adjournment) duly convened and held in accordance with the Agency Agreement by a majority of not less two thirds of the votes cast;

"**Guarantor**" means each company party to the Cross Guarantee Agreement.

"**Major Subsidiary**" means a Subsidiary of the Issuer, the assets of which represent greater than 25 per cent. of the assets of the Issuer and the Issuer's Subsidiaries on a consolidated basis, according to the most recent annual consolidated financial statements of the Issuer.

"Make-whole Redemption Amount" means the sum of:

- (i) the greater of (x) the principal amount of the Notes so redeemed and (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such Notes (excluding any interest accruing on the Notes to, but excluding, the relevant Make-whole Redemption Date) discounted to the relevant Make-whole Redemption Date on an annual basis at the Make-whole Redemption Rate plus a Make-whole Redemption Margin; and
- (ii) any interest accrued but not paid on the Notes to, but excluding, the Make-whole Redemption Date,

as determined by the Quotation Agent and as notified on the Calculation Date by the Quotation Agent to the Issuer and the Fiscal Agent.

"Make-whole Redemption Margin" means 0.15 per cent.

"Make-whole Redemption Rate" means the average of the number of quotations given by the Reference Dealers of the mid-market yield to maturity of the Reference Security on the third business day preceding the Make-whole Redemption Date at 11:00 a.m. (Central European Time ("**CET**")).

"Managers" means each of BNP Paribas, Deutsche Bank AG, London Branch, Goldman Sachs International, ING Bank N.V., Belgian Branch, J.P. Morgan Securities plc and Merrill Lynch International.

"Material Subsidiary" means a Subsidiary

- (i) whose (a) revenues, or (b) total assets (in each case determined on a non-consolidated basis and determined on a basis consistent with the preparation of the consolidated financial statements of the Issuer) represent (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer relate, are equal to) no less than ten (10) per cent. of the consolidated revenues or total assets (as the case may be) of the Issuer, all as calculated respectively by reference to the then latest audited financial statements of such Subsidiary and the then latest audited consolidated financial statements of the Issuer provided that:
 - (A) in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer relate, the reference to the then latest audited consolidated financial statements of the Issuer for the purposes of the calculation above shall, until consolidated financial statements of the Issuer for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first mentioned financial statements as if such Subsidiary had been shown in such accounts by references to its then latest audited financial statements, adjusted as deemed appropriate by the auditors of the relevant Subsidiary from time to time (the "**Auditors**"); and
 - (B) in the case of a Subsidiary in respect of which no audited financial statements are prepared, its revenues and total assets shall be determined on the basis of pro-forma financial statements of the relevant Subsidiary prepared for this purpose by the Auditors on the basis of accounting principles consistent with those adopted by the Issuer; or
- (ii) to which is transferred the whole or substantially the whole of the business, undertaking or assets of a Subsidiary which prior to transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary pursuant to this sub-paragraph (ii) on the date on which the consolidated financial statements of the Issuer for the

financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated financial statements have been prepared and audited as aforesaid by virtue of the provisions of sub-paragraph (i) above or before, on or at any time after such date by virtue of the provisions of this sub-paragraph (ii).

A report by the Auditors that, in their opinion, a Subsidiary is or is not or was not at any particular time or throughout any specified period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

"Maturity Date" means September 19, 2024.

"Quotation Agent" means Merrill Lynch International.

"Rating Agency" means Standard & Poor's Credit Market Services Europe Limited or means Moody's Investor Services, Ltd. and their respective successors or affiliates or any other rating agency of equivalent international standing specified from time to time by the Issuer.

A **"Rating Downgrade (Change of Control)"** shall be deemed to have occurred in respect of a Change of Control (i) if within the Change of Control Period any rating previously assigned to the Issuer at its request by any two Rating Agencies (if three Rating Agencies have assigned a rating to the Issuer at its request) or by any Rating Agency (if only one or two Rating Agencies have assigned a rating to the Issuer at its request) is (x) withdrawn or (y) changed from an investment grade rating (BBB-/Baa3, or their respective equivalents for the time being, or better) to a non-investment grade rating (BB+/Ba1, or their respective equivalents for the time being, or worse) or (z) (if the rating assigned to the Issuer by any two Rating Agencies at its request shall be below an investment grade rating (as described above)) lowered one full rating category (from BB+/Ba1 to BB/Ba2 or such similar lower or equivalent rating), or (ii) if at the time of the Change of Control there is no rating assigned to the Issuer and no Rating Agency assigns during the Change of Control Period an investment grade credit rating (as described above) to the Issuer (unless the Issuer is unable to obtain such a rating within such period having used all reasonable endeavors to do so and such failure is unconnected with the occurrence of the Change of Control) provided, in each case, that a Rating Downgrade (Change of Control) otherwise arising by virtue of a particular change in rating, or failure to obtain an investment grade rating (as described above) shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency making the change in or withdrawing the rating, or failing to award an investment grade rating (as described above), to which this definition would otherwise apply does not announce publicly or confirm in writing to the Issuer that the withdrawal, reduction or such failure was the result, in whole or part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control.

"Rating Downgrade (Disposition)" means a downgrade of any rating of the Issuer by a Rating Agency, following a downgrade of any rating of the Issuer by the other Rating Agency (it being understood that a Rating Downgrade (Disposition) will only occur at the time where the second Rating Agency announces the downgrade).

"Reference Dealers" means each of the four banks (that may include the Manager) selected by the Quotation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

"Reference Security" means DBR 1% August 2024. If a Reference Security is no longer outstanding, a Similar Security will be chosen by the Quotation Agent at 11:00 a.m. (CET) on the Calculation Date, quoted in writing by the Quotation Agent to the Issuer and published in accordance with Condition 15 (*Notices*).

"Relevant Debt" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures or other securities that are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over the counter or other securities market.

"Similar Security" means a reference bond or reference bonds issued by the same issuer as the Reference Security having actual or interpolated maturity comparable with the remaining term of the Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

"Subsidiary" means, at any particular time, a company that is then directly or indirectly controlled, or more than 50 per cent. of the issued share capital (or equivalent) of which is then beneficially owned by the Issuer and/or one or more of its Subsidiaries. For a company to be "controlled" by another means that the other (whether directly or indirectly and whether by ownership of share capital, the possession of voting power, contract or otherwise) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that company.

1. **Form, Denomination and Title**

The Notes are serially numbered and in bearer form in the denomination of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000, with Coupons attached at the time of issue. No Notes in definitive form will be issued with a denomination above EUR 199,000. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder.

2. **Status**

- (a) *Status of the Notes.* The Notes constitute unsecured and unsubordinated obligations of the Issuer that will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
- (b) *Cross Guarantee Agreement.* The indebtedness of the Issuer under the Notes falls within the scope of, and benefits from, the Cross Guarantee Agreement. Under the Cross Guarantee Agreement, each Guarantor guarantees fully and unconditionally, jointly and severally the indebtedness of the Issuer under the Notes.

3. **Negative Pledge**

- (a) *Negative Pledge.* So long as any Note remains outstanding, the Issuer:
 - (i) will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest (together "**Security**") upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Debt or any guarantee of or indemnity in respect of any Relevant Debt (save under the Cross Guarantee Agreement);
 - (ii) will procure that no Material Subsidiary (determined at the time of incurrence) creates or permits to subsist any Security upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Debt issued by the Issuer or any guarantee

of or indemnity in respect of any such Relevant Debt (save under the Cross Guarantee Agreement or as set forth under Condition 3(a)(iii) below); and

- (iii) will procure that no Material Subsidiary (determined at the time of incurrence) gives any guarantee of, or indemnity in respect of any of the Relevant Debt of the Issuer; unless, at the same time or prior thereto, the Issuer's obligations under the Notes are secured equally and ratably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution.
- (b) The prohibition contained in this Condition 3 does not apply to Security either:
- (i) existing in connection with Relevant Debt that is assumed by the Issuer at the time of the assumption,
 - (ii) existing over undertakings, assets or revenues that are acquired by the Issuer at the time of acquisition, or
 - (iii) existing prior to an entity (whether or not a Subsidiary) becoming a Material Subsidiary.
- (c) For the avoidance of doubt, nothing in this Condition 3 is intended to prevent a Material Subsidiary from giving any guarantee or indemnity in respect of any obligations of any person other than in respect of Relevant Debt of the Issuer (as provided in Condition 3(a)(iii) above), nor in particular is anything in this Condition 3 intended to prevent any Material Subsidiary from giving together with the Issuer any guarantee or indemnity in respect of any Relevant Debt of any third person.

4. **Interest**

The Notes bear interest from September 19, 2017 (the "**Issue Date**") at the rate of 0.875 per cent. per annum, (the "**Rate of Interest**") payable in arrears on 19 September in each year (each, an "**Interest Payment Date**"), subject as provided in Condition 6 (*Payments*).

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount, where:

"**Calculation Amount**" means EUR 1,000;

"**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Regular Period in which the relevant period falls; and

"Regular Period" means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

5. **Redemption and Purchase**

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on the Maturity Date, subject as provided in Condition 6 (*Payments*).
- (b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to the date fixed for redemption, if:
 - (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of The Netherlands and any other jurisdiction where the Issuer is engaged in the context of business/trade or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after September 15, 2017; and
 - (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent:

- (A) a certificate signed by two managing directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (B) an opinion of independent legal advisers of recognized standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(b).

- (c) *Redemption at the option of Noteholders*: If there occurs a Change of Control and within the Change of Control Period a Rating Downgrade (Change of Control) in respect of that Change of Control occurs (together called a **"Put Event"**), the holder of each Note will have the option to require the Issuer to redeem or, at the Issuer's option, to be exercised at the time, purchase (or procure the purchase of) that Note on the Put Settlement Date (as defined below) at a price equal to 101 per cent. of its principal amount together with (or, where purchased, together with an amount equal to) accrued interest to but excluding the Put Settlement Date.

The **"Put Settlement Date"** is the seventh day after the last day of the Change of Control Period.

Within five business days after the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a "**Put Event Notice**") to the Noteholders in accordance with Condition 15 (*Notices*) specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the option contained in this Condition 5(c).

In order to exercise the option contained in this Condition 5(c), the holder of a Note must deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto within the period of 45 days after a Put Event Notice is given as well as a duly completed put option notice (a "**Put Option Notice**") in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed receipt for such Note (a "**Put Option Receipt**") to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 5(c), may be withdrawn; *provided, however, that* if, prior to the Put Settlement Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note on the Put Settlement Date, payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 5(c), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

If, as a result of this Condition 5(c) (*Redemption at the option of the Noteholders*), Noteholders submit Put Option Notices in respect of at least 85 per cent. of the aggregate principal amount of the Notes for the time being outstanding, the Issuer may, having given not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes then outstanding at a price equal to 101 per cent. of their principal amount. Payment in respect of any such Note shall be made as specified above.

- (d) *Redemption at the option of the Issuer (Refinancing)*: The Notes may be redeemed at the option of the Issuer in whole or in part on from and including the date falling three months prior to the Maturity Date to but excluding the Maturity Date (the "**Refinancing Call Settlement Date**") at a price equal to 100 per cent. of their principal amount on the Issuer's giving not less than 15 nor more than 30 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes specified in such notice on the Refinancing Call Settlement Date at such price plus accrued interest to such date).
- (e) *Redemption at the option of the Issuer at Make-whole Premium*: The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any date until the Maturity Date (each such date, a "**Make-whole Redemption Date**") at the Make-Whole Redemption Amount on the Issuer's giving not less than 15 nor more than 30 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes specified in such notice) on the relevant Make-whole Redemption Date at the Make-whole Redemption Amount.
- (f) *Partial redemption*: If the Notes are to be redeemed in part only on any date in accordance with Condition 5(d) (*Redemption at the option of the Issuer (Refinancing)*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law and the rules of each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation, and the notice to Noteholders referred to in Condition 5(d) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed.

- (g) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (e) (*Redemption at the option of the Issuer at Make-Whole Premium*) above.
- (h) *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, *provided that* all unmatured Coupons are purchased therewith.
- (i) *Cancellation:* All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

6. **Payments**

- (a) *Principal:* Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by Euro cheque drawn on, or by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System.
- (b) *Interest:* Payments of interest shall, subject to paragraph (h) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate *Coupons* at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.

- (c) *Interpretation:* In these Terms and Conditions:

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilizes a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

and

"**TARGET System**" means the TARGET2 system.

- (d) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments by the Issuer.
- (e) *Deduction for unmatured Coupons:* If a Note is presented without all unmatured Coupons relating thereto, then:
 - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons the gross amount of which actually available for payment bears to the amount of principal due for payment;

- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) the gross amount of which actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) (*Principal*) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void coupons.

- (f) *Unmatured Coupons void:* On the due date for redemption of any Note pursuant to Condition 5(a) (*Scheduled redemption*), Condition 5(b) (*Redemption for tax reasons*), Condition 5(c) (*Redemption at the option of Noteholders*), Condition 5(d) (*Redemption at the option of the Issuer (Refinancing)*), Condition 5(e) (*Redemption at the option of the Issuer at Make-Whole Premium*) or Condition 8 (*Events of Default*), all unmatured Coupons (if any) relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) *Payments on business days:* If the due date for payment of any amount in respect of any Note or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account as referred to above, on which the TARGET System is open.
- (h) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.
- (i) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and the date of such payment.

7. **Taxation**

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of The Netherlands or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or

deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

- (a) by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with The Netherlands other than the mere holding of the Note or Coupon; or
- (b) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

In these Terms and Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in a city in which banks have access to the TARGET System by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Terms and Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) that may be payable under this Condition 7 (*Taxation*).

If the Issuer becomes subject at any time to any taxing jurisdiction other than The Netherlands, references in these Terms and Conditions to The Netherlands shall be construed as references to The Netherlands and/or such other jurisdiction.

8. **Events of Default**

If any of the following events occurs and is continuing :

- (a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes within seven (7) days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 15 days of the due date for payment thereof; or
- (b) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the *Issuer* or to the Specified Office of the Fiscal Agent; or
- (c) *Cross-default of Issuer or Subsidiary*: the Issuer or any Material Subsidiary defaults in the payment of the principal of, or interest on, any other obligation in respect of Borrowed Moneys of, assumed or guaranteed by the Issuer or any Material Subsidiary, as the case may be, when and as the same shall become due and payable, if such default shall continue for more than the period of grace, if any, applicable thereto and the time for payment of such interest, or principal, has not been effectively extended, or if any obligation in respect of Borrowed Moneys, of, assumed or guaranteed by the Issuer or the Material Subsidiary shall have become repayable before the due date thereof as a result of acceleration of maturity by reason of the occurrence of an event of default thereunder; or

- (d) *Attachment*: an executory attachment (*executoriaal beslag*), or an interlocutory attachment (*conservatoir beslag*) is made on any substantial part of the assets of the Issuer and, in *either* case, is not cancelled or withdrawn within 30 days after the making thereof; or
- (e) *Insolvency, etc.*: the Issuer or a Material Subsidiary becomes bankrupt or applies for suspension of payment, or the Issuer or a Material Subsidiary offers a compromise to its creditors or negotiates with all its creditors another agreement relating to its payment difficulties, or such measures are officially decreed; or
- (f) *Security enforced*: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries over the whole or substantially all of the undertaking, assets or revenues of the Issuer or any of its Material Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person in respect thereof) and is not discharged or stayed within 30 days; or
- (g) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries, other than a solvent liquidation or reorganization of any Material Subsidiary and except for the purpose of and followed by a reconstruction, amalgamation, reorganization, merger or consolidation (i) on terms approved by a resolution of the general meeting of Noteholders, or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries;
- (h) *Analogous event*: any event occurs which under the laws of any relevant jurisdiction that has an analogous effect to any of the events referred to in paragraphs (d) (*Attachment*) to (g) (*Winding up, etc.*) above;
- (i) *Cessation of business*: the Issuer shall cease to carry on substantially the whole of its business or shall dispose of substantially the whole of its assets;
- (j) *Substitute Debtor*: any Substituted Debtor ceases to be at least 95 per cent. owned and controlled (directly or indirectly) by the Issuer; or
- (k) *Cross Guarantee Agreement*: the failure by any Guarantor to perform any covenant set out in the Cross Guarantee Agreement, applicable to such Guarantor or the repudiation by any Guarantor of its obligations under the Cross Guarantee Agreement, other than in compliance with the terms thereof, or the Cross Guarantee Agreement fails to be in full force and effect for any reason (subject to, for the avoidance of doubt, the grace period referred to in paragraph (b) (*Breach of other obligations*) above),

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further action or formality.

9. Undertaking

Under these Terms and Conditions and the Cross Guarantee Agreement, for so long as any Note remains outstanding, all guarantees made by a Guarantor under the Cross Guarantee Agreement in respect to the Notes will be released and discharged, upon a sale, exchange, transfer or other disposition in a transaction or series of transactions over a twelve-month period (any such sale, exchange, transfer or other disposition in a transaction or series of transactions over a twelve-month

period, a "**Disposition**") to any person that is not the Issuer or a Subsidiary of the Issuer of all of the capital stock, or all or substantially of all the assets, of such Guarantor, if as a result of which such Guarantor ceases to be a Subsidiary of the Issuer.

With respect to a Disposition of such capital stock of, or a Disposition of such assets of, a Guarantor that is a Major Subsidiary, the Issuer hereby undertakes and agrees that no Guarantor that is a Major Subsidiary shall be released under the Cross Guarantee Agreement in respect to the Notes if after giving effect to such Disposition, a Rating Downgrade (Disposition) resulting (in whole or in part) from such Disposition shall occur.

10. **Prescription**

Claims for principal and interest shall become void unless the relevant Notes and Coupons are presented for payment within five years of the appropriate Relevant Date.

11. **Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent and the Paying Agent having its Specified Office in London subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12. **Paying Agents**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and do not assume any obligations toward or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent and additional or successor paying agents; *provided, however, that* the Issuer shall at all times maintain (a) a fiscal agent and (b) a paying agent in London.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

13. **Meetings of Noteholders; Modification**

- (a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Terms and Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the

currency of payments under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than two thirds or, at any adjourned meeting, one third of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Noteholders, who for the time being are entitled to receive notice of a meeting of Noteholders, holding not less than 75 per cent. in nominal amount of the Notes outstanding, will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) *Modification:* The Notes and these Terms and Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

14. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

15. **Notices**

Notices to the Noteholders shall be valid if published in a leading newspaper having general circulation in The Netherlands (which is expected to be the *Het Financieele Dagblad*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

16. **Substitution of the Issuer**

- (a) Koninklijke Ahold Delhaize N.V. and any company (incorporated in any country in the world) of which Koninklijke Ahold Delhaize N.V. holds directly or indirectly more than 95 per cent. of the shares or other equity interest carrying voting rights, may, at any time, substitute the Issuer (which for the purpose of this Condition 16, save where the context requires otherwise, includes any previous substitute of the Issuer) as the principal debtor in respect of the Notes (any company so substituting the Issuer, the "**Substituted Debtor**"), and the Noteholders and the Couponholders hereby irrevocably agree in advance to any such substitution, provided that:
 - (i) such documents shall be executed, and notices be given, by the Substituted Debtor and the Issuer as the Fiscal Agent may deem reasonably necessary to give full effect to the substitution and pursuant to which the Substituted Debtor shall undertake in favor of each Noteholder and Couponholder to be bound by these Terms and Conditions and the provisions of the Agency Agreement as the principal debtor in respect of the Notes and Coupons in place of the Issuer;

- (ii) in accordance with and subject to Condition 7 (*Taxation*), no taxes or duties shall be required to be withheld or deducted at source in the territory where the Substituted Debtor is incorporated, domiciled or resident (unless the withholding or deduction would be borne by the Substituted Debtor, in which case Condition 7 (*Taxation*) shall apply or unless the Issuer was required by law to make such withholding or deduction before the substitution);
- (iii) all necessary governmental and regulatory approvals and consents for such substitution and for the giving by Koninklijke Ahold Delhaize N.V. of the Substitution Guarantee (as defined below) in respect of the obligations of the Substituted Debtor shall have been obtained and be in full force and effect;

and (where Koninklijke Ahold Delhaize N.V. is the Issuer being substituted as principal debtor by the Substituted Debtor) upon the Notes and Coupons becoming valid and binding obligations of the Substituted Debtor, Koninklijke Ahold Delhaize N.V. undertakes that it will irrevocably and unconditionally guarantee in favor of each Noteholder and Couponholder the payment of all sums payable by the Substituted Debtor as such principal debtor (such guarantee and hereinafter referred to as the "**Substitution Guarantee**").

- (b) The Substituted Debtor shall forthwith give notice of the substitution to the Noteholders and the Couponholders in accordance with Condition 15 (*Notices*).

17. **Governing Law and Jurisdiction**

- (a) *Governing law:* The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by the laws of The Netherlands.
- (b) *Submission to jurisdiction:* The Issuer submits for the exclusive benefit of the Noteholders and the Couponholders to the jurisdiction of the courts of Amsterdam, the Netherlands, judging in first instance, and their appellate courts. Without prejudice to the foregoing, the Issuer further irrevocably agrees that any suit, action or proceedings arising out of or in connection with the Agency Agreement, the Notes or the Coupons may be brought in any other court of competent jurisdiction.

PART V: SUMMARY OF PROVISIONS RELATING TO NOTES WHILE IN GLOBAL FORM

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

The Notes will be issued in new global note ("NGN") form. On 13 June 2006 the European Central Bank (the "ECB") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "Eurosystème"), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystème operations if the NGN form is used.

The Notes are intended to be held in a manner which would allow Eurosystème eligibility - that is, in a manner which would allow the Notes to be recognized as eligible collateral for Eurosystème monetary policy and intra-day credit operations by the Eurosystème either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystème eligibility criteria.

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") in the denomination of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000 each at the request of the bearer of the Permanent Global Note if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 8 (*Events of Default*) occurs.

So long as the Notes are represented by a Temporary Global Note Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradable only in the minimum authorized denomination of EUR100,000 and higher integral multiples of EUR1,000, notwithstanding that no Definitive Notes will be issued with a denomination above EUR199,000.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has duly requested exchange of the Permanent Global Note for Definitive Notes; or

the Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then as from the start of the first day on which banks in Amsterdam and London are open for business following such an event (the "**Relevant Time**"), each Relevant Account Holder (as defined in the Permanent Global Note) shall be able to enforce against the Issuer all rights which the Relevant Account Holder in question would have had if, immediately before the Relevant Time, it had been the holder of Definitive Notes issued on the issue date of the Permanent Global Note in an aggregate principal amount equal to the principal amount of the relevant Entry (as defined in the Permanent Global Note) including, without limitation, the right to receive all payments due at any time in respect of such Definitive Notes other than payments corresponding to any already made under the Permanent Global Note, all in accordance with the provisions of the Permanent Global Note.

In addition, the Temporary Global Note and the Permanent Global Note will contain provisions that modify the Terms and Conditions of the Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Payments on business days: In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note "**business day**" means any day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and (ii) the TARGET System is open.

Exercise of put option: In order to exercise the option contained in Condition 5(c) (*Redemption at the option of Noteholders*) the bearer of the Permanent Global Note must, within the period specified in the Terms and Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to any Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 5(d) (*Redemption at the option of the Issuer (Refinancing)*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Terms and Conditions and the Notes to be redeemed will not be selected as provided in the Terms and Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount at their discretion).

Notices: Notwithstanding Condition 15 (*Notices*), while all the Notes are represented by the Permanent Global Note (or by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 15 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg.

PART VI: DESCRIPTION OF THE CROSS GUARANTEE

The following section of the Prospectus summarizes selected provisions of the Cross Guarantee Agreement, dated as of May 21, 2007 as amended from time to time, between (among others) the Issuer (as successor to Delhaize), Delhaize Le Lion / De Leeuw Comm. VA, Delhaize US Holding, Inc. and substantially all of the U.S. subsidiaries of Delhaize US Holding, Inc. A copy of the Cross Guarantee Agreement (as amended or supplemented from time to time) will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer.

The Issuer has sought and obtained a derogation in accordance with article 5:18 subsection 3(c) of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) from the requirement to include certain information in relation to the Guarantors (as defined below and excluding the Issuer) in accordance with Annex VI and Annex IX of the Prospectus Regulation. Such information has been omitted from the Prospectus, as, according to the Issuer all individual information of Annex IX of the Prospectus Regulation on Guarantors is of minor importance (*van minder belang*) for investors due to the fact that the Cross Guarantee Agreement ensures that investors have a claim in respect of the Notes against all of the Guarantors jointly and severally and thereby on the Issuer and the entire Guarantor sub-group. Furthermore, the Issuer is of the opinion that all individual information of Annex IX of the Prospectus Regulation regarding the Guarantors is of not of a nature that it influences the assessment of the financial position and prospects of the Issuer, because the Cross Guarantee Agreement ensures that investors have a claim in respect of the Notes against the Guarantors jointly and severally and thereby on the Issuer and the entire Guarantor sub-group.

Overview

Pursuant to the Cross Guarantee Agreement, each company party thereto guarantees fully and unconditionally, jointly and severally the existing financial indebtedness and all future unsubordinated financial indebtedness (such as the Notes) of the Guarantors. On the date of this Prospectus, the **Guarantors** are the Issuer and its subsidiaries listed in the chart below under the heading “Guarantors”.

If any sum owed to a creditor by a Guarantor pursuant to its guarantee under the Cross Guarantee Agreement is not recoverable from such Guarantor for any reason whatsoever, then such Guarantor is obligated, forthwith upon demand by such creditor, to pay such sum by way of a full indemnity.

Financial Indebtedness

Under the Cross Guarantee Agreement, the term “**financial indebtedness**” of any person means, without duplication (and as each may be amended, modified, extended or renewed from time to time): (i) all obligations of such person under agreements for borrowed money; (ii) all obligations of such person evidenced by debentures, notes, bonds or similar instruments; (iii) all hedging obligations of such person; and (iv) all guarantees by such person of obligations of other persons of the type referred under (i), (ii) or (iii).

The term **person** means any individual, company, corporation, firm, partnership, joint venture, association, organization, state or agency of a state or other entity, whether or not having separate legal personality.

The term **hedging obligations** means, with respect to any person, the obligations of such person under: (i) currency exchange, interest rate or commodity swap agreements, cap agreements, floor agreements or collar agreements; and (ii) other similar agreements or arrangements designed to protect such person against fluctuations in currency exchange, interest rates or commodity prices.

Intercompany financial indebtedness is not guaranteed under the Cross Guarantee Agreement.

Ranking; Limit of Liability

The obligations of each Guarantor constitute direct, general, unconditional and unsubordinated obligations of such company that shall at all times rank at least *pari passu* with all of its other existing financial indebtedness guaranteed under the Cross Guarantee Agreement and its future unsubordinated financial indebtedness, save for such obligations as may be preferred by mandatory provisions of law. The obligations of each Guarantor are limited to the maximum amount that can be guaranteed without constituting a fraudulent conveyance or fraudulent transfer under applicable insolvency laws.

Applicability of Cross Guarantee Agreement

To the extent a Guarantor also guarantees financial indebtedness in an agreement other than the Cross Guarantee Agreement (an **Additional Guarantee**), such Additional Guarantee would fall under the scope of the Cross Guarantee Agreement, but the Cross Guarantee Agreement would not govern the terms of such Additional Guarantee. In other words, nothing contained in the Cross Guarantee Agreement in any way supersedes, modifies, replaces, rescinds or waives or in any way affects the provisions or any of the rights and obligations of such Guarantor and any creditor with respect to such Additional Guarantee.

Release of Guarantors and Guarantor Obligations

The obligations of a Guarantor under the Cross Guarantee Agreement (a **released Guarantor** in this paragraph), any lien created by such released Guarantor with respect to such obligations, and the obligations under the Cross Guarantee Agreement of all other Guarantors with respect to the financial indebtedness of the released Guarantor will be automatically and unconditionally released without any action on the part of any creditor:

- in connection with any sale, exchange, transfer or other disposition by such released Guarantor of all or substantially all of the assets of that released Guarantor, provided that the proceeds of that sale or other disposition are applied in accordance with the applicable provisions of any applicable financial indebtedness, or
- in connection with any sale, exchange, transfer or other disposition (including by way of merger, consolidation or otherwise), directly or indirectly, of capital stock of such released Guarantor, by the Issuer or any subsidiary thereof, to any person that is not the Issuer or a subsidiary of the Issuer, or an issuance by such released Guarantor of its capital stock, in each case as a result of which such released guarantor ceases to be a subsidiary of the Issuer,

provided, that: (i) such transaction is made in accordance with the applicable provisions of any applicable financial indebtedness; and (ii) such released Guarantor is also released from all of its obligations, if any, in respect of all other financial indebtedness of each other Guarantor under the Cross Guarantee Agreement. See Condition 9 (*Undertaking*) in Part IV: Terms and Conditions of the Notes.

In addition to any other releases for which a Guarantor qualifies under the Cross Guarantee Agreement, notwithstanding any other provision of the Cross Guarantee Agreement to the contrary, without limiting the validity of any agreement into which a Guarantor and a creditor may enter, a Guarantor that obtains a written release from a creditor releasing such Guarantor from its obligations under the Cross Guarantee Agreement with respect to the financial indebtedness owing to such creditor specified in such release shall be so released.

Termination of Agreement with Respect to Future Financial Indebtedness

The Cross Guarantee Agreement may be terminated with respect to a Guarantor at any time by such Guarantor providing written notice to the other parties to the Cross Guarantee Agreement or by mutual agreement. Notwithstanding the foregoing, a termination by any subsidiary of the Issuer to the Cross Guarantee requires the written consent of the Issuer and, except with regard to releases as discussed above, any termination of the Cross Guarantee Agreement with respect to a Guarantor affects neither:

- such Guarantor's obligations under the Cross Guarantee Agreement in relation to any financial indebtedness that came into existence prior to that termination, nor
- the obligations of the other Guarantors with respect to such Guarantor's financial indebtedness that came into existence prior to that termination. Financial indebtedness that comes into existence after that termination shall not be covered by the Cross Guarantee Agreement with respect to the terminating guarantor.

Third Parties

Subject to the release provisions of the Cross Guarantee Agreement discussed under the paragraphs "Release of Guarantors and Guarantor Obligations" and "Termination of Agreement with Respect to Future Financial Indebtedness" above, creditors of financial indebtedness guaranteed under the Cross Guarantee Agreement are entitled to rely on and enforce the Cross Guarantee Agreement and on the guarantees constituted pursuant to the Cross Guarantee Agreement. The Cross Guarantee Agreement constitutes a third party beneficiary contract for their benefit.

No Condition to Enforcement of Cross Guarantee Agreement

Before taking steps to enforce the Cross Guarantee Agreement, a creditor shall not be obliged: (a) to take any action or obtain judgment in any court against the Issuer, any Guarantor or any other person; (b) to make or file any claim in any insolvency of the Issuer, any Guarantor or any other person; (c) to make, enforce or seek to enforce any claim against the Issuer, any Guarantor or any Person under any security or other document, agreement or arrangement; or (d) to enforce against and/or realize (or seek to do so) any security that it may have in respect of all or any part of the guarantees under the Cross Guarantee Agreement.

Waiver of Defenses to Enforceability of Cross Guarantee Agreement

Each guarantee under the Cross Guarantee Agreement is an independent, unconditional and absolute guarantee of payment and not of collection, and each Guarantor waives: (a) promptness, diligence, notice of acceptance, presentment, demand (except for a demand for indemnity as discussed above), filing of claims with a court in the event of merger or insolvency of the Issuer or a Guarantor, protest, notice of protest and dishonor, notice of intent to accelerate, notice of acceleration and any other notice with respect to any of the guarantees under the Cross Guarantee Agreement not provided for in the Cross Guarantee Agreement; and (b) any requirement that a creditor protect, secure, perfect or insure any security on any property subject thereto or exercise or exhaust any right or take any action against the Issuer or any Guarantor or any other person.

Notices and Other Communications to a Guarantor

All notices and other communications to a Guarantor must be in writing in English and must be delivered by hand or overnight courier service to such Guarantor at c/o the Issuer, Provincialeweg 11, 1506 Zaandam, Attention: Senior Vice President – Treasurer.

Governing Law

The Cross Guarantee Agreement is governed by the laws of the State of New York.

Consent to Jurisdiction and Service of Process

Each Guarantor submits to the non-exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court for the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to the Cross Guarantee Agreement, or for recognition or enforcement of any judgment. Each of the Guarantors agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each Guarantor irrevocably consents to service of process in the manner provided for notices in the Cross Guarantee Agreement discussed above.

Guarantors

The Guarantors of financial indebtedness of the Issuer are listed in the table below:

Name of Guarantor	Jurisdiction of Incorporation	Contact details
Delhaize Le Lion / De Leeuw Comm. VA	Incorporated in the Netherlands and converted into Belgian legal entity	Osseghemstraat 53 1080 Sint-Jans-Molenbeek Belgium
Delhaize US Holding, Inc.	Delaware, U.S.A.	2110 Executive Drive, Salisbury, North Carolina 28147 U.S.A.
Delhaize America, LLC	North Carolina, U.S.A.	2110 Executive Drive, Salisbury, North Carolina 28147 U.S.A.
Delhaize America Distribution, LLC	Delaware, U.S.A.	2110 Executive Drive, Salisbury, North Carolina 28147 U.S.A.
Delhaize America Supply Chain Services, Inc.	Delaware, U.S.A.	2110 Executive Drive, Salisbury, North Carolina 28147 U.S.A.
Delhaize America Transportation, LLC	Maine, U.S.A.	2110 Executive Drive, Salisbury, North Carolina 28147 U.S.A.
DZA Brands, LLC	Florida, U.S.A.	2110 Executive Drive, Salisbury, North Carolina 28147 U.S.A.
Boney Wilson & Sons, Inc.	North Carolina, U.S.A.	145 Pleasant Hill Road Scarborough, Maine 04074 U.S.A.

Name of Guarantor	Jurisdiction of Incorporation	Contact details
Bottom Dollar Food Northeast, LLC	Delaware, U.S.A.	2110 Executive Drive, Salisbury, North Carolina 28147 U.S.A.
Food Lion, LLC.	North Carolina, U.S.A.	2110 Executive Drive, Salisbury, North Carolina 28147 U.S.A.
Hannaford Bros. Co., LLC	Maine, U.S.A.	145 Pleasant Hill Road Scarborough, Maine 04074 U.S.A.
Martin's Foods of South Burlington, LLC	Vermont, U.S.A.	145 Pleasant Hill Road Scarborough, Maine 04074 U.S.A.
Retail Business Services LLC	Delaware, U.S.A.	2110 Executive Drive, Salisbury, North Carolina, 28147 U.S.A.
Retained Subsidiary One, LLC	Texas, U.S.A.	2110 Executive Drive, Salisbury, North Carolina 28147 U.S.A.
Risk Management Services, Inc.	North Carolina, U.S.A.	2110 Executive Drive, Salisbury, North Carolina 28147 U.S.A.
Victory Distributors, LLC	Massachusetts, U.S.A.	145 Pleasant Hill Road Scarborough, Maine 04074 U.S.A.

Condensed financial information relating to the Guarantors

The following condensed consolidated financial information presents the results of: (i) the Issuer (for the purposes of the below, the **Parent**); (ii) Delhaize Le Lion / De Leeuw Comm. VA; (iii) Delhaize America, LLC; (iv) Delhaize US Holding, Inc., Food Lion, LLC, Hannaford Bros. Co., LLC, Risk Management Services, Inc., Martin's Foods of South Burlington, LLC, Boney Wilson & Sons, Inc., Victory Distributors, LLC, Bottom Dollar Food Northeast, LLC, Retail Business Services LLC, Retained Subsidiary One, LLC, Delhaize America Distribution, LLC, DZA Brands, LLC, Delhaize America Transportation, LLC and Delhaize America Supply Chain Services, Inc (for the purposes of the below, the **Guarantor Subsidiaries**); (v) the non-guarantor subsidiaries of the Issuer; and (vi) the eliminations to arrive at the Issuer's financial information on a consolidated basis as of January 1, 2017 and for the year then ended. The condensed consolidated financial information is derived from the Issuer's Annual Report on Form 20-F for the fiscal year ended January 1, 2017.

Consolidated income statement and comprehensive income for 2016

€ million	Parent	Delhaize Le Lion / De Leeuw Comm. VA (issuer and guarantor subsidiary)	Delhaize America LLC (issuer and guarantor subsidiary)	Guarantor subsidiaries (non issuers)	Non-Guarantor subsidiaries	Elimination	Consolidated
Net sales	—	2,143	0	7,065	40,565	(78)	49,695
Cost of sales	—	(1,749)	0	(5,207)	(29,439)	78	(36,317)
Gross profit	—	394	0	1,858	11,126	—	13,378
Selling expenses	—	(251)	0	(1,404)	(8,221)	—	(9,876)
General and administrative expenses	(36)	(105)	(3)	(237)	(1,537)	—	(1,918)
Total operating expenses	(36)	(356)	(3)	(1,641)	(9,758)	—	(11,794)
Operating income	(36)	38	(3)	217	1,368	—	1,584
Interest income	1	1	3	85	121	(196)	15
Interest expense	(102)	(32)	(23)	(35)	(277)	196	(273)
Net interest expense on defined benefit pension plans	—	—	—	—	(18)	—	(18)
Other financial expenses	(249)	(36)	—	1	19	—	(265)
Net financial expenses	(350)	(67)	(20)	51	(155)	—	(541)
Income before income taxes	(386)	(29)	(23)	268	1,213	—	1,043
Income taxes	96	11	9	(104)	(259)	—	(247)
Share in income of joint ventures	—	—	—	—	34	—	34
Share in income of subsidiaries	1,120	257	127	62	354	(1,920)	—
Income from continuing operations	830	239	113	226	1,342	(1,920)	830
Income (loss) from discontinued operations	—	—	—	—	—	—	—
Net income	830	239	113	226	1,342	(1,920)	830
Attributable to:							
Common shareholders	830	239	113	226	1,342	(1,920)	830
Non-controlling interests	—	—	—	—	—	—	—
Other comprehensive income	424	243	240	409	440	(1,332)	424
Total comprehensive income	1,254	482	353	635	1,782	(3,252)	1,254

Consolidated balance sheet at January 1, 2017

€ million	Parent	Delhaize Le Lion / De Leeuw Comm. VA (issuer and guarantor subsidiary)	Delhaize America LLC (issuer and guarantor subsidiary)	Guarantor subsidiaries (non issuers)	Non-Guarantor subsidiaries	Elimination	Consolidated
Assets							
Property, plant and equipment	2	794	—	2,986	7,988	—	11,770
Investment property	—	5	—	118	604	—	727
Intangible assets	18	1,898	—	5,489	5,142	—	12,547
Investments in subsidiaries	20,728	8,781	6,578	903	11,347	(48,337)	—
Investments in joint ventures and associates	—	—	—	—	274	—	274
Other non-current financial assets	210	69	394	4,573	7,705	(12,735)	216
Deferred tax assets	6	—	—	—	694	—	700
Other non-current assets	2	2	—	—	60	—	64
Total non-current assets	20,966	11,549	6,972	14,069	33,814	(61,072)	26,298
Assets held for sale	—	—	—	1	49	—	50
Inventories	—	208	—	1,030	2,050	—	3,288
Receivables	12	2,589	271	132	1,613	(3,029)	1,588
Other current financial assets	426	113	3	10	3,150	(3,025)	677
Income taxes receivable	—	1	—	—	35	—	36
Prepaid expenses and other current assets	8	38	—	42	218	—	306
Cash and cash equivalents	201	192	188	216	3,235	—	4,032
Total current assets	647	3,141	462	1,431	10,350	(6,054)	9,977
Total assets	21,613	14,690	7,434	15,500	44,164	(67,126)	36,275
Equity and liabilities							
Shareholders' equity	16,276	8,395	5,348	9,159	25,435	(48,337)	16,276
Non-controlling interests	—	—	—	—	—	—	—
Group equity	16,276	8,395	5,348	9,159	25,435	(48,337)	16,276
Loans	2,819	3,147	1,609	2,718	5,703	(12,685)	3,311
Other non-current financial liabilities	497	69	18	424	1,569	(50)	2,527
Pensions and other post-employment benefits	1	25	21	46	566	—	659
Deferred tax liabilities	—	261	(131)	1,075	391	—	1,596
Provisions	6	37	—	100	788	—	931
Other non-current liabilities	—	10	—	124	444	—	578
Total non-current liabilities	3,323	3,549	1,517	4,487	9,461	(12,735)	9,602
Liabilities related to assets held for sale	—	—	—	—	9	—	9
Accounts payable	28	1,402	15	1,114	5,859	(3,029)	5,389
Other current financial liabilities	1,960	1,155	609	96	1,383	(3,025)	2,178
Income taxes payable	8	—	(68)	154	(7)	—	87
Provisions	—	18	—	69	296	—	383
Other current liabilities	18	171	13	421	1,728	—	2,351
Total current liabilities	2,014	2,746	569	1,854	9,268	(6,054)	10,397
Total equity and liabilities	21,613	14,690	7,434	15,500	44,164	(67,126)	36,275

Consolidated statement of cash flows for 2016

	Parent	Delhaize Le Lion / De Leeuw Comm. VA (issuer and guarantor subsidiary)	Delhaize America LLC (issuer and guarantor subsidiary)	Guarantor subsidiaries (non issuers)	Non- Guarantor subsidiaries	Elimination	Consolidated
€ million							
Net cash from operating activities	(93)	129	(4)	458	2,403	—	2,893
Purchase of non-current assets	(3)	(87)	3	(222)	(993)	—	(1,302)
Divestments of assets / disposal groups held for sale	—	3	—	51	50	—	104
Acquisition of businesses, net of cash acquired	—	197	213	25	1,770	—	2,205
Divestment of businesses, net of cash divested	—	—	—	—	(4)	—	(4)
Changes in short-term deposits and similar instruments	113	—	—	—	319	—	432
Dividends received from joint ventures	—	—	—	—	19	—	19
Interest received	1	1	—	195	127	(309)	15
Capital contributions paid and dividends received from subsidiaries	404	(33)	222	(129)	(7)	(715)	—
Other	(81)	(14)	(173)	(116)	(1,302)	1,687	1
Investing cash flows from continuing operations	434	67	265	62	(21)	663	1,470
Investing cash flows from discontinued operations	—	—	—	—	—	—	—
Net cash from investing activities	434	67	265	62	(21)	663	1,470
Interest paid	(108)	(61)	(26)	(34)	(373)	309	(293)
Repayments of loans	(314)	—	—	(1)	(32)	—	(347)
Changes in short-term loans	1,486	16	(17)	90	321	(1,687)	209
Repayment of finance lease liabilities	—	(1)	—	(34)	(106)	—	(141)
Dividends paid on common shares	(429)	—	—	—	—	—	(429)
Capital repayment	(1,001)	—	—	—	—	—	(1,001)
Other cash flows from derivatives	(231)	24	—	—	(53)	—	(260)
Capital contributions received and dividends paid by subsidiaries	—	—	(84)	(228)	(403)	715	—
Other	112	(6)	46	(135)	(4)	—	13
Financing cash flows from continuing operations	(485)	(28)	(81)	(342)	(650)	(663)	(2,249)
Financing cash flows from discontinuing operations	—	—	—	—	—	—	—
Net cash from financing activities	(485)	(28)	(81)	(342)	(650)	(663)	(2,249)
Net cash from operating, investing and financing activities	(144)	168	180	178	1,732	—	2,114
Cash and cash equivalents at the beginning of the period (excluding restricted cash)	336	—	—	—	1,483	—	1,819
Effect of exchange rate differences on cash and cash equivalents	9	20	8	8	12	—	57
Cash and cash equivalents at the end of the period (excluding restricted cash)	201	188	188	186	3,227	—	3,990

PART VII: DESCRIPTION OF THE ISSUER

1. GENERAL

The commercial name of our company is Ahold Delhaize. The legal name of our company is Koninklijke Ahold Delhaize N.V., and outside of the Netherlands, Ahold Delhaize also presents itself under the name “Royal Ahold Delhaize”, the company being allowed to use its full legal corporate name or its abridged legal corporate names.

Ahold Delhaize is a public limited liability company (*naamloze vennootschap*) incorporated and existing under the laws of the Netherlands and having its statutory seat and its principal place of business at Provincialeweg 11, 1506 MA Zaandam, the Netherlands. The telephone number of Ahold Delhaize is +31 (0)88 659 5100. The Issuer is registered in the Trade Register of the Chamber of Commerce under number 35000363. Our Internet address is www.aholddelhaize.com.

Ahold Delhaize is an international retailing group based in the Netherlands and primarily active in the United States and Europe.

Ahold Delhaize’s strong local brands in the United States and Europe are well-known and popular with customers. Supermarkets are the core of the Company’s business. In the United States, Ahold Delhaize subsidiaries operate supermarkets under the Food Lion, Hannaford, Stop & Shop, Giant Carlisle, Giant Landover and Martin’s brands. In the Netherlands, Ahold Delhaize operates under the Albert Heijn brand. In Belgium and the Grand Duchy of Luxembourg, Ahold Delhaize operates stores under the Delhaize and Albert Heijn brands. In Central and Southeastern Europe, Ahold Delhaize operates under the Albert brand in the Czech Republic; the Alfa Beta and ENA brands in Greece; the Mega Image brand in Romania; and the Maxi and Tempo brands in Serbia.

In addition to supermarkets, Ahold Delhaize or its subsidiaries operate a range of other formats (such as its Etos drugstores and Gall & Gall wine and liquor stores in the Netherlands and its hypermarkets in the Czech Republic and Serbia), and continues to expand its eCommerce options (bol.com and Albert Heijn Online in the Netherlands, delhaize.be in Belgium, and Peapod and Hannaford To-Go in the United States) to serve the needs of different communities and to give customers more shopping alternatives. Although the vast majority of Ahold Delhaize’s customers shop in stores, today customers can also order online for pickup or home delivery. Being an omni-channel retailer and enabling customers to choose the channel that fits their needs best, online and offline, is becoming ever more important to Ahold Delhaize’s businesses. The Company’s overall share of online sales has remained relatively stable, going from 3.9% of total net sales in 2014 to 4.0% in 2016.

Ahold Delhaize’s net sales in the Netherlands, Belgium and Greece consist of its respective subsidiaries’ sales to consumers and sales to franchise and affiliate stores (that is, stores with one of our Company’s brands that are operated by independent third parties to whom we sell our products at wholesale prices). Franchise and affiliate stores typically operate under the same format as Ahold Delhaize subsidiary-operated stores.

2. HISTORY

Ahold Delhaize’s origins date back to 1887 when the founder of Ahold, Albert Heijn, opened his first grocery store in the Netherlands. Albert Heijn’s company expanded in the Netherlands over the years and was first listed on the Amsterdam Exchange in 1948. The Albert Heijn holding company changed its name to Ahold N.V. in 1973. In 1987, Queen Beatrix of the Netherlands bestowed upon the company its honorary predicate of “Koninklijke,” which means “Royal” in Dutch, in recognition of 100 years of honorable operations.

Koninklijke Ahold N.V. (**Ahold**) opened its first store outside of the Netherlands in 1976. In 1981, Ahold acquired the Giant Carlisle Supermarket chain in the United States, followed by Stop & Shop in 1996 and Giant Landover in 1998. In 2000, Ahold acquired a food service company, U.S. Foodservice, and invested in online grocer Peapod, which Ahold fully acquired in 2001. Ahold entered Central Europe in the early 1990s by setting up a holding company in what was then Czechoslovakia and acquiring a supermarket chain. Ahold expanded further in the Czech Republic in 2005 with the acquisition of 59 stores from Julius Meinl.

In 2007, Ahold sold its U.S. Foodservice business as part of a decision to focus on its core retail businesses.

In 2012, Ahold acquired bol.com, an online retailer of general merchandise that operates in both the Netherlands and Belgium.

In 2014, Ahold's Czech subsidiary successfully completed the acquisition of the SPAR business in the Czech Republic. Ahold also made several other store acquisitions in the Netherlands, Belgium and the United States. During the first quarter of 2014, Ahold successfully completed the divestiture of its Slovakian operations.

In 2015, Ahold's capital expenditures amounted to €811 million and were primarily related to the construction, remodeling and expansion of stores and supply chain (including online), as well as IT infrastructure improvements. In 2015, Ahold acquired 25 A&P stores from the Great Atlantic & Pacific Tea Company in the greater New York metropolitan area in the United States.

Etablissements Delhaize Frères et Cie “Le Lion” (Groupe Delhaize) SA/NV (**Delhaize**) was founded in 1867 and started as a wholesale grocery supplier in Charleroi, Belgium. In 1957, the brand opened the first Delhaize supermarket in Belgium and, since that date, expanded its operations across the country and into other parts of Europe, North America and Southeast Asia, while also divesting certain activities. Delhaize entered the United States by acquiring 35% of Food Town Stores Inc. in 1974 (later renamed to Food Lion Inc. and primarily operational in the southeast U.S.). In 2000, Delhaize acquired the supermarket chain Hannaford Bros. Co., located in the northeast part of the U.S. In 2001, Delhaize acquired the remaining shares of Delhaize America (the consolidated entity through which the U.S. operations were conducted) through a share exchange transaction. In Europe, Delhaize acquired Alfa Beta in Greece in 1992, Mega Image in Romania in 2000 and the Delta Maxi retailer in Serbia (currently called **Delhaize Serbia**) in 2011. Delhaize has also owned a 51% stake in the Indonesian banner Super Indo since 1997.

On June 24, 2015, Ahold and Delhaize announced their intention to merge their businesses through a merger of equals. As a result of this announcement, Ahold terminated its on-going share buyback program and €1 billion was returned to Ahold shareholders via a capital return and a reverse stock split prior to the completion of the merger. On July 24, 2016, the merger was completed and Delhaize shareholders received 4.75 Ahold Delhaize common shares for each Delhaize Group ordinary share.

In connection with the merger, Ahold and Delhaize announced on July 14, 2016, that 86 stores would be divested in the United States as part of the approval of the U.S. Federal Trade Commission. In Belgium, the Issuer will divest 13 stores and a limited number of planned stores as part of the approval by the Belgian Competition Authority, as announced on March 15, 2016.

In 2016, Ahold Delhaize's capital expenditures amounted to €1,377 million and were primarily related to the construction, remodeling and expansion of stores and supply chain (including online) and IT infrastructure improvements.

3. ORGANISATIONAL STRUCTURE

Ahold Delhaize is an international retailing group based in the Netherlands and primarily active in the United States and Europe. Koninklijke Ahold Delhaize N.V. is the group parent company and operates through a number of significant subsidiaries as set out, as of January 1, 2017, in Note 36 to the Issuer's 2016 Annual Report.

4. STRATEGY OF AHOLD DELHAIZE

4.1 Our strategy

Ahold Delhaize achieves its success through the combination of a local go-to-market strategy, regional leadership, the Group's knowledge and expertise and a firm commitment to stay focused on the long-term while addressing short-term challenges. Our operating companies all rally around the same vision and group values that are the basis of everything we do. Our values are courage, integrity, teamwork, care and humor. Our purpose, values and promises give associates in all brands a common language for talking about the business and reinforce our commitment to sustainability. Our business model ensures our brands have the resources and direction to invest in the right areas to help us grow together, and our group-wide focus on creating value for customers, associates, communities and shareholders will drive our long-term success. The sustainability of our business is based on a clear strategy, called Our Better Together Strategy, of looking to save for our customers, investing in the customer proposition and funding growth in three key channels of supermarkets, eCommerce and smaller formats.

(a) *Our purpose: Together, we build Great Local Brands, bringing Fresh Inspiration Every Day*

- *Together.* Across all our brands and functions, we learn from each other, share best practices, and realize the benefits of our scale.
- *Great Local Brands.* We serve local retail businesses, active on three continents, each under its own brand name.
- *Fresh Inspiration.* Our brands are known not only for fresh offerings – from fruits and vegetables to delicious prepared meals – but also for innovative spirit. Our brands inspire customers with new and exciting products and services and by helping them solve the everyday challenge of bringing affordable, healthy and tasty meals to the table.
- *Every Day.* Our brands fulfill customers' daily needs and are there for them every single day.

(b) *Our Sustainable Business Model.* Our sustainable business model is a continuous cycle that describes how we create value for all our stakeholders – including customers, associates and communities.

Save for our customers. To jump-start this continuous cycle, we always look for ways to save for our customers. We evaluate every area of our businesses to see where we can do things smarter and better to save money, conserve resources and reduce waste. We achieve by buying better, operating smarter and wasting less.

- *Buy better.* Our brands cultivate long-term partnerships with suppliers, and work together to innovate and develop local own-brand product ranges. Our brands also achieve savings through buying alliances. In sourcing practices, we always operate in a competitive and fair way.
- *Operate smarter.* Our brands are streamlining operations to achieve cost efficiencies.

- *Waste less.* Our brands are reducing shrink through inventory controls, and through resourceful initiatives, such as donating food that would otherwise be wasted, to help people in need.

Invest in the customer proposition. Our brands invest the money we save into the local customer proposition to provide a great overall shopping experience that meets customers' changing needs and to continue to build loyalty to our brands.

- *Affordable for all.* We want every family in our trading areas to be able to do their weekly shopping with one of our brands, regardless of their budget, so every brand continues to make pricing more competitive.
- *Best own brands.* Each of our great local brands focuses on building innovative own-brand product ranges, such as our organic and natural lines, to keep differentiating itself from other retailers and maintaining its competitive edge.
- *Fresher and healthier.* Across Ahold Delhaize we believe our brands have an opportunity and a responsibility to make healthier eating tasty, affordable and accessible for customers – especially through broad fresh product assortments; this is what customers say they want.
- *Most local and personal service.* Each great local brand works to build stronger relationships with customers – through the service provided by every associate in every store and through best-in-class personalized offerings, enabled by technology. The brands target their assortments to the needs of people in their neighborhoods and sell a wide range of products from local suppliers. By supporting the causes that local customers and associates care about, each brand deepens its involvement in the local community.

Fund growth in key channels. Ahold Delhaize seeks to fund growth in three key channels – supermarkets, eCommerce and smaller formats – so that our brands can be there wherever and however customers shop.

- *Supermarkets.* Supermarkets are the core channel and the main focus of our investments. Our brands work to keep their stores regularly refreshed and remodeled so they remain appealing to customers. Across the group we share an objective to be the #1 or #2 supermarket brand in every local market.
- *eCommerce.* We continue to invest in our eCommerce brands to enable customers to shop when and how they want, and to drive sales growth in developed markets.
- *Smaller formats.* Our brands are continuously improving small formats and testing new ones, to fulfill customers' growing demand for convenience.

(c) *Our Promises.* As a group, we will measure the performance on each promise according to the following criteria, starting in 2017:

- *A better place to shop.* Net promoter score, which gauges customers' willingness to recommend our great local brands to others.
- *A better place to work.* Associate engagement, as measured by an annual survey of all associates company-wide and a twice-yearly pulse survey sent to a random set of associates by an external vendor.
- *A better neighbor.* Our progress against our sustainable retailing targets and the assessment of our sustainability performance for the Dow Jones Sustainability Index.

Our compensation and awards for associates are tied to and dependent on delivering our strategy and promises, and doing so in a sustainable way. The performance criteria in our incentive plans for management associates include key performance indicators related to all three promises.

5. BUSINESS OVERVIEW

Ahold Delhaize's retail operations are presented in five reportable segments. In addition, Other Retail, consisting of Ahold Delhaize's unconsolidated joint ventures JMR - Gestão de Empresas de Retalho, SGPS, S.A. (**JMR**) and P.T. Lion Super Indo, LLC (**Super Indo**), and Ahold Delhaize's Global Support Office, are presented separately.

All reportable segments sell a wide range of perishable and non-perishable food and non-food consumer products.

Reportable segment	Operating segments included in the Reportable segment
Ahold USA	Stop & Shop New England, Stop & Shop New York Metro, Giant Landover, Giant Carlisle and Peapod
Delhaize America	Food Lion and Hannaford
The Netherlands	Albert Heijn (including the Netherlands, Belgium and Germany), Etos, Gall & Gall and bol.com (including the Netherlands and Belgium)
Belgium	Delhaize (including Belgium and Luxembourg)
Central and Southeastern Europe	Albert (Czech Republic), Alfa Beta (Greece), Mega Image (Romania) and Delhaize Serbia (Serbia)
Other	Included in Other
Other retail	Unconsolidated joint ventures JMR (49%) and Super Indo (51%)
Global Support Office	Global Support Office staff (the Netherlands, Belgium, Switzerland and the United States)

Following the merger with Delhaize, the number of reportable segments increased as of July 24, 2016, due to the addition of reportable segments that consist of the Delhaize businesses merged into Ahold: Delhaize America and Belgium. The Albert (Czech Republic) operating segment that was previously reported on separately is now aggregated into the Central and Southeastern Europe reportable segment together with operating segments in Greece, Romania and Serbia.

Net sales per segment as follows:

	2016		2015		2014	
	€ million	in %	€ million	in %	€ million	in %
Ahold USA	23,845	48.0%	23,732	62.2%	19,557	59.7%
Delhaize America	7,065	14.2%	—	—	—	—
The Netherlands	13,101	26.4%	12,699	33.2%	11,696	35.7%
Belgium	2,199	4.4%	—	—	—	—
Central and Southeastern Europe	3,485	7.0%	1,772	4.6%	1,521	4.6%
Total	49,695	100.0%	38,203	100.0%	32,774	100.0%

The total number of employees (in thousands) per segment at year-end is as follows:

	2016	2015	2014
Ahold USA	114	121	115
Delhaize America	95	—	—
The Netherlands	100	102	97
Belgium	14	—	—
Central and Southeastern Europe	47	13	15
Total	370	236	227

(a) United States

Overview

We engage in two lines of business in the United States; the operation of food supermarkets in the southeastern, mid-Atlantic and northeastern regions of the United States under the banners Food Lion, Hannaford, Stop & Shop New England, Stop & Shop New York Metro, Giant Landover, Giant Carlisle and online business at Peapod.

As of January 1, 2017, these companies had combined revenues of EUR 30,910 million (USD 34,123 million) in the United States and collectively employed approximately 209,000 people.

Food Lion stores are located from Delaware through Georgia. Hannaford stores are located throughout New England and the State of New York.

The Stop & Shop New England, Stop & Shop New York Metro, Giant Landover and Giant Carlisle stores are substantially located on the East Coast of the United States. Our offering also includes Peapod, an online grocery shopping and delivery service in the United States, which, in addition to the country's East Coast, is also active in Illinois, Indiana and Wisconsin.

Stop & Shop

Stop & Shop was acquired by Ahold in 1996 and is a supermarket brand in the northeastern United States. Stop & Shop is divided into two divisions: Stop & Shop New York Metro, with 200 stores in Connecticut, New York and New Jersey and Stop & Shop New England, with 217 stores in

Connecticut, Massachusetts and Rhode Island, each as of January 1, 2017. The Stop & Shop divisions operate superstores, which are larger than typical supermarkets, some of which include gas stations, full-service pharmacies and conventional supermarkets.

Giant Landover

Giant Landover was acquired by Ahold in 1998 and operates supermarkets and superstores under the brand name Giant in Virginia, Maryland, Delaware and the District of Columbia. As of January 1, 2017, Giant Landover operated 168 stores.

Giant Carlisle

Giant Carlisle was acquired by Ahold in 1981. The Giant Carlisle stores operate under the brand names Giant and Martin's. The Giant Carlisle stores are located in Pennsylvania, Virginia, Maryland and West Virginia. Giant Carlisle operates both superstores and supermarkets. As of January 1, 2017, Giant Carlisle operated 191 stores.

Food Lion

Delhaize acquired 35% of Food Town Stores Inc., a food retailer operating 22 stores, in 1974 and increased its stake to 52% in 1976. In 1983, the company name changed to Food Lion Inc. and, through a share exchange transaction in 2001, Delhaize obtained 100% ownership. In 2016, Food Lion continued with its "Easy, Fresh & Affordable... You Can Count on Food Lion Every Day" strategy, relaunching 142 stores in the Charlotte, North Carolina market after extensive remodeling during the year. Food Lion operated 1,033 stores at the end of 2016 in 10 southeastern U.S. states.

Hannaford

In 2000, Delhaize acquired Hannaford Bros. Co, a supermarket chain in the northeastern United States, present in five states. Hannaford operated 181 supermarkets at the end of 2016. Most stores have full-service pharmacies.

eCommerce

Ahold acquired Peapod, an online grocery service, in 2001. Peapod works in partnership with Ahold USA subsidiaries' U.S.-based supermarkets to provide online home shopping and grocery delivery and operates pick-up points mainly adjacent to grocery stores. Peapod added in total two pickup points, net of closings, in 2016, bringing the total number of pickup points to 210 as of January 1, 2017. In 2014, Ahold USA's eCommerce Sales Company opened a new distribution center in the New Jersey area to expand the capacity of the Peapod business in the New York metro market. Peapod serves customers in 12 U.S. states and in the District of Columbia.

Hannaford To-Go's click-and-collect service was expanded in 2016 and, by the end of 2016, Hannaford had a total of 34 To-Go sites.

Own Brands

Ahold USA subsidiaries' supermarkets sell a number of different own brand products in their food and nonfood assortments. For example, customers can buy food products under our own brands, such as the Stop & Shop and Giant brand, Nature's Promise organic brand, Simply Enjoy artisan food and the Guaranteed Value line with bottom dollar prices. Customers can also find nonfood products under our own brands, including Care One health and beauty care, Companion pet food and accessories, Smart Living household essentials, Etos European cosmetics, and Always My Baby.

Food Lion and Hannaford both sell a range of own brand products in their food and nonfood assortments. Food Lion sells Food Lion brand, Nature's Place, Home 360, Cha Ching, Healthy Access and Taste of Inspirations. Hannaford offers the Hannaford, Taste of Inspirations, Nature's Place, Healthy Accents and Home 360 own brands. Nature's Place brand is committed to sustainable fisheries and forests, with environmentally friendly and socially responsible packaging. The own brands have been rated by Guiding Stars, which gives each product from one to three stars based on its nutritional value, aiding customers in making healthy choices for themselves and their families.

Stores

A breakdown of the number and average size of stores at year-end for 2016 is as follows:

	2016	2015	2014	Selling space range in square meters in 2016
	Number of stores			
Stop & Shop New England	217	218	216	790 - 5,390
Stop & Shop New York				
Metro	200	205	182	1,020 - 5,200
Giant Landover	168	169	170	1,580 - 5,200
Giant Carlisle	191	196	200	1,720 - 6,320
Total	776	788	768	
Sales area of own- operated store s (in thousands of square meters)	2,960	3,031	2,958	

	2016 Number of stores	Selling space range in square meters in 2016
Food Lion	1,033	1,400 - 3,760
Hannaford	181	2,500 - 4,700
Total	1,214	

Sales area of own-
operated stores
(in thousands of square meters)

In financial year 2016, 16 stores were remodeled, expanded, relocated or reconstructed at Ahold USA as part of the ongoing efforts to keep the stores fresh and up-to-date. As of January 1, 2017, 571 pharmacies are operated in the Stop & Shop and Giant stores. Capital expenditures at Ahold USA including new finance leases were 2.2% of net sales in 2016.

As of January 1, 2017, there were 153 pharmacies in Hannaford and 31 in Food Lion stores. Capital expenditures at Delhaize America including new finance leases were 3.2% of net sales in 2016.

Competition and regulation

As a marketer and distributor of food products in the United States, Ahold Delhaize and its respective subsidiaries may be subject to regulation by numerous federal, state and local regulatory agencies. At the federal level, Ahold Delhaize and its respective subsidiaries may be subject to the Federal Food, Drug and Cosmetic Act, the Bioterrorism Act and regulations promulgated by the U.S. Food and Drug Administration (the **FDA**). The FDA regulates manufacturing and holding requirements for foods, over-the-counter drug products and pharmaceuticals, specifies the standards of identity for certain foods and prescribes the format and content of certain information required to appear on food product labels.

For certain product lines, Ahold Delhaize and its respective subsidiaries may also be subject to the Federal Meat Inspection Act, the Poultry Products Inspection Act, the Perishable Agricultural Commodities Act, the Country of Origin Labeling Act and regulations promulgated thereunder by the U.S. Department of Agriculture (the **USDA**). The USDA imposes standards for product quality and sanitation, including the inspection and labeling of meat and poultry products and the grading and commercial acceptance of produce shipments from Ahold Delhaize's vendors.

Money order and wire transfer services offered by Ahold Delhaize's subsidiaries' stores are subject to regulations promulgated under the USA Patriot Act, which is administered by the U.S. Department of the Treasury. Ahold Delhaize's subsidiary stores' lottery, alcohol and tobacco sales and operations are regulated at the federal and state levels.

Ahold Delhaize, its respective subsidiaries and their products are also subject to state and local regulations through such measures as the licensing of Ahold Delhaize's and its respective subsidiaries' facilities, enforcement by state and local health agencies of state and local standards for their products and facilities and regulation of their trade practices in connection with the sale of their products. Ahold Delhaize's subsidiaries' advertising, weights and measures of products, as well as other marketing, labeling and consumer protection issues, are regulated by state agencies and state attorney general offices, which have jurisdiction over state consumer protection statutes and antitrust statutes.

Ahold Delhaize's respective subsidiaries' pharmacy operations are subject to federal, state and local regulations and licensing requirements, including state pharmacy boards, Medicaid and Medicare reimbursement regulations and third-party insurance regulations, as well as the Health Insurance Portability and Accountability Act and regulations promulgated by the U.S. Department of Health & Human Services. Ahold Delhaize and its respective subsidiaries' premises are generally inspected at least annually by federal and/or state authorities. These facilities are also subject to inspections and regulations issued pursuant to the Occupational Safety and Health Act by the U.S. Department of Labor, which require Ahold Delhaize and its respective subsidiaries to comply with certain manufacturing, health and safety standards to protect its employees from accidents and to establish hazard communication programs to transmit information about the hazards of certain chemicals present in certain products it distributes.

Ahold Delhaize and its respective subsidiaries are also subject to regulation by numerous federal, state and local regulatory agencies. Ahold Delhaize and its respective subsidiaries' store operations and real estate operations are subject to zoning, environmental and building regulations, as well as laws that prohibit discrimination in employment on the basis of disability, including the Americans with Disabilities Act, and other laws relating to accessibility and the removal of barriers. Ahold Delhaize and its respective subsidiaries are also subject to various laws relating to the protection of personal data.

In the United States, the opening of new stores is regulated by municipalities through zoning and licensing laws. Shopping hours are mostly unconstrained by regulation in all of the states where

Ahold Delhaize's respective subsidiaries are active. Most of Ahold Delhaize's subsidiaries' U.S. stores are open 14 to 24 hours a day and seven days a week.

(b) The Netherlands

Overview

Ahold Delhaize is headquartered in the Netherlands and operates a number of retail brands in the country. Its Albert Heijn brand is a supermarket and online food retailer with the majority of its business in the Netherlands. Ahold Delhaize also operates drugstores in the country under the Etos brand, wine and liquor stores under the Gall & Gall brand, and an online shopping site for general merchandise at bol.com. Ahold Delhaize's net sales in the Netherlands consist of sales to consumers and to franchise stores. Franchise stores typically operate under the same format as Ahold Delhaize-operated stores. Franchisees purchase merchandise primarily from Ahold Delhaize, pay a franchise fee and receive support services, including management training, field support and marketing and administrative assistance. In 2016, Ahold Delhaize had net sales of €13,101 million in the Netherlands (including Belgium and Germany), representing 26.4% of its consolidated net sales for the full financial year.

Albert Heijn

As of January 1, 2017, Albert Heijn had 1,011 stores located in the Netherlands, Belgium and Germany. The stores are in three principal formats: neighborhood grocery stores, larger Albert Heijn XL supermarkets and Albert Heijn to go convenience stores. The average sales area of Albert Heijn's own-operated stores is approximately 1,360 square meters. Albert Heijn also offers online shopping for delivery and operates pick-up points for its customers' convenience.

Specialty stores

Ahold Delhaize acquired Etos in 1974. Etos is a drugstore chain in the Netherlands offering customers a selection of health and beauty, body care, and baby care products. As of January 1, 2017, Etos operated 547 stores in the Netherlands.

Ahold Delhaize also operates wine and liquor stores through its Gall & Gall brand. As of January 1, 2017, there were 605 Gall & Gall stores in the Netherlands.

eCommerce

In addition to offering online shopping through its retail food and specialty stores, in 2012, Ahold acquired bol.com, an online retailer of general merchandise that operates in the Netherlands and Belgium. Since its origins as an online bookseller, bol.com has expanded its offerings to currently include approximately fourteen million products. Bol.com also launched Plaza, an online marketplace that gives customers access to products from other retailers through its website. In 2016, bol.com's merchant partners, who sell their products for a commission on Plaza, together achieved sales in excess of €1.2 billion. Bol.com delivered strong growth of 32.5% in net consumer online sales in 2016, fueled by the launch of new categories, accelerated growth in Belgium and the success of Plaza. Compared to sales adjusted for week 53 in 2015, net consumer online sales increased by over 35% in 2016.

In addition to bol.com's online business, the Netherlands segment also offers groceries for home delivery and pickup through ah.nl. At the end of 2016, ah.nl operated a total of 54 pick-up points.

Own Brands

Albert Heijn supermarkets offer customers the AH own-brand line, which includes the sub-brands Excellent, Biologisch (organic) and Basic. AH Excellent includes high-quality products such as real Belgian chocolate, artisan cookies and premium olive oil.

Stores

A break-down of the number and average size of stores at year-end for the years indicated is as follows:

	2016	2015	2014	Selling space range in square meters in 2016
	Number of stores			
Albert Heijn: the Netherlands	884	885	872	100 - 4,000
Albert Heijn: Belgium	42	38	28	700 - 2,000
Albert Heijn to go: the Netherlands	74	66	62	50 - 300
Albert Heijn to go: Germany	11	6	4	50 - 150
Etos	547	539	539	50- 850
Gall & Gall	605	600	600	40- 300
Total	2,163	2,134	2,105	
Sales area of own-operated stores (in thousands of square meters)	998	994	976	

In 2016, Ahold Delhaize opened an additional 29 stores, net of closings, in the Netherlands segment. In 2015 and 2014, 17 and 15 stores, respectively, that were formerly part of the Dutch supermarket chain C1000 were converted to the Albert Heijn brand, bringing the total to 71 stores. These converted stores were part of a 2012 transfer of stores from Jumbo, which had acquired C1000 in 2011. Ahold Delhaize also opened four Albert Heijn stores in Belgium, bringing the total number of stores in Belgium to 42. Ah.nl opened other two pick-up points in 2016, bringing the total number to 54.

Capital expenditures including new finance leases were 3.0% of net sales in 2016.

Dutch Regulations

As in other jurisdictions, Ahold Delhaize is subject to various legislative provisions in the Netherlands relating to its products, facilities, health and safety of its employees, environmental matters, antitrust matters, privacy matters, its relationship with franchisees, tax matters and use of local employees and vendors, among other matters.

Ahold Delhaize's properties are subject to Dutch zoning regulations. Consequently, Ahold Delhaize may only operate at locations designated for retail purposes by the municipality, unless special approval is obtained. Similar regulations apply in certain other European countries where Ahold Delhaize operates.

In general, Dutch law does not require an environmental operating permit for the operation of retail stores. However, retail stores must comply with general environmental rules and, among others, a fire safety notification must be obtained. Operating hours are regulated and, in some municipalities, retail stores may not open on Sundays.

As an employer in the Netherlands, Ahold Delhaize is subject to various labor laws that set employment practice standards for workers, including occupational health and safety standards.

The legislative provisions relating to privacy impose obligations on Ahold Delhaize and restrict its use of personal data (for example, the use of customer data relating to customer loyalty programs or in direct marketing activities).

(c) Belgium

Belgium is the historical home market of Delhaize. The segments' store network in Belgium and Luxembourg consists of several brands, depending on the specialty, the store size and whether the store is company-operated or affiliated (that is, stores with a Delhaize brand that are operated by independent third parties to whom we sell our products at wholesale prices).

At the merger date, 903 stores from Delhaize Belgium were brought into our portfolio. By the end of July 2016, 145 stores had been divested as a result of the sale of Tom & Co (specialized pet stores) and 10 Red Market discount stores had been converted into either affiliated or Proxy (a smaller convenience store with fewer products in its assortment) supermarkets. The remaining three Red Market stores will be converted in 2017.

In 2016, Ahold Delhaize had net sales of €2,199 million in Belgium, representing 4.4% of its consolidated net sales for the full financial year.

Supermarkets

At the end of 2016, there were 135 company-operated supermarkets under the Delhaize “Le Lion”/Delhaize “De Leeuw” brand in Belgium and Luxembourg and 231 affiliated supermarkets under the AD Delhaize brand in Belgium and Luxembourg.

Proximity stores

At the end of 2016, our network of smaller conveniently located stores in Belgium and Luxembourg consisted of 399 locations in total, with 248 Proxy stores and 151 Shop & Go stores. Proxy Delhaize and Shop & Go are affiliated stores. Most Shop & Go stores are located in Q8 gas stations and address customer expectations regarding proximity, convenience, speed and longer operating hours.

eCommerce

Delhaize.be, our grocery home delivery brand in Belgium, sells food products to customers who order online or by phone. In 2009, Delhaize Belgium launched delhaize.be (previously Delhaize Direct), allowing customers to order their groceries online and pick them up at their local store. At the end of 2016, 117 Delhaize stores had pick-up points.

Own Brands

Our Delhaize Belgium supermarkets offer customers the Delhaize, Care, 365, Eco, Bio and Taste of Inspirations own brands. The Bio brand offers a wide range of certified organic products at attractive prices.

Stores

A break-down of the number and average size of stores at year-end for 2016 is as follows:

	2016	Selling space range
	Number of	in square meters in
	stores	2016
Delhaize (company operated)	135	1,175 - 2,750
AD Delhaize (affiliated stores)	231	670 - 2,800
Proxy	248	190 - 1,500
Shop & Go	151	60 - 425
Total	765	
Sales area of own-operated stores (in thousands of square meters)	282	

Total investments in Belgium, post-merger, amounted to around 3.8% of net sales in 2016.

- (d) Central and Southeastern Europe (prior to merger Czech Republic only)

Overview

Ahold Delhaize began operating in the Czech Republic in 1991. Its Czech brand, Albert, operates supermarkets and compact hypermarkets. These stores offer a full range of food and non-food products. At the end of 2016, we had a total of 330 stores in the Czech Republic, focused on fresh food, trusted quality and price.

At the merger date, retail operations in Greece, Romania and Serbia were brought into our portfolio:

- *Greece:* Delhaize Group acquired the Greek supermarket chain Alfa Beta in 1992. Today, our Greek business has five brands – Alfa Beta supermarkets, AB Shop & Go, AB City, AB Food Market and ENA Cash & Carry wholesales stores – and operates both company-owned and franchise stores. Alfa Beta was the first supermarket in Greece to introduce a customer loyalty program. Greece had 378 stores at the end of 2016.
- *Romania:* Delhaize acquired the Romanian business in 2000. Our Romanian brands operated 526 stores and two formats – Mega Image supermarkets and Shop & Go convenience stores – at the end of 2016. Mega Image aims to be the customer's first choice in terms of fresh food, quality and assortment and uses green energy in all its Bucharest stores.
- *Serbia:* Delhaize acquired the Serbian business in 2011. Our Serbia brands operated 404 stores at the end of 2016 in three formats: Maxi supermarkets, Tempo hypermarkets, and Shop & Go small format stores.

As of January 1, 2017, Ahold Delhaize operated 1,638 stores in Central and Southeastern Europe, of which 103 were compact hypers located in the Czech Republic and Serbia. In 2016, Ahold Delhaize had net sales of €3,485 million in Central and Southeastern Europe, representing 7.0% of its consolidated net sales for the full financial year.

eCommerce

In 2015, our Greek business launched an online sales channel, AB Click2Shop, and Mega Image started to offer online grocery shopping in Romania. Serbia added its Maxi online shopping experience in 2014. The Central and Southeastern Europe segment operated 69 pick-up points at the end of 2016.

Own Brands

Our own-brand lines in Central and Southeastern Europe include both food (fresh and grocery) and non-food assortments.

Albert in the Czech Republic offers two own-brand lines: Albert and AH Basic. Under the Albert line of products, there are a number of sub-categories, including Bio, Free From, Veggie and Excellent, all offering quality products at lower prices than national brands.

Our Greek business offers the AB brand, Delhaize 365 and Care own brands. The AB brand is divided into sub-categories, including Close To Greek Land, Choice, Classic Range and Think Bio.

Our Romanian business has developed a number of own brands addressing different customer expectations, including Gusturi romanesti (traditional, local Romanian products and flavors), Mega Apetit (ready-made meals targeting customers with fast-paced lifestyles), Care, Delhaize, La Boucher, ECO and Bio own brands.

Our Serbian stores offer customers the Premia, Care, Home, Taste of Inspirations, 365, Bio and From Our Land own brands. Around 75% of Maxi's own-brand products come from local producers.

Stores

The number and average size of stores for the years indicated is as follows:

	2016	2015	2014	Selling space range in square meters in 2016
	Number of stores			
Czech Republic	330	331	333	140 - 8,130
Greece	378	—	—	55 - 5,360
Romania	526	—	—	50 - 2,090
Serbia	404	—	—	60 - 5,540
Total	1,638	331	333	
Sales area of owned-operated stores (in thousands of square meters)	1,203	549	550	

Total investments in Central and Southeastern Europe amounted to around 4.0% of net sales in 2016.

(e) *Joint Ventures*

In addition to its consolidated subsidiaries, Ahold Delhaize also holds interests in food retail operations through its investments in joint ventures. Ahold Delhaize's income from joint ventures is included in its consolidated statement of operations in the line item "share in income of joint ventures" and amounted to €34 million in financial year 2016. As of January 1, 2017, Ahold Delhaize holds interests in two material joint ventures:

- JMR-Gestão de Empresas de Retalho, SGPS, S.A. (**JMR**), a joint venture with Jerónimo Martins, SGPS, S.A. (**Jerónimo Martins**), which has been in existence since 1992. JMR is headquartered in Lisbon, Portugal, and owns Pingo Doce, a major supermarket chain, with 415 stores at the end of 2016. Ahold Delhaize is a 49% partner and Jerónimo Martins is a 51% partner in JMR, and Ahold Delhaize shares equal voting power on JMR's board of directors with Jerónimo Martins.
- P.T. Lion Super Indo, LLC (**Super Indo**), a joint venture with the Salim Group, 51% of which was acquired by Delhaize in 1997. Super Indo is headquartered in Jakarta, Indonesia, and operated 140 of its own supermarkets and one franchise store at the end of 2016.

(f) Competition

Ahold Delhaize operates in a highly competitive food retail industry in all of its markets. The operating environment for the food retailing industry continues to be characterized by intense price competition, pressure on profit margins, aggressive expansion, increasing fragmentation of retail and online formats, entry of non-traditional competitors and market consolidation.

Competition is based primarily on location, quality of products, service, price, product variety, store conditions and eCommerce offerings. Ahold Delhaize is experiencing increasingly diversified competition in both the premium and discount segments of the retail sector, and is also facing new competition from outside the traditional food retail industry. Ahold Delhaize's own brands are important, in that they enable Ahold Delhaize's subsidiaries to provide a more relevant assortment of products in different price ranges, develop new and innovative alternatives and build customer loyalty. In general, these own-branded offerings have a higher gross margin than similarly positioned products from third-party brands. Customers are spreading their shopping trips over multiple stores based on their specific shopping needs or specific occasions. Retailers continue to evolve as consumers also diversify and change the ways in which they shop, both online and offline.

Grocery eCommerce is increasingly becoming a more significant part of the overall retail food market and is growing rapidly. Ahold Delhaize currently expects that online operations will continue to be a key component of growth for retailers in years to come. Mobile apps are creating new opportunities for sales growth and an improved customer experience in online shopping.

(g) Seasonality

Ahold Delhaize's retail businesses generally experience an increase in net sales in the fourth quarter of each year, primarily as a result of the holiday season. Results are also impacted by changes in weather patterns. For example, store sales of subsidiaries of Ahold Delhaize in the U.S. are generally positively impacted by inclement winter weather, which typically results in increased sales prior to expected snow storms, while adverse winter weather in the Netherlands generally results in increased online sales.

(h) Regulations in other jurisdictions

Ahold Delhaize operates its business in six other countries in Europe, and, accordingly, is subject to a wide variety of national and EU laws and regulations governing standards for its products and facilities, the health and safety of its employees, currency conversions and repatriation, taxation of foreign earnings and earnings of expatriate personnel and use of local employees and vendors, among other matters.

(i) Environmental matters

Ahold Delhaize's operations are governed by environmental laws and regulations in the countries where it operates, including those concerning the discharge, storage, handling and disposal of hazardous or toxic substances. Ahold Delhaize believes that it possesses all of the material permits required for the conduct of its operations and that its current operations are in material compliance with all applicable environmental laws and regulations.

Ahold Delhaize uses hazardous substances and generates hazardous wastes in some of its operations. Under the U.S. Federal Comprehensive Environmental Responsibility, Compensation and Liability Act and similar state laws, generators of hazardous wastes may be jointly and severally liable for the clean-up of hazardous wastes from the facilities to which the generator sent those wastes for disposal. However, Ahold Delhaize is not aware of any material asserted or threatened claims against it relating to any such offsite disposal location.

Clean-up of hazardous substances or petroleum releases in soil or groundwater takes place at certain of Ahold Delhaize's facilities. At certain of Ahold Delhaize's other facilities, studies have shown that soil and groundwater have been impacted by gasoline or petroleum constituents, but the relevant regulatory agencies have not required remediation at those sites. In addition, certain of Ahold Delhaize's facilities are located on premises that are currently or were formerly gasoline stations or other industrial sites at which contamination from prior operations may exist, but there have been no environmental investigations to determine the condition of those sites. Ahold Delhaize believes that any potential clean-up costs associated with those facilities that may be allocated to it will not materially impact its financial position.

(j) Supplier Relationships

Ahold Delhaize purchases its merchandise from thousands of suppliers as well as through two European supplier purchase alliances, Coopernic and AMS. Ahold Delhaize relies on its suppliers to deliver the high-quality products Ahold Delhaize's customers expect. Increasingly, the Company works in collaboration with its suppliers and engages with them in many ways, aiming to strengthen and improve these relationships. Ahold Delhaize holds supplier events to discuss a wide range of topics, including company strategy, sustainability, supplier diversity, and food safety. Through the Albert Heijn Foundation in Africa, Ahold Delhaize works to improve the livelihoods of Albert Heijn's African fruit and vegetable suppliers, which in turn support their families and communities and helps to secure long-term relationships with them.

Ahold Delhaize depends on certain suppliers of strategic own-brand products and services. Ahold Delhaize has taken meaningful steps to ensure its own-brand products are produced in a socially responsible way. For example, Ahold Delhaize has set targets to ensure that its own-brand food suppliers are certified against Global Food Safety Initiative-recognized standards. In addition, the Company is making progress on ensuring that 100% of its own-brand suppliers in high-risk countries are audited on social compliance. Social compliance auditing ensures accountability for working conditions within Ahold Delhaize's supply chains.

6. MARKET OVERVIEW

6.1 Macro trends

Economics

Customers are very focused on value. In the past year, some notable events in the political world impacted our market areas, including the Brexit referendum in June 2016, when UK citizens voted to

leave the EU – which could impact the future European economy, trade partnerships and international businesses, and the culmination of the presidential election in the U.S. in November 2016. While the U.S. economy will most likely outpace other advanced economies in terms of GDP, we do see competition intensifying as a consequence of the price investments retailers are making to attract value-focused customers. Although the 2017 growth prospects for Europe remain relatively stable, the outcomes of the elections in Germany and Italy and the unknown policy implications of these and other elections will most likely influence Europe's economic conditions.

Demographics

We continue to see population growth slowing down in our markets, especially in Europe, and an aging consumer base. The communities we operate in are becoming increasingly diverse in terms of ethnicity, household composition, affluence and urban versus suburban.

Resource availability

With a changing climate and growing global demand for food, natural resources are increasingly under stress. The increasing scarcity of natural resources such as water and soil nutrients will continue to impact agriculture and affect how we source products in the future. Since commodities like corn, wheat and rice are at the core of the products we sell, “commodity crunches” could substantially impact our businesses.

Technology

Unprecedented technological change is underway across the globe – and it has direct implications for the retail industry. Everyday objects in people's homes, such as televisions, refrigerators and personal wearables, are getting connected to the Internet, and are measuring and generating data. This data enables companies to build more intimate relationships with shoppers by understanding their personal preferences and being able to cater to them – or even predict new ones. It also makes possible artificial intelligence and automated devices such as self-driving cars and delivery drones.

6.2 Consumer trends

Value

Consumers' continued focus on value and budget-consciousness comes in the wake of the post-2008 economic downturn and the growth of low-cost players operating stores and online. At the same time, customers are redefining what value means to them. They are less loyal to brands and formats, and online and mobile technology makes it quick and easy to compare offers – so providing great value for money remains a license to operate. Being affordable increasingly means being able to present customers with the right personalized offers at the right time.

Convenience

Customers have busy lifestyles and are increasingly pressed for time. While their awareness of healthy eating is on the rise, both the time they have available and their ability to cook these foods is on the decline – especially among millennials. This explains the growing popularity of fresh ready meal offerings that can be eaten immediately or quickly prepared at home. In addition, customers are looking for smaller store formats that provide a fast and easy shopping experience, convenient locations that reduce their travel time and cost, and multiple delivery options for their online orders.

Health and well-being

Although consumers have become more aware of the relationship between the food they eat and their overall health and well-being, diet-related diseases – such as heart disease, diabetes and malnutrition – remain a growing worldwide issue.

Customers increasingly demand transparency on product ingredients. For example, they want to understand the effects on their health from additives like sweeteners and artificial colors, but also from the use of plastics in packaging and the preventative use of antibiotics in animals and poultry.

Consumers inspired to strive for healthier and cleaner lifestyles are prioritizing fruits, vegetables, nuts and grains and increasingly adopting a vegetarian or vegan diet.

Transparency and sustainability

Food is safer today than ever before. At the same time, people are increasingly interested in where their food comes from and how their buying decisions can impact the environment and people's lives all over the world, for example through climate change or working conditions. They expect retailers to help them make responsible choices, and to ensure the integrity of the supply chain wherever they can.

Connection and communities

In all our markets, people are searching for a feeling of community and personal connection. They are finding it in traditional ways, through involvement in their local neighborhoods, but also in new ways, through social media and online communities. They want to connect with others who have common interests and shared values. Customers increasingly buy local products and support local businesses to feel more involved in their communities.

6.3 Industry Trends

Consolidation

There is a great deal of consolidation, in both the retail and consumer packaged goods industry, which is continuing to drive scale. This is especially apparent in the U.S., where companies are seeking scale advantages in sourcing and other areas. Another trend that is currently emerging is "vertical integration," in which retailers acquire specific parts of the value chain to be able to innovate, be more transparent or lower their costs.

Diversification

There is much diversification taking place in terms of channels and formats in the retail industry. More and more, customers are doing their food shopping at multiple retail brands in multiple segments – they do not distinguish between formats, but just want to get their favorite products at the best possible price. Retailers are developing their formats in response to customer needs, leading to increased competition across additional formats. Customers are showing a preference for small formats that emphasize specialty products, urban locations and convenience, while discounters continue to grow by improving their offering and increasing their advertising. The convenience channel is growing at one of the fastest rates of all physical grocery channels.

Online and mobile

The total eCommerce market continues to expand, and is expected to grow by 10-15% each year through 2020 – and food eCommerce is expected to grow even more quickly. Online grocery has reached a tipping point as companies make it beyond the pilot stage and some start to become profitable. Traditional retailers are developing deeper relationships with third-party delivery services to help them keep up with the challenges of "last-mile" logistics. There is growing demand for same-day and instant delivery as customer expectations for convenience increase. Pure online companies are looking for physical touch points to connect with consumers, even launching store-based formats to enhance the convenience and customer service they can provide.

7. LEGAL PROCEEDINGS

7.1 Legal proceedings

From time to time in the normal course of business, Ahold Delhaize and its subsidiaries are subject to legal proceedings. Such legal proceedings are subject to inherent uncertainties. Ahold Delhaize's management, supported by internal and external legal counsel, where appropriate, determines whether it is more likely than not that a liability has occurred and whether or not a loss is reasonably

estimable. If a determination has been made that a loss is reasonably estimable, such estimate is accrued.

7.2 The Netherlands: Albert Heijn Franchising litigation

On December 24, 2014, Albert Heijn Franchising B.V. (AHF) and other legal entities within the Ahold Delhaize Group of companies received a writ in which *Vereniging Albert Heijn Franchisenemers* (an association of Albert Heijn franchisees or VAHFR) and 242 individual claimants have initiated proceedings as of April 15, 2015, before the District Court of Haarlem with respect to ongoing discussions for a number of years about the resolution of certain cost items under individual franchise agreements. On November 16, 2016, the court issued a judgment rejecting all claims of the VAHFR and the individual claimants. On February 13, 2017, VAHFR and 240 individual franchisers filed a formal appeal, which is to be substantiated, against the judgment.

7.3 Uruguayan litigation

Ahold Delhaize, together with Disco and Disco Ahold International Holdings N.V. (DAIH), is a party to one lawsuit in Uruguay related to Ahold Delhaize's 2002 acquisition of Velox Retail Holdings (VRH)' shares in the capital of DAIH. The two other related lawsuits involving claims on similar grounds as the one remaining lawsuit in Uruguay were decided in favor of Ahold Delhaize without any further right to appeal of the plaintiffs in 2013. The damages alleged by the plaintiffs, alleged creditors of certain Uruguayan and other banks, based on the alleged fraudulent conveyance by VRH prior to VRH's bankruptcy of VRH assets among which VRH's shares in DAIH, amount to approximately \$62 million (€59 million) plus interest and costs. As part of the sale of Disco to Cencosud in 2004, Ahold Delhaize indemnified Cencosud and Disco against the outcome of these legal proceedings. The one remaining lawsuit is ongoing. Ahold Delhaize continues to believe that the plaintiffs' claims are without merit and will continue to vigorously oppose such claims.

7.4 Greek litigation

In a shareholders' matter related to Alfa Beta Vassilopoulos S.A. (**AB**), Ahold Delhaize's wholly-owned subsidiary in Greece, Ahold Delhaize was notified in 2011 that some former shareholders of AB, who together held 7% of AB shares, filed a claim with the Court of First Instance of Athens challenging the price paid by Ahold Delhaize during the squeeze-out process that was approved by the Hellenic Capital Markets Commission. They have also filed a separate claim for compound interest. Ahold Delhaize believes that the squeeze-out transaction has been executed and completed in compliance with all legal and regulatory requirements and against a fair price, and vigorously defends itself against these claims. A decision on the merits of the matter by the Court of First Instance is expected to occur in the second half of 2017.

7.5 Other legal proceedings

In addition to the legal proceedings described above, Ahold Delhaize and its former or current subsidiaries are parties to a number of other legal proceedings arising out of their business operations. Ahold Delhaize believes that the ultimate resolution of these other proceedings will not, in the aggregate, have a material adverse effect on Ahold Delhaize'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 Delhaize could be required to make expenditures, in excess of established provisions, in amounts that cannot reasonably be estimated.

8. MATERIAL CONTRACTS

8.1 Cross Guarantee Agreement

We refer to the description under Part VI (*Description of the Cross Guarantee*) of the Prospectus.

8.2 Cumulative Preference 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. However, according to Dutch law, a response device is limited in time and therefore cannot permanently block a take-over of the company concerned. Instead, it aims to facilitate an orderly process in which the interests of the continuity of the company, its shareholders and other stakeholders are safeguarded in the best way possible. Moreover, outside the scope of a public offer, but also under other circumstances, the ability to issue this class of shares may safeguard the interests of the Company and all stakeholders in the Company and resist influences that might conflict with those interests by affecting the Company's continuity, independence or identity. No cumulative preferred shares were outstanding as of January 1, 2017.

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. The Option Agreement entitles SAC, under certain circumstances, to acquire cumulative preferred shares from the Company up to a total par value that is equal to the total par value of all issued and outstanding shares of Ahold Delhaize'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 one vote per share and a cumulative dividend expressed as a percentage of the amount called-up and paid-in to purchase the cumulative preferred shares. The percentage to be applied is the sum of (1) the average basic refinancing transaction interest rate as set by the European Central Bank – measured by the number of days during which that rate was in force in the fiscal year over which the dividend is paid – plus 2.1%, 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 purpose under its articles is to safeguard the interests of the Company and all stakeholders in the Company and to resist, to the best of its ability, influences that might conflict with those interests by affecting the Company's continuity, independence or identity. SAC seeks to realize its objectives by acquiring and holding cumulative preferred shares and by exercising the rights attached to these shares, including the voting rights. The SAC board has four members, who are appointed by the board of SAC itself.

If the board of SAC considers acquiring cumulative preferred shares or exercising voting rights on cumulative preferred shares, it will make an independent assessment and, pursuant to Dutch law, it must ensure that its actions are proportional and reasonable. If SAC acquires cumulative preferred shares, it will only hold them for a limited period of time. These principles are in line with Dutch law, which only allows response measures that are proportionate, reasonable and limited in time. In the case of liquidation, the SAC board will decide on the use of any remaining residual assets.

PART VIII: MANAGEMENT AND CORPORATE GOVERNANCE

1. GOVERNANCE STRUCTURE

We are a public company under Dutch law, structured to execute our strategy and to balance local, regional and global decision-making. Our Company comprises a Global Support Office and five segments – Ahold USA, Delhaize America, the Netherlands, Belgium and Central and Southeastern Europe (CSE) – which are made up of a number of brands.

We have a two-tier board structure with a supervisory board (the **Supervisory Board**) and management board (the **Management Board**) that are accountable to our shareholders. Our Management Board has ultimate responsibility for the overall management of Ahold Delhaize. The Management Board is supervised and advised by a Supervisory Board.

We also have an Executive Committee comprised of our Management Board and certain other key officers of the Company, which is led by the Chief Executive Officer. The Executive Committee has been established to involve a broader leadership team, including key functional leaders, in the decision-making process in order to best support our strategy and businesses while having the flexibility to adapt to developments in our industry.

2. SUPERVISORY BOARD

2.1 Members of the Supervisory Board

Our Supervisory Board has twelve members as of August 9, 2017.

<u>Name</u>	<u>Current Position</u>	<u>Position Since</u>	<u>Term Expires⁽¹⁾</u>
Mats Jansson	Chairman	July 24, 2016	2020
Jan Hommen	Vice Chairman	October 1, 2013	2021
Jacques de Vaucleroy	Vice Chairman	July 24, 2016	2020
Ben Noteboom	Member	April 28, 2009	2021
Bill McEwan	Member	July 24, 2016	2020
Rob van den Bergh	Member	April 20, 2011	2019
Mark McGrath	Member	April 23, 2008	2020
René Hooft Graafland	Member	January 1, 2015	2018
Mary Anne Citrino	Member	March 14, 2016	2020
Johnny Thijs	Member	July 24, 2016	2020
Patrick De Maeseneire	Member	July 24, 2016	2020
Dominique Leroy	Member	July 24, 2016	2020

(1) Terms expire on the date of the annual General Meeting of Shareholders.

Mats Jansson (1951). Mats Jansson has served as Chairman of Ahold Delhaize's Supervisory Board since July 24, 2016, and is a member of its Governance and Nomination Committee. Prior to the merger between Ahold and Delhaize, he served as Chairman of Delhaize's Board of Directors starting in 2012. Mats was CEO of the Scandinavian airline SAS from 2006 to 2010. Prior to that he served as president and CEO of Axel Johnson AB, CEO of Axfood, CEO of Karl Fazer Oy and CEO of Catena / Bilia. Mats began his career with ICA, holding positions of increasing responsibility over a period of more than 20 years and serving as president of ICA Detaljhandel and deputy CEO and

chairman of the group from 1990 to 1994. Currently, Mats is a member of the JPMorgan European Advisory Council, advisor to Prime Public Communications i Sverige AB and advisor to Advent Capital Management LLC.

Jan Hommen (1943). Jan Hommen is the Vice Chairman of Ahold Delhaize's Supervisory Board and has served on Ahold Delhaize's Supervisory Board since July 24, 2016 and is a member of the Audit, Finance and Risk Committee and the Governance and Nomination Committee. Prior to the merger between Ahold and Delhaize, he served as Chairman of Ahold's Supervisory Board since 2013. 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 KPMG the Netherlands and was CEO of ING Group N.V., CFO and vice chairman of the board of management of Royal Philips Electronics N.V. and CFO of Aluminum Company of America Inc. Currently Jan is chairman of the supervisory board of Koninklijke VolkerWessels N.V. and Brabantse Ontwikkelings Maatschappij Holding B.V., chairman of the board of trustees of Tilburg University and United World College Nederland, and an advisor to Advent International PLC.

Jacques de Vaucleroy (1961). Jacques de Vaucleroy is the Vice Chairman of Ahold Delhaize's Supervisory Board and has served on Ahold Delhaize's Supervisory Board since July 24, 2016, and is member of the Audit, Finance and Risk Committee and the Governance and Nomination Committee. Prior to the merger between Ahold and Delhaize, he served on Delhaize's Board of Directors starting in 2005 and was Chairman of its Governance and Nomination Committee. Jacques has spent most of his career within the ING group, where he was a member of the executive board and CEO of ING Insurance and Investment Management Europe. Jacques was a member of AXA Group's management committee and CEO of the company's Northern, Central and Eastern Europe business unit from 2010 until 2016. He also assumed global responsibility for the AXA Group's life and savings and health businesses from 2011 until 2016. Currently Jacques is a member of the board of directors of Fidelity International Ltd and serves on the board of directors of several subsidiaries of Swiss Re Ltd. He is also a member of the advisory board of CVC Belgium.

René Hooft Graafland (1955). René Hooft Graafland has served on Ahold Delhaize's Supervisory Board since July 24, 2016, and is chairman of the Audit, Finance and Risk Committee. Prior to the merger between Ahold and Delhaize, he was appointed to the Supervisory Board on April 16, 2014, with effect from January 1, 2015. René previously held the position of CFO and member of the executive board of Heineken N.V. until April 2015. Before being appointed as a member of Heineken's executive board in 2002, he held various international management positions with the company in Europe, Asia and Africa. René is a member of the supervisory board and chairman of the audit committee of Wolters Kluwer N.V. and a member of the supervisory board and of the audit committee of Koninklijke FrieslandCampina N.V. He is also chairman of the supervisory board of Royal Theatre Carré and chairman of the board of Stichting African Parks Foundation.

Ben Noteboom (1958). Ben Noteboom has served on Ahold Delhaize's Supervisory Board since July 24, 2016, and is Chairman of the Governance and Nomination Committee and member of the Remuneration Committee. Prior to the merger between Ahold and Delhaize, he was first appointed to the Supervisory Board on April 28, 2009. Ben is former CEO and chairman of the executive board of Randstad Holding N.V., to which he was appointed in 2001. He had first joined Randstad in 1993 and held various senior management positions during his time with the company. Ben is chairman of the supervisory board of Koninklijke Vopak N.V., chairman of its selection and appointment committee and a member of its remuneration committee. He is also a member of the supervisory board of Aegon N.V., chairman of its remuneration committee and a member of its audit committee. He also serves as a member of the supervisory board and audit committee of Wolters Kluwer N.V., and as a member of the boards of the Holland Festival Foundation and the Cancer Center Amsterdam.

Bill McEwan (1956). Bill McEwan has served on Ahold Delhaize's Supervisory Board since July 24, 2016, and is chairman of the Remuneration Committee and a member of the Sustainability and Innovation Committee. Prior to the merger between Ahold and Delhaize, he served on Delhaize's Board of Directors as of 2011 and was Chairman of the Remuneration Committee. Bill is the former president and CEO of Sobeys Inc., and was a member of the board of directors of its parent company, Empire Company Limited. Between 1989 and 2000, Bill held a variety of progressively senior marketing and merchandising roles with Coca-Cola Limited and Coca-Cola Bottling as well as with The Great Atlantic and Pacific Tea Company (A&P), both in Canada and in the United States. Bill served as president of A&P's Canadian operations before his appointment as president and chief executive officer of the company's U.S. Atlantic Region. Bill is a member of the board of Agrifoods International Cooperative Ltd, Ultima Foods and Aimia Inc.

Rob van den Bergh (1950). Rob van den Bergh has served on Ahold Delhaize's Supervisory Board since July 24, 2016, and is chairman of the Sustainability and Innovation Committee and member of the Remuneration Committee. Prior to the merger between Ahold and Delhaize, he was first appointed to the Supervisory Board on April 20, 2011. Rob is former CEO of VNU N.V. Prior to that, he held various other executive positions within VNU he was a member of the executive board from 1992 and was appointed CEO in 2000. Rob is chairman of the supervisory board of the Nationaal Museum van Wereldculturen, and a member of the supervisory boards of Pon Holdings B.V., Iddink Groep B.V. and Novamedia. He is also a member of the advisory board of CVC Capital Partners.

Mark McGrath(1946). Mark McGrath has served on Ahold Delhaize's Supervisory Board since July 24, 2016, and is a member of the Governance and Nomination and Remuneration Committees. He was first appointed to the Supervisory Board on April 23, 2008. 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 Aware Inc. Mark serves on the advisory council of the University of Chicago's Booth Graduate School of Business. He is a trustee and serves on the executive committee of the Chicago Symphony Orchestra Association.

Mary Anne Citrino (1959). Mary Anne Citrino has served on Ahold Delhaize's Supervisory Board since July 24, 2016, and is a member of the Audit, Finance and Risk Committee. Prior to the merger between Ahold and Delhaize, she was appointed to the Supervisory Board on March 14, 2016. Mary Anne is a senior advisor to Blackstone. She joined the Blackstone Advisory Partners Group as senior managing director in 2004. Mary Anne was employed at Morgan Stanley for over 20 years, during which she served as the global head of consumer products investment banking, co-head of healthcare services investment banking, and as a mergers and acquisitions analyst. Currently Mary Anne is a director of Dollar Tree, Inc. and member of its audit committee and nominating and corporate governance committee. She is a director of Aluminum Company of America Inc. and a member of its governance and nominating committee and public issues committee. Mary Anne is also chair of the audit committee and member of the finance, investment and technology committee of Hewlett Packard, Inc. and serves on the advisory council for the Center for Health and Wellbeing at Princeton University.

Johnny Thijs (1952). Johnny Thijs has served on Ahold Delhaize's Supervisory Board since July 24, 2016, and is a member of the Remuneration Committee. Prior to the merger between Ahold and Delhaize, he served on Delhaize's Board of Directors starting in 2014. Johnny was the former CEO of Belgian Post from 2002 to 2014 and served as CEO of TerBeke from 2000 to 2002. Johnny started his career in 1974 at Vanderelst N.V. (Rothmans group) as product and marketing manager for Belgium. In 1981, he was appointed to the role of marketing and sales manager at Masterfoods N.V. (Mars Inc.) for Belgium, the Netherlands, Germany and France. In 1986, Johnny moved to Côte d'Or-Jacobs Suchard. Five years later he joined Interbrew N.V. as executive vice president before becoming CEO for Europe, Asia Pacific and Africa from 1995 to 1999. Johnny is chairman of

the board of directors of Spadel SA, Betafence and Recticel, member of the board of directors of H. Essers and advisor to CVC Belgium and Lazard Frères Benelux.

Patrick De Maeseneire (1957). Patrick De Maeseneire has served on Ahold Delhaize's Supervisory Board since July 24, 2016, and is a member of the Audit, Finance and Risk Committee. Prior to the merger between Ahold and Delhaize, he served on Delhaize's Board of Directors starting in 2015. Patrick has been the CEO of Jacobs Holding AG, major shareholder of Barry Callebaut AG, since 2015. He is also chairman of the board of directors of Barry Callebaut. Patrick served as CEO of Adecco from 2009 to 2015, and as CEO of Barry Callebaut from 2002 to 2009. Patrick started his professional career in 1980 as a consultant at Arthur Andersen. Between 1980 and 1997, he held executive positions at Wang, Apple, Sun International and the Belgian TV station VTM.

Dominique Leroy (1964). Dominique Leroy has served on Ahold Delhaize's Supervisory Board since July 24, 2016 and is a member of the Sustainability and Innovation Committee. Prior to the merger between Ahold and Delhaize, she served on Delhaize's Board of Directors starting in 2015. She began working at Belgacom SA in 2011 as vice president of sales for the consumer division. In 2012, Dominique held the position of executive vice president of the consumer business unit of Belgacom and was a member of the management committee of Belgacom Group. Prior to this, Dominique worked for 24 years at Unilever. She was managing director at Unilever (Belgium) and member of the Unilever Benelux management committee. Dominique has been the CEO of Proximus (formerly Belgacom) and a member of the board of directors of Proximus since 2014. She also serves as board member of the Proximus subsidiaries BICS, Be-Mobile and Proximus Art. In addition, Dominique serves as a board member at Lotus Bakeries and is chair of the international advisory board of the Solvay Brussels School of Economics and Management.

3. MANAGEMENT BOARD

3.1 General

Our Management Board has the ultimate responsibility for the overall management of our Company and oversees all corporate governance activity. The Management Board is also responsible for the actions and decisions of our Executive Committee. Our Management Board is supervised and advised by our Supervisory Board.

3.2 Members of the Management Board

The members of our Management Board are as of August 9, 2017, as follows:

<u>Name</u>	<u>Current Position</u>	<u>Management Board member since</u>	<u>Term Expires</u> ⁽¹⁾
Dick Boer	President and Chief Executive Officer and Chairman of our Management Board and Executive Committee	May 3, 2007	2019
Frans Muller	Deputy Chief Executive Officer and Chief Integration Officer and a member of our Management Board and Executive Committee	July 24, 2016	2020
Jeff Carr	Chief Financial Officer and a member of our Management Board and Executive Committee	April 17, 2012	2020
Pierre Bouchut	Chief Operating Officer Europe and Indonesia and a member of our Management Board and Executive Committee	July 24, 2016	2020
Kevin Holt	Chief Operating Officer of Ahold USA and a member of our Management Board and Executive Committee	July 24, 2016	2020

(1) Terms expire on the date of the annual General Meeting of Shareholders.

Ahold Delhaize's registered address serves as the business address for all members of the Board of Management, being Provincialeweg 11, 1506 MA Zaandam, the Netherlands.

Dick Boer (1957) President and Chief Executive Officer, Chairman Management Board and Executive Committee. Dick Boer has served as Chief Executive Officer of Ahold Delhaize since July 24, 2016. Prior to the merger between Ahold and Delhaize, he had served as CEO of Ahold, appointed by the Supervisory Board on September 29, 2010, with an effective date of March 1, 2011. Before that, 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 and on May 3, 2007, shareholders appointed him to the Management Board. 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 a board member of the Consumer Goods Forum (CGF) and Co-Sponsor of the CGF Health and Wellness pillar. Dick is a member of the executive board of the Confederation of Netherlands Industry and Employers (VNO-NCW). He additionally is a member of the advisory board of fashion retailer G-Star RAW. At the World Economic Forum he is Governor of the Consumer Industries Community and Steward of the Future of Health and Healthcare System. He is a member of the supervisory board of the Royal Concertgebouw in the Netherlands.

Frans Muller (1961) Deputy Chief Executive Officer and Chief Integration Officer, Member Management Board and Executive Committee. Frans Muller has served as Deputy Chief Executive Officer and Chief Integration Officer of Ahold Delhaize since July 24, 2016. In addition, Delhaize America, including the Food Lion and Hannaford brands, has reported to him on an interim basis since October 2016. Prior to the merger between Ahold and Delhaize, Frans served as President and CEO of Delhaize Group from 2013. Before joining Delhaize Group, Frans had worked for German retailer Metro AG for more than 15 years. From 2006 until 2013, he was a member of the Metro AG Management Board; he served as CEO of Metro Cash & Carry from 2008 until 2013. He first joined Metro AG in 1997 as operations director; he then became managing director of its Dutch subsidiary, Makro. In 2002, Frans became a member of the board of Metro Cash & Carry International and was appointed regional director for Eastern Europe and Russia. He served as president for Asia Pacific and Russia / Ukraine from 2004 until he was appointed CEO of Metro Group Buying in 2005. From 1988 to 1997, Frans worked for KLM Cargo, serving in various management and executive positions in Amsterdam, Frankfurt, Vienna and Singapore. Frans is the president of the European Retail Round Table (ERRT) and serves on the board of directors of the Food Marketing Institute Inc.

Jeff Carr (1961) Chief Financial Officer, Member Management Board and Executive Committee. Jeff Carr has served as Chief Financial Officer of Ahold Delhaize since July 24, 2016. Prior to the merger between Ahold and Delhaize, Jeff joined Ahold on 14 November 2011, as acting member of the Management Board and CFO. Ahold's shareholders appointed him to the Management Board on April 17, 2012. He began his career at Unilever, and held senior roles in finance at Associated British Foods, Reckitt Benckiser and Grand Metropolitan. From 2005 to 2009, he was group finance director and a member of the board at easyJet. Jeff was then appointed to the role of group finance director and a member of the board at FirstGroup, the leading transport operator in the UK and the U.S.

Kevin Holt (1958) Chief Operating Officer Ahold USA, Member Management Board and Executive Committee. Kevin Holt has been Chief Operating Officer Ahold USA since October 2016, after serving as Chief Operating Officer Delhaize America since July 24, 2016. Prior to the merger between Ahold and Delhaize, he was Executive Vice President of Delhaize Group and Chief Executive Officer of Delhaize America, starting in 2014. Before joining Delhaize Group, Kevin served as president of retail operations for SuperValu. During his tenure there, the company owned the Albertsons, Jewel-Osco and Save-A-Lot chains and was the third largest food retailing company in the U.S. Prior to SuperValu, Kevin worked for three years with Sears Holding Company and 14 years with Meijer, serving in various leadership positions including executive vice president of retail operations and senior vice president of information technology / services and strategic planning. Kevin spent nine years at NCR delivering technology solutions to large and complex organizations before joining the retail industry.

Pierre Bouchut (1955) Chief Operating Officer Europe and Indonesia, Member Management Board and Executive Committee. Pierre Bouchut has been Ahold Delhaize's Chief Operating Officer Europe and Indonesia since July 24, 2016. Prior to the merger between Ahold and Delhaize, he had

served as Executive Vice President and Chief Financial Officer of Delhaize Group since 2012. Before joining Delhaize Group, Pierre was executive director of growth markets at Carrefour, overseeing operations in Latin America, Turkey, India, Indonesia and Malaysia. He also oversaw Carrefour's personal financial services and real estate operations worldwide. Pierre had joined Carrefour in 2009 as group chief financial officer. Pierre began his career in 1979, first at Citibank Paris and then Bankers Trust France SA. In 1988, he joined McKinsey & Company as a consultant in the corporate finance and integrated logistics practices. Two years later, Pierre joined Group Casino, where he successively held the positions of chief financial officer, managing director and CEO responsible for both the French and international operations. In 2005, Pierre became chief financial officer at Schneider Group. Pierre is a non-executive director and chairman of the audit committee of Hammerson PLC and a non-executive director and chairman of the audit committee of Firmenich SA.

4. EXECUTIVE COMMITTEE

Our Executive Committee is responsible for managing our general affairs and ensuring that we can effectively implement our strategy and achieve our objectives. Our Executive Committee is comprised of the members of our Management Board as well as certain of our other key officers. Our Executive Committee is led by our Chief Executive Officer and is accountable to our Management Board. The members of our Executive Committee are as of August 9, 2017, as follows:

<u>Name</u>	<u>Current Position</u>	<u>Executive Committee member since</u>
Dick Boer	President and Chief Executive Officer and Chairman of our Management Board and Executive Committee	May 3, 2007
Frans Muller	Deputy Chief Executive Officer and Chief Integration Officer and a member of our Management Board and Executive Committee	July 24, 2016
Jeff Carr	Chief Financial Officer and a member of our Management Board and Executive Committee	April 17, 2012
Pierre Bouchut	Chief Operating Officer Europe and Indonesia and a member of our Management Board and Executive Committee	July 24, 2016
Kevin Holt	Chief Operating Officer Ahold USA and a member of our Management Board and Executive Committee	July 24, 2016
Hanneke Faber	Chief e-Commerce and Innovation Officer and a member of our Executive Committee	September 1, 2013
Abbe Luersman	Chief Human Resources Officer and a member of our Executive Committee	November 1, 2013
Jan Ernst de Groot	Chief Legal Officer and a member of our Executive Committee	February 1, 2015
Marc Croonen	Chief Sustainability, Transformation and Communications Officer and a member of our Executive Committee	July 24, 2016

Ahold Delhaize's registered address serves as the business address for all members of the Executive Committee, being Provincialeweg 11, 1506 MA Zaandam, the Netherlands.

Executive Committee members who are not part of our Management Board are appointed – for an indefinite period of time – and dismissed by our Supervisory Board. Executive Committee members who are part of our Management Board do not automatically cease to be a member of the Executive Committee once their terms as members of the Management Board expire. They continue to be members of the Executive Committee until they are dismissed by our Supervisory Board or they resign.

Hanneke Faber (1969) Chief eCommerce and Innovation Officer Member Executive Committee. Hanneke Faber has been Chief eCommerce and Innovation Officer of Ahold Delhaize since July 24, 2016. Prior to the merger between Ahold and Delhaize, she served as Ahold's Chief Commercial Officer since September 1, 2013. Hanneke is responsible for eCommerce, digital personalization, customer loyalty and media sales. 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 held various senior roles in marketing and general management in both Europe and the U.S. Hanneke is a supervisory board member of Bayer AG and a member of the Leading Executives Advancing Diversity (LEAD) advisory board.

Abbe Luersman (1967) Chief Human Resources Officer, Member Executive Committee. Abbe Luersman was appointed as Chief Human Resources Officer and member of Ahold Delhaize's Executive Committee, effective July 24, 2016. She is responsible for Global Human Resources, including Talent and Diversity; Leadership and Development; Organizational Effectiveness and Design; and Total Rewards. Prior to the merger between Ahold and Delhaize, Abbe had served as Ahold's Chief Human Resources Officer and member of the Executive Committee from November 1, 2013. Before that, Abbe worked for Unilever, where she held various HR leadership roles, most recently as head of human resources for Unilever Europe. Prior to Unilever, Abbe worked at Whirlpool Corporation, holding a number of senior roles in human resources, both in the United States and internationally. Abbe is a member of the Catalyst advisory board and of the European Leadership Platform advisory board.

Jan Ernst de Groot (1963) Chief Legal Officer, Member Executive Committee. Jan Ernst de Groot has served as Chief Legal Officer since July 24, 2016. Prior to the merger of Ahold and Delhaize, he was appointed Chief Legal Officer and member of Ahold's Executive Committee effective February 1, 2015. He is responsible for Ahold Delhaize's legal affairs, governance and compliance functions, product integrity and public affairs. Before joining Ahold, Jan Ernst was general counsel and managing director at TNT Express. Prior to that, he worked for KLM Royal Dutch Airlines in a wide range of business and corporate roles, most recently as managing director and member of the board of management. Jan Ernst started his career at law firm De Brauw Blackstone Westbroek. Jan Ernst is chairman of the supervisory council of Hivos, supervisory board member of ADG Dienstengroep and a board member of Hermitage Museum Amsterdam.

Marc Croonen (1961) Chief Sustainability, Transformation and Communications Officer Member Executive Committee. Marc Croonen has been Ahold Delhaize's Chief Sustainability, Transformation and Communications Officer since July 24, 2016. Prior to the merger between Ahold and Delhaize, he was Executive Vice President and Chief Human Resources Officer at Delhaize Group starting in 2014. Before joining Delhaize Group, Marc was human resources director for Europe, the Middle East and Africa at International Paper from 2012. Between 2010 and 2012, he was chief human resources officer at Dexia. Marc began his career with the former Artois brewery. After serving as human resources manager here for nine years, he became head of human resources and communication at Volkswagen Belgium in 1995. In 1999, he joined Danone as human resources director for Northern Europe. From 2001 until 2010, Marc was employed by AB Inbev, including as head of human resources for Western Europe from 2005 onwards.

5. CONFLICTS OF INTERESTS

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

to immediately report any potential conflict of interest regarding himself to the Vice-Chairman of our Supervisory Board and provide him with all relevant information. In such case, the Vice-Chairman of our Supervisory Board determines whether there is a conflict of interest. If a member of our Supervisory Board or a member of our Management Board has a conflict of interest with us, the member may not participate in the discussions and/or decision-making process on subjects or transactions relating to the conflict of interest. If, as a result of conflict(s) of interest, no resolution can be adopted by our Management Board, the resolution may be adopted by our Supervisory Board. If, as a result of conflict(s) of interest, no resolution can be adopted by our Supervisory Board, the resolution may be adopted by our General Meeting of Shareholders. The Chairman of our Supervisory Board arranges for such transactions to be disclosed in our Annual Report. There are no existing or potential conflicts of interest between the duties of each member of the Executive Committee and the Supervisory Board and their private interests and/or other duties.

In addition, the Rules of Procedures of our Supervisory Board state that if a member of our Supervisory Board is concurrently a member of another company's supervisory board, the main duties that arise 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 our Supervisory Board.

With respect to the members of our Management Board and our Supervisory Board, we are not aware of any official public incrimination and/or sanctions of any such person by statutory or regulatory authorities (including designated professional bodies), convictions in relation to fraudulent offenses or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

PART IX: MAJOR SHAREHOLDERS

Pursuant to the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), any person who directly or indirectly acquires or disposes of an actual or potential interest in our capital or voting rights must immediately notify the AFM by means of a standard form if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person in us reaches, exceeds or falls below any of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. A notification requirement also applies if a person's capital interest or voting rights reaches, exceeds or falls below the above mentioned thresholds as a result of a change in our total issued share capital or voting rights. In addition, local rules may apply to investors.

Under our Articles of Association, each holder of our common shares is entitled to one vote per share. Pursuant to a contractual arrangement between us and the holders of (depositary receipts of) our cumulative preferred financing shares, the total number of votes that can be exercised by holders of our cumulative preferred financing shares is 67,971,873 (approximately 0.26 votes per cumulative preferred financing share). No votes may be cast at our General Meeting of Shareholders in respect of shares that are held by us or our subsidiaries.

The following table lists shareholders on record in the AFM register on September 13, 2017, that hold an interest of three per cent. (%) or more in the share capital of Ahold Delhaize:

Shareholder	Date of Disclosure	Capital Interest	Voting Rights
Blackrock, Inc.	June 21, 2017	4.49%	6.14%
DeltaFort Beleggingen I B.V. ²	July 25, 2016	10.82%	3.43%
NN Group N.V. ²	August 9, 2017	4.89%	2.54%
Stichting Administratiekantoor Preferente Financieringsaandelen Ahold ("SAPFAA") ²	August 9, 2017	14.42%	5.03%

The foregoing table is subject to change. The most current shareholder information may be obtained at: <https://www.afm.nl/en/professionals/registers/meldingenregisters/substantiele-deelnemingen>

Our major shareholders listed above do not have different voting rights.

We are not directly or indirectly owned or controlled by another corporation or by any government or by any other natural or legal person(s) severally or jointly. We do not know of any arrangements that may, at a subsequent date, result in a change of control of our Company, except as described in the section "Anti-Takeover Provisions."

¹ 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.

² All of the outstanding cumulative preferred financing shares are held by SAPFAA, for which SAPFAA issued corresponding depositary receipts to investors that were filed under DeltaFort Beleggingen I B.V. and NN Group N.V.

PART X: DESCRIPTION OF THE SHARES AND ARTICLES OF ASSOCIATION

1. FINANCIAL YEAR

Ahold Delhaize's financial year shall end on the Sunday nearest to the thirty-first of December of the calendar year, and the next financial year, shall begin on the next following Monday. Following the end of each financial year, the Management Board draws the financial statements to be submitted for approval to the ordinary General Meeting.

2. CORPORATE PURPOSE

Under Article 2 of the Issuer's Articles of Association, our corporate purpose is to promote or join others in promoting companies and enterprises; to participate in companies and enterprises; to finance companies and enterprises, including the giving of guarantees and acting as surety for the benefit of third parties as security for liabilities of companies and enterprises with which the Company is joined in a group or in which the Company owns an interest or with which the Company collaborates in any other way; to conduct the management of and to operate companies engaged in the wholesale and retail trade in consumer and utility products and companies that produce such products; to operate restaurants and companies engaged in rendering public services, including all acts and things that relate or may be conducive thereto in the broadest sense; as well as to promote, to participate in, to conduct the management of and, as the case may be, to operate businesses of any other kind.

3. DURATION

The Issuer was incorporated in 1887 for an unlimited duration (article 3 of the Issuer's Articles of Association, as amended).

4. ARTICLES OF ASSOCIATION

Our 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 Dutch Chamber of Commerce and on our public website at www.aholddelhaize.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, with the approval of 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 an absolute majority of the votes is in favor of the proposal, then a second meeting may be held. In the second meeting, only an absolute 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.

5. SHARE CAPITAL

5.1 Issued Share Capital

As of July 2, 2017, there were 268,415,103 Ahold Delhaize cumulative preferred financing shares and 1,281,292,937 Ahold Delhaize common shares issued and fully paid. As of July 2, 2017, there were 29,005,345 fully paid Ahold Delhaize common shares held by Ahold Delhaize in treasury, with a total nominal value of €290,053.45 and a total book value of €595,243,333. As of July 2, 2017, all

issued Ahold Delhaize cumulative preferred financing shares were outstanding. As of July 2, 2017, there were no Ahold Delhaize cumulative preferred shares issued and outstanding. All Ahold Delhaize shares were created under Dutch law. The nominal value of the Ahold Delhaize shares is denominated in euros. The ISIN code for the Ahold Delhaize common shares is NL0011794037, and the ISIN code for the Ahold Delhaize American Depositary Receipts is US5004675014.

5.2 Authorized Share Capital

As of the close of business on July 2, 2017, the authorized share capital of Ahold Delhaize amounted to €45,000,000 and was divided into the following classes:

- 1,921,000,000 Ahold Delhaize common shares with a nominal value of €0.01 per share;
- 329,000,000 Ahold Delhaize cumulative preferred financing shares with a nominal value of €0.01 per share subdivided into 122 classes, which are convertible into Ahold Delhaize common shares; and
- 2,250,000,000 Ahold Delhaize cumulative preferred shares with a nominal value of €0.01 per share.

5.3 Form of the shares

All Ahold Delhaize cumulative preferred financing shares are issued in registered form. Ahold Delhaize cumulative preferred shares may only be issued in registered form. Ahold Delhaize common shares are either bearer shares or registered shares. All share registers are kept by Ahold Delhaize.

PART XI: USE OF PROCEEDS

The net proceeds from the offer of the Notes will be applied by the Issuer for the refinancing of some financial indebtedness as well as for general corporate purposes.

General corporate purposes may include, but are not limited to, financing and operating activities, capital expenditures, acquisitions and maintenance of our assets.

As of the date of this Prospectus, the Issuer cannot predict with certainty all of the particular uses for the balance of proceeds from the offer, or the amounts that it will actually spend or allocate to specific uses. The amounts and timing of actual expenditures will depend upon numerous factors. The Issuer's management will have significant flexibility in applying the balance of net proceeds from the offer and may change the allocation of these proceeds as a result of these and other contingencies.

PART XII: TAXATION

General

The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes, but does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant. For purposes of Netherlands tax law, a holder of Notes may include an individual or entity who does not have the legal title of these Notes, but to whom nevertheless the Notes or the income thereof is attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in the Notes or the income thereof. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands corporate and individual income tax consequences for:

- (i) investment institutions (*fiscale beleggingsinstellingen*);
- (ii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other Netherlands tax resident entities that are not subject to or exempt from Netherlands corporate income tax;
- (iii) holders of Notes holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Notes of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutorily defined term), directly or indirectly, holds or is deemed to hold (i) an interest of 5% or more of the total issued capital of the Issuer or 5% or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit-sharing rights in the Issuer;
- (iv) persons to whom the Notes and the income from the Notes are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*);
- (v) entities that are a resident of Aruba, Curaçao or Sint Maarten that have an enterprise that is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba and the Notes are attributable to such permanent establishment or permanent representative; and
- (vi) individuals to whom Notes or the income therefrom are attributable to employment activities that are taxed as employment income in the Netherlands.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

Withholding Tax

All payments made by the Issuer under the Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Corporate and Individual Income Tax

Residents of the Netherlands

If a holder of Notes is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands corporate income tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Notes are attributable, income derived from the Notes and gains realized upon the redemption, settlement or disposal of the Notes are generally taxable in the Netherlands (at up to a maximum rate of 25%).

If an individual is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands individual income tax purposes, income derived from the Notes and gains realized upon the redemption, settlement or disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 52%) under the Netherlands Income Tax Act 2001, if:

- (i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Notes are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which includes activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) above applies, an individual that holds the Notes, must determine taxable income with regard to the Notes on the basis of a deemed return on savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realized. This deemed return on savings and investments is fixed at a percentage of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a statutory threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Notes will be included as an asset in the individual's yield basis. The deemed return percentage to be applied to the yield basis increases progressively depending on the amount of the yield basis. The deemed return on savings and investments is taxed at a rate of 30%.

Non-residents of the Netherlands

If a person is neither a resident of the Netherlands nor is deemed to be a resident of the Netherlands for Netherlands corporate or individual income tax purposes, such person is not liable to Netherlands income tax in respect of income derived from the Notes and gains realized upon the settlement, redemption or disposal of the Notes, unless:

- (i) the person is not an individual and such person (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) is, other than by way of securities, entitled to a share in the profits of an enterprise or a co-entitlement

to the net worth of an enterprise, that is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

This income is subject to Netherlands corporate income tax at up to a maximum rate of 25%.

- (ii) the person is an individual and such individual (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) realizes income or gains with respect to the Notes that qualify as income from miscellaneous activities in the Netherlands that include activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*), or (3) is, other than by way of securities, entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

Income derived from the Notes as specified under (1) and (2) is subject to individual income tax at progressive rates at up to a maximum rate of 52%. Income derived from a share in the profits of an enterprise as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on savings and investments (as described above under "Residents of the Netherlands").

Gift and Inheritance Tax

Netherlands gift or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder of a Note, unless:

- (i) the holder of a Note is, or is deemed to be, resident in the Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

Value Added Tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Notes or in respect of a cash payment made under the Notes, or in respect of a transfer of Notes.

Other Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Notes.

PART XIII: SUBSCRIPTION AND SALE

Deutsche Bank AG, London Branch, Goldman Sachs International, J.P. Morgan Securities plc and Merrill Lynch International (the **Joint Bookrunners**) and BNP Paribas and ING Bank N.V., Belgian Branch (together with the Joint Bookrunners, the **Managers**) have, pursuant to a subscription agreement dated on September 15, 2017 (the **Subscription Agreement**), agreed with the Issuer, subject to certain terms and conditions, to subscribe, or procure subscribers, and pay for the Notes at the issue price of 99.474% and the other conditions as set out in the Subscription Agreement. The aggregate amount payable for the Notes calculated at the issue price less any due fee will be paid by the Managers to the Issuer in the manner as set out in the Subscription Agreement. Fees and costs in connection with the issue of the Notes to be paid and/or reimbursed by the Issuer to the Managers have been agreed in a separate agreement between the Issuer and the Managers. The Subscription Agreement will entitle the Managers to terminate its obligations in certain circumstances prior to payment being made to the Issuer.

General

Neither the Issuer nor the Managers has made any representation that any action will be taken in any jurisdiction by the Managers or the Issuer that would permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering or publicity material relating to the Notes (including roadshow materials and investor presentations) in any country or jurisdiction where action for that purpose is required. The Managers have agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes this Prospectus or any such other material, in all cases at its own expense. It will also ensure that no obligations are imposed on the Issuer in any such jurisdiction as a result of any of the foregoing actions.

The following sections set out specific notices in relation to certain countries that, if stricter, shall prevail over the foregoing general notice.

United Kingdom

Each Manager has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the **Financial Services and Markets Act**)) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the Financial Services and Markets Act does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

United States

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**), or the securities laws of any State or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered and sold solely outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act (**Regulation S**). Terms used in this paragraph have the meaning given to them in Regulation S.

The Managers have agreed that they will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offer and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons, and they will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration (if any) to which they sell Notes during such 40-day distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them in Regulation S.

In addition, until 40 days after the commencement of the offer, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offer) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. Treasury regulations, including U.S. Treasury Regulation section 1.163-5(c)(2)(i)(D) (**TEFRA D**). Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

PART XIV: GENERAL INFORMATION

- (1) The issue of the Notes was authorized by resolutions passed by the Management Board and the Supervisory Board of the Issuer on 8 August 2017.
- (2) Application has been made for the Notes to be listed and traded as from the Issue Date on Euronext Amsterdam. ING Bank N.V. has been appointed as listing agent for that purpose. The costs to the Issuer in connection with the listing and admission to trading of the Notes are approximately EUR 8,750.
- (3) There has been no significant change in the financial or trading position of the Issuer and its subsidiaries considered as a whole since June 30, 2017 and no material adverse change in the prospects of the Issuer and its subsidiaries considered as a whole since January 1, 2017.
- (4) Except as disclosed in Section 7 to Part VII Description of the Issuer, neither the Issuer, nor any of its Material Subsidiaries, has been involved in any governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus that may have or has had in the recent past a material adverse change on the financial position or profitability of the Issuer.
- (5) The Notes have been accepted for clearance through the clearing systems of Clearstream, Luxembourg and Euroclear. The Common Code of the Notes is 168579837. The International Securities Identification Number (ISIN) of the Notes is XS1685798370. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.
- (6) Save as disclosed in the risk factor '*The Issuer, the Paying Agents and the Managers may engage in transactions adversely affecting the interests of the Noteholders*' in Part I Risk Factors, so far as the Issuer is aware, no person involved in the offer of the Notes has any interest, including conflicting ones, that is material to the offer of the Notes, save for any fees payable to the Managers. Each Manager is a creditor of the Issuer in the framework of its banking operations. In addition, in the ordinary course of business, the Managers or their affiliates have provided and may in the future provide commercial, financial advisory or investment banking services for us and our subsidiaries for which they have received or will receive customary compensation.
- (7) Save as disclosed in Section 8 to Part VII Description of the Issuer, neither the Issuer nor any member of its group has entered into any contracts that could result in the Issuer being under an obligation or entitlement that would be material to its ability to meet its obligations toward holders of the Notes.
- (8) Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain, from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.
- (9) During the life of the Notes, copies of the following documents will be available, during usual business hours on any day (Saturdays, Sundays and public holidays excepted), for inspection at the registered office of the Issuer:
 - the Articles of Association (*statuten*) of the Issuer, in English and in Dutch;
 - a copy of the Cross Guarantee Agreement (as amended or supplemented from time to time);

- the published annual report and audited accounts of the Issuer for the year ended on January 1, 2017;
 - the unaudited and unreviewed condensed consolidated interim financial information of the Issuer for the half year ended July 2, 2017;
 - the unaudited and unreviewed pro-forma financial information of the Issuer for the financial year ended January 3, 2016 and the first half financial year 2016 published October 6, 2016;
 - the unaudited and unreviewed pro-forma financial information of the Issuer for the financial year ended January 1, 2017 published April 13, 2017;
 - a copy of this Prospectus together with any Supplement to this Prospectus; and
 - all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is included or referred to in this Prospectus.
- (10) The Issuer's statutory auditor, PricewaterhouseCoopers Accountants N.V. (**PwC**), has audited, and rendered unqualified auditor's reports on, the audited consolidated financial statements of the Issuer for the year ended January 1, 2017 and January 3, 2016. PwC has not audited, reviewed, compiled, or applied agreed-upon procedures with respect to the unaudited H1 2017 consolidated financial information of the Issuer and the unaudited pro-forma information for 2015 and 2016 of the Issuer. Accordingly, PwC does not express an opinion or any other form of assurance with respect thereto.
- The address of the current independent auditor of PwC is Thomas R. Malthusstraat, 1066 JR Amsterdam, the Netherlands. The independent auditor, who signs the auditor's report on behalf of PwC, is a member of the Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*).
- (11) The unaudited pro-forma financial information for the financial year ended January 3, 2016 and the first half financial year 2016 published October 6, 2016 and the unaudited pro-forma financial information of the Issuer for the financial year ended January 1, 2017 published April 13, are incorporated to provide Noteholders a comparative basis to facilitate assessment of the performance of the Issuer following the merger between Ahold and Delhaize.
- (12) The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (13) The Issuer is rated BBB by Standard & Poor's and Baa2 by Moody's. The Notes are expected to be rated BBB by Standard & Poor's and Baa2 by Moody's. A rating is not a recommendation to buy, sell or hold debt, inasmuch as the rating does not comment as to market price or suitability for a particular investor. A rating may be subject to revision or withdrawal at any time by the assigning rating agency.
- (12) The effective yield of the Notes to the maturity date is 0.953% per annum. The yield is calculated at the Issue Date.
- (13) This Prospectus as well as the documents listed in Part III (*Documents Incorporated by Reference*) are available on the Issuer's website at www.aholddelhaize.com. Information on the Issuer's website does not form part of this Prospectus and may not be relied upon in connection with any decision to invest in the Notes.

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to the Managers

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Auditors of the Issuer

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