Press Release

April 17, 2012

Ahold CEO Dick Boer addresses Annual General Meeting of Shareholders

Ladies and gentlemen,

Welcome to our Annual General Meeting and thank you for being here today. We appreciate your interest in our company. I would like to talk to you this afternoon about our performance in 2011 and the progress we have made in putting our strategic priorities into action – and take a few moments to reflect on Albert Heijn's 125th anniversary, which we celebrate this year. I would also like to warmly welcome Albert Heijn's wife, Monique, as our special guest today. Perhaps you have already seen the anniversary-edition of *Allerhande* magazine, which includes a column from Monique, as well as a special recipe from the Heijn family. You can also pick up a copy here today.

Before I start, I would like to introduce my two new colleagues here on stage. Later today you will be asked to vote for their proposed appointment to the Corporate Executive Board.

James McCann joined Ahold in September last year as Chief Commercial & Development Officer, a new role within the board. James has retailing in his blood, having worked in leading roles for a number of large international retailers, such as Tesco and Carrefour, in various countries over the course of his career.

In November 2011, Jeff Carr joined Ahold as Chief Financial Officer. He has an impressive track record with companies on both of the continents where Ahold operates. Jeff has been CFO of listed companies since 2005, and has worked and lived in both Europe and the United States. Jeff will take you through our 2011 financial results later this afternoon.

Jeff succeeded Kimberly Ross, who left Ahold in November last year. I would like to thank Kimberly for her enormous contribution to the company in the ten years she was with us.

I am pleased to report that 2011 was another successful year for Ahold. We again achieved a solid performance in Europe and the United States, and grew sales and income under challenging economic circumstances. We increased sales by 5.5 percent at constant exchange rates to more than €30 billion and we grew net income by 19 percent to over €1 billion.

This was despite the fact that customers remained cautious in their spending and focused on value in an environment of increasing inflation. Of course this solid performance is thanks to the hard work of our people in our stores, distribution centers, and offices, who put the customer first every day.

In the Netherlands, Albert Heijn's formats remained popular with customers in 2011. The company continued to upgrade its supermarkets and develop its own-brand assortment, launching an updated range of convenient fresh products. And Albert Heijn again succeeded in launching innovative marketing campaigns that were popular with customers, including an animal-card collection campaign in cooperation with the World Wide Fund for Nature. Overall, Albert Heijn maintained its market share by offering a relevant assortment, friendly service and great value.

We celebrated the 80th anniversary of Etos, our drugstore company last year, and it was named the best drugstore in the Netherlands for the third time. At the end of 2011, Etos operated 536 stores -13 more than the previous year, and again succeeded in growing sales.

Our Gall & Gall chain – the leading wine and liquor retailer in the Netherlands – continued the rollout of its new store format, remodeled or expanded 42 stores and opened 6 new stores. The company ran several successful promotional campaigns and grew sales.

Our fourth strong brand in the Netherlands is, of course, our online delivery service albert.nl, which also celebrated an important anniversary in 2011. Having been in business for 10 years now, it is relatively young compared to -our other brands but, as we know, this is a very rapidly developing market. I will discuss our plans for online retailing in more detail in a few moments.

In the Czech Republic, our Albert stores increased profitability, thanks to a continuous focus on improving the commercial proposition and operational efficiency. Albert also launched a new compact hypermarket format, designed to provide an easy and more enjoyable shopping experience, along with an improved assortment of food and non-food products at competitive prices every day. The company made headlines in the Czech Republic with its very successful Smurfs campaign, based on similar customer campaigns at Albert Heijn. This is a great example of sharing best practices across Ahold, to benefit our stores and – more importantly – our customers. In total, we now have 306 Albert and Hypernova stores in the Czech Republic and Slovakia.

Our joint ventures in Europe, ICA and JMR, continued to make good progress during the year and significantly improved their contribution to our overall results.

At ICA, Per Strömberg has succeeded Kenneth Bengtsson, who stepped down earlier this month after 11 years as President and CEO. We thank Kenneth for his commitment and contribution to the success of ICA, and we wish Per all the best in his new role. In Sweden, ICA grew sales and market share. In Norway, ICA has launched a new business plan to reposition the business in this very challenging market.

In Portugal, economic conditions are also difficult, of course, and consumer confidence low. Nevertheless, our joint venture JMR continues to perform well with its strong supermarket brand Pingo Doce, by putting more emphasis on its own-brand products, and communicating effectively about its competitive pricing.

Moving on to our brands in the United States, I would like to start with Giant Landover, which celebrated its 75th anniversary in 2011 with customers and employees. Giant Landover performed well, in part thanks to the division's successful store remodeling program, "Project Refresh," which was completed last year, and by the division's increased focus on its fresh assortment and customer loyalty programs.

Stop & Shop New York Metro expanded its store portfolio last year by acquiring stores in New Jersey and on Staten Island. It continued its successful customer loyalty programs, including one that gives customers a discount on gasoline when they shop in our stores – a popular incentive, especially with gas prices rising.

Stop & Shop New England opened a new concept supermarket with new services and a pick-up point enabling customers to order groceries online and pick them up at the store. It also launched a mobile application that allows customers to scan their groceries, tally their orders, receive personalized offers, and pay using their smartphones.

Giant Carlisle, our fourth supermarket business in the United States, delivered another outstanding performance. The division opened its first store in the city of Philadelphia – and partnered with Peapod, for the first time, to offer online shopping and delivery to customers in the surrounding area. So far this year, we have increased our presence in and around Philadelphia even further by announcing the acquisition of 16 Genuardi's supermarkets in the area. Giant Carlisle is developing its formats, and has introduced a more compact supermarket format.

I already mentioned our Peapod business, which started more than 20 years ago and today is the leading online grocery service in the United States. Peapod is growing every year, especially in densely populated areas and by expanding to cities such as Manhattan and Philadelphia. It has the advantage of being able to grow faster by partnering with our Ahold USA supermarket divisions. Sales at Peapod grew by double digits last year, and the company also achieved a significant milestone when it delivered its 20 millionth order.

Let's move on to our strategic priorities for the future.

At our shareholders' meeting last year, I had just started as CEO of Ahold. At that time I presented six new strategic pillars to reshape retail. These pillars are: increasing customer loyalty, broadening our offering, expanding our geographic reach, simplicity, responsible retailing, and people performance.

Since then, we have worked hard to further develop these six priorities. This has been the mission of the Ahold Strategy Team, made up of Jeff Carr, James McCann, Lodewijk Hijmans van den Bergh and myself, together with our Chief Operating Officers in Europe and the United States, Sander van der Laan and Carl Schlicker. This team has designed one global strategy to grow the company and ensure that we continue to be successful in the future.

New technologies and the increasing importance of social media have put the customer firmly in the driver's seat. Here's a video that illustrates the impact of some of these developments.

The way people are shopping is changing dramatically. Customers are able to choose how, when, and where they shop - and how much they are willing to pay. So – today's customer has all the power... and that's great news. It keeps us focused and enables us to better respond to customer needs and expectations. Ahold is in a strong position to take advantage of these rapid developments in customer behavior, shopping trends and the retail environment.

With our six strategic pillars, we are reshaping the way we do business and accelerating our growth. We are building on the foundation of our strong and successful local brands, that have leading market positions and are very close to our customers.

Our first pillar is strengthening our relationship with customers. We have new customer loyalty initiatives that we believe will add one to two percent to identical sales growth. We want to be our customers' favorite place to shop – and to turn customers into fans who love shopping with us and recommend us to others.

In the United States, we implemented direct mail and email programs last year targeted to the individual buying behavior of 2.5 million shoppers – and we are expanding this program in 2012. We are now in the process of personalizing customer offers in the same way at Albert Heijn.

Our second pillar is focused on broadening our offering by developing our store formats, building an even better, more relevant assortment and expanding our online business. I will now go into some detail on each of these three areas.

We are busy further developing and rolling out our successful store formats. I gave you a few examples earlier of how we are continually renewing and improving our stores.

We opened our first new *Albert Heijn to go* store last month, with a brand new convenience concept and a new look and feel. We will begin rolling out this concept in all "to go" stores in the Netherlands and across the border. We expect to open the first convenience store in Germany after the summer, and have ambitious plans to expand our presence there over time, starting in the state of Nordrhein Westfalen.

Our assortment is another very important element of our customer offering. At Ahold USA, we have made good progress towards our goal of achieving 40 percent own-brand sales penetration. We added new products and rolled out new packaging to unify the brands across each of the divisions. Other milestones in this area are Gall & Gall's launch of a new own-brand line of products – the first liquor store chain in the country to do so. And Albert Heijn introduced a new category in its AH puur&eerlijk responsible products range – sustainable seafood products - bringing the total number of products under this successful own brand to over 500.

Let's move on to the third element of this pillar, online retailing. It's our ambition to triple our online sales to €1.5 billion by 2016. Looking back over the last 20 years, we have successfully moved from a business model with stores only, to one with stores supported by an online presence. Now, we are leap-frogging to establish a truly integrated online and offline offering.

We recognize that customers are in the lead – and we are giving them the ability to choose between shopping at the store, collecting online orders at a designated pick-up point, or having their order delivered at home. In the second half of this year we will begin to test pick up points here in the Netherlands. At our U.S. chains, the first pick-up points are already in operation.

Albert Heijn continues to develop its Appie smartphone application, which now goes beyond building shopping-lists to enabling customers to place an order for home delivery. The app was named best of its type in the Netherlands. I already mentioned the new smartphone apps we have introduced in the United States, enabling people to tally their order and pay for their groceries while they shop.

Of course the acquisition of bol.com, announced in February, is a huge boost for our online ambition. Bol.com is one of the most successful online stores in the Netherlands – a testament to the entrepreneurial spirit, vision and skills of its management and staff. Bol.com's strong position in non-food, combined with albert.nl's current offering, will significantly enhance our online presence. In addition, the acquisition expands our presence in Belgium.

After the transaction is completed – which we expect to happen in the second quarter – we will invest in bol.com and its strong brand to enable it to further expand and enhance its leading online position. Together we will be able to offer customers even more choice, more convenience and more value.

Our third strategic pillar is designed to expand Ahold's geographic reach in existing and new markets. In 2011, we grew on both continents, including with the opening of the first Albert Heijn in Flanders, Belgium. The second store we opened in Belgium happened to be our 3,000th store Ahold-wide.

We now have three Albert Heijn stores in Flanders, and are seeing very encouraging results – evidence that we can also turn Belgian customers into fans. We aim to have 10 stores open in Belgium by the end of the year and 50 within the next five years. I already mentioned that we also expect to open our first convenience stores in Germany in the second half of this year and we are aiming to open at least 150 new convenience stores in Europe by 2016.

In addition to growing the business in and around existing markets, we are also exploring growth opportunities elsewhere. Not every market is right for Ahold. We are focusing on those markets where we can use our strengths. We operate best in relatively well-developed and densely populated areas that have the right customer base for the types of stores we excel at.

We are seeing opportunities to acquire leading supermarket businesses in new markets. As you can expect from us, we have strict criteria for acquisitions. We are keen to grow, but not at any price – we are committed to controlled, profitable growth.

Now I will move on to the three pillars that are supporting our growth initiatives.

Our fourth pillar focuses on simplifying the business, leveraging our capabilities and scale, and reducing costs to reinvest in providing value to our customers. We are simplifying our IT systems, with the goal of reducing the number of applications we are using by more than 50 percent. We are putting in place standard systems across the businesses that conform to our company-wide Ahold Retail Model. With these initiatives and others, we were ahead of our target to complete our €350 million cost savings program for 2010–2012 at the end of last year. We have announced a new €350 million cost savings program for the next three years.

Our fifth pillar underscores our commitment to responsible retailing. This is a crucial component of our strategy and an essential part of the way we work at Ahold. With our more than 3,000 stores and more than 200,000 employees, we are a company that operates at the heart of society. We can - and want to - contribute to improving the communities we serve and the lives of people who shop with us. We have a responsibility when it comes to our customers' health and well-being, the sourcing of the products we sell, our impact on the environment, the communities we serve, and the people we employ.

In 2011, we made good progress on all of the targets we established last year in our priority areas. For example, we are well on our way to meeting our target of having 25 percent of our total food sales in healthy products by 2015. We have reduced our CO_2 emissions and further accelerated our waste management programs.

We continue to work with our suppliers to ensure we are providing safe and responsible products. We are expanding our program to audit our suppliers on social compliance, and making progress on increasing the sustainability of the critical commodities we use. Improving the sustainability of our products means ensuring respect for the people, animals and environment involved in their production.

An example that is close to our hearts is the Albert Heijn Foundation, which aims to improve living circumstances and future prospects for the families and the employees of our suppliers in Africa. Not only do we invest in better trade conditions, but also in education, housing and medical aid. We support the local communities, which also helps our customers by improving the supply of high quality products.

The sixth pillar of our strategy focuses on our people. We are committed to investing in the development of our employees, and building a diverse workforce. During 2011, we strengthened our leadership team by making a number of senior internal promotions and by hiring new people with the skills and capabilities we need to implement our growth strategy – now and in the future. We also made progress in transferring the capabilities we have in our different companies through temporary leadership exchanges and longer-term international assignments. We strive to make Ahold and our businesses a great place to work for all our employees.

In the year ahead, we will continue delivering on our six strategic pillars to fulfill our vision to provide all our stakeholders with better choice, better value, and a better life, every day.

Looking ahead, we expect 2012 to be another challenging year for the food retail industry. In the current macro-economic environment, consumers will continue to look for value and competition will remain intense. You will have seen that consumer confidence levels in the Netherlands are at an historic low point, and unemployment in the United States remains relatively high. Our strong brands are well positioned to grow in our major markets. However, as we said on March 1, we anticipate our sales growth in the first quarter – which for Ahold covers 16 weeks – will reflect the difficult economic conditions and the timing of Easter.

We remain committed to providing attractive returns to our shareholders, and as part of this commitment we have changed our dividend policy to achieve a payout ratio of 40 to 50 percent of adjusted income from continuing operations. The dividend of €0.40 per share proposed for 2011 reflects our confidence in our new strategy and our proven ability to generate cash. It represents an increase of 38 percent compared to 2010 and gives our shareholders a competitive return for our sector.

During 2012, we will take further steps to make our capital structure more efficient by investing in growth, reducing debt and returning cash to shareholders while remaining committed to an investment grade credit rating. Jeff Carr will expand on this in his presentation shortly.

This year, Ahold celebrates its 125th anniversary. Our founding company – Albert Heijn - opened its first store in the Netherlands in 1887. The grandson of our founder, who died in January last year, built the company together with his brother into one of the best-known brands in the Netherlands and one of the most successful retailers in the world. Over our history, we have grown by acquiring businesses that each have their own rich heritage and a commitment to the customer.

Let's look at a video celebrating the progress we've made in the 125 years that Albert Heijn and Ahold companies have been in business.

While we are celebrating our successes, we cannot of course forget the low point in our history and the lessons we have learned. . But we can be very proud of where the company stands today and I am confident that we will continue to thrive, thanks to the efforts and commitment of everyone across the company.

Along with my colleagues on the Corporate Executive Board, I would like to thank our employees for everything they did in the past year to strengthen our businesses and to give our customers a great shopping experience. The relationships they build with our customers and the service they provide each day are what make us successful, able to grow the business, and continue to increase shareholder value.

I would now like to hand over to our CFO Jeff Carr.

Thank you.

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