



ALBERT ALBERT HEIJN ALBERT.NL C1000 ETOS FEIRA NOVA GALL & GALL
GIANT FOOD GIANT FOOD STORES HYPERNOVA ICA PEAPOD PINGO DOCE
STOP & SHOP / **WE MAKE IT EASY TO CHOOSE THE BEST**

Life is about making choices.

We are dedicated to making it easy for our customers to choose the best: the best products, the best quality, the best prices, and the best choices for a healthy lifestyle.

Our profile

Ahold is an international group of quality supermarkets based in the United States and Europe. We are dedicated to providing an easy, convenient and appealing shopping experience through a continuous focus on the customer. We are committed to offering the best value, the highest quality and healthy choices, and creating value for our shareholders.

To set ourselves apart from the competition, and further increase customer loyalty, we are building our banners into powerful local consumer brands. As a Group, we are leveraging knowledge, consumer insight and scale across our businesses, in order to operate in a simple, responsible and efficient way.

We love being in the food business. We believe our people make the difference by building strong relationships with our customers and answering their needs. Our aim is to achieve continuous and sustainable growth, in part by innovating products, services and store formats.

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- U.S. Foodservice, Tops and operations in Poland divested, total proceeds €5.4 billion
- €4 billion returned to shareholders
- Retail operating margin guidance exceeded
- Roll-out of Stop & Shop/Giant-Landover Value Improvement Program on track
- Plans to upgrade 100 Giant-Landover stores announced
- Investment grade rating restored
- Annual dividend reinstated

Financial highlights

Results and cash flow information

Euros in millions, except per share data	2007	2006 ¹	2005 ¹	2004 ¹
Net sales	28,152	27,826	26,894	26,298
Net sales growth at constant exchange rates	6.1%	3.9%	1.8%	4.2%
Operating income	1,134	1,063	172 ²	884
Income (loss) from continuing operations	797	697	(88)	668
Income from discontinued operations	2,148	218	234	215
Net income	2,945	915	146	883
Income per common share from continuing operations (basic)	0.54	0.44	(0.07)	0.42
Net income per common share (basic)	2.03	0.58	0.08	0.56
Cash flow before financing activities	6,627	1,028	2,057	2,033
Net cash from operating, investing and financing activities	1,487	(249)	(1,137)	25
Average exchange rate (euro per U.S. dollar)	0.7307	0.7964	0.8051	0.8050

¹ Comparative figures have been adjusted from amounts previously reported to reflect the effect of discontinued operations.

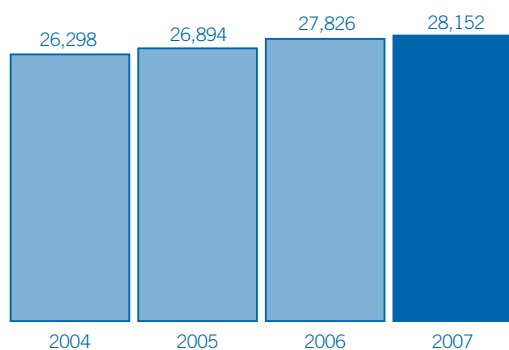
² Includes the settlement of the securities class action (EUR 803).

Balance sheet and other information

Euros in millions	December 30, 2007	December 31, 2006	January 1, 2006	January 2, 2005
Group equity	3,887	5,270	4,661	3,917
Net debt	2,116	4,636	5,520	6,815
Total assets	13,944	18,442	19,958	21,344
Number of stores	3,225	3,480	3,455	4,072
Number of employees (in FTEs)	118,715	164,078	167,801	206,441
Common shares outstanding (x 1,000)	1,171,922	1,555,678	1,555,313	1,554,263
Share price at Euronext	9.47	8.06	6.33	5.70
Exchange rate (euro per U.S. dollar)	0.6795	0.7576	0.8444	0.7375

Net sales

(Euros in millions)

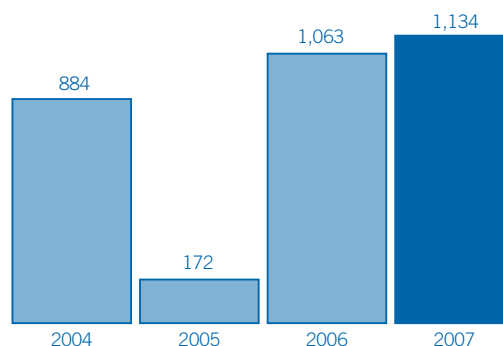


Net sales growth at constant exchange rates (%)

Year	2004	2005	2006	2007
Net sales growth at constant exchange rates (%)	4.2%	1.8%	3.9%	6.1%

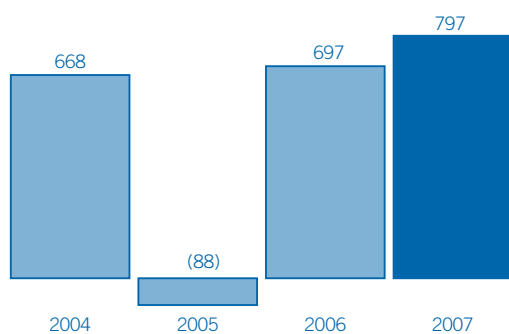
Operating income

(Euros in millions)



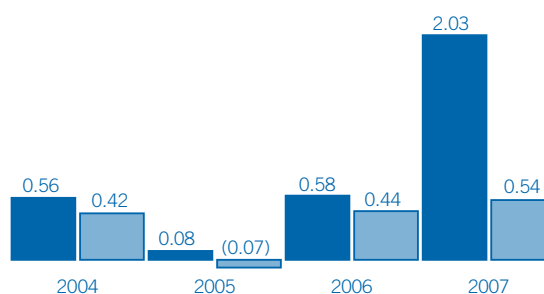
Income from continuing operations

(Euros in millions)



Earnings per share

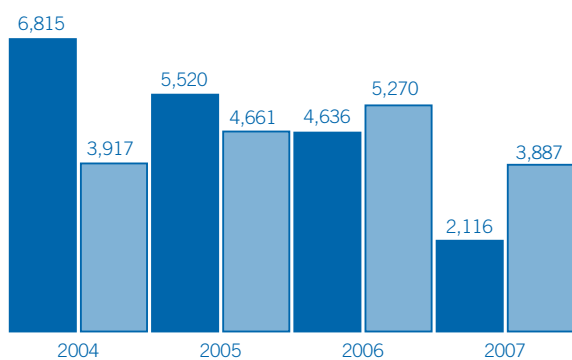
(Euros)



■ Net income per common share – basic
■ Income per common share from continuing operations – basic

Net debt and group equity

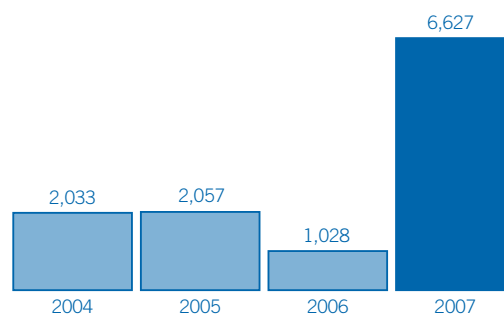
(Euros in millions)



■ Net debt
■ Group equity

Cash flow before financing activities

(Euros in millions)



Our portfolio of retail businesses is fundamentally strong. We have a number one or number two position in the Netherlands and the Czech Republic, as well as in the ICA, Giant-Carlisle, Stop & Shop and Giant-Landover market areas. All of these businesses have significant potential for profitable growth.

Our brands

In the United States

Stop & Shop/ Giant-Landover



Stop & Shop

Stop & Shop operates food retail stores in Massachusetts, Connecticut, Rhode Island, New Jersey, Maine, New York and New Hampshire.
Formats: supermarkets and superstores



Giant Food

Giant operates food retail stores in Maryland, Virginia, Delaware and the District of Columbia.
Formats: supermarkets and superstores



Peapod

Peapod.com provides internet-based home shopping and grocery delivery as an integrated element of Stop & Shop/Giant-Landover, along with service to the metropolitan areas of Chicago, Illinois and Milwaukee, Wisconsin.

Giant-Carlisle



Giant Food Stores

Giant operates food retail stores in Pennsylvania, Maryland, Virginia and West Virginia.
Formats: supermarkets and superstores

In Europe

Albert Heijn



Albert Heijn Supermarkets

Albert Heijn operates food retail stores in the Netherlands.
Formats: supermarkets and convenience stores



Albert.nl

Albert.nl provides internet-based home shopping and grocery delivery in the Netherlands as an integrated service of Albert Heijn.



Gall & Gall

Gall & Gall operates wine and liquor stores in the Netherlands.



Etos

Etos operates stores in the Netherlands specializing in health and beauty care and, in certain stores, prescription drugs.

Albert/Hypernova



Albert

Albert operates supermarkets in the Czech Republic and Slovakia.



Hypernova

Hypernova operates stores in the Czech Republic and Slovakia.
Formats: hypermarkets and/or compact hypermarkets

Schuitema



C1000

C1000 operates supermarkets in the Netherlands. C1000 is part of Schuitema, a retail and wholesale company and a consolidated subsidiary of Ahold.

Unconsolidated joint ventures



ICA AB

ICA is an integrated food retail and wholesale group, operating in Sweden, Norway and the Baltic states.
Formats: supermarkets, neighborhood stores, hypermarkets and discount stores.



JMR

Pingo Doce and Feira Nova operate food retail stores in Portugal. They are both part of Jerónimo Martins Retail (JMR).
Formats: supermarkets and hypermarkets

Letter to shareholders



Dear Shareholder

In my first letter to you as CEO, I am delighted to report that Ahold had a successful 2007 and that the Company accomplished the milestones we set ourselves in our longer-term strategy for profitable growth. The strategy, announced in November 2006, focuses on our portfolio, company structure, growth plans, and financial targets.

During 2007, as part of our decision to focus on our core retail businesses in the United States and Europe, we sold U.S. Foodservice, Tops and our operations in Poland. These divestments helped to simplify our business. In total, they generated profits on disposal of over €2 billion and sufficient cash to be able to return €4 billion to our shareholders. The proceeds also allow us to reduce gross debt by the planned €2 billion. Thanks to the strengthening of our balance sheet, and the future business outlook, we regained investment grade status from the rating agencies – particularly important in light of the current turbulent economic environment. As a consequence of the improved balance sheet strength, our performance in 2007, and the future outlook for the business, we also decided to reinstate annual dividend payments.

We have made changes to our company structure to share best practice more easily across our operating companies and leverage our scale. We reorganized our operations into two continental structures: Europe under the leadership of Dick Boer, and the United States led by Lawrence Benjamin.

In support of our company-wide Corporate Social Responsibility strategy I have changed the organization to ensure that initiatives are properly coordinated and driven from the top. CSR is no longer an optional activity but is central to the success, even survival, of our business.

We have made a number of other senior management appointments, some internal and some external, to strengthen our capabilities to ensure that we have the right skills to address the challenges we face. I am particularly pleased that Peter Wakkie has decided to stand for reappointment at this year's Annual General Meeting and that Kimberly Ross accepted the position of CFO. I would also like to thank Anders Moberg for his many contributions to the Company.

Much of our focus in the past year has, of course, been on growth and, in particular, on transforming Stop & Shop and Giant-Landover. We launched what we call the "Value Improvement Program" in

September 2006 to address value (price and quality) and costs and to strengthen the brands. We are on track with rolling out the program, category by category, and had completed 70% by the end of 2007.

As part of our strategy to build powerful local consumer brands, we also announced, and are progressing well with, the repositioning and rebranding of our operations in the Czech Republic.

Performance at Albert Heijn was exceptional during 2007, with identical sales growth of 7.9% and operating margins of 7.2% as we continued to benefit from the repositioning activity undertaken since 2003.

Giant-Carlisle also continued its impressive performance record with 51 quarters of identical sales growth and a robust financial performance in a very competitive market.

ICA had a mixed year, with good profits in Sweden (despite the start-up costs for the new distribution center at Helsingborg) and the Baltics, partially offset by losses in Norway. The team there is focused on improving results in all countries, with particular emphasis on Norway, which is undergoing a major repositioning program.

Early in 2008, we announced our plans to divest our majority interest in Schuitema and fully focus our efforts in the Netherlands on the growth strategy for Albert Heijn.

The progress we have made in 2007 is thanks to the hard work of our employees who are committed to serving our customers, generating improved returns for our shareholders and driving our corporate social responsibility agenda forward. I am grateful for their dedication.

I am confident that we can re-establish Ahold as a leading food retailer on both continents and achieve our longer term targets of a sustainable 5% net sales growth and a 5% retail operating margin.

On behalf of the Corporate Executive Board,

John Rishton
CEO
Amsterdam, the Netherlands, March 5, 2008

In 2006, Ahold undertook a company-wide strategic review of its businesses. The objective of the review was to define how Ahold could accelerate growth and improve profitability. The strategy for profitable growth was announced in November 2006 and focused on the Company's portfolio, growth, organization and financial targets.

Strategy

I. Refocusing the portfolio

Ahold is refocusing its portfolio in order to operate as market leaders in local food retail markets in the United States and Europe where it can secure a number one or number two position with clear prospects for sustainable profitable growth. The Company also decided to focus its resources and expertise wholly on the future growth of its retail businesses. As a result, a number of divestments were announced.

At the end of 2007, Ahold's portfolio comprised: Albert Heijn and a 73 percent stake in Schuitema in the Netherlands, Albert and Hypernova in the Czech Republic and Slovakia, Giant-Carlisle and Stop & Shop/Giant-Landover in the northeast United States, a 60 percent stake in ICA in Sweden, Norway and the Baltics, and a 49 percent stake in Jerónimo Martins (JMR) in Portugal. Ahold is currently in discussions aimed at divesting its stake in JMR and its majority interest in Schuitema (announced in January 2008). During the year, the Company announced its decision to retain its operations in Slovakia, reflecting improved performance and the current difficult financial markets.

During 2007, Ahold completed its planned divestments of U.S. Foodservice, Tops, and its Polish operations. The U.S. Foodservice sale was completed in July to a consortium of Clayton, Dubilier & Rice Fund VII, L.P. ("CD&R") and Kohlberg Kravis Roberts & Co L.P. ("KKR") for a purchase price of \$7.1 billion. The sale of the Company's Polish operations to retailer Carrefour was also completed in July, in a transaction valued at €375 million. The sale of Tops was completed in December to Morgan Stanley Private Equity in a transaction valued at \$310 million.

With these transactions, the divestment program has largely been completed and exceeded expectations in terms of value and speed of execution. The total divestment proceeds received in 2007 were €5.4 billion. As a result, Ahold was able to return €3 billion to shareholders through a capital repayment and reverse stock split and €1 billion through a share buyback program. The cash from divestments, together with improved cash generation from the business, will also enable the planned €2 billion reduction in gross debt.

Ahold continues to consider all opportunities to improve shareholder and stakeholder value, including acquisitions, divestments and other potential cooperative ventures.

II. Building brands for profitable growth

To achieve its growth objectives, Ahold is in the process of transforming its individual retail banners into powerful local consumer brands. The critical elements of this transformation include: creating an improved product and service offering, delivering an improved price position and lowering operating costs. The key enabler for repositioning each of its consumer brands is the application of deep consumer insight. By understanding consumers better than its competitors, Ahold is committed to providing products and services that customers want at prices that are competitive with all food channels.

Ahold already has elements of successful consumer branding at each of its banners. Albert Heijn in the Netherlands and ICA in Sweden have been particularly successful in bringing together all of the elements required to create and maintain true consumer brands. The transformation at these banners has been achieved through the highly successful implementation of value repositioning programs.

Ahold's ability to transfer and apply the successful elements of its European branding programs across all of the Company's retail banners gives it significant competitive advantage compared with many of its U.S.-based competitors. All banners are focusing on providing the best choice, making shopping easy for the customer, and offering everyday competitive prices. The transformation plans, which will drive and fund future growth are based on the proven success of each of these elements.

a) Improving product and service offering

The creation of an improved product and service offering, based on the application of deep consumer insight, is a critical element of transforming stores into powerful consumer brands. Ahold is replicating key components to improve its offering in each banner by:

- Providing the best choice. Ahold operating companies plan to excel in fresh foods by improving quality, selection and presentation. They are significantly increasing their selection of innovative private label products at a variety of price and quality levels. We will also improve and expand the existing general merchandise assortment.

Strategy

- Making shopping easy. Each operating company is simplifying their overall assortment with the goal of making shopping easier. They are also providing more convenience-focused products and services and enhancing the overall customer experience to make shopping more convenient. Format development is an important tool in achieving this. The operating companies are improving existing store formats and developing new format concepts using different layouts, assortments, sizes and service models.

To clearly convey powerful brand positionings, Ahold is strengthening the quality, quantity, variety and form of consumer communications, both inside and outside its stores.

b) Improving price positioning

Ahold's operating companies are strengthening customer trust and loyalty by continuing to build their value offerings. At all of its banners, Ahold is lowering prices across a wide range of products and, at the same time, reducing the emphasis on promotions. The goal is to improve everyday value to customers while continuing to offer attractive promotional prices on selected ranges. Ahold's increased focus on private label is a key component of its strategy to provide a wider selection of price points.

c) Strengthening consumer insight capability

Ahold's core assets are its customer base and knowledge of customer shopping behavior. The Company gathers detailed customer data across all of its banners and continues to improve the way it translates this data into insight. The insight is being shared among each operating company to deepen understanding of customer behavior and consumer trends to enable Ahold to enhance its value proposition in each market.

d) Building on successful continental sourcing strategy

Ahold is continuing to build upon a successful continental sourcing strategy. In Europe, the Company is consolidating purchases through its combined European sourcing organizations based in Zaandam and Stockholm. In the United States, Ahold is consolidating purchases through organizations such as Ahold's Perishables Procurement Organization, based in Massachusetts, and the American Sales Company, based in New York.

e) Implementing company-wide €500 million cost reduction program

To support its value repositioning programs, Ahold will reduce operating costs by €500 million by the end of 2009. It is achieving these cost reductions by focusing on simplification and efficiency measures across all of its retail businesses, including store operations, inventory shrink, logistics, energy usage and local overhead. Ahold is also taking a more disciplined and rigorous approach to dealing with underperforming stores. Due to the nature of these plans, the savings will accelerate over time. Savings achieved by the end of 2007 were in line with the plan.

f) Supplementing growth with additional store openings and targeted fill-in acquisitions

Ahold will continue to reach new customers in areas where it can achieve an attractive return. It will open stores with new format concepts and upgrade existing stores. The Company will also continue to look at targeted fill-in acquisitions to provide opportunities to reach new customers.

III. Leveraging organizational structure

Ahold is differentiated by its workforce and the way its people work together. The Company is structured to effectively execute strategy, balancing local, continental and global decision-making. The structure is also designed to enable a strong management focus on, and accountability for, the execution of its plans.

a) Two continentally-based organizations in place

To improve customer-focus and drive company-wide initiatives across all of its banners, Ahold has reorganized its former arena structure into two continental platforms, based in the United States and Europe. Each continental platform is overseen by a Chief Operating Officer. They are responsible for the direct oversight of local banners and also for identifying and implementing synergies among its businesses. In addition, the European COO has company-wide oversight of retail marketing strategies. Continental teams are responsible for the oversight of local operating companies, as well as for the implementation of company-wide growth initiatives.

b) Reduction of Corporate Center costs by 50 percent

Ahold has streamlined its Corporate Center, and is ahead of its target to reduce core costs by 50 percent by the end of 2008. The savings to date have been achieved by staff reductions and substantial cuts in discretionary spend. The core costs in 2007 were €106 million, compared to €189 million in 2005. The core responsibilities of the Corporate Center include Corporate Finance, Corporate Strategy, Internal Audit, Legal, Human Resources, Information Technology, and Communications.

IV. Financial targets

As part of its strategy, Ahold has the following primary targets:

- Net sales growth: to achieve a sustainable net sales growth of 5 percent, mainly from identical sales growth following its repositioning programs.
- Return on net sales: to achieve a sustainable retail operating margin of 5 percent on average for the retained retail banners.
- Investment grade: during 2007, Ahold regained an investment grade rating from both Standard & Poor's and Moody's.

Board and management

Corporate Executive Board



John Rishton
President and Chief Executive Officer

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



Peter Wakkie
Executive Vice President and Chief
Corporate Governance Counsel

Peter Wakkie (June 22, 1948) is a Dutch national. He joined Ahold as Executive Vice President and Chief Corporate Governance Counsel on October 15, 2003. Ahold's shareholders appointed him to the Corporate Executive Board on November 26, 2003. Prior to joining Ahold, Mr. Wakkie was a partner at law firm De Brauw Blackstone Westbroek. He is a member of the Supervisory Boards of the Albert Heijn Vaste Klanten Fonds, Schuitema N.V. and Wolters Kluwer N.V. Mr. Wakkie is a board member of the Foundation Preference Shares B KPN.



Dick Boer
Executive Vice President and Chief
Operating Officer, Ahold Europe
President and CEO, Albert Heijn

Dick Boer (August 31, 1957) is a Dutch national. He was appointed Chief Operating Officer, Ahold Europe on November 6, 2006. On May 3, 2007, Ahold's shareholders appointed him to the Corporate Executive Board. Mr. Boer joined Ahold in 1998 as CEO of Ahold Czech Republic and was appointed President and CEO of Albert Heijn in 2000. In 2003, he became President and CEO of the Albert Heijn operating company. Prior to joining Ahold, Mr. Boer spent more than 17 years in various retail positions for SHV Holdings in the Netherlands and abroad, and for Unigro N.V., now Super de Boer N.V. He is Co-Chairman of ECR Europe and ECR Nederland/GS1, Deputy Chairman of Central Office Food Trade (CBL) and a member of the Supervisory Boards of AMS Sourcing B.V. and the Red Cross Hospital in Beverwijk, the Netherlands. Mr. Boer is a member of the Executive Boards of VNO-NCW, the Dutch Retail Trade Council and the Platform Retail Trade Nederland. He is a member of the European Retail Round Table.

Acting member of and nominee to the Corporate Executive Board



Kimberly Ross
Executive Vice President and Chief
Financial Officer

Kimberly Ross (May 5, 1965) is a U.S. national. She was appointed to the position of Executive Vice President and Chief Financial Officer and acting member of the Corporate Executive Board on November 15, 2007, after having served as Deputy Chief Financial Officer since July 1, 2007. Mrs. Ross joined Ahold in September 2001 as Assistant Treasurer. In April 2002, she became Vice President and Group Treasurer and was promoted to Senior Vice President and Group Treasurer in January 2004. She was appointed Senior Vice President and Chief Treasury and Tax Officer in April, 2005. Prior to joining Ahold, Mrs. Ross held the position of Senior Manager at Ernst & Young in New York and Director of Corporate Finance for the Americas at Joseph E. Seagram & Sons Inc. Mrs. Ross also held a number of other management positions at Joseph E. Seagram & Sons Inc. from 1995 through 2001 as well as at Anchor Glass from 1992 to 1995.

Operating companies

Lawrence Benjamin
Chief Operating Officer,
Ahold USA

Johan Boeijsenga
President and CEO,
Albert/Hypernova

José Alvarez
President and CEO,
Stop & Shop/Giant-Landover

Carl Schlicker
President and CEO,
Giant-Carlisle

Board and management

Supervisory Board



René Dahan, Chairman
Chairman of the Selection and Appointment Committee

René Dahan (August 26, 1941) is a Dutch national. He was first appointed to the Supervisory Board on June 2, 2004, and his term runs until 2008 when he will stand for reappointment. Mr. Dahan is former Executive Vice President and Director of Exxon Mobil Corporation. He is a member of the Supervisory Boards of TNT N.V. and Aegon N.V. and the International Advisory Boards of the Guggenheim group in New York, United States, and the Instituto de Empresa, Madrid, Spain.



Tom de Swaan, Vice-Chairman
Chairman of the Audit Committee

Tom de Swaan (March 4, 1946) is a Dutch national. He was first appointed to the Supervisory Board on May 3, 2007, and his term runs until 2011. Mr. de Swaan is former CFO of ABN AMRO Bank N.V. He also worked for the Dutch Central Bank in various executive positions and was a non-executive director of the Financial Services Authority in London. Mr. de Swaan is a member of the Board and Chairman of the Audit Committee of GlaxoSmithKline Plc and a member of the Board of Directors of Zurich Financial Services. He is a member of the Supervisory Boards of Royal DSM, Corporate Express N.V. and Van Lanschot Bankiers N.V. Mr. de Swaan is Chairman of the Advisory Board of Rotterdam School of Management, Erasmus University.



Karen de Segundo

Karen de Segundo (December 12, 1946) is a Dutch national. She was first appointed to the Supervisory Board on June 2, 2004, and her term runs until 2008 when she will stand for reappointment. Mrs. de Segundo is former CEO of Shell International Renewables and President of Shell Hydrogen and, prior to that, CEO of Shell International Gas & Power. She is a member of the Board of Pöyry Group Oyj and Director of Lonmin Plc and Merrill Lynch New Energy Technology Plc. Mrs. de Segundo is a member of the Eco Advisory Board of General Electric.



Derk C. Doijer
Chairman of the Remuneration Committee

Derk Doijer (October 9, 1949) is a Dutch national. He was first appointed to the Supervisory Board on May 18, 2005, and his term runs until 2009. Mr. Doijer is a former member of the Executive Board of Directors of SHV Holdings N.V. and, prior to that, held several executive positions in the Netherlands and South America. He is non-executive Chairman of the Board of Van der Sluijs Group Holding B.V., Chairman of the Supervisory Board of Lucas Bols B.V. and a member of the Supervisory Boards of Corio N.V., Stiho Group and ZBG Group.



Stephanie M. Shern

Stephanie Shern (January 7, 1948) is a U.S. national. She was first appointed to the Supervisory Board on May 18, 2005, and her term runs until 2009. Mrs. Shern was with Ernst & Young for over 30 years, most recently as Vice-Chairman and Global Director of Retail and Consumer Products and a member of Ernst & Young's U.S. Management Committee. She is the Presiding Director of GameStop and a member of the Boards and Chair of the Audit Committees of GameStop, Scotts Miracle-Gro and Embarq. She is also a member of the Compensation Committee of Embarq and a member of the Advisory Board of Pennsylvania State University, School of Business.



Judith Sprieser

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

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

Supervisory Board report

Composition of the Supervisory Board, induction

Ahold's Supervisory Board determines the number of its members. The composition of the Supervisory Board must be such that the combined experience, expertise and independence of its members best enables the Supervisory Board to carry out its responsibilities. As Ahold is an international retailer, the Supervisory Board Charter provides that the composition of the Supervisory Board should preferably reflect knowledge of European and American market conditions, financial institutions and corporate governance. If a Supervisory Board member is concurrently a member of another company's Supervisory Board, the Supervisory Board Charter states that the main duties arising from and/or the number and nature of the memberships on any other company's Supervisory Board must not conflict or interfere with that person's duties as a member of Ahold's Supervisory Board.

The following changes were made or announced to the composition of Ahold's Supervisory Board in 2007. On May 3, 2007, Jan Hommen resigned from the Supervisory Board. The General Meeting of Shareholders appointed Tom de Swaan on May 3, 2007. He is serving as vice-chairman of the Supervisory Board and chairman of the Audit Committee. On August 30, 2007, Myra Hart resigned from the

Supervisory Board. The Supervisory Board expresses its gratitude for the contribution that Myra Hart has made to the Company as a member of the Supervisory Board, the Remuneration Committee and the Selection and Appointment Committee.

The present terms of René Dahan and Karen de Segundo are due to expire in 2008. The Supervisory Board is pleased that both of them are available for a new term and proposes the reappointment of René Dahan and Karen de Segundo to the General Meeting of Shareholders.

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

Retirement and reappointment schedule

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

Meetings of the Supervisory Board

The Supervisory Board meets at least six times per year. In 2007 the Supervisory Board held eight meetings and one meeting by conference call. The Corporate Executive Board members attended the meetings and other members of senior corporate, continental or local management were regularly invited to present to the Supervisory Board at the meetings. The Supervisory Board held five “private” sessions without other attendees to independently review certain issues and to discuss matters related to the functioning of the Corporate Executive and Supervisory Boards. The external auditor attended the meeting in which the 2006 annual report and financial statements were endorsed. In February 2007, in a separate private meeting, the Supervisory Board assessed its own performance, that of its committees and its individual members, as well as the performance of the Corporate Executive Board and its individual members. The Chairman and other members of the Supervisory Board have regular contacts with the CEO and other members of the Corporate Executive Board or management outside the scheduled meetings of the Supervisory Board.

Activities of the Supervisory Board

During 2007 the Supervisory Board reviewed various matters related to all aspects of the Company’s activities, its results of operations, its strategies and its management, including:

- The progress on the implementation of the retail strategy adopted in November 2006.
- The mandates for and the approval of the various divestitures included in the retail strategy, namely the Polish operations, Tops and U.S. Foodservice. The progress in the negotiations and the proposed terms were reviewed on several occasions and approved.
- The divestment of U.S. Foodservice, which was reviewed and approved by an Extraordinary Meeting of Shareholders on June 19, 2007. Closing of that transaction took place in July 2007.
- The review and approval of the use of the substantial cash proceeds from the divestment program.
This included:
 - A €3 billion capital reduction together with a “five for four” reversed stock split.
 - A €1 billion share buyback.
- The regular review of the progress of the Value Improvement Program (VIP) at Stop & Shop/Giant-Landover.
- The implementation of a major restructuring in the retail business in the Czech Republic, which has already resulted in a major turnaround in performance.
- The progress of establishing the organization structure, now consisting of two continental groups, each headed by a chief operating officer.

- A major cost and staff reduction program at Corporate Center, which is running well ahead of set objectives.
- The specific IT investment now underway in the United States.
- The revitalization program initiated for Giant-Landover to improve store performance and generate identical sales growth.
- A review of strategies as part of the annual strategic planning cycle.
- The regular assessment of the Corporate Executive Board including the plans for succession of its members. This year the focus of this activity was the replacement of Anders Moberg as President and CEO of the Company. Following the joint decision of the Supervisory Board and Anders Moberg that given the completion of the Road to Recovery of Ahold and the entering by Ahold into a new era, it was in the best interest of all concerned that Anders Moberg would resign as per July 1, 2007, the Supervisory Board appointed John Rishton as acting President and CEO. After a review of all options the Supervisory Board appointed John Rishton on November 15, 2007, as President and CEO. The Supervisory Board also proposed the appointment of Kimberly Ross as CFO and reappointment of Peter Wakkie as CCGC to the Corporate Executive Board.
- The Supervisory Board is satisfied that the new management team including Dick Boer as COO Ahold Europe and Larry Benjamin as COO Ahold USA has the experience, talent and dedication to drive the performance of the Company to its full potential.
- The financial reporting process and in particular the approval of the 2006 annual report and quarterly trading statements, earnings press releases and interim financial statements.
- The review and approval of the decision to delist the Company’s ADRs from the New York Stock Exchange.
- The regular assessment of major legal proceedings with potential impact on the Company.
- The review and approval of reports of the various committees of the Supervisory Board.
- The review of reports in respect of the enterprise risk management of the group, with the assistance of the Audit Committee.

Attendance, independence

No Supervisory Board member was frequently absent from the meetings. The Supervisory Board confirms that as of March 5, 2008 all Supervisory Board members are independent within the meaning of provision III.2.2 of the Dutch Corporate Governance Code.

Supervisory Board report

Remuneration

The annual remuneration of the members of the Supervisory Board was determined by the General Meeting of Shareholders in May 2005 and remained unchanged since then.

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

In addition, for each meeting of the Supervisory Board and the Audit Committee, each member receives an attendance fee of EUR 1,250, or EUR 3,000 in case the meeting is held in a location that requires intercontinental travel from the residence of a member. For detailed information on the individual remuneration of Supervisory Board members, see Note 31 to Ahold's consolidated financial statements in this Annual Report.

Committees of the Supervisory Board

The Supervisory Board has established three permanent committees to which certain tasks are assigned, the composition of which is reflected in the following table.

	Audit Committee	Remuneration Committee	Selection and Appointment Committee
René Dahan, Chairman			Chairman
Tom de Swaan, Vice-Chairman	Chairman		
Karen de Segundo	Member		Member
Derk Doijer		Chairman	Member
Stephanie Shern	Member	Member	
Judith Spriesser	Member	Member	

Audit Committee

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

In 2007, the Audit Committee held six meetings and six conference calls.

Throughout the year the Audit Committee closely monitored the financial closing process. During all Audit Committee meetings updates were provided on internal controls and compliance with the requirements of Section 404 of the Sarbanes-Oxley Act. After the delisting from the NYSE and deregistration from the SEC the Audit Committee continued to request and receive identical updates although the provisions of the Sarbanes-Oxley Act no longer apply to the Company. The Audit Committee was informed regularly on litigation and the related exposure. The Audit Committee reviewed and received regular updates on the whistleblower program and verified the outcome of the annual incentive program.

Further subjects dealt with at the meetings were the review of quarterly trading statements, earnings press releases and interim financial statements, as well as the 2006 annual report and financial statements; the review and approval of the internal and external audit plan; review and discussions on the findings in the internal audit letter and the management letter of the external auditor; updates on the IT organization and IT security, the Company's finance structure, the treasury department, pensions, guarantees, enterprise risk management, insurance and reappointment of the external auditor.

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

Conference calls were scheduled when necessary to review the release of the quarterly trading and interim financial statements.

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

The composition of the Audit Committee changed during 2007. Jan Hommen resigned from the Audit Committee and Tom de Swaan was appointed as Chairman of the Audit Committee in May 2007.

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

Selection and Appointment Committee

The Selection and Appointment Committee met five times in 2007 and its main focus was the selection of an additional member of the Corporate Executive Board and a new member of the Supervisory Board. It also reviewed management succession plans. The composition of the Selection and Appointment Committee changed when Myra Hart resigned in August 2007 and no new member was appointed.

Remuneration Committee

The Remuneration Committee met eight times in 2007. The CEO was invited to all of these meetings. For a report on remuneration and the activities of the Remuneration Committee, see the "Remuneration" section of this Annual Report.

The composition of the Remuneration Committee changed when Myra Hart resigned in August 2007 and no new member was appointed.

In conclusion

The Supervisory Board is pleased with the results achieved and would like to thank all shareholders for their trust in the Company and its management. The Supervisory Board further wishes to express its appreciation for the continued dedication and effort of the Corporate Executive Board and all Ahold's employees.

Supervisory Board

Amsterdam, the Netherlands, March 5, 2008

Annual report 2007

This Annual Report and the 2007 financial statements, audited by Deloitte Accountants B.V., have been presented to the Supervisory Board. The financial statements and the report of the external auditor with respect to the audit of the financial statements were discussed with the Audit Committee in the presence of the Corporate Executive Board and the external auditor. The Supervisory Board endorses this Annual Report. The Supervisory Board recommends that the General Meeting of Shareholders adopts the 2007 financial statements included in this Annual Report and approves the proposal to pay a cash dividend for the financial year 2007 of EUR 0.16 per common share. The profit appropriation as approved by the Supervisory Board is presented on page 90 of this Annual Report.

This Annual Report is signed by all members of the Corporate Executive Board and the Supervisor Board.

Supervisory Board

René Dahan

Tom de Swaan

Karen de Segundo

Derk Doijer

Stephanie Shern

Judith Sprieser

Corporate Executive Board

John Rishton

Peter Wakkie

Dick Boer

Ahold's principal business is the operation of retail food stores in the United States and Europe through subsidiaries and joint ventures. In addition to the Company's principal activities, some subsidiaries finance, develop and manage store sites and shopping centers in support of its retail operations.

Business overview and performance

Organizational structure

Ahold organizes its businesses in two continental platforms, based in the United States and Europe. The continental organizations are responsible for the oversight of operating companies, which consist of one or more supermarket chains operating under local brand names, as well as the implementation of company-wide initiatives.

Ahold's net sales consist of consumer sales, sales to franchise stores and sales to associated stores. Franchise stores typically operate under the same format as, and are not distinguishable from, Ahold-operated stores. Franchisees generally purchase merchandise from Ahold, pay a franchise fee and receive support services that include management training and field support as well as marketing and administrative assistance. Operators of associated stores purchase product and services from Ahold, but operate as independent retailers with their own unique store formats.

Ahold USA

The U.S. continental platform ("Ahold USA") is comprised of the Stop & Shop/Giant-Landover and Giant-Carlisle operating companies.

Stop & Shop/Giant-Landover

This operating company, headquartered in Quincy, Massachusetts, operates retail food stores and standalone pharmacies and is comprised primarily of the following entities:

- The Stop & Shop Supermarket Company LLC ("Stop & Shop"), acquired in 1996, which operates retail food stores in Connecticut, Massachusetts, New Jersey, New York, New Hampshire, Rhode Island and Maine.
- Giant of Maryland LLC ("Giant-Landover"), acquired in 1998, which operates retail food stores in Maryland, Virginia, Delaware and the District of Columbia.
- Peapod, LLC ("Peapod"), acquired in 2000, which provides an internet-based home shopping and grocery delivery service as an integrated part of the Stop & Shop and Giant-Landover banners, along with service to the metropolitan areas of Chicago and Milwaukee.

Giant-Carlisle

Ahold acquired Giant Food Stores, LLC ("Giant-Carlisle") in 1981. Giant-Carlisle, headquartered in Carlisle, Pennsylvania, operates retail food stores in Pennsylvania, Maryland, Virginia and West Virginia.

Ahold Europe

The European continental platform ("Ahold Europe") is comprised of the Albert Heijn, Albert/Hypernova and Schuitema operating companies.

Albert Heijn

This operating company, headquartered in Zaandam, the Netherlands, is comprised primarily of the following entities:

- Albert Heijn B.V. ("Albert Heijn"), established in 1887, which operates retail food stores in the Netherlands. Albert Heijn also operates Albert, an internet-based home shopping and grocery delivery service.
- Etos B.V. ("Etos"), acquired in 1974, which operates stores specializing in health and beauty care in the Netherlands and, at selected locations, prescription drugs.
- Gall & Gall B.V. ("Gall & Gall"), acquired in 1974, which operates wine and liquor stores in the Netherlands.
- Ahold Coffee Company B.V. ("ACC"), acquired in 1971, which supplies coffee mainly to Ahold's subsidiaries and joint ventures.

Albert/Hypernova

This operating company operates retail food stores under the Hypernova and Albert brands and is comprised primarily of the following entities:

- Ahold Czech Republic, a.s., established in 1991, which is headquartered in Prague, the Czech Republic, and operates retail food stores in the Czech Republic.
- Ahold Retail Slovakia, k.s., established in 2001, which is headquartered in Bratislava, Slovakia, and operates retail food stores in Slovakia.

In 2007 Ahold announced plans to unite its Czech stores under a single brand – Albert. In December 2007 the first rebranded store was launched, and in the second half of 2008 the Company plans to begin rebranding the rest of its Hypernova stores to Albert. In November 2007 Ahold announced its decision to continue operating in Slovakia as a result of improved performance and the current difficult financial markets.

Schuitema

Ahold acquired a 73.2 percent interest in Schuitema N.V. (“Schuitema”) in 1988. Schuitema, headquartered in Amersfoort, the Netherlands, is a retail and wholesale company that owns and operates retail food stores and provides retail support services to independent retailers and associated stores operating under the trade name “C1000.” Schuitema services the Dutch market.

In January 2008, Ahold announced that it has entered into negotiations with Schuitema and CVC Capital Partners about a potential divestment of its majority interest in Schuitema.

Corporate Center

Corporate Center activities include:

- Ahold Corporate Center, comprised of the Company’s corporate headquarters in Amsterdam, the Netherlands, and U.S. offices in Massachusetts.
- Ahold Finance Group (Suisse), located in Geneva, Switzerland, which provides treasury operations and related control and corporate functions.

Joint ventures

Ahold has interests in other food retail operations through investments in joint ventures, the most significant of which are ICA AB and Jerónimo Martins Retail.

ICA AB

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

ICA is an integrated food retail and wholesale group, headquartered in Stockholm, Sweden. As of December 30, 2007, ICA served over 2,300 retailer-owned and company-operated retail food stores in Sweden, Norway and the Baltic States. ICA also provides limited consumer financial services in Sweden through its bank.

Jerónimo Martins Retail

In 1992, Ahold became a 49 percent partner in Jerónimo Martins Retail (“JMR”) with Gestão de Empresas de Retalho, SGPS, S.A. JMR, headquartered in Lisbon, Portugal, owned and operated approximately 270 retail food stores in Portugal as of December 30, 2007, trading under the brand names Pingo Doce and Feira Nova. Under the terms of Ahold’s shareholders’ agreement, the Company shares equal voting power in JMR with Gestão de Empresas de Retalho, SGPS, S.A.

Following the 2006 strategic review, Ahold announced its intention to divest its stake in JMR. As a result, JMR has been classified as a discontinued operation.

Labor relations

Employees

During 2007, Ahold had an average of approximately 142,000 full-time employee equivalents compared to approximately 164,000 in 2006 (excluding joint ventures and associates). The decrease was primarily attributable to the divestment of U.S. Foodservice, Tops and Ahold’s operations in Poland.

Union relations and works councils

As of December 30, 2007, approximately 71,600 employees in Ahold’s U.S. operating companies were represented by unions.

Most of Ahold’s collective bargaining agreements for employees in the Netherlands expired in April 2007. The collective bargaining agreement covering the majority of the Company’s distribution employees expired in October 2007. Both relevant industry collective labor agreements and the Company’s own collective labor agreements are renewed and will expire in the course of 2008, most of them in April. Ahold expects to commence the negotiation process with the relevant trade unions in the course of 2008.

Ahold Nederland B.V. and all of Ahold’s operating subsidiaries in the Netherlands currently have works councils. A works council is a representative body of the employees of a Dutch enterprise elected by the employees. The management board of any company that runs an enterprise with a works council must seek the advice of the works council before taking certain decisions with respect to the enterprise, such as those related to a major restructuring or a change of control. If the decision to be taken in respect of these matters is not in line with the advice of the works council, the implementation of the relevant decision must be suspended for one month. The management board must also seek advice for a proposal to appoint or dismiss a member of the management board. During the one-month suspension period, the works council may file an appeal against the decision with the Enterprise Chamber (Ondernemingskamer) of the Court of Appeals in Amsterdam. Other decisions directly involving employment matters that apply either to all employees, or certain groups of employees, such as those affecting employee compensation systems, or pension or profit-sharing plans, may only be taken with the works council’s approval. Absent such prior approval, the decision may nonetheless be taken with the prior approval of the Court (Rechtbank). As Ahold Nederland B.V. is subject to a mitigated structure regime, a works council may recommend a candidate for appointment to the Supervisory Board and may also object to the appointment of a proposed candidate to the Supervisory Board.

Furthermore, although only a minority of Ahold’s employees in the Czech Republic are union members, all of the Company’s employees in the Czech Republic are covered by a collective bargaining agreement that expires at the end of 2010. No employees in Slovakia are union members.

Ahold considers its labor relations to be satisfactory.

Business overview and performance

Properties

Retail locations and 2007 changes to the Company's store count were as follows:

	December 31, 2006	Opened/ Acquired	Closed / Sold	December 30, 2007
Stop & Shop/Giant-Landover	575	10	25	560
Giant-Carlisle	143	2	–	145
Albert Heijn	1,711	80	35	1,756
Albert/Hypernova	321	2	2	321
Schuitema	458	7	22	443
Divested businesses – Tops and Poland	272	–	272	–
Total	3,480	101	356	3,225

As of December 30, 2007, franchisees or associates operated 1,096 of the retail locations, of which 479 locations were owned or leased independently from Ahold. Of the 2,746 locations that Ahold leases or has an ownership interest, 72 percent were subject to operating leases, 12 percent were subject to finance leases and financings in which Ahold does not have legal title, and 16 percent were company owned. The Company's retail locations range in size from 35 to 10,000 square meters.

The Company also operated the following other properties as of December 30, 2007:

Warehouses/distribution centers/production facilities	69
Offices	35
Properties under construction/development	90
Investment properties	800
Total	994

Of these other properties, 55 percent were subject to operating leases, 6 percent were subject to finance leases and financings in which Ahold does not have legal title, and 39 percent were company owned.

Business performance

Consolidated results summary

The following table summarizes the consolidated statements of operations for 2007 and 2006:

EUR in millions, except percentages and per share data	2007		2006	
	% of net sales		% of net sales	
Net sales	28,152	100.0	27,826	100.0
Gross profit	7,288	25.9	7,434	26.7
Operating expenses	(6,154)	(21.9)	(6,371)	(22.9)
Operating income	1,134	4.0	1,063	3.8
Net financial expense	(308)	(1.1)	(479)	(1.7)
Income taxes	(167)	(0.6)	(39)	(0.1)
Share in income of joint ventures	138	0.5	152	0.5
Income from continuing operations	797	2.8	697	2.5
Income from discontinued operations	2,148	7.7	218	0.8
Net income	2,945	10.5	915	3.3
Income per share from continuing operations attributable to common shareholders:				
Basic and Diluted	0.54		0.44	

Net sales

In 2007, net sales increased 1.2 percent compared to 2006, and at constant exchange rates were up 6.1 percent. Net sales growth was positively impacted by identical sales growth and the acquisition of stores from Konmar and Clemens Markets in the fourth quarter of 2006.

Gross profit

In 2007, gross profit decreased EUR 146 million primarily due to price repositioning initiatives, including the Value Improvement Program at Stop & Shop/Giant-Landover, and exchange rate movements; net sales growth provided a partial offset. Gross profit margin decreased from 26.7 percent in 2006 to 25.9 percent in 2007.

Operating expenses

In 2007, operating expenses decreased EUR 217 million to EUR 6.2 billion due to lower selling and general and administrative expenses. As a percent of net sales, operating expenses decreased from 22.9 percent to 21.9 percent in 2007.

Selling expenses

In 2007, selling expenses of EUR 5.2 billion decreased as a percentage of net sales from 19.3 percent in 2006 to 18.6 percent. The improvement was primarily due to efficiency improvements, lower pension charges in Europe and higher sales leverage of fixed costs.

General and administrative expenses

In 2007, general and administrative expenses of EUR 926 million decreased from 3.6 percent of net sales in 2006 to 3.3 percent primarily due to the impact of manpower reductions, favorable legal settlements and higher sales leverage of fixed costs; the absorption of fixed costs related to divested operations and higher restructuring charges were partial offsets.

Restructuring charges

In 2007, restructuring charges of EUR 40 million were incurred and related primarily to store closures at Stop & Shop/Giant-Landover and severance charges due to manpower reductions across Ahold.

In 2006, restructuring charges of EUR 22 million were incurred and related primarily to the closure of a distribution facility at Stop & Shop/Giant-Landover.

Impairment of assets

The Company recorded the following net impairments of assets in 2007 and 2006:

EUR in millions	2007	2006
Stop & Shop/Giant-Landover	17	5
Giant-Carlisle	2	–
Albert Heijn	7	10
Albert/Hypernova	3	37
Schuitema	12	4
Total Retail	41	56
Corporate Center	5	–
Total	46	56

In 2007, the majority of impairments related to store closures at Stop & Shop/Giant-Landover, primarily as part of the operating company's network rationalization program, and underperforming stores in Europe.

In 2006, the majority of impairments related to underperforming Albert/Hypernova stores.

Gains and losses on the sale of assets

The Company recorded the following gains (losses) on the sale of non-current assets in 2007 and 2006:

EUR in millions	2007	2006
Stop & Shop/Giant-Landover	17	17
Giant-Carlisle	–	–
Albert Heijn	19	6
Albert/Hypernova	1	5
Schuitema	6	2
Total Retail	43	30
Corporate Center	(2)	–
Total	41	30

In 2007, the most significant gains on the sale of assets were the sale of a distribution facility at Stop & Shop/Giant-Landover and the sale of stores at Albert Heijn required by the Dutch competition authority following the approval of the Konmar acquisition in 2006.

In 2006, the most significant gains on the sale of assets were the sale of two distribution facilities at Stop & Shop/Giant-Landover.

Operating income

In 2007, operating income increased EUR 71 million from the same period last year to EUR 1.1 billion. Retail operating income was up EUR 31 million at EUR 1.3 billion, an operating margin of 4.5 percent. Excluding the impact of asset impairments, gains and losses on the sale of assets, and restructuring charges, retail operating income was 4.6 percent of net sales, relatively flat year-over-year. Corporate Center costs of EUR 106 million were down EUR 26 million compared to last year primarily due to manpower reductions.

Net financial expense

In 2007, net financial expense decreased EUR 171 million compared to 2006, predominantly as a result of lower interest expense of EUR 80 million, due to lower debt balances and favorable changes in exchange rates. In addition, interest income increased EUR 77 million in 2007 as a result of higher average cash balances invested after receiving proceeds from divestments.

Income taxes

In 2007, Ahold recognized an income tax expense of EUR 167 million compared to a EUR 39 million expense last year. The effective tax rate, calculated as a percentage of income before income taxes, increased to 20.2 percent (6.7 percent in 2006). The higher effective tax rate in 2007 was primarily attributable to a ruling with the tax authorities and developments in Dutch tax regulations that enabled Ahold to reduce its tax contingency reserve in 2006, and as a result of changes in the Company's geographical mix of earnings.

Share in income of joint ventures

In 2007, the Company's share in income of joint ventures of EUR 138 million decreased EUR 14 million primarily due to ICA. The decrease at ICA was attributable to a weak performance in Norway, higher costs including logistic expenses in Sweden, and the non-repetition of last year's gain on the sale of ICA's foodservice business, ICA Meny. The higher logistic expenses were associated with a new distribution network and warehouse, which should improve the future efficiency of ICA's supply chain.

Income from discontinued operations

In 2007, income from discontinued operations, which consisted of results from discontinued operations and results on divestments of discontinued operations, increased EUR 1.9 billion to EUR 2.1 billion. Net gains on divestments were EUR 2 billion in 2007 and primarily related to the sale of U.S. Foodservice, Tops and Ahold's Polish operations.

Net income

In 2007, net income was EUR 2.9 billion compared to EUR 915 million in 2006. The improvement was primarily due to gains on divestments in 2007 and improved operating results.

Business segment results

The following is a discussion of the results of operations, including net sales and operating income, for the Company's business segments.

Business overview and performance



Stop & Shop/Giant-Landover

The following table sets forth net sales and operating income information for Stop & Shop/Giant-Landover in 2007 and 2006:

in millions, except percentages	2007	2006
Net sales in EUR	12,192	13,089
Net sales in USD	16,689	16,438
Change in identical sales:		
Stop & Shop	1.3%	(1.3%)
Giant-Landover	(1.1%)	(1.6%)
Change in comparable sales:		
Stop & Shop	1.7%	(0.8%)
Giant-Landover	(0.9%)	(1.2%)
Operating income in EUR	486	670
Operating income in USD	663	839
Operating income as a percentage of net sales	4.0%	5.1%

Net sales

Net sales increased 1.5 percent in 2007 to USD 16.7 billion. The increase was attributable to identical sales growth and the opening of new and replacement stores; store closures were a partial offset.

Excluding gasoline net sales, Stop & Shop identical sales increased 0.6 percent in 2007 compared with a 2 percent decrease in 2006. Giant-Landover does not currently sell gasoline. Identical sales were negatively impacted by pressure from new competitor store openings, increased competitive promotional campaigns and increased competition from alternative retail formats, including traditional discount stores and wholesale club outlets. In order to address this, the operating company is implementing its Value Improvement Program, which will improve its price positioning and product and service offerings, as discussed in "Strategy" in this Annual Report.

Operating income

In 2007, operating income decreased USD 176 million to USD 663 million. Operating income was lower primarily due to price investments under the Value Improvement Program, which impacted approximately 50 percent of net sales in the Stop & Shop and Giant-Landover stores at year-end, and an increase in restructuring and related charges.

Giant-Carlisle

The following table sets forth net sales and operating income information for Giant-Carlisle in 2007 and 2006:

in millions, except percentages	2007	2006
Net sales in EUR	3,145	3,032
Net sales in USD	4,307	3,812
Change in identical sales	3.7%	3.9%
Change in comparable sales	5.1%	6.0%
Operating income in EUR	142	136
Operating income in USD	194	170
Operating income as a percentage of net sales	4.5%	4.5%

Net sales

In 2007, net sales increased 13 percent to USD 4.3 billion, in part due to the acquisition of 14 Clemens Markets stores in the fourth quarter of 2006.

Excluding gasoline, identical sales increased 3.2 percent in 2007, compared to 2.1 percent in 2006.

Operating income

In 2007, operating income increased USD 24 million to USD 194 million. The improvement was largely attributable to strong sales growth and cost savings initiatives.



Albert Heijn

The following table sets forth net sales and operating income information for Albert Heijn in 2007 and 2006:

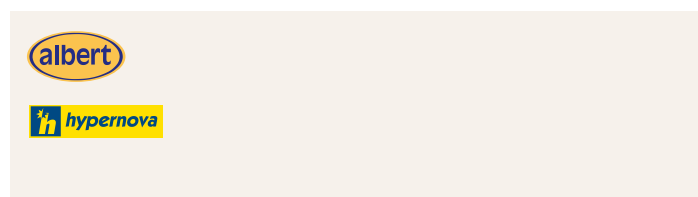
EUR in millions, except percentages	2007	2006
Net sales	7,998	7,136
Change in identical sales – Albert Heijn supermarkets	7.9%	6.7%
Operating income	573	411
Operating income as a percentage of net sales	7.2%	5.8%

Net sales

Net sales increased 12.1 percent to EUR 8 billion in 2007. The growth in net sales was primarily driven by the success of Albert Heijn's value repositioning program, effective promotional activities and the impact of the Konmar acquisition in the fourth quarter of 2006.

Operating income

In 2007, operating income increased EUR 162 million to EUR 573 million as Albert Heijn benefited from higher identical sales, effective cost control and lower pension charges.



Albert/Hypernova

The following table sets forth net sales and operating income (loss) information for Albert/Hypernova in 2007 and 2006:

EUR in millions, except percentages	2007	2006
Net sales	1,558	1,385
Change in identical sales	6.8%	(5.5%)
Operating income (loss)	–	(55)
Operating income (loss) as a percentage of net sales	0.0%	(4.0%)

Net sales

Net sales increased 12.5 percent to EUR 1.6 billion in 2007; at constant exchange rates net sales growth was 9.1 percent. The increase in net sales was primarily attributable to identical sales growth, which benefited from a price repositioning campaign launched during 2007.

Operating loss

The operating company reduced its operating loss from EUR 55 million in 2006 to breakeven in 2007. The year-over-year improvement was primarily due to higher identical sales, improved store operations and lower impairment charges.

Business overview and performance



Schuitema

The following table sets forth net sales and operating income information for Schuitema in 2007 and 2006:

EUR in millions, except percentages	2007	2006
Net sales	3,259	3,184
Change in identical sales	1.3%	1.5%
Operating income	66	74
Operating income as a percentage of net sales	2.0%	2.3%

Net sales

In 2007, net sales increased 2.4 percent primarily due to identical sales growth and the impact of Konmar stores acquired in 2006.

Operating income

In 2007, operating income decreased EUR 8 million to EUR 66 million primarily due to concessions given to franchisees, costs incurred in improving operating company processes and the store portfolio, and higher impairment of assets.

Liquidity and capital resources

Assessment of liquidity and capital resources

Ahold relies on cash provided by operating activities as a primary source of liquidity in addition to debt and equity issuances in the capital markets, letters of credit under credit facilities and available cash, including net cash from divestments. Cash proceeds from the divestments resulting from the Company's 2006 strategic review, the major part of which were received in 2007, have strengthened the Company's balance sheet and created shareholder value by enabling the Company to return EUR 4 billion of the proceeds to shareholders in 2007. The Company's strategy and progress over the past years have positively impacted the credit ratings assigned to Ahold by Moody's and S&P and led to the restoration of an investment grade rating by both agencies during 2007.

Based on the current operating performance and liquidity position, the Company believes that cash provided by operating activities and available cash balances will be sufficient for working capital, capital expenditures, dividend payments, interest payments and scheduled debt repayment requirements for the next 12 months and the foreseeable future. Ahold believes its cash resources will be sufficient for the Company's goal to further reduce debt following its program of divestments.

Cash flows

Net cash from operating activities

In 2007, cash from operating activities was EUR 1.8 billion, an increase of EUR 22 million compared to last year due to higher operating income, lower working capital requirements and a lower payment made under the Securities Class Action settlement (final installment of EUR 284 million paid in 2007 and EUR 536 million in 2006); higher pension contributions – including a EUR 101 million contribution to one of the Company's U.S. pension plans – and the absence of operating cash flow from divested businesses were partial offsets.

Net cash from investing activities

In 2007, net cash from investing activities was EUR 4.8 billion positive, an improvement of EUR 5.6 billion compared to 2006, mainly as a result of the proceeds from the sale of U.S. Foodservice, Tops and the Company's operations in Poland. In 2006, investing activities included the acquisition of stores from Konmar and Clemens Markets.

Net cash from financing activities

In 2007, net cash used in financing activities was EUR 5.1 billion, a EUR 3.9 billion higher outflow than in 2006 primarily due to the distribution of proceeds from divestments to shareholders by means of a capital repayment and reverse stock split of EUR 3 billion and a share buyback program of EUR 1 billion. In 2007 long-term debt redemptions increased from EUR 277 million in 2006 to EUR 629 million. For more disclosure about the Company's debt redemptions see "Debt" below.

As a result of the net cash flows above, the Company had cash and cash equivalents of EUR 3.3 billion as of December 30, 2007 compared to EUR 1.8 billion as of December 31, 2006.

Debt

Ahold's total gross debt was EUR 5.4 billion as of December 30, 2007 – down EUR 1.1 billion from the end of 2006.

The following table sets forth a breakdown of the Company's gross debt:

EUR in millions	December 30, 2007	January 1, 2007
Loans, including current portion	3,736	4,650
Finance lease liabilities, including current portion	1,080	1,277
Cumulative preferred financing shares	497	497
Short-term borrowings	66	56
Total gross debt	5,379	6,480

In 2007, loans, including current portion, decreased by EUR 914 million or 19.7 percent. Of this decrease, EUR 628 million was attributable to the repayment of loans and EUR 221 million to favorable changes in exchange rates, principally between the U.S. dollar and the euro. A total of EUR 1.1 billion of long-term debt will mature in 2008 and EUR 2.6 billion between 2009 and 2031.

The Company has a Euro Medium Term Note Program, which had an aggregate of EUR 2 billion of outstanding notes at year-end 2007. The notes have maturities ranging from 2008 through 2031. Notes issued under the program contain customary restrictive covenants, including but not limited to negative pledge covenants and default provisions in the event of a change of control.

Group credit facility

On August 8, 2007, Ahold amended its EUR 2 billion unsecured syndicated multi-currency credit facility of May 17, 2005. As a result, the tenor was extended to five years with two one-year extension options and the capacity was downsized to EUR 1.2 billion. In addition, the applicable interest rates, utilization fees and fixed fees were reduced. The credit facility may be used for working capital and for general corporate purposes of the Ahold group and provides for the issuance of USD 550 million of letters of credit. As of December 30, 2007, there were no outstanding loans under the credit facility other than letters of credit of USD 438 million.

Reconciliation of non-GAAP financial measures

The following table sets forth a reconciliation of total retail operating income excluding impairment of assets, gains and losses on the sale of assets, and restructuring charges ("Underlying retail operating income") to total retail operating income in 2007 and 2006:

EUR in millions, except percentages	2007	2006
Net sales	28,152	27,826
Underlying retail operating income	1,297	1,282
Adjustments:		
Impairment of assets	(41)	(56)
Gains and losses on the sale of assets	43	30
Restructuring charges	(32)	(20)
Total retail operating income	1,267	1,236
As a percentage of sales		
Underlying retail operating income	4.6%	4.6%
Total retail operating income	4.5%	4.4%

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

- **Net sales at constant exchange rates.**
In certain instances, net sales exclude the impact of using different currency exchange rates to translate the financial information of certain of Ahold's subsidiaries to euros. For comparison purposes, the financial information of the previous year is adjusted using the average 2007 currency exchange rates in order to understand this currency impact. In certain instances, net sales are presented in local currency. Ahold's management believes these measures provide a better insight into the operating performance of Ahold's foreign subsidiaries.
- **Identical sales, excluding gasoline net sales.**
Because gasoline prices have experienced greater volatility than food prices, Ahold's management believes that by excluding gasoline net sales, this measure provides a better insight into the effect of gasoline net sales on Ahold's identical sales.
- **Underlying retail operating income.**
Total retail operating income, adjusted for impairment of non-current assets, gains and losses on the sale of assets and restructuring charges. Ahold's management believes this measure provides better insight into the underlying operating performance of Ahold's retail operations.
- **Operating income in local currency.**
In certain instances, operating income is presented in local currency. Management believes this measure provides a better insight into the operating performance of foreign subsidiaries.
- **Total gross debt, which is the sum of long-term debt and short-term debt.**
A reconciliation of total gross debt to loans, including current portion, appears under "Business performance." Ahold believes that total gross debt is a useful measure of Ahold's indebtedness.
- **Net debt, which is the difference between (i) the sum of long-term debt and short-term debt (i.e., gross debt) and (ii) cash and cash equivalents.**
Management believes that net debt is a useful measure for investors. In management's view, because cash and cash equivalents can be used, among other things, to repay indebtedness, netting this against gross debt is a useful measure of Ahold's leverage. Net debt may include certain cash items that are not readily available for repaying debt.
- **Cash flow before financing activities.**
Cash flow before financing activities is the sum of net cash from operating activities and net cash from investing activities. Ahold's management believes that because this measure excludes net cash from financing activities, this measure is useful where such financing activities are discretionary, as in the case of voluntary debt prepayments.

Remuneration

General

This section sets out the remuneration policy for the Corporate Executive Board members. The remuneration policy is prepared in accordance with the Dutch Corporate Governance Code and was adopted at the General Meeting of Shareholders on May 18, 2006 as required by the Dutch Corporate Governance Code. This section starts with the responsibilities and activities of the Remuneration Committee, followed by the Corporate Executive Board members' remuneration for 2007. Information on additional arrangements, employment agreements and an outlook on the remuneration policy for 2008 is also included.

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

Remuneration Committee

The main responsibilities of the Remuneration Committee include:

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

During 2007, the composition of the Remuneration Committee changed. Myra Hart resigned from the Remuneration Committee on August 30, 2007. At present, the members of the Remuneration Committee are Derk Doijer, Chairman, Stephanie Shern and Judith Spriester, all of whom are members of the Supervisory Board.

In 2007, the Remuneration Committee met six times.

The Remuneration Committee utilizes internal and external advisors for market data and updates on recent relevant developments. In 2007, external advisors were hired to provide professional advice regarding the remuneration policy, market practices and short- and long-term incentive plans. Ultimately, the Supervisory Board determines the level and composition of the remuneration components for the individual members of the Corporate Executive Board.

The remuneration policy 2007

Ahold's remuneration policy is focused on Total Direct Compensation. Total Direct Compensation is benchmarked against a peer group set of companies identified as relevant to the Company.

Total Direct Compensation

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

The peer group used for reference

The peer group used to assess both the competitiveness of the overall remuneration provided to the Corporate Executive Board as well as to benchmark the performance of the Company is the same. This peer group reflects the geographical areas in which the Company operates and the markets most relevant with respect to the recruitment and retention of top management for the Company. Furthermore, the peer group companies are selected based on relevant size, public listing and free float of shares (tradability).

The peer group is currently comprised of the following companies:

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

To anticipate changes to the peer group, a short list with substitutes is defined. In selecting the most appropriate replacement, the Supervisory Board will use the same criteria as used to select the companies in the current peer group. After the divestment of U.S. Foodservice it was decided to replace the Sysco Corporation by SuperValu, amongst other reasons to ensure a reflective geographical spread.

Base salary

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

Annual cash incentive plan

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

Equity-based program: Global Reward Opportunity

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

The target value to be granted under GRO has been determined by the Supervisory Board at 125 percent of base pay. The number of conditional shares to be granted depends on the at-target value of the grant, the annual cash incentive plan multiplier of the preceding year and the average share price during the six months preceding the date of grant. For example, assuming an at-target grant value of EUR 100,000 and an annual incentive multiplier for the preceding year

of 0.8, the value to be granted will be $0.8 \times \text{EUR } 100,000 = \text{EUR } 80,000$. Assuming furthermore, a six months average share price preceding the date of grant of EUR 8.00, the number of shares to be conditionally granted will be 10,000. Of these 10,000 shares, 5,000 will be granted through a three-year component and 5,000 will be granted through the five-year Total Shareholder Return ("TSR")-related component. In the event that the annual incentive multiplier is zero, 50 percent of the grant value at target will be granted through the five-year program only.

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

Three-year component

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

Five-year component

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

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

Remuneration

Pension

The pension plan for Corporate Executive Board members is identical to the pension provision for the employees of Ahold in the Netherlands below the level of the Corporate Executive Board and is a so-called average base pension plan. For every service year at Ahold a pension amounting to 2.25 percent of the pension-bearing base salary will be granted. The normal retirement age is 65. Under this plan, each Corporate Executive Board member pays a pension premium contribution of approximately 1 percent of his or her pension-bearing salary.

Corporate Executive Board members born before 1950 (Peter Wakkie) still participate in a pension plan that provides a final pension of 60 percent of the pension-bearing base salary annually upon reaching the age of 60, assuming a minimum of 30 pension-bearing years at Ahold.

Other contract terms

Loans

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

Additional arrangements

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

Employment agreements

The term of appointment for all Corporate Executive Board members is set at four years. The term of employment is equal to the term of appointment, unless the Corporate Executive Board member is reappointed for another term or was already employed by the Company immediately prior to the appointment, in which cases the term of employment is indefinite. If the Company terminates the employment agreement of any member of the Corporate Executive Board, the severance payment is in principle limited to one year's base salary. The same applies if an initial employment agreement for four years is not continued because the Corporate Executive Board member is not reappointed. The employment agreements may be terminated by the Company with a notice period of 12 months, and by the Corporate Executive Board member with a notice period of six months. For Corporate Executive Board members appointed before 2004, the termination clause is different. In this case the term of notice for both parties is three months and no specific severance arrangement has been made. At reappointment of such Board members, the employment contract shall be amended to reflect the same notice period and severance arrangement as the employment agreement of Corporate Executive Board members appointed after 2003.

Outlook remuneration policy

No major changes to either the policy or the design of the incentive programs are anticipated for 2008.

Koninklijke Ahold N.V. is the parent company of the Ahold group. It was founded in 1887 and incorporated as a limited liability company under Dutch law on April 29, 1920. Ahold's common shares are listed on Euronext Amsterdam and its American Depositary Receipts are traded on the over-the-counter market in the United States.

Corporate governance

As a Dutch listed company Ahold is required to comply with the Dutch Corporate Governance Code either by applying its provisions or explaining why it deviates from any provision. Ahold's shareholders consented to all of the proposed changes aimed at compliance with the Dutch Corporate Governance Code during an Extraordinary General Meeting of Shareholders on March 3, 2004. Ahold continues to seek ways to improve its corporate governance by measuring itself against international best practice. On September 20, 2007, Ahold completed the delisting of its American Depositary Receipts (ADRs) from the New York Stock Exchange (NYSE). Deregistration from the U.S. Securities and Exchange Commission (SEC) became effective on December 27, 2007. This terminates Ahold's reporting obligations with respect to the ADRs on the NYSE which had been suspended since September 28, 2007. The Company's ADRs will continue to be traded on the over-the-counter (OTC) market in the United States.

The decision to delist has been taken as part of Ahold's strategy to improve cost-effectiveness by reducing complexity without detracting from the integrity of its corporate governance and control processes. The benefits of maintaining a U.S. registration and a NYSE listing have declined over time. The majority of Ahold shares held by U.S.-domiciled investors are acquired through Euronext Amsterdam and the average daily trading volume in the United States over the last 12 months has been less than five percent of the total worldwide volume. Ahold expects to be able to fully satisfy its current and future capital requirements based on its financial standing, through a single listing on Euronext Amsterdam. Ahold's Corporate Executive and Supervisory Boards have also taken into account the regulatory, legal, reporting and governance complexity and costs associated with complying with these two registrations.

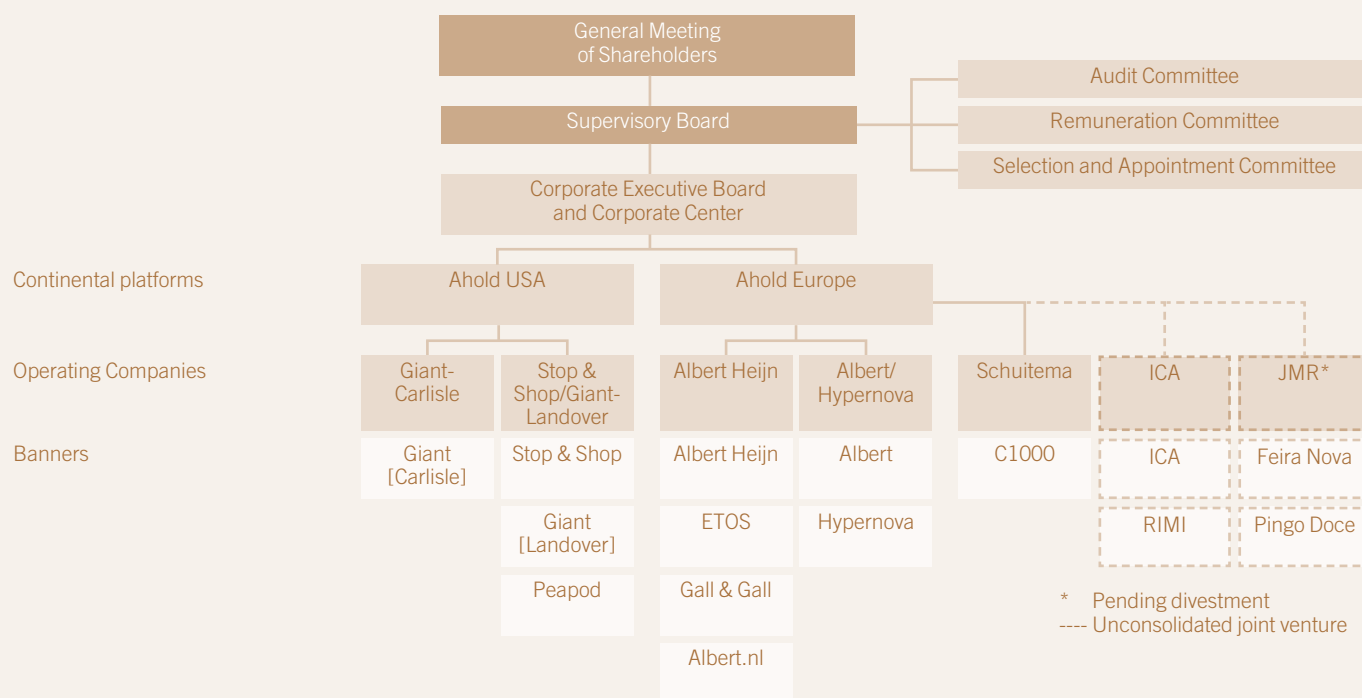
Governance structure

Ahold's governance structure is comprised of a Corporate Center and two continental platforms, Ahold USA and Ahold Europe, each of which contain several operating companies. This structure is focused on enabling the Company to execute its strategy effectively as a Group of companies, and achieve its growth objectives through building powerful local consumer brands.

Ahold's structure has been designed to strike an effective balance between local, continental and Group (Ahold-wide) decision making.

- Locally Ahold remains close to consumers and responsive to their needs.
- Continentally Ahold simplifies and aligns what it does, leveraging its continental capabilities to increase the speed of how it improves value to customers, addresses local market challenges, and realizes scale benefits.

The following diagram shows the governance structure of Ahold and its businesses.



A list of subsidiaries, joint ventures and associates is included in Note 35 to the consolidated financial statements in this Annual Report.

Corporate Executive Board

Ahold is managed by the Corporate Executive Board, which is supervised and advised by the Supervisory Board. The Corporate Executive Board as a whole is responsible for the management and the general affairs of Ahold.

Composition

Ahold's Articles of Association provide that the Corporate Executive Board must consist of at least three members. In the event that one or more members of the Corporate Executive Board is absent or ceases to hold office, the remaining members or the sole remaining member will conduct the management of the Company. At the Annual General Meeting of Shareholders on May 3, 2007, Dick Boer was appointed to the Corporate Executive Board, on which he had been serving as acting member since May 10, 2006. Following the joint decision of the Supervisory Board and Anders Moberg that given the completion of the Road to Recovery of Ahold and the entering by Ahold into a new era, it was in the best interest of all concerned that Anders Moberg would resign as per July 1, 2007, the Supervisory Board appointed John Rishton as acting President and Chief Executive Officer. Kimberly Ross was appointed Deputy Chief Financial Officer per the same date.

On November 15, 2007, the Supervisory Board appointed John Rishton as President and Chief Executive Officer, and Kimberly Ross as Executive Vice President and Chief Financial Officer. She assumed the position of acting Corporate Executive Board member and will be nominated for appointment to the Corporate Executive Board at the Annual General Meeting of Shareholders scheduled for April 23, 2008. Also, Peter Wakkie is available for another term,

and the Supervisory Board will propose to the General Meeting of Shareholders to reappoint him as member of the Corporate Executive Board.

Appointment, suspension and dismissal

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

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

Remuneration

The General Meeting of Shareholders on May 18, 2006 adopted the remuneration policy for Corporate Executive Board members. Details on this policy can be found in the "Remuneration" section of this Annual Report.

For detailed information on the individual remuneration of Corporate Executive Board members, see Notes 31 and 32 to the consolidated financial statements in this Annual Report.

Retirement and reappointment schedule

Name	Date of birth	Date of initial appointment	Date of possible reappointment
John Rishton	February 21, 1958	May 18, 2006	2010
Peter Wakkie	June 22, 1948	November 26, 2003	2008
Dick Boer	August 31, 1957	May 3, 2007	2011

The Corporate Executive Board Charter can be found in the corporate governance section of our website at www.ahold.com.

Supervisory Board

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

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

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

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

Appointment

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

Committees of the Supervisory Board

The Supervisory Board has established the following permanent committees:

Audit Committee

The Audit Committee assists the Supervisory Board in its responsibilities to oversee financing, financial statements, the financial reporting process and the system of internal business controls and risk management. It is also responsible for pre-approving all audit services and permitted non-audit services.

Selection and Appointment Committee

The Selection and Appointment Committee makes recommendations to the Supervisory Board regarding candidates for service on the Corporate Executive Board and the Supervisory Board.

Remuneration Committee

The Remuneration Committee recommends the remuneration policy for the Corporate Executive Board to be adopted by the General Meeting of Shareholders, prepares proposals to the Supervisory Board for remuneration of individual members of the Corporate Executive Board and advises the Corporate Executive Board on the level and structure of compensation for other senior personnel.

The following charters can be found in the corporate governance section of Ahold's website at www.ahold.com: the Supervisory Board Charter, the Audit Committee Charter, the Remuneration Committee Charter and the Selection and Appointment Committee Charter.

Conflict of interest

Each member of the Supervisory Board is required to immediately report any potential conflict of interest to the Chairman of the Supervisory Board and provide him with all relevant information. Each member of the Corporate Executive Board is required to immediately report any potential conflict of interest to the Chairman of the Supervisory Board and to the other members of the Corporate Executive Board and provide the Chairman of the Supervisory Board and the other members of the Corporate Executive Board with all relevant information. The Chairman determines whether there is a conflict of interest. If a member of the Supervisory Board or a member of the Corporate Executive Board has a conflict of interest with the Company, the member may not participate in the discussions and/or decision-making process on a subject or transaction in relation to the conflict of interest. The Chairman of the Supervisory Board shall arrange for such transactions to be disclosed in the Annual Report. No such conflicts of interest occurred in 2007. In accordance with provision III.6.4 of the Dutch Corporate Governance Code, Ahold reports that no transactions between the Company and legal or natural persons who hold at least 10 percent of the shares in the Company have occurred in 2007.

Shares and shareholders' rights

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

Issue of additional shares and pre-emptive rights

Shares may be issued pursuant to a resolution of the General Meeting of Shareholders upon a proposal of the Corporate Executive Board with the approval of the Supervisory Board. The General Meeting of Shareholders may resolve to delegate this authority to the Corporate Executive Board for a period not exceeding five years. A resolution of the General Meeting of Shareholders to issue shares or to authorize the Corporate Executive Board to do so is subject also to the approval of each class of shares whose rights would be adversely affected by the proposed issuance or delegation. The General Meeting of Shareholders approved a delegation of this authority to the Corporate Executive Board, subject to the approval of the Supervisory Board until and including November 3, 2008 with respect to the issuance and/or granting of rights to acquire common shares up to a maximum of 10 percent of the outstanding common shares.

Holders of common shares have a pre-emptive right to purchase common shares upon the issue of new common shares in proportion to the aggregate amount of their existing holdings of Ahold's common shares. According to the Company's Articles of Association, this pre-emptive right does not apply in respect of any issuance of shares to employees of Ahold. The General Meeting of Shareholders may resolve to restrict or exclude pre-emptive rights. The General Meeting of Shareholders may also designate by resolution the Corporate Executive Board for a period not exceeding five years as the corporate body authorized to restrict or exclude pre-emptive rights. An absolute majority of votes cast in the General Meeting of Shareholders is required to adopt a resolution to restrict or exclude rights or to delegate this authority to the Corporate Executive Board, provided that at least one-half of the issued and outstanding share capital is represented at such meeting. A majority of at least two-thirds of the votes cast is required if less than one-half of the issued and outstanding share capital is represented. The General Meeting of Shareholders has delegated the authority to restrict or exclude the pre-emptive rights of holders of common shares upon the issuance of common shares and/or upon the granting of rights to subscribe for common shares to the Corporate Executive Board until and including November 3, 2008.

Corporate governance

General Meeting of Shareholders

Ahold's shareholders exercise their rights through an Annual and Extraordinary General Meetings of Shareholders. These meetings must be held in the Netherlands, and specifically in the municipalities of Zaanstad, Amsterdam, The Hague, Rotterdam, Utrecht, Amersfoort or Haarlemmermeer. Each year, no later than six months after the end of the financial year of the Company, Ahold is required to convene an Annual General Meeting of Shareholders. Additional Extraordinary General Meetings of Shareholders may be convened at any time by the Supervisory Board, the Corporate Executive Board or by one or more shareholders representing at least 10 percent of the issued share capital. The agenda for the Annual General Meeting of Shareholders must contain certain matters as specified in Ahold's Articles of Association and under Dutch law. This includes, among other things, the adoption of Ahold's annual financial statements. Shareholders are entitled to propose items to be put on the agenda of the General Meeting of Shareholders provided they hold at least 1 percent of the issued share capital or the shares held by them represent a market value of at least EUR 50 million. Adoption of such a proposal requires a majority of votes cast at the General Meeting of Shareholders representing at least one-third of the issued shares. If this qualified majority is not achieved but a majority of the votes exercised was in favor of the proposal, then a second meeting may be held. In the second meeting, only a majority of votes exercised, regardless of the number of shares represented at the meeting (unless the law or articles of association provide otherwise), is required to adopt the decision. Proposals for matters to be included in the agenda for the General Meeting of Shareholders must be submitted at least 60 days before the day of the meeting. Ahold may, however, refrain from including a matter on the agenda if this would prejudice its vital interests. The General Meeting of Shareholders is also entitled to approve important decisions regarding the identity or the character of Ahold, including major acquisitions and divestments.

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

Ahold is one of the companies participating in the Shareholder Communication Channel ("Stichting Communicatiekanaal Aandeelhouders"). The Company has used the Shareholder Communication Channel to distribute the agenda for the Annual General Meeting of Shareholders and a voting instruction form that allows shareholders to grant power to an independent proxy holder, either by mail or via the internet.

Holders of ADRs will receive notice from The Bank of New York, the Depository for Ahold's ADR facility, whenever it receives notice of a General Meeting of Shareholders or solicitation of consents or proxies of holders of common shares. The Depository will provide a statement that the owners of ADRs on the record date will be entitled to instruct the Depository as to the exercise of any voting rights represented by the common shares underlying their ADRs. If the Depository does not receive instructions from any owner, the Depository will deem the owner to have instructed the Depository to give a discretionary proxy to a person designated by Ahold for the underlying common shares.

Voting rights

Each common share gives the right to cast one vote. Subject to certain exceptions provided by Dutch law or Ahold's Articles of Association, resolutions are passed by a majority of the votes cast. A resolution to amend the Articles of Association that would change the rights vested in the holders of a particular class of shares requires the prior approval of a meeting of that particular class. A resolution

to dissolve the Company may be adopted by the General Meeting of Shareholders following a proposal of the Corporate Executive Board made with the approval of the Supervisory Board. Any proposed resolution to wind up the Company must be disclosed in the notice calling the General Meeting of Shareholders at which that proposal is to be considered.

No votes may be cast at a General Meeting of Shareholders in respect of shares that are held by Ahold or any of its subsidiaries. These shares are not taken into account for the purpose of determining how many shareholders are voting and are represented, or how much of the share capital is represented at a General Meeting of Shareholders.

Holders of depositary receipts with respect to cumulative preferred financing shares may attend the General Meeting of Shareholders. The voting rights on the underlying shares may be exercised by Stichting Administratiekantoor Preferente Financierings Aandelen Ahold ("SAPFAA"), a foundation organized under the laws of the Netherlands in the manner described in Note 24 to the consolidated financial statements in this Annual Report.

Cumulative preferred financing shares

All outstanding cumulative preferred financing shares have been issued to SAPFAA. The purpose of SAPFAA is, among other things, to acquire and hold cumulative preferred financing shares against the issue of depositary receipts, as well as to exercise all voting rights attached to these shares. Holders of depositary receipts can obtain proxies from SAPFAA. Pursuant to its Articles of Association, the board of SAPFAA consists of three members: one A member, one B member and one C member.

The A member is appointed by the general meeting of depositary receipt holders, the B member is appointed by the Company and the C member is appointed by a joint resolution of the A member and the B member. As of March 5, 2008, the members of the board of SAPFAA were:

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

Ahold pays a mandatory annual dividend on cumulative preferred financing shares, which is calculated in accordance with the provisions of article 39.4 of the Company's Articles of Association. For further details on cumulative preferred financing shares and the voting rights attached thereto, see Note 24 to the consolidated financial statements in this Annual Report.

Cumulative preferred shares

No cumulative preferred shares are currently outstanding. Ahold entered into an option agreement with Stichting Ahold Continuïteit ("SAC") designed to exercise influence with respect to a potential change in control over the Company. SAC is a Dutch foundation whose statutory purpose is to safeguard the interests of the Company and all stakeholders in the Company and to resist to the best of its ability influences that might conflict with those interests by affecting the Company's continuity, independence or identity. As of March 5, 2008, the members of the board of SAC were:

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

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

Repurchase by Ahold of its own shares

Ahold may acquire fully paid shares of any class in its capital for no consideration at any time or for a consideration subject to certain provisions of Dutch law and the Company's Articles of Association, if:

1. Shareholders' equity, less the payment required to make the acquisition, does not fall below the sum of paid-in and called-up capital and any reserves required by Dutch law or Ahold's Articles of Association; and
2. Ahold and its subsidiaries would thereafter not hold a number of shares exceeding the limit set by law (currently an aggregate nominal value of 10 percent of the issued share capital).

No votes may be exercised on any shares held by Ahold or its subsidiaries in its capital. The resolution of the Corporate Executive Board in respect of an acquisition for consideration by the Company of shares in its capital of any class is subject to the approval of the Supervisory Board. Shares in the Company's own capital may only be acquired if the General Meeting of Shareholders has authorized the Corporate Executive Board to do so. Such authority may apply for a maximum period of 18 months and must specify the number of shares that may be acquired, the manner in which shares may be acquired and the price limits within which shares may be acquired. Ahold may acquire shares in its capital for no consideration or for the purpose of transferring these shares to employees pursuant to share plans or option plans, without such authorization. The Corporate Executive Board has been authorized to acquire shares until and including November 3, 2008, subject to the approval of the Supervisory Board.

On August 30, 2007, Ahold announced a EUR 1 billion share buyback program. The total number of shares repurchased under this program was 96,427,207 common shares at an average price of EUR 10.3702. Of the total shares repurchased, 76,427,207 were cancelled as at January 3, 2008 in accordance with resolutions adopted at Ahold's Annual General Meeting of Shareholders held on May 3, 2007. The remaining 20 million shares repurchased are held by Ahold as treasury shares for delivery under employee share-based compensation plans.

Major shareholders

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

Significant ownership of voting shares

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

5 percent, 10 percent, 15 percent, 20 percent, 25 percent, 30 percent, 35 percent, 40 percent, 50 percent, 60 percent, 75 percent and 95 percent.

The obligation to notify the AFM also applies when a percentage of outstanding capital interest or voting rights held by any person or legal entity reaches, exceeds or falls below a threshold as a result of a change in the total outstanding capital or voting rights of Ahold.

In addition local rules may apply to investors.

The following information was obtained from the public notifications on record with the AFM as of March 5, 2008:

Shareholder	Date of disclosure	Capital interest ²	Voting rights ²
Stichting Administratiekantoor Preferente Financieringsaandelen Ahold ¹	January 3, 2008	15.32%	5.87%
ING Groep N.V.	January 15, 2008	9.69%	5.43%
DeltaFort Beleggingen B.V.	November 1, 2006	9.18%	3.28%
AllianceBernstein Corporation	September 27, 2007	5.01%	4.25%
Capital Research and Management Company	February 7, 2008	4.91%	5.66%
Barclays Global Investors	November 13, 2007	4.54%	5.19%
Brandes Investment Partners Inc	November 1, 2006	0.00%	9.25%

¹ All of the outstanding cumulative preferred financing shares are held by SAPFAA, for which SAPFAA issued corresponding depository receipts to investors that filed under ING Groep N.V. and DeltaFort Beleggingen B.V.

² In accordance with the filing requirements the percentages shown include both direct and indirect capital interests and voting rights and both real and potential capital interests and voting rights. Further details can be obtained at www.afm.nl

Corporate governance

Articles of Association

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

The Articles of Association were amended in May 2007, as a result of changes in Dutch corporate law in light of the introduction of electronic communication methods that came into effect in 2007.

On August 22, 2007, Ahold's Articles of Association were amended to allow for a capital repayment and reverse stock split to return EUR 3 billion to Ahold's shareholders. The reverse stock split consisted of a consolidation of every five existing shares with a nominal value of then EUR 0.24 each, into four new shares with a nominal value of EUR 0.30 each.

Set out below are two further provisions of the Articles of Association with respect to the objectives of Ahold and provisions on the dissolution and liquidation of Ahold.

Description of the objectives of Ahold

Pursuant to article two of the Company's Articles of Association, Ahold's objectives are "to promote or join others in promoting companies and enterprises, to participate in companies and enterprises, to finance – 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 which 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."

Liquidation

In the event of Ahold's dissolution and liquidation, the surplus assets remaining after satisfaction of all debts will be distributed in accordance with the provisions of Dutch law and the Company's Articles of Association in the following order:

1. to the holders of cumulative preferred shares, the nominal amount or the amount paid thereon, if lower, as well as any dividends in arrears and dividends over the current dividend period until the date of payment of liquidation proceeds;
2. to the holders of cumulative preferred financing shares, the nominal amount and share premium paid on these shares, as well as any dividends in arrears and dividends over the current dividend period until the date of payment of liquidation proceeds;
3. to the holders of common shares, the nominal amount of these shares, as well as their proportional share in the common shares share premium account; and
4. to the holders of the 120 outstanding founders' certificates, 10 percent of the balance remaining after the distributions mentioned above have been made and after the amounts of the general reserves and profit reserves created since December 31, 1961 have been deducted in accordance with Ahold's Articles of Association. The balance remaining after all of the above distributions shall be for the benefit of the holders of Ahold's common shares in proportion to the aggregate nominal value of common shares held by each of them.

Auditor

The General Meeting of Shareholders appoints the external auditor. The Audit Committee makes a recommendation to the Supervisory Board with respect to the external auditor to be proposed for (re) appointment by the General Meeting of Shareholders. In addition, the Audit Committee evaluates and, where appropriate, recommends the replacement of the external auditor. The Audit Committee also pre-approves the fees for audit and permitted non-audit services to be performed by the external auditor as negotiated by the Corporate Executive Board. The Audit Committee shall not approve the engagement of the external auditor to render non-audit services prohibited by applicable laws and regulations or that would compromise their independence.

On May 3, 2007, the General Meeting of Shareholders reappointed Deloitte Accountants B.V. as external auditor for the Company for the fiscal year 2007.

Decree Article 10 EU Takeover Directive

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

The information required by the Decree Article 10 EU Takeover Directive is included in this "Corporate governance" section and the "Investor relations" section, and the notes referred to therein, or included in the description of any relevant contract.

Compliance with Dutch Corporate Governance Code

Ahold applies all of the relevant provisions of the Dutch Corporate Governance Code.

Ahold's risk management and control systems are designed to provide reasonable assurance that the Company's objectives are achieved. Ahold takes a structured and consistent approach to internal control by aligning strategy, policies, procedures, people and technology, for the purpose of managing the uncertainties that the Company faces.

Risk management and internal control

Ahold Business Control Framework

The Company maintains the Ahold Business Control Framework ("ABC Framework") to encompass its operating standards. The aim of the ABC Framework is to provide reasonable assurance that risks to the achievement of important objectives are identified and mitigated. Based on the recommendations set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the ABC Framework incorporates risk assessment, control activities and monitoring into business practices at both the entity and functional level.

Ahold has developed uniform control standards in areas such as capital investment proposals, contracts and agreements, accounting policies and the financial closing process. These and other policies and procedures are integrated into the ABC Framework as mandatory control guidelines for all Ahold operating companies. Within this framework, management is responsible for local business operations including risk mitigation and compliance with laws and regulations, following normal reporting lines to senior management. Authority limits have been established to ensure that all expenditures and decisions are approved by the appropriate levels of management.

An enterprise risk management program is in place to provide senior management with an understanding of key business risks and associated risk management practices. At each operating company, functional management identifies the principal risks to the achievement of objectives in their areas. These risks are reviewed by business risk committees and synthesized into a consolidated report that is presented to the Corporate Executive Board and the Supervisory Board. Management at each operating company is required to address the risks that are considered the most important to Ahold. Progress is discussed with the Corporate Executive Board on a regular basis as an integral part of the business planning and performance process. The result is a proactive process in which risks are identified, acted upon and monitored as part of the standard business cycle.

Monitoring

Ahold uses a comprehensive business planning and performance review process to monitor its performance. This consists of a coherent set of activities covering the adoption of strategy, budgeting and reporting of current and projected results. Business performance is assessed with respect to both financial and non-financial targets.

Ahold operates a group-wide management certification process designed to meet business needs and the requirements of the Dutch Corporate Governance Code. The certification process provides Ahold's Disclosure and Compliance Committee with quarterly confirmation by means of a letter of representation from subsidiary management that compliance has been maintained with Ahold's Global Code of Professional Conduct and Ethics, policies on fraud prevention and detection, accounting and internal control standards and disclosure requirements.

Internal Audit at Ahold helps to ensure that the integrity and effectiveness of Ahold's system of internal control is maintained and continuously improved through regular risk-based, objective and critical evaluations. Internal Audit monitors Ahold's risk management and control systems to provide the Corporate Executive Board, and the Supervisory Board through its Audit Committee, with reasonable assurance on the reliability of financial reporting, compliance with relevant laws and regulations, safeguarding of assets, and efficiency and effectiveness of operations. Internal Audit also monitors the effectiveness of corrective actions undertaken by management by applying specific follow-up procedures to significant audit findings.

Disclosure and Compliance Committee

The Disclosure and Compliance Committee was established by the Corporate Executive Board to oversee the collection and analysis of financial and non-financial information that is to be publicly disclosed for Ahold and its subsidiaries. The Committee works to ensure that this information is complete and accurate and is disclosed in a timely manner. The Committee reviews this information prior to its inclusion in annual reports and other disclosures made to the public or the financial community throughout the year. Four subcommittees assist the Disclosure and Compliance Committee; one coordinating the preparation of the Annual Report, a second overseeing Ahold's

Risk management and internal control

internal and external websites, a third monitoring the Company's global information security, and a fourth operating the management certification process. The Committee also assists the Corporate Executive Board in ensuring that Ahold has effective policies and procedures in place to promote compliance with applicable laws, regulations, and Ahold's Global Code of Professional Conduct and Ethics.

Code of conduct

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

Annual declaration on risk management and control systems

Ahold supports the Dutch Corporate Governance Code and makes the following declaration in accordance with best practice provision II.1.4:

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

With respect to financial reporting, management has assessed whether the risk management and control systems provide reasonable assurance that the 2007 financial statements do not contain any material inaccuracies. This assessment was based on the criteria set forth in COSO: Internal Control – Integrated Framework. It included tests of the design and operating effectiveness of entity-level controls, transactional controls at significant locations, and relevant general computer controls. Any deficiencies not fully remediated at year-end were evaluated. Based on this assessment, management determined that the Company's financial reporting systems are adequately designed and operated properly in 2007. Additionally, management did not become aware of any indications that they will not operate properly in 2008. This should not be construed as a statement in accordance with Section 404 of the US Sarbanes-Oxley Act, which is no longer applicable to Ahold.

With respect to strategy, operations and compliance, the risk factors that may impede the achievement of Ahold's objectives in these areas are described below. The ABC Framework and monitoring systems described above are the principal means used within Ahold to manage these risks. Management did not become aware of any important failings in these systems in 2007.

There were no significant changes in the Company's risk management and control systems during 2007 and no significant changes are presently planned for 2008. Management has discussed these results with the Audit Committee, the Supervisory Board and the external auditor.

Risk factors

The following discussion of risks relating to the Company should be read carefully when evaluating its business, its prospects and the forward-looking statements contained in this Annual Report.

Any of the following risks could have a material adverse effect on Ahold's financial position, results of operations and liquidity or could cause actual results to differ materially from the results contemplated in the forward-looking statements contained in this Annual Report.

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

Strategic Risks

Ahold might not successfully carry out the strategies for its food retail businesses, or realize expected cost savings.

As a result of a strategic review of its businesses, the Company adopted a strategy that includes a realignment of its portfolio to focus on core retail business in its restructured continental organizations: the United States and Europe, the continued roll-out of value repositioning programs and the reduction of operating costs. The Company may encounter difficulties or delays in implementing its strategic initiatives, and may not be able to achieve these targets. Ahold may also incur unanticipated costs in implementing its strategy.

Ahold's strategy includes, among other things, initiatives that are expected to reduce operating costs by approximately EUR 500 million by the end of 2009 and a value improvement program in the United States. However, the Company may not be able to reach the targeted level or receive the expected benefits of this cost reduction. The Company also intends to sell its stake in Jerónimo Martins Retail and its majority interest in Schuitema N.V. If Ahold fails to carry out these divestments within the planned timeframe and on acceptable terms or if a reduced degree of operational control over non-wholly-owned subsidiaries impedes Ahold's ability to successfully carry out its strategy or if Ahold otherwise does not successfully carry out its strategy, this could have a material adverse effect on the Company's financial position, results of operations and liquidity.

Operational risks

Ahold is a low-margin business and its operating income is sensitive to price fluctuations.

Ahold's retail business is characterized by relatively high inventory turnover with relatively low profit margins. The Company makes a significant portion of its sales at prices that are based on the delivered price of products it sells plus a percentage markup. As a result, Ahold's absolute levels of profit may decline during periods of food price deflation, even though the gross profit percentage may remain relatively constant. Additionally, Ahold's retail business profit levels may decline in periods of food price inflation if the Company is not able to pass along cost increases from its vendors to customers in a timely manner. Finally, Ahold's retail business could be adversely affected by other factors, including inventory control, competitive price pressures, severe weather conditions, increases in fuel- or other transportation-related costs, volatility in food commodity prices, labor expense and difficulties in collecting accounts receivable. Any of these factors may have a material adverse effect on the Company's financial position, results of operations and liquidity.

Competition is intensifying across all Ahold's markets.

Ahold continues to experience intense competition in its retail trade business, as well as industry consolidation. A number of its retail operations have started value repositioning programs. A successful value repositioning program requires careful and well-synchronized management of a number of complex factors, including efficient inventory management, negotiations with vendors of national and private label products to reduce prices without reducing quality, cutting staffing costs without compromising the quality of service and effective communication of new prices to customers. These programs might not be successful or competitors might respond and engage in

price competition against the Company. Any of these factors, or any combination of them, could have a material adverse effect on Ahold's financial position, results of operations and liquidity.

While Ahold believes there are opportunities for sustained and profitable growth, unanticipated actions of competitors and increasing competition in the food retail industry could negatively affect its financial position, results of operations and liquidity. For additional information regarding competition, see "Business overview and performance" in this Annual Report.

Ahold may not be able to retain or attract personnel who are integral to the success of its business.

Although the Company has an equity-based compensation plan and retention agreements with key employees and directors, these measures might not be effective in retaining, attracting or developing employees and directors who are integral to the success of the business, which could materially hinder Ahold's ability to successfully execute its operating strategy and objectives, and thus have a material adverse effect on its financial position, results of operations and liquidity.

Ahold might not be able to negotiate future collective bargaining agreements on acceptable terms, which could result in work stoppages.

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

Ahold faces risks relating to IT outsourcing.

Various IT services in the United States and the Netherlands have been outsourced by Ahold. In connection with this outsourcing, the Company may encounter unforeseen technical complexities or an inability to keep IT technology up to date that it may be unable to resolve or the resolution of which may lead to cost increases and the distraction of management. Although the Company has a right to conduct audits to determine the functionality of the outsourced IT services, the Company may face disruptions to its IT applications and infrastructure if outsourced IT systems fail to perform as specified or if the parties on whom the Company relies to provide outsourced IT services do not fulfill their obligations. The IT outsourcing might not achieve the expected benefits and cost savings or such benefits and savings might not be achieved as quickly as expected.

Ahold faces risks relating to information security.

Ahold's business operations generate and maintain both commercial information and personal information concerning customers and employees that is confidential. Ahold has an information security policy to ensure confidentiality, integrity and availability of information. Tools are used to support compliance with that policy and compliance monitoring is applied. However, disclosure of confidential commercial information or personal information may negatively impact Ahold's competitive position and corporate reputation and could have a material adverse effect on Ahold's financial position, results of operations and liquidity.

Ahold depends on a limited number of centralized facilities and relies on technology systems to support its logistics.

Ahold's logistics infrastructure is concentrated in a limited number of centralized locations for which Ahold has limited or no comparable back-up. In addition, Ahold relies on advanced technology systems to increase the efficiency of its logistics and reduce its distribution costs. An interruption of operations at one or more of Ahold's logistics facilities, or a disruption to the technology systems used to support its logistics operations, could disrupt Ahold's supply chain, decrease the volume of its business and result in increased costs. Although Ahold continues to invest in disaster-recovery plans and security initiatives with respect to its logistics and technology systems, these measures cannot fully prevent interruptions that could have a material adverse effect on its financial position, results of operations and liquidity.

Ahold faces risks related to corporate social responsibility, including food and product safety

The Company's reputation and competitive position could be adversely affected, if it fails to adequately address corporate social responsibility issues. Please refer to the Company's Corporate Social Responsibility Report 2007 for a review of Ahold's policy and programs in the area of corporate social responsibility.

The supply chain of growing, packing and transporting food and the supply chain of non-food products from producers to retailers require sourcing from different suppliers worldwide. Although Ahold's food safety policy covers the complete supply chain, from farm and production level to the Company's own operations, it may still face food safety problems, including disruptions to the supply chain caused by food-borne illnesses, or injuries caused by food tampering or poor sanitary conditions. Instances of food or product safety problems, real or perceived, whether at Ahold's food retail stores or at those of its competitors or those of the Company's customer operators, could adversely affect the price and availability of the affected food product or non-food product and cause customers to shift their preferences and may also result in product liability claims and negative publicity about Ahold or the supermarket industry in general, which could have a material adverse effect on the Company's net sales and results of operations.

Financial risks

Currency translation risks and currency transaction risks

Ahold is exposed to foreign currency translation risks and currency transaction risks, including lease payment obligations and firm purchase commitments denominated in foreign currencies, because it operates businesses in Europe and the United States. A substantial portion of its assets, liabilities and results of operations are denominated in foreign currencies, primarily the U.S. dollar. As a result, the Company is subject to foreign currency exchange risks due to exchange rate movements in connection with the translation of the financial results of its foreign subsidiaries into euros for inclusion in its consolidated financial statements. The Company attempts to manage its foreign currency exchange exposure by borrowing in local currency and entering into currency swaps, but it cannot fully eliminate such exposure and, therefore, currency exchange rate movements and volatility can affect Ahold's results.

Currency exchange rate fluctuations could have an adverse effect on Ahold's financial position, results of operations and liquidity. For an additional discussion of Ahold's use of financial instruments and derivatives, see Note 30 to the consolidated financial statements included in this Annual Report.

Interest rate risks

Ahold is exposed to fluctuations in interest rates. Accordingly, changes in interest rates can affect the cost of Ahold's floating interest-bearing borrowings. It is Ahold's policy to attempt to mitigate interest rate risk by financing a targeted percentage of its borrowings in fixed interest rate instruments and by the use of derivative financial instruments, such as interest rate swaps. Ahold's attempts to manage

Risk management and internal control

its interest rate risks could result in the Company's failure to realize savings, if interest rates fall. Interest rate fluctuations could have an adverse effect on Ahold's financial position, results of operations and liquidity. For an additional discussion of Ahold's use of financial instruments and derivatives, see Note 30 to the consolidated financial statements included in this Annual Report.

Ahold faces risks related to health care and pension funding requirements. Decreasing interest rates, poor performance of the stock markets and the rising cost of health care benefits may cause Ahold to record significant charges related to its pension and benefit plans.

Ahold has a number of defined benefit pension plans, covering a substantial number of its employees in the Netherlands and in the United States. Adverse stock market developments may negatively affect the assets of Ahold's pension funds and decreasing interest rates may cause lower discount rates and increase its pension liabilities. This may lead to higher pension charges, pension premiums and contributions payable. Certain of Ahold's employees in the United States are covered by multi-employer plans, which have a total unfunded liability of EUR 3,997 million as of January 1, 2006 (the latest year for which information is available). Ahold estimates its proportionate share of the total unfunded liability of these plans at EUR 458 million. These unfunded liabilities are not recognized on Ahold's consolidated balance sheets because sufficient information is not available and the financial statements in connection with these plans are not based on the same accounting standards according to which the Company's consolidated financial statements are prepared. The unfunded liabilities of these plans may result in increased future payments by Ahold and the other participating employers. Ahold's risk of such increased contributions may be greater if any of the participating employers in an underfunded multi-employer plan withdraws from the plan due to insolvency and is not able to contribute an amount sufficient to fund the unfunded liabilities associated with its participants of the plan.

For additional information, see Note 21 to Ahold's consolidated financial statements included in this Annual Report.

If Ahold is unable at any time to meet any required funding obligations for some of its U.S. pension plans, or if the Pension Benefit Guaranty Corporation (the "PBGC") concludes, as the insurer of certain U.S. plan benefits, that its risk may increase unreasonably if the plans continue, under the U.S. Employee Retirement Income Security Act of 1974 ("ERISA") the PBGC could terminate the plans and place liens on material amounts of the Company's assets. Ahold's pension plans that cover its Dutch operations are governed by the Dutch Central Bank (De Nederlandsche Bank or "DNB"). DNB may require Ahold to make additional contributions to its pension plans to meet the minimum funding requirements as applied by DNB.

In addition, health care costs have risen significantly in recent years and this trend is expected to continue. Ahold may be required to expend significantly higher amounts to fund employee health care plans in the future. Significant increases in health care and pension funding requirements could have a material adverse effect on the Company's financial position, results of operations and liquidity.

Compliance and regulatory risks

Ahold may face tax liabilities in the future, including as a result of audits of its tax returns.

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

Litigation

Due to increasing legislation there is an increased possibility of non-compliance. Additionally, more supervision by regulators and the growing claim culture may potentially increase the impact of non-compliance, both financially and on the reputation of the Company.

Financial statements

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Consolidated statements of operations

Euros in millions, except per share data	Note	2007	2006
Net sales	7	28,152	27,826
Cost of sales	8	(20,864)	(20,392)
Gross profit		7,288	7,434
Selling expenses		(5,228)	(5,361)
General and administrative expenses		(926)	(1,010)
Total operating expenses	8	(6,154)	(6,371)
Operating income		1,134	1,063
Interest income		137	60
Interest expense		(439)	(519)
Other financial expense		(6)	(20)
Net financial expense	9	(308)	(479)
Income before income taxes		826	584
Income taxes	10	(167)	(39)
Share in income of joint ventures	15	138	152
Income from continuing operations		797	697
Income from discontinued operations	5	2,148	218
Net income		2,945	915
Attributable to:			
Common shareholders		2,931	899
Minority interests		14	16
Net income		2,945	915
Earnings per share	29		
Net income per share attributable to common shareholders			
Basic		2.03	0.58
Diluted		2.01	0.58
Income per share from continuing operations attributable to common shareholders			
Basic		0.54	0.44
Diluted		0.54	0.44
Weighted average number of common shares outstanding (x 1,000)			
Basic		1,447,378	1,555,475
Diluted		1,456,484	1,559,551

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

Consolidated statements of recognized income and expense

Euros in millions	2007	2006
Net income	2,945	915
Exchange rate differences in foreign interests	(274)	(562)
Cumulative translation differences related to divestments transferred to net income	(120)	–
Cash flow hedges:		
Fair value gains (losses) in the year	51	41
Transfers to net income	(32)	(25)
Income taxes	(3)	(6)
Step acquisition joint venture Rimi Baltic AB	–	33
Other – net	–	(1)
Income and expense recognized directly in equity	(378)	(520)
Total recognized income and expense	2,567	395
Attributable to:		
Common shareholders	2,553	379
Minority interests	14	16
Total recognized income and expense	2,567	395

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

Consolidated balance sheets

Euros in millions	Note	December 30, 2007	December 31, 2006
Assets			
Property, plant and equipment	11	5,390	6,925
Investment property	12	463	431
Goodwill	13	252	2,184
Other intangible assets	14	351	470
Investments in joint ventures	15	869	799
Deferred tax assets	10	370	528
Other non-current assets	16	422	449
Total non-current assets		8,117	11,786
Assets held for sale	5	206	470
Inventories	17	1,263	2,056
Income taxes receivable		7	169
Receivables	18	941	1,938
Other current assets		147	179
Cash and cash equivalents	19	3,263	1,844
Total current assets		5,827	6,656
Total assets		13,944	18,442

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

Consolidated balance sheets

Euros in millions	Note	December 30, 2007	December 31, 2006
Group equity and liabilities			
Equity attributable to common shareholders	20	3,810	5,030
Cumulative preferred financing shares	24	–	169
Minority interests		77	71
Group equity		3,887	5,270
Pensions and other post-employment benefits	21	183	482
Deferred tax liabilities	10	34	73
Provisions	22	408	523
Loans	23	2,658	4,170
Other non-current financial liabilities	24	1,688	1,905
Other non-current liabilities	25	153	198
Total non-current liabilities		5,124	7,351
Liabilities related to assets held for sale	5	–	226
Provisions	22	196	287
Income taxes payable		126	32
Accounts payable		2,240	2,955
Other current financial liabilities	26	1,342	789
Other current liabilities	27	1,029	1,532
Total current liabilities		4,933	5,821
Total group equity and liabilities		13,944	18,442

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

Consolidated statements of cash flows

Euros in millions	Note	2007	2006
Operating income		1,134	1,063
Adjustments for:			
Depreciation, amortization and impairments		776	810
Gains on the sale of assets and disposal groups held for sale		(41)	(30)
Other		31	21
Operating cash flows before changes in working capital		1,900	1,864
Changes in inventories		(12)	(20)
Changes in receivables and other current assets		(24)	(27)
Changes in payables and other current liabilities		264	177
Changes in non-current assets and liabilities		(206)	(105)
Class action settlement		(284)	(536)
Cash generated from operations		1,638	1,353
Income taxes received – net		50	114
Operating cash flows from continuing operations		1,688	1,467
Operating cash flows from discontinued operations		152	351
Net cash from operating activities		1,840	1,818
Purchase of non-current assets		(821)	(939)
Divestments of assets and disposal groups held for sale		102	144
Acquisition of businesses, net of cash acquired	28	(48)	(172)
Divestment of businesses, net of cash divested	5, 28	5,435	46
Dividends from joint ventures		66	42
Interest received		128	69
Other		6	12
Investing cash flows from continuing operations		4,868	(798)
Investing cash flows from discontinued operations		(81)	8
Net cash from investing activities		4,787	(790)
Interest paid		(445)	(487)
Proceeds from loans		22	65
Repayments of loans		(629)	(277)
Changes in derivatives		(27)	(23)
Capital repayment	20	(2,995)	–
Share buyback	20	(1,021)	–
Other		(24)	(51)
Financing cash flows from continuing operations		(5,119)	(773)
Financing cash flows from discontinued operations		(21)	(504)
Net cash from financing activities		(5,140)	(1,277)
Net cash from operating, investing and financing activities	28	1,487	(249)

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

Notes to the consolidated financial statements

Notes 1,2

All amounts in millions, except where otherwise indicated

1 The Company and its operations

The principal activities of Koninklijke Ahold N.V. (“Ahold” or the “Company”), a public limited liability company with its registered seat in Zaandam, the Netherlands, and its head office in Amsterdam, the Netherlands, are the operation of retail food stores in the United States and Europe through subsidiaries and joint ventures. In addition, some of its subsidiaries finance, develop and manage store sites and shopping centers, primarily to support Ahold’s retail operations. Ahold’s significant subsidiaries, joint ventures and associates are listed in Note 35.

2 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”). All standards and all interpretations issued by the International Accounting Standards Board (the “IASB”) and the International Financial Reporting Interpretations Committee (the “IFRIC”) effective for 2007 have been adopted by the EU, except that the EU carved out certain hedge accounting provisions of IAS 39. Ahold does not utilize this carve out permitted by the EU. Consequently, the accounting policies applied by Ahold also comply fully with IFRS. Historical cost is used as the measurement basis unless otherwise indicated.

Ahold’s financial year is a 52- or 53-week period ending on the Sunday nearest to December 31. Financial year 2007 consisted of 52 weeks and ended on December 30, 2007. The comparative financial year 2006 consisted of 52 weeks and ended on December 31, 2006.

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

	2007	2006
Average exchange rate	0.7307	0.7964
Year-end closing exchange rate	0.6795	0.7576

The preparation of financial statements requires management to make a number of estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, of revenues and expenses and the disclosure of contingent assets and liabilities. All assumptions, expectations and forecasts used as a basis for certain estimates within these consolidated financial statements represent good-faith assessments of Ahold’s future performance for which management believes there is a reasonable basis. These estimates and assumptions represent Ahold’s view at the times they are made, and only then. They involve risks, uncertainties and other factors that could cause the Company’s actual future results, performance and achievements to differ materially from those forecasted. The estimates, assumptions and judgments that management considers most critical relate to:

- Vendor allowances (Note 3);
- Leases and sale and leaseback transactions (Note 3);
- Income taxes (Notes 3 and 10);
- Non-current assets held for sale and discontinued operations (Note 5);
- Equity method of accounting for ICA (Note 15);
- Measurement of defined benefit obligations (Note 21); and
- Provisions and contingencies (Notes 22 and 33).

Note 3

3 Significant accounting policies

Changes in accounting policies

As of 2007, Ahold has applied the amendment to IAS 1 “Presentation of Financial Statements” as issued by the IASB in 2005. The amendment requires entities to disclose (i) the entity’s objectives, policies and processes for managing capital, (ii) quantitative data about what the entity regards as capital, (iii) whether the entity has complied with any capital requirements and (iv) if it has not complied, the consequences of such non-compliance. The adoption of the amendment to IAS 1 did not have an impact on Ahold’s financial results or position.

As of 2007, Ahold has applied IFRS 7 “Financial Instruments: Disclosures” as issued by the IASB in 2005. IFRS 7 introduces new requirements with respect to the information on financial instruments that is disclosed in entities’ financial statements. The adoption of IFRS 7 did not have an impact on Ahold’s financial results or position.

Change in presentation

Until 2007, Ahold presented its share in income of joint ventures as part of income before income taxes. Since these results generally represent the Company’s share in the results after income taxes of joint ventures, they are presented below the income tax line as of 2007. Comparative information has been changed accordingly.

Consolidation

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

Minority interests are recorded in the consolidated balance sheets and the consolidated statements of operations for the minority shareholders’ share in the net assets and the income or loss of subsidiaries, respectively. The interest of minority shareholders in an acquired subsidiary is initially measured at the minority interest’s proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

Foreign currency translation

The financial statements of each subsidiary are prepared in its functional currency, which is determined based on the primary economic environment in which such subsidiary operates. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the transaction dates. At each balance sheet date, monetary items denominated in foreign currencies are translated into the entity’s functional currency at the then prevailing rates. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in net income for the period. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are considered as assets and liabilities denominated in the functional currency of the foreign entity.

Upon consolidation, the assets and liabilities of subsidiaries with a functional currency other than the euro are translated into euros using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the respective periods. Exchange rate differences arising on consolidation are included in group equity, in the currency translation

reserve. Intercompany loans to and from foreign entities for which settlement is neither planned nor likely to occur in the foreseeable future are considered to increase or decrease the net investment in that foreign entity and the exchange rate differences relating to these loans are therefore also included in group equity, in the currency translation reserve. On the disposal of a foreign operation, in part or in full, the related cumulative exchange rate difference that was included in group equity is transferred to the consolidated statements of operations.

Segmentation

Ahold has determined its reportable segments based on its internal reporting practices and on how the Company’s management evaluates the performance of operations and allocates resources. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a group of assets and operations engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those operating in other economic circumstances.

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

Net sales

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

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

Cost of sales

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

Vendor allowances

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

Note 3

classified as revenue or a reimbursement of costs. Ahold recognizes vendor allowances only where there is evidence of a binding arrangement with the vendor, the amount can be estimated reliably and receipt is probable.

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

Selling expenses

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

General and administrative expenses

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

Share-based compensation

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

Income taxes

Income tax expense represents the sum of current and deferred tax. Income tax is recognized in the consolidated statements of operations except to the extent that it relates to items recognized directly in equity. Current tax expense is based on the best estimate of taxable income for the year, using tax rates that have been enacted or substantively enacted at the balance sheet date, and adjustments for current taxes payable (receivable) for prior years. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and the corresponding tax basis used in the computation of taxable income. Deferred tax assets and liabilities are generally recognized for all temporary differences, except to the extent that a deferred tax liability arises from the initial recognition of goodwill. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized.

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

Deferred tax assets and liabilities are not discounted. Deferred income tax assets and liabilities are offset in the consolidated balance sheets when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to income taxes levied by the same fiscal authority. Current income tax assets and liabilities are offset in the consolidated balance sheets when there is a legally enforceable right to offset and when the Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The ultimate tax effects of certain transactions can be uncertain for a considerable period of time, requiring management to estimate the related current and deferred tax positions. The Company recognizes liabilities for uncertain tax positions when it is more likely than not that additional taxes will be due. These liabilities are presented as current income taxes payable, except in jurisdictions where prior tax losses are being carried forward to be used to offset future taxes that will be due; in these instances the liabilities are presented as a reduction to deferred tax assets.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable. Non-current assets (or disposal groups) classified as held for sale are measured at the lower of the asset's carrying amount and the fair value less costs to sell. Depreciation or amortization of an asset ceases when it is classified as held for sale, or included within a disposal group that is classified as held for sale. Equity accounting ceases for an investment in a joint venture when it is classified as held for sale, instead dividends received are recognized in the consolidated statements of operations.

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

Property, plant and equipment

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

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

Note 3

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

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

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

Investment property

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

Leases and sale and leaseback transactions

Leases

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

Leases that do not qualify as finance leases are classified as operating leases, and the related lease payments are expensed on a straight-line basis over the lease term, including, as applicable, any rent free period during which Ahold has the right to use the asset. For leases with renewal options where the renewal is reasonably assured, the lease term used to (i) determine the appropriate lease classification, (ii) compute periodic rental expense and (iii) depreciate leasehold improvements (unless their economic lives are shorter) includes the periods of expected renewals. Payments made to Ahold representing incentives to sign a new lease or representing reimbursements for leasehold improvements are deferred and recognized on a straight-line basis over the term of the lease as reductions to lease expense.

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

Sale and leaseback

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

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

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

Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the cash generating units (or groups of cash generating units) that is expected to benefit from the synergies of a business combination. Each unit (or group of units) to which the goodwill is so allocated represents the lowest level within the Company at which the goodwill is monitored for internal management purposes and that is not larger than a segment. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the cash generating unit may be impaired. Goodwill on acquisitions of joint ventures and associates is assessed for impairment as part of the investment whenever there is an indication that the investment may be impaired. An impairment loss is recognized for the amount by which the cash generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of a cash generating unit's fair value less cost to sell and its value in use. An impairment loss is allocated first to reduce the carrying amount of the goodwill and then to the other assets of the cash generating unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

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

Note 3

Other intangible assets

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

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

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

Brand names	indefinite
Customer relationships	7–10 years
Software	3–6 years
Lease related intangibles	remaining duration of the lease
Other	5–indefinite

The useful lives are reviewed, and adjusted if appropriate, at each year-end balance sheet date. The useful lives of brand names have been determined on the basis of factors such as the economic environment, the expected use of the asset and related assets or groups of assets and legal or other provisions that might limit the useful life. Based on this assessment, the useful life is determined to be indefinite, since there is no foreseeable limit to the period of time over which brand names are expected to contribute to the cash flows of the Company.

Ahold assesses on a quarterly basis whether there is any indication that other intangible assets may be impaired. Regardless of the existence of impairment indicators, brand names are tested for impairment at least annually.

Investments in joint ventures and associates

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

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

Unrealized gains on transactions between Ahold and its joint ventures and associates are eliminated to the extent of Ahold's stake in these

investments. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

Impairment of non-current assets other than goodwill

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

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

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

Inventories

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

Financial instruments

Financial assets and liabilities

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognized when the Company's obligations specified in the contract expire or are discharged or cancelled. Regular way purchases and sales of financial assets are accounted for at settlement date, i.e., the date that the asset is delivered to or by the Company.

At initial recognition, management classifies its financial assets as (i) at fair value through profit or loss, (ii) loans and receivables or (iii) available for sale, depending on the purpose for which the financial assets were acquired. Financial assets are initially recognized at fair value. For instruments not classified as at fair value through profit or loss, any directly attributable transaction costs are initially recognized

Note 3

as part of the asset. Directly attributable transaction costs related to financial assets at fair value through profit or loss are expensed when incurred. Subsequent to initial recognition, financial assets are measured as described below.

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

Investments at fair value through profit or loss

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method, less any impairment losses. They are included in current assets, except for loans and receivables with maturities greater than 12 months after the balance sheet date.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are measured at fair value based on quoted market prices with changes therein recognized directly in equity until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss previously recorded in equity is transferred to the consolidated statements of operations. Available-for-sale financial assets are included in non-current assets unless management intends to dispose of the investment within 12 months after the balance sheet date.

Loans and short-term borrowings

Loans and short-term borrowings are recognized initially at fair value, net of transaction costs incurred. Loans and short-term borrowings are subsequently stated at amortized cost, unless they are designated as fair value hedges. Any difference between the proceeds and redemption value is recognized in the consolidated statements of operations over the period of the loans and short-term borrowings using the effective interest method. Loans are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derivative financial instruments

All derivative financial instruments are recognized initially on a settlement date basis and subsequently remeasured at fair value. Gains and losses resulting from the fair value remeasurement are recognized in the consolidated statement of operations as fair value gains (losses) on financial instruments, unless the derivative qualifies and is effective as a hedging instrument in a designated hedging relationship. In order for a derivative financial instrument to qualify as a hedging instrument for accounting purposes, the Company must document (i) its assessment, both at hedge inception and on an ongoing basis, of whether the derivative that is used in the hedging transaction is highly effective in offsetting changes in fair values or

cash flows of hedged items and (ii) at the inception of the transaction the relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking various hedging transactions. Derivatives that are designated as hedges are accounted for as either cash flow hedges or fair value hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized initially in the cash flow hedging reserve, a separate component of group equity. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statement of operations. Amounts accumulated in equity are reclassified into the consolidated statement of operations in the same period in which the related exposure impacts the consolidated statement of operations. When a cash flow hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in group equity at that time remains in group equity and is recognized when the forecasted transaction is ultimately recognized in the statement of operations. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss existing in group equity is immediately recognized in the consolidated statements of operations.

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

Financial guarantees

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

Equity

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

Cumulative preferred financing shares

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

Pension and other post-employment benefits

The net assets and net liabilities recognized in the consolidated balance sheets for defined benefit plans represent the present value of the defined benefit obligations, less the fair value of plan assets, adjusted for unrecognized actuarial gains or losses and unamortized past service costs. Any net asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Note 3

Defined benefit obligations are actuarially calculated at least annually on the balance sheet date using the projected unit credit method.

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

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

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

Provisions

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

Restructuring provisions are recognized when the Company has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced to those affected by it. Onerous contract provisions are measured at the amount by which the unavoidable costs to fulfill agreements exceeds the expected benefits from such agreements. The self-insurance program liabilities are recorded based on claims filed and an estimate of claims incurred but not yet reported. The provision includes expenses incurred in the claim settlement process that can be directly associated with specific claims. Other expenses incurred in the claim settlement process are expensed when incurred. The Company's estimate of the required liability of such claims is recorded on a discounted basis, utilizing an actuarial method, which is based upon various assumptions that include, but are not limited to, historical loss experience, projected loss development factors and actual payroll costs.

New accounting policies not yet effective for 2007

The IASB issued several Standards, or revisions thereto, and Interpretations in 2007 and 2006, which are not yet effective for 2007. Except as detailed below, the Company expects these will not have an impact on its financial statements.

In 2006, the IASB issued IFRS 8 "Operating Segments", which sets out requirements for disclosure of information about an entity's operating segments. IFRS 8 replaces IAS 14 "Segment Reporting"

and results mainly in certain different disclosures. IFRS 8 is effective for annual periods beginning on or after January 1, 2009, with earlier application permitted. The adoption of IFRS 8 will not have an impact on the Company's financial results or position.

In 2007, the IASB issued a revised IAS 1 "Presentation of Financial Statements". The revised standard introduces requirements for entities to present all changes in equity arising from transactions with owners in their capacity as owners separately from non-owner changes in equity and to disclose (i) income tax relating to each component of other comprehensive income and (ii) reclassification adjustments relating to components of other comprehensive income. The revised IAS 1 is effective for annual periods beginning on or after January 1, 2009, with earlier application permitted. The adoption of the revised IAS 1 will not have an impact on the Company's financial results or position.

In 2007, the IASB issued IFRIC 13 "Customer Loyalty Programs", which addresses accounting by entities that grant customer loyalty award credits to their customers. IFRIC 13 is effective for annual periods beginning on or after July 1, 2008, with earlier application permitted. Ahold is in the process of evaluating its impact on the Company's financial results or position.

In 2007, the IASB issued IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", which addresses the issue when refunds from a pension plan or reductions in future contributions to a pension plan should be regarded as available and how a minimum funding requirement might affect the availability of reductions in future contributions. Ahold will adopt IFRIC 14 in 2008 and is in the process of evaluating its impact on the Company's financial results or position.

Notes 4, 5

4 Acquisitions

2007 Acquisitions

In 2007, Ahold completed several acquisitions that were insignificant both individually and in the aggregate. All acquisitions have been accounted for by the purchase method of accounting.

2006 Acquisitions

Clemens

On October 30, 2006 Ahold completed the acquisition of 14 stores from Clemens Market Inc., of which 13 were subsequently converted to Giant Food Stores while one store continued to be operated under the existing Foodsource banner. The total purchase consideration amounted to EUR 65. Goodwill recognized amounted to EUR 46 and is attributable to Giant-Carlisle.

The acquired stores contributed EUR 30 to Ahold's consolidated net sales and EUR (3) to Ahold's consolidated net income from October 30, 2006 to December 31, 2006.

Konmar

On May 31, 2006, Ahold entered into a purchase agreement with Laurus for the acquisition of 29 Konmar stores. On November 14, 2006, Ahold completed the acquisition of 27 stores. Of these 27 stores, 21 stores are operated by Albert Heijn, while six stores were transferred to and are operated by Schuitema. The total purchase consideration amounted to EUR 101. Goodwill recognized amounted to EUR 89 and is attributable to Albert Heijn (EUR 79) and Schuitema (EUR 10). The remaining two stores were transferred to Albert Heijn in the first half of 2007.

The acquired stores contributed EUR 31 to Ahold's consolidated net sales and EUR (6) to Ahold's consolidated net income from November 14, 2006 to December 31, 2006.

Others

In 2006, Ahold completed several other acquisitions that were insignificant both individually and in the aggregate. All acquisitions have been accounted for by the purchase method of accounting.

5 Non-current assets held for sale and discontinued operations

On November 6, 2006, Ahold announced its intention to divest U.S. Foodservice, its retail activities in Poland and Slovakia, the remaining Tops operations in New York and Pennsylvania and its 49% stake in JMR. At year-end 2006, Ahold Poland and JMR qualified as held for sale and discontinued operations. The other businesses to be divested did not qualify as held for sale and discontinued operations at year-end 2006. In the case of U.S. Foodservice this was because it was more likely than not that the sale would be subject to shareholder approval. In 2007, U.S. Foodservice, Ahold Poland and Tops were divested, as further disclosed below. On November 21, 2007, the Company announced that it would continue to operate in Slovakia. At year-end 2007, JMR continues to be classified as held for sale and discontinued operation.

Non-current assets held for sale

At year-end 2007 and 2006, the following balances of assets and liabilities were classified as held for sale:

	December 30, 2007	December 31, 2006
Non-current assets and disposal groups held for sale	45	57
Assets related to discontinued operations	161	413
Total assets held for sale	206	470
Liabilities related to non-current assets and disposal groups held for sale	–	42
Liabilities related to discontinued operations	–	184
Total liabilities related to assets held for sale	–	226

The non-current assets and disposal groups held for sale, other than those related to discontinued operations, consist primarily of property, plant and equipment.

The combined carrying amounts of the major classes of assets and liabilities classified as held for sale that related to discontinued operations were as follows.

Condensed balance sheet data	December 30, 2007	December 31, 2006
Non-current assets	161	310
Current assets	–	103
Assets related to discontinued operations	161	413
Non-current liabilities	–	2
Current liabilities	–	182
Liabilities related to discontinued operations	–	184
Net assets related to discontinued operations	161	229

Discontinued operations

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

Segments	Discontinued operations	2007	2006
Giant-Carlisle	Tops	3	(43)
Albert/Hypernova	Poland	1	69
Other retail	JMR	17	32
U.S. Foodservice	U.S. Foodservice	88	170
Results from discontinued operations		109	228
Giant-Carlisle	Tops	38	–
Albert/Hypernova	Poland	249	–
U.S. Foodservice	U.S. Foodservice	1,750	–
Various	Various	2	(10)
Results on divestments of discontinued operations		2,039	(10)
Income from discontinued operations, net of income taxes		2,148	218

Notes 5, 6

Results from discontinued operations

Tops' 2007 and 2006 results include restructuring and related charges of USD 57 (EUR 41) and USD 118 (EUR 91), respectively. The result of Poland in 2006 included a gain on the sale of two shopping centers of EUR 39 and a deferred tax benefit of EUR 49. As a result of JMR's classification as held for sale and discontinued operation as of December 31, 2006, JMR is no longer accounted for using the equity method. JMR's 2007 result represents dividends and fees received.

The following table presents the condensed statements of operations from discontinued operations:

Condensed statements of operations	2007	2006
Net sales	8,917	17,561
Cost of sales	(7,855)	(15,566)
Gross profit	1,062	1,995
Operating expenses	(906)	(1,754)
Operating income	156	241
Net financial expense	(19)	(38)
Income before income taxes	137	203
Income taxes	(45)	(7)
Income from joint ventures (JMR)	17	32
Results from discontinued operations	109	228

Results on divestments of discontinued operations

On December 4, 2006, Ahold announced it had reached an agreement on the divestment of its retail operations in Poland to Carrefour through the sale of the shares of Ahold Polska Sp. z o.o. The transaction was completed on July 2, 2007 and is valued at EUR 375, consisting of cash consideration and assumed debt. The final purchase price is subject to customary price adjustments.

On May 2, 2007, Ahold announced it had reached an agreement on the sale of U.S. Foodservice to Clayton, Dubilier & Rice ("CD&R") and Kohlberg Kravis Roberts ("KKR") for a purchase price of USD 7.1 billion (EUR 5.2 billion). Shareholder approval for the transaction was obtained at an Extraordinary General Meeting held on June 19, 2007 and the transaction closed on July 3, 2007.

On October 11, 2007, Ahold announced it had reached an agreement on the sale of Tops Markets, LLC to Morgan Stanley Private Equity in a transaction valued at USD 310 (EUR 219). The transaction closed on December 3, 2007.

The following table presents a reconciliation between the cash received and the result on divestments of discontinued operations:

	2007	2006
Cash received (net of cash divested of EUR 288 and EUR 0, respectively)	5,435	46
Net assets divested	(3,441)	–
Accounts payable	(12)	–
Collection of receivable (regarding Disco and BI-LO/Bruno's, respectively)	(37)	(59)
Cumulative exchange rate differences transferred from equity	120	–
Income taxes	(26)	3
Result on divestments of discontinued operations	2,039	(10)

Ahold did not divest any businesses in 2006 that were accounted for as discontinued operations. The result on divestments of discontinued operations in 2006 relates to recognized claims, and changes in estimates thereto, under warranties and guarantees issued upon the divestment of BI-LO/Bruno's and Deli XL in 2005 and Disco, Bompreço/Hipercard and Spain in 2004.

6 Segment reporting

Ahold's retail operations are presented in six segments. In addition, Ahold's Corporate Center is presented separately. The accounting policies used for the segments are the same as the accounting policies used for the consolidated financial statements as described in Note 3.

Segment	Significant operations in the segment
Stop & Shop/Giant-Landover	Stop & Shop, Giant-Landover and Peapod
Giant-Carlisle	Giant-Carlisle and Tops ¹
Albert Heijn	Albert Heijn, Etos, Gall & Gall and Ahold Coffee Company
Albert/Hypernova	Czech Republic, Slovakia and Poland ¹
Schuitema	Schuitema (73.2%)
Other retail	Unconsolidated joint ventures ICA (60%) and JMR (49%) ²
U.S. Foodservice	U.S. Foodservice ¹
Corporate Center	Corporate staff (the Netherlands, Switzerland and the United States)

¹ Divested, as further disclosed in Note 5.

² Classified as held for sale and discontinued operation, as further disclosed in Notes 5 and 15.

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

Geographical segment	Significant operations included in the geographical segment
United States	Stop & Shop, Giant-Landover, Peapod, Giant-Carlisle, Tops ¹ , U.S. Foodservice ¹ and Corporate Staff (United States)
Europe	Albert Heijn, Etos, Gall & Gall, Ahold Coffee Company, Czech Republic, Slovakia, Poland ¹ , Schuitema, Corporate staff (the Netherlands and Switzerland) and the unconsolidated joint ventures ICA (60%) and JMR (49%) ²

¹ Divested, as further disclosed in Note 5.

² Classified as held for sale and discontinued operation, as further disclosed in Notes 5 and 15.

Note 6

	2007		2006	
	Excluding intersegment sales	Including intersegment sales	Excluding intersegment sales	Including intersegment sales
Net Sales				
Stop & Shop/Giant-Landover	12,192	12,584	13,089	13,549
Giant-Carlisle	3,145	3,145	3,032	3,032
Albert Heijn	7,998	8,015	7,136	7,152
Albert/Hypernova	1,558	1,558	1,385	1,385
Schuitema	3,259	3,259	3,184	3,184
Total retail	28,152	28,561	27,826	28,302
Intersegment sales	–	(409)	–	(476)
Ahold Group	28,152	28,152	27,826	27,826

Region				
United States	15,337		16,121	
Europe	12,815		11,705	
Ahold Group	28,152		27,826	

Operating income			
	2007	2006	
Stop & Shop/Giant-Landover	486	670	
Giant-Carlisle	142	136	
Albert Heijn	573	411	
Albert/Hypernova	–	(55)	
Schuitema	66	74	
Total retail	1,267	1,236	
Corporate Center	(106)	(132)	
Unallocated ¹	(27)	(41)	
Operating income Ahold Group	1,134	1,063	

Net financial expense	(308)	(479)
Income before income taxes	826	584
Income taxes	(167)	(39)
Share in income of joint ventures ²	138	152
Income from continuing operations	797	697
Income from discontinued operations ³	2,148	218
Net income	2,945	915

1 Unallocated costs include various general and administrative expenses that were allocated to Tops and Poland within their respective segments prior to their qualification of as held for sale and discontinued operations. These costs are not allocable to Tops and Poland as costs from discontinued operations. Classification of these costs as "unallocated" ceases as of divestment date.

2 Mainly relates to Ahold's stake in ICA (Other retail).

3 For segment disclosure of income from discontinued operations, see Note 5.

Assets and liabilities related to operations (including intersegment balances)	2007		2006	
	Assets	Liabilities	Assets	Liabilities
Stop & Shop/Giant-Landover	4,982	1,326	5,456	1,590
Giant-Carlisle	1,139	331	1,437	512
Albert Heijn	2,079	1,441	1,912	1,361
Albert/Hypernova	751	353	726	313
Schuitema	788	345	801	319
Other retail	848	–	773	–
Total retail	10,587	3,796	11,105	4,095
U.S. Foodservice	–	–	4,801	1,102
Corporate Center	3,035	1,027	1,503	1,245
Intersegment balances	(609)	(609)	(458)	(458)
Assets/liabilities related to operations	13,013	4,214	16,951	5,984

Derivative financial instruments	348	167	324	193
Deferred and current income taxes	377	160	697	105
Short-term borrowings	–	66	–	56
Loans	–	3,736	–	4,650
Finance lease liabilities	–	1,080	–	1,277
Cumulative preferred financing shares	–	497	–	497
Dividend and interest payable	–	137	–	184
Assets/liabilities continuing operations	13,738	10,057	17,972	12,946

Albert/Hypernova (Poland)	–	–	252	184
Other retail (JMR)	161	–	161	–
Other	45	–	57	42
Assets held for sale and related liabilities	206	–	470	226

Ahold Group	13,944	10,057	18,442	13,172
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Region				
United States	6,264	2,014	11,536	3,643
Europe	7,089	2,538	5,396	2,358
Other	1	3	39	3
Intersegment balances	(341)	(341)	(20)	(20)

Ahold Group – assets/liabilities related to operations	13,013	4,214	16,951	5,984
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Capital expenditures (property, plant and equipment, investment property, goodwill and other intangible assets)			
	2007	2006	
Stop & Shop/Giant-Landover	397	607	
Giant-Carlisle	131	288	
Albert Heijn	238	312	
Albert/Hypernova	38	84	
Schuitema	101	98	
Total retail	905	1,389	
U.S. Foodservice		41	137
Corporate Center		4	4
Ahold Group		950	1,530

Region			
United States		570	1,031
Europe		380	499
Ahold Group		950	1,530

Notes 6, 7, 8, 9, 10

Depreciation and amortization of property, plant and equipment, investment property and other intangible assets	2007	2006
Stop & Shop/Giant-Landover	386	418
Giant-Carlisle	85	84
Albert Heijn	146	136
Albert/Hypernova	52	58
Schuitema	59	56
Total retail	728	752
Corporate Center	2	2
Ahold Group	730	754

Additional segment information

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

The Company's management reviews the full financial position and results of operations of its joint venture ICA (Other retail segment). The information presented below with respect to ICA (on a 100% basis) represents amounts that are not consolidated in the Company's financial statements since the investment in ICA is accounted for under the equity method, as described in Notes 3 and 15.

Segment information joint ventures – Other retail (ICA)	2007	2006
Net sales	8,900	7,285
Operating income	275	250
Income from continuing operations	230	214
Net income	230	252
Capital expenditures	308	651
Depreciation and amortization	161	131
Non-current assets	2,439	2,414
Current assets	1,596	1,623
Assets related to operations	3,973	3,859
Non-current liabilities	646	909
Current liabilities	2,081	1,951
Liabilities related to operations	1,159	1,097

7 Net sales

	2007	2006
Sales to retail customers	23,843	23,749
Sales to franchisees and franchise fees	3,826	3,652
Internet sales	318	291
Other sales	165	134
Net sales	28,152	27,826

8 Expenses by nature

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

	2007	2006
Cost of product	19,896	19,420
Employee benefit expenses	3,742	3,870
Other store expenses	1,599	1,591
Depreciation and amortization	730	754
Rent expenses	546	536
Impairment losses and reversals	46	56
Gains on the sale of assets	(41)	(30)
Other expenses	500	566
Total expenses	27,018	26,763

Other expenses includes EUR 8 in 2007 and EUR 18 in 2006 for services provided by the Company's independent auditor, Deloitte Accountants B.V., and its member firms and/or affiliates, which can be specified as follows:

Euros in thousands	2007	2006
Audit fees	8,002	17,965
Audit-related fees	292	145
Tax fees	–	–
Total	8,294	18,110

9 Net financial expense

	2007	2006
Interest income	137	60
Interest expense	(439)	(519)
Gains (losses) on foreign exchange	13	24
Fair value gains (losses) on financial instruments	(11)	(38)
Other financial income (expense)	(8)	(6)
Net financial expense	(308)	(479)

Interest income is mainly attributable to the interest on cash and cash equivalents (EUR 122 in 2007 and EUR 48 in 2006). Interest expense relates primarily to financial liabilities measured at amortized cost.

Foreign exchange results on financing transactions and on financial assets and liabilities, including amounts released from the cash flow hedging reserve, are presented as part of net financial expense.

Foreign exchange results arising from the purchase of goods for sale or goods and services consumed in Ahold's operations are included in cost of sales or in the appropriate element of operating expenses, respectively. In 2007, the Company included net exchange losses of EUR 6 in operating income (2006: loss of EUR 3).

For information on fair value gains (losses) on financial instruments, see Note 30.

10 Income taxes

Income taxes continuing operations

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

	2007	2006
Current income taxes		
Domestic taxes	(86)	(132)
Foreign taxes		
United States	5	126
Europe – Other	(19)	(12)
Total current tax benefit (expense)	(100)	(18)
Deferred income taxes		
Domestic taxes	(45)	(50)
Foreign taxes		
United States	(27)	23
Europe – Other	5	6
Total deferred tax benefit (expense)	(67)	(21)
Total income taxes on continuing operations	(167)	(39)

Comparative information has been adjusted to reclassify current and deferred taxes related to discontinued operations and to reclassify EUR 88 from domestic current income taxes to foreign current income taxes.

Income taxes discontinued operations

Income tax charges related to discontinued operations amounted to EUR 71 for 2007 and EUR 4 for 2006 and have been applied against income from discontinued operations. For further information, see Note 5.

Note 10

Effective income tax rate continuing operations

Ahold's effective tax rates in the consolidated statements of operations differ from the statutory income tax rates of the Netherlands of 25.5% in 2007 and 29.6% in 2006. The following table reconciles these statutory income tax rates with the effective income tax rates in the consolidated statements of operations:

	EUR	2007 %	EUR	2006 %
Income before income taxes	826		584	
Income tax expense at statutory tax rates	(211)	25.5%	(173)	29.6%
Adjustments to arrive at effective income tax rates:				
Rate differential (local statutory rates versus the statutory rates of the Netherlands)	1	(0.1%)	42	(7.2%)
Deferred tax income (expense) due to changes in tax rates and the imposition of new taxes	–	–	(5)	0.9%
Deferred tax income (expense) related to movements of impairment of deferred tax assets	(16)	1.9%	25	(4.3%)
Corporate Center costs and financing	40	(4.8%)	47	(8.0%)
Fiscal transparent companies	2	(0.2%)	12	(2.1%)
Reserves, (non-)deductibles and discrete items	17	(2.1%)	13	(2.2%)
Total income taxes	(167)	20.2%	(39)	6.7%

Corporate Center costs and financing include the result of Ahold's intercompany finance activities, which are carried out from the Treasury Center in Geneva, Switzerland.

Deferred income tax

The significant components of deferred income tax assets and liabilities as of December 30, 2007 and December 31, 2006 (including discontinued operations), as well as the deferred income tax benefit and expense recognized in income from continuing operations for 2007 and 2006, are as follows:

	December 30, 2007	December 31, 2006	2007	2006
Leases and financings	167	210	8	13
Pensions and other post-employment benefits	136	276	(46)	1
Provisions	68	61	(12)	(50)
Derivatives and loans	–	6	–	–
Interest	21	3	16	3
Other	35	23	(5)	6
Total gross deferred tax assets	427	579	(39)	(27)
Unrecognized deferred tax assets	(17)	(15)	(2)	(3)
Total recognized deferred tax assets	410	564	(41)	(30)
Tax losses and tax credits	282	803	36	(22)
Unrecognized tax losses and tax credits	(234)	(510)	(92)	12
Total recognized tax losses and tax credits	48	293	(56)	(10)
Total net tax assets position	458	857	(97)	(40)
Property, plant and equipment and intangible assets	24	244	43	44
Inventories	74	99	(11)	5
Derivatives	3	–	(2)	–
Other	21	59	–	(30)
Total deferred tax liabilities	122	402	30	19
Deferred income tax benefit/(expense)			(67)	(21)
Net deferred tax assets	336	455		

Deferred income tax assets and liabilities are offset in the consolidated balance sheets when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes are levied by the same fiscal authority. The deferred tax assets and liabilities are presented as non-current assets and liabilities in the consolidated balance sheets as follows:

	December 30, 2007	December 31, 2006
Deferred tax assets	370	528
Deferred tax liabilities	34	73
Net deferred tax assets	336	455

Notes 10, 11

As of December 30, 2007, Ahold had operating and capital loss carryforwards of a total nominal amount of EUR 1,461, expiring between 2008 and 2026 (December 31, 2006: EUR 4,361). The following table specifies the years in which Ahold's operating and capital loss carryforwards are scheduled to expire:

	2008	2009	2010	2011	2012	2013– 2016	2017– 2021	After 2021	Total
Operating and capital losses	17	30	384	346	46	4	69	565	1,461

Operating and capital loss carryforwards related to one jurisdiction may not be used to offset income taxes in other jurisdictions. Of the loss carryforwards EUR 902 relates to U.S. state taxes, for which a weighted average tax rate of 5.6% applies.

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

Income taxes charged or credited to equity

Income taxes recognized in and recycled from equity in 2007 and 2006 are as follows:

	2007	2006
Aggregate amount of tax recognized in and recycled from equity		
Derivatives	(3)	(6)
Foreign exchange results	–	(8)
Share-based compensation	6	–
Share issuance costs	–	29
Other	3	–
Total	6	15

In 2003, the Company incurred share issuance costs that were charged directly to equity for accounting purposes. Developments in Dutch case law on this matter since then have led to the recognition of a current tax receivable of EUR 29 in 2006, related to these share issuance costs, which has been credited to equity.

11 Property, plant and equipment

	Buildings and land						Total
	Stores	Other	Not in use	Machinery and equipment	Other	Under construction	
As of January 1, 2006							
At cost	6,208	1,814	11	4,049	636	372	13,090
Accumulated depreciation and impairment losses	(1,862)	(587)	(2)	(2,774)	(459)	(3)	(5,687)
Carrying amount	4,346	1,227	9	1,275	177	369	7,403
Year ended December 31, 2006							
Additions	693	101	–	439	45	(11)	1,267
Acquisitions through business combinations	8	–	–	3	–	2	13
Depreciation	(305)	(74)	–	(357)	(56)	(1)	(793)
Impairment losses	(37)	–	–	(24)	–	(2)	(63)
Impairment reversals	7	–	–	–	–	–	7
Assets classified as held for sale or sold	(144)	(75)	–	(52)	(7)	(10)	(288)
Other movements	(77)	26	(9)	28	3	(32)	(61)
Exchange rate differences	(344)	(84)	–	(94)	(11)	(27)	(560)
Closing carrying amount	4,147	1,121	–	1,218	151	288	6,925
As of December 31, 2006							
At cost	6,023	1,555	–	3,866	568	294	12,306
Accumulated depreciation and impairment losses	(1,876)	(434)	–	(2,648)	(417)	(6)	(5,381)
Carrying amount	4,147	1,121	–	1,218	151	288	6,925
Year ended December 30, 2007							
Additions	370	43	–	333	18	40	804
Acquisitions through business combinations	5	–	–	3	–	–	8
Depreciation	(289)	(43)	–	(316)	(34)	–	(682)
Impairment losses	(31)	(2)	–	(16)	–	(1)	(50)
Impairment reversals	8	–	–	7	–	–	15
Assets classified as held for sale or sold	(205)	(553)	–	(182)	(75)	(55)	(1,070)
Other movements	(46)	(55)	–	(5)	2	(21)	(125)
Exchange rate differences	(309)	(32)	–	(74)	(5)	(15)	(435)
Closing carrying amount	3,650	479	–	968	57	236	5,390
As of December 30, 2007							
At cost	5,421	678	–	3,211	311	237	9,858
Accumulated depreciation and impairment losses	(1,771)	(199)	–	(2,243)	(254)	(1)	(4,468)
Carrying amount	3,650	479	–	968	57	236	5,390

Notes 11, 12, 13

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

In 2007, Ahold recognized impairment losses of EUR 50 relating to property, plant and equipment. The carrying amount of the affected assets exceeded the higher of the present value of their estimated future cash flows and fair value less costs to sell. The present value of estimated future cash flows has been calculated using discount rates ranging between 8.4% – 12.5% (2006: 8.3% – 12.2%).

Albert/Hypernova recorded impairment losses amounting to EUR 19 and impairment reversals of EUR 15, mainly as a result of the Company's decision to continue operating in Slovakia. Stop & Shop/Giant-Landover recorded EUR 14 of impairment losses, mainly relating to the closure of stores. Other impairment losses related to Schuitema (EUR 9), Albert Heijn (EUR 6) and Giant-Carlisle (EUR 2).

Assets classified as held for sale or sold during 2007 mainly relate to the divestment of U.S. Foodservice, Tops and southern New Jersey stores at Stop & Shop/Giant-Landover.

The additions to property, plant and equipment include capitalized borrowing costs of EUR 6 (2006: EUR 9). Generally, the capitalization rate used to determine the amount of capitalized borrowing costs is a weighted average of the interest rate applicable to the respective operating companies. This rate ranged between 4.3% – 6.7% (2006: 3.8% – 6.8%). Other movements include transfers to and from investment property.

The carrying amount of land and buildings includes an amount of EUR 795 and EUR 236 (December 31, 2006: EUR 1,024 and EUR 322) in respect of assets held under finance leases and financings, respectively. In addition, the carrying amount of machinery and equipment includes an amount of EUR 9 (December 31, 2006: EUR 16) in respect of assets held under finance leases. Ahold does not have legal title to these assets. Company-owned property, plant and equipment with a carrying amount of EUR 196 (December 31, 2006: EUR 335) have been pledged as security for liabilities.

12 Investment property

	2007	2006
At the beginning of the year		
At cost	592	621
Accumulated depreciation and impairment losses	(161)	(165)
Carrying amount	431	456
Additions		
Additions	8	14
Depreciation	(14)	(12)
Impairment losses	(1)	(1)
Assets classified as held for sale or sold	(20)	(31)
Transfers from (to) property, plant and equipment	89	34
Exchange rate differences	(30)	(29)
Closing carrying amount	463	431
At the end of the year		
At cost	658	592
Accumulated depreciation and impairment losses	(195)	(161)
Carrying amount	463	431

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

The carrying amount of investment property includes an amount of EUR 41 (December 31, 2006: EUR 42) and EUR 37 (December 31, 2006: EUR 34) in respect of assets held under finance leases and financings, respectively. Ahold does not have legal title to these assets. Company-owned investment property with a carrying amount of EUR 67 (December 31, 2006: EUR 12) has been pledged as security for liabilities. Transfers from property, plant and equipment include EUR 43 representing distribution centers which continue to service the Company's divested U.S. Foodservice operations and an adjustment of EUR 30 to correct the amounts presented in Ahold's 2006 Annual Report.

The fair value of investment property as of December 30, 2007 amounted to approximately EUR 635 (December 31, 2006: EUR 570, which has been reduced by EUR 70 to correct the amount

disclosed in Ahold's 2006 Annual Report). Fair value represents the price at which a property could be sold to a knowledgeable, willing party and has generally been determined based on internal appraisals, using discounted cash flow projections. In certain instances, Ahold cannot determine the fair value of the investment property reliably. In such cases, the fair value is assumed to be equal to the carrying amount. Consequently, an amount of EUR 179 is included in the fair value as of December 30, 2007 disclosed above.

Rental income from investment property included in the consolidated statements of operations amounted to EUR 58 (2006: EUR 51). Direct operating expenses (including repairs and maintenance) arising from rental income generating investment property in 2007 amounted to EUR 38 (2006: EUR 27). Direct operating expenses (including repairs and maintenance) arising from non-rental income generating investment property in 2007 amounted to EUR 8 (2006: EUR 9). Comparative information has been adjusted to correct the amounts disclosed in Ahold's 2006 Annual Report.

13 Goodwill

	2007	2006
At the beginning of the year		
At cost	2,205	2,282
Accumulated impairment losses	(21)	(19)
Carrying amount	2,184	2,263
Acquisitions		
Acquisitions	27	155
Impairment losses	(2)	(3)
Assets classified as held for sale or sold	(1,905)	(5)
Exchange rate differences	(52)	(226)
Closing carrying amount	252	2,184
At the end of the year		
At cost	261	2,205
Accumulated impairment losses	(9)	(21)
Carrying amount	252	2,184

Goodwill recognized upon acquisitions in 2007 relates mainly to acquisitions of individual stores at Albert Heijn and Schuitema. Goodwill recognized upon acquisitions in 2006 relates mainly to the acquisition of 27 Konmar stores by Albert Heijn and Schuitema from Laurus (EUR 89) and the acquisition of 14 stores by Giant-Carlisle from Clemens (EUR 46) (see Note 4).

Notes 13, 14

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

Segment	CGU	December 30, 2007	December 31, 2006
Stop & Shop/Giant-Landover	Peapod	18	20
Giant-Carlisle	Giant-Carlisle	51	57
Albert Heijn	Albert Heijn	142	123
	Etos	3	2
Albert/Hypernova	Czech Republic	25	24
Schuitema	Schuitema	13	12
Total retail		252	238
U.S. Foodservice	U.S. Foodservice	–	1,946
Ahold Group		252	2,184

CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently if there are indications that a particular CGU might be impaired. The recoverable amount of each CGU is determined based on value-in-use or fair value less costs to sell calculations. Value-in-use calculations use cash flow projections covering a maximum period of 10 years that are based on three-year financial budgets approved by Company management. Cash flows

beyond this period are extrapolated using estimated growth rates that do not exceed the long-term average growth rate for the retail trade business in which the CGU operates and are consistent with forecasts included in industry reports. The rates used to discount the projected cash flows reflect specific risks relating to relevant CGUs and are 7.5% for the United States, 6.2% for the Netherlands and 7.3% for the Czech Republic.

14 Other intangible assets

	Lease-related intangibles	Software	Customer relationships	Brand names	Other	Total
As of January 1, 2006						
At cost	276	481	281	16	180	1,234
Accumulated amortization and impairment losses	(96)	(388)	(163)	(2)	(49)	(698)
Carrying amount	180	93	118	14	131	536
Year ended December 31, 2006						
Acquisitions/additions	3	31	7	–	40	81
Amortization	(12)	(59)	(39)	–	(18)	(128)
Impairment losses	–	–	–	–	(3)	(3)
Classified as held for sale or sold	(1)	(1)	–	–	–	(2)
Other movements	(27)	21	(1)	–	34	27
Exchange rate differences	(18)	(6)	(10)	(1)	(6)	(41)
Closing carrying amount	125	79	75	13	178	470
As of December 31, 2006						
At cost	219	476	262	14	246	1,217
Accumulated amortization and impairment losses	(94)	(397)	(187)	(1)	(68)	(747)
Carrying amount	125	79	75	13	178	470
Year ended December 30, 2007						
Acquisitions/additions	3	50	8	–	42	103
Amortization	(10)	(43)	(19)	–	(21)	(93)
Impairment losses	(2)	(3)	–	–	(3)	(8)
Classified as held for sale or sold	(8)	(23)	(48)	(13)	(19)	(111)
Other movements	17	6	3	–	(9)	17
Exchange rate differences	(12)	(5)	(3)	–	(7)	(27)
Closing carrying amount	113	61	16	–	161	351
As of December 30, 2007						
At cost	212	417	39	–	252	920
Accumulated amortization and impairment losses	(99)	(356)	(23)	–	(91)	(569)
Carrying amount	113	61	16	–	161	351

Lease-related intangible assets consist primarily of favorable operating lease contracts acquired in business acquisitions. Customer relationships consist primarily of pharmacy scripts. “Other” mainly includes capitalized commercial expenses (EUR 62) and intangible assets under development (EUR 39).

Notes 15, 16, 17, 18

15 Investments in joint ventures

The Company's stake in the outstanding common shares of significant investments in joint ventures was as follows:

Name of joint venture	Country	December 30, 2007	December 31, 2006
ICA	Sweden, Norway, Baltic states	60%	60%
JMR	Portugal	49%	49%

Changes in investments in joint ventures are as follows:

	2007	2006
Beginning of the year	799	798
Investments and increases in existing shareholdings	1	3
Share in income of joint ventures	138	152
Share in income of joint ventures – discontinued	–	29
Dividend	(66)	(53)
Classified as held for sale or sold	(2)	(161)
Exchange rate differences	(1)	(3)
Other changes	–	34
End of the year	869	799

“Other changes” in 2006 included a revaluation adjustment of EUR 33 resulting from the step acquisition by ICA of the remaining stake in the joint venture Rimi Baltic AB. The adjustment to the fair values relating to the previously held stake is recognized in equity.

ICA

Ahold owns a 60% stake in ICA, a Scandinavian food retailer. The 60% shareholding stake in ICA does not entitle Ahold to unilateral decision-making authority over ICA due to the shareholders agreement with the joint venture partner, which provides that strategic, financial and operational decisions will be made only on the basis of mutual consent. On the basis of this shareholders agreement, the Company concluded that it has no control over ICA and, consequently, does not consolidate ICA's financial statements. For condensed financial information on ICA, see Note 6.

JMR

In 1992, the Company became a partner with Jerónimo Martins, SGPS, S.A. in JMR in Portugal. JMR owns Pingo Doce, a major supermarket chain in Portugal, and the Feira Nova hypermarkets chain. Ahold holds 49% of the shares and voting rights in JMR. On November 6, 2006, the Company announced its intention to divest its 49% stake in JMR. As of December 31, 2006, the Company's stake in JMR is classified as asset held for sale and discontinued operation. For more information, see Note 5.

16 Other non-current assets

	December 30, 2007	December 31, 2006
Derivative financial instruments	328	323
Loans receivable	36	65
Other	58	61
Total other non-current assets	422	449

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

Of the non-current loans receivable, EUR 11 matures between one and five years and EUR 25 after five years. The current portion of loans receivable of EUR 42 is included in other receivables (December 31, 2006: EUR 18). The weighted average interest rate on loans receivable was 7.3% (December 31, 2006: 5.5%).

17 Inventories

	December 30, 2007	December 31, 2006
Finished products and merchandise inventories	1,279	2,090
Raw materials, packaging materials, technical supplies and other	36	34
	1,315	2,124
Valuation allowance	(52)	(68)
Total inventories	1,263	2,056

Inventories as of December 31, 2006 included EUR 726 related to U.S. Foodservice and Tops, which were divested in 2007. An amount of EUR 85 has been recognized as a write-off of inventories in the consolidated statement of operations in 2007 (2006: EUR 138) of which EUR 26 related to discontinued operations (2006: EUR 60).

18 Receivables

	December 30, 2007	December 31, 2006
Trade receivables	458	1,314
Vendor allowance receivables	287	423
Other receivables	246	273
	991	2,010
Provision for impairment	(50)	(72)
Total receivables	941	1,938

Receivables as of December 31, 2006 included EUR 1,093 related to U.S. Foodservice and Tops, which were divested in 2007.

Other receivables includes the current portion of loans receivable of EUR 42 (December 31, 2006: EUR 18). This includes EUR 27 of loans that had been granted to assist managers and other employees of the Company with investments in the Albert Heijn Vaste Klanten Fonds (“Dutch Customer Fund”), an independent investment fund (December 31, 2006: EUR 28, classified as non-current loans receivable). These floating-rate loans, bearing interest based on the European Central Bank interest rate, are due in April 2008 or upon an individual's termination of employment, if earlier, and are collateralized by each individual's corresponding investment. The fair value of the collateral held is EUR 26 (December 31, 2006: EUR 23). The interest rate for these floating-rate loans as of December 30, 2007 was 2.3% (December 31, 2006: 1.9%). For more disclosure about the Dutch Customer Fund, see Note 31.

The majority of Ahold's past due but not impaired financial assets as of December 30, 2007 consists of receivables and is past due less than three months. Concentration of credit risk with respect to receivables is limited due to the Company's customer and vendor base being large and unrelated. Furthermore, the Company holds collateral for receivables from franchisees, consisting mainly of store inventories. The fair value of the collateral held is EUR 60 (December 31, 2006: EUR 53). As a result, management believes there is no further credit risk provision required in excess of the normal individual and collective impairment (based on the aging analysis) performed as of December 30, 2007. For more information about credit risk and collateral held, see Note 30.

Notes 18, 19, 20

The changes in the provision for impairment are as follows:

	2007	2006
Beginning of the year	(72)	(86)
Additions	(23)	(47)
Classified as held for sale	23	2
Used	13	45
Change in estimates	8	10
Exchange rate differences	1	4
End of the year	(50)	(72)

19 Cash and cash equivalents

	December 30, 2007	December 31, 2006
Cash in banks and cash equivalents	2,974	1,483
Cash on hand	289	361
Total cash and cash equivalents	3,263	1,844

20 Equity attributable to common shareholders

	Share capital	Additional paid-in capital	Legal reserves			Accumulated deficit	Net income	Equity attributable to common shareholders
			Currency translation reserve	Cash flow hedging reserve	Other legal reserve			
Balance as of January 1, 2006	389	13,422	321	(65)	132	(9,721)	120	4,598
Appropriation of net income	–	–	–	–	–	120	(120)	–
Total recognized income and expense	–	–	(562)	10	32	–	899	379
Share-based payments	–	2	–	–	–	22	–	24
Income tax share issuance costs	–	29	–	–	–	–	–	29
Change in other legal reserves	–	–	–	–	90	(90)	–	–
Balance as of December 31, 2006	389	13,453	(241)	(55)	254	(9,669)	899	5,030
Appropriation of net income	–	–	–	–	–	899	(899)	–
Total recognized income and expense	–	–	(394)	16	–	–	2,931	2,553
Conversion of cumulative preferred financing shares	6	163	–	–	–	–	–	169
Capital repayment	(16)	(2,979)	–	–	–	–	–	(2,995)
Share buyback	–	–	–	–	–	(1,021)	–	(1,021)
Share-based payments	2	62	–	–	–	10	–	74
Change in other legal reserves	–	–	–	–	73	(73)	–	–
Balance as of December 30, 2007	381	10,699	(635)	(39)	327	(9,854)	2,931	3,810

The Corporate Executive Board, with the approval of the Supervisory Board, proposes that a dividend of EUR 0.16 per common share (EUR 188 in the aggregate) be paid in 2008 with respect to 2007. This dividend is subject to approval by the General Meeting of Shareholders and has not been included as a liability in the balance sheet as of December 30, 2007. The payment of this dividend will not have income tax consequences for the Company.

Shares and share capital

Authorized share capital is comprised of the following classes of shares as of December 30, 2007:

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

In addition, Ahold has cumulative preferred financing shares ("preferred financing shares") outstanding. These preferred financing shares are considered debt under IFRS until the date that Ahold receives irrevocable notification from a holder of preferred financing shares to convert these shares into common shares. Upon this notification the preferred financing shares are classified as a separate class of equity as they no longer meet the definition of a liability as from that date. For disclosures regarding Ahold's preferred financing shares, see Note 24.

Note 20

Common shares and additional paid-in capital

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

	Number of common shares issued and fully paid (x 1,000)	Number of treasury shares (x 1,000)	Number of common shares outstanding (x 1,000)
Balance as of January 1, 2006	1,555,313	–	1,555,313
Share-based payments	365	–	365
Balance as of December 31, 2006	1,555,678	–	1,555,678
Conversion of cumulative preferred financing shares	22,419	–	22,419
Reverse stock split	(316,832)	–	(316,832)
Purchase of own shares	–	96,427	(96,427)
Share-based payments	7,050	(34)	7,084
Balance as of December 30, 2007	1,268,315	96,393	1,171,922

On November 30, 2006, Ahold received a conversion notification for 100,802,061 preferred financing shares with a par value of EUR 169. On January 2, 2007, these preferred financing shares were converted into 22,419,051 common shares.

On June 19, 2007, a capital repayment and reverse stock split was approved at an Extraordinary General Meeting of Shareholders. On August 22, 2007, the reverse stock split became effective. Every five existing shares with a nominal value of EUR 0.24 each were consolidated into four new shares with a nominal value of EUR 0.30 each. The capital repayment of EUR 1.89 per existing share, EUR 2,994 in the aggregate, took place on August 28, 2007.

On August 30, 2007, Ahold announced a EUR 1 billion share buyback program which was finalized on November 20, 2007. The total number of shares repurchased under this program was 96,427,207 common shares at an average price of EUR 10.37. Of the total shares repurchased, 76,427,207 were cancelled on January 3, 2008. The remaining 20 million shares repurchased are held as treasury shares for delivery under employee share-based compensation plans. For more information on the Company's share-based compensation plans, see Note 32.

Expenses incurred related to the capital repayment and share buyback program, including dividend tax payable by the Company, amounted to EUR 1 and EUR 21, respectively, and were charged to equity.

Cumulative preferred shares

The Company's Articles of Association provide for the possible issuance of cumulative preferred shares. The Company believes that its ability to issue this class of shares could prevent, or at least delay, an attempt by a potential bidder from making a hostile takeover bid. In this respect, but also in other circumstances, this ability may safeguard the interests of the Company and all stakeholders in the Company and resist influences that might conflict with those interests by affecting the Company's continuity, independence or identity. No cumulative preferred shares were outstanding as of December 30, 2007 or during 2007 and 2006.

In March 1989, the Company entered into an agreement with Stichting Ahold Continuïteit ("SAC") as amended and restated in April 1994, March 1997, December 2001 and December 2003 (the "Option Agreement"). Pursuant to the Option Agreement, SAC was granted an option, without payment, to acquire from the Company, from time to time until December 2016, cumulative preferred shares up to a total par value that is equal to the total par value of all issued and outstanding shares of Ahold's share capital, excluding cumulative preferred shares, at the time of exercising the option. The Option Agreement provides for an increase of the total par value of cumulative preferred shares under option, taking into account the new, increased authorized share capital. The holders of the cumulative preferred shares are entitled to 1,666.67 votes per

share and a cumulative dividend expressed as a percentage of the amount called-up and paid-in to purchase the cumulative preferred shares. The percentage to be applied is the sum of (1) the average basic refinancing transaction interest rate as set by the European Central Bank – measured by the number of days during which that rate was in force in the fiscal year over which the dividend is paid – plus 2.1%, 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 credit institution in the Netherlands which, according to its balance sheet total as at the close of the fiscal year immediately preceding the fiscal year over which the dividend is paid, is the largest credit institution in the Netherlands. 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 Corporate Executive Board. Cumulative preferred shares can only be issued in registered form. No share certificates are issued for cumulative preferred shares. The Company may stipulate that only 25% of the par value will be paid upon subscription for cumulative preferred shares until payment in full is later required by the Company. SAC would then only be entitled to a market-based interest return on its investment.

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

Legal reserves

Ahold is a company incorporated under Dutch law. In accordance with the Netherlands Civil Code, legal reserves have to be established in certain circumstances. The currency translation reserve and cash flow hedging reserve are both legal reserves. The other legal reserves primarily consist of the cumulative share in income of joint ventures and associates less dividends received from these joint ventures and associates, adjusted for any direct equity movements of joint ventures and associates. Previously the Company inappropriately included in this balance the amount related to controlled, but less than wholly owned subsidiaries. Accordingly, the other legal reserves previously reported at January 1, 2006 and December 31, 2006 have been reduced by EUR 207 and EUR 223, respectively, with the accumulated deficit being reduced by the same amount. Legal reserves are not available for distribution to the Company's shareholders. If the currency translation reserve or the cash flow hedging reserve has a negative balance, distributions to the Company's shareholders are restricted to the extent of the negative balance.

Notes 20, 21

The addition to other legal reserves of EUR 32 in 2006 consists primarily of a revaluation adjustment of ICA, resulting from the step acquisition of the remaining stake in the joint venture ICA Baltics AB. The adjustment to the fair values relating to the previously held interest is recognized in equity.

21 Pensions and other post-employment benefits

Defined benefit plans

Ahold has a number of defined benefit pension plans covering a substantial number of employees within the Netherlands and the United States. All plans have been established in accordance with applicable legal requirements, customs and existing circumstances in each country. Generally, the plans are average salary pension plans. In addition, Ahold provides life insurance and medical care benefits for certain retired employees meeting age and service requirements at its U.S. subsidiaries, which the Company funds as claims are incurred. All defined benefit pension plans are either wholly or partly funded.

The components of the pension and other post-employment benefits and the presentation in the balance sheets can be summarized as follows:

	December 30, 2007	December 31, 2006
Defined benefit obligations	(3,028)	(3,739)
Fair value of plan assets	3,514	3,673
Surplus/(deficit)	486	(66)
Unrecognized actuarial (gains) losses and past service cost	(650)	(408)
Total defined benefit plans	(164)	(474)
Pension and other post-employment benefits provisions	(183)	(482)
Pension and other post-employment benefits assets	19	8
Total defined benefit plans	(164)	(474)

Net periodic benefit cost, which are presented in the statement of operations as cost of sales, selling expenses and general and administrative expenses, were as follows:

	2007	2006
Current service cost	104	126
Interest cost	169	162
Expected return on plan assets	(225)	(191)
Actuarial (gains) losses	(15)	12
Past service cost	2	(2)
Gains on curtailments and settlements	(2)	(13)
Total net periodic benefit cost	33	94

In addition, a net periodic benefit gain of EUR 61 and net periodic benefit cost of EUR 17 related to discontinued operations were recognized in 2007 and 2006, respectively. The assumptions used in the actuarial calculations of the defined benefit obligations and net periodic benefit cost require a large degree of judgment. Actual experience may differ from the assumptions made. The following table provides a summary of the funded status of all defined benefit plans throughout Ahold and the experience adjustments (i.e., the part of the actuarial results which is not caused by changes in actuarial assumptions) on defined benefit obligations and plan assets:

	2007	2006	2005	2004
Defined benefit obligations at year-end	(3,028)	(3,739)	(4,110)	(3,547)
Fair value of plan assets at year-end	3,514	3,673	3,324	2,549
Surplus/(deficit)	486	(66)	(786)	(998)
Experience adjustments on defined benefit obligations	39	4	(70)	47
Experience adjustments on plan assets	(156)	184	220	89

Certain changes in actuarial assumptions have a significant impact on the defined benefit obligation and net periodic benefit cost. The following table shows the effect on the defined benefit obligation and on net periodic benefit cost as a result of a 0.5%-point change in the discount rate:

	Dutch pension plans	U.S. pension plans	Total
0.5%-point increase			
Defined benefit obligations at year-end 2007	(159)	(62)	(221)
Net periodic benefit cost 2007	(24)	(3)	(27)
Net periodic benefit cost 2008	(21)	(4)	(25)
0.5%-point decrease			
Defined benefit obligations at year-end 2007	179	69	248
Net periodic benefit cost 2007	23	6	29
Net periodic benefit cost 2008	23	3	26

Because of the significance of defined benefit plans in the Netherlands and the United States and the different assumptions applicable to these plans, in the remainder of this note the Dutch defined benefit plans (in the aggregate) are shown separately from the U.S. defined benefit plans (in the aggregate).

Dutch defined benefit plans

	Dutch pensions	
	2007	2006
Defined benefit obligation		
Beginning of the year	2,318	2,521
Current service cost	73	92
Interest cost	112	103
Contributions by plan participants	21	20
Gains on curtailments and settlements	–	(14)
Actuarial gains	(336)	(346)
Past service cost	–	21
Business acquisitions	–	2
Benefits paid	(83)	(81)
End of the year	2,105	2,318
Plan assets		
Fair value of assets, beginning of the year	2,602	2,222
Expected return on plan assets	168	135
Actuarial gains (losses)	(161)	148
Company contribution	142	158
Contributions by plan participants	21	20
Benefits paid	(83)	(81)
Fair value of assets, end of the year	2,689	2,602
Surplus	584	284
Unrecognized actuarial gains	(625)	(466)
Net liability	(41)	(182)

Company contributions included additional contributions in excess of the required amounts of EUR 32 and EUR 40 in 2007 and 2006, respectively. Company contributions are expected to decrease from EUR 142 in 2007 to EUR 105 in 2008.

Note 21

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

In percentages	Dutch pensions	
	2007	2006
Discount rate for obligations	5.60	4.70
Expected return on plan assets	6.35	5.96
Future salary increases	3.69	3.65

The expected return on plan assets is determined as a weighted-average rate of return based on the current and projected investment portfolio mix of each plan, taking into account the corresponding long-term yields for the separate asset categories, which depend on components like the risk-free rate of return in real terms, expected inflation and expected risk and liquidity premiums. The actual return on plan assets was 0.3% and 11.8% for 2007 and 2006, respectively.

U.S. defined benefit plans

The changes in the defined benefit obligation and plan assets for the U.S. defined benefit plans were as follows. The unfunded benefit plans include other benefits (such as life insurance and medical care) and supplemental executive retirement plans.

	U.S. pensions		U.S. unfunded benefit plans	
	2007	2006	2007	2006
Defined benefit obligation				
Beginning of the year	1,303	1,418	118	171
Current service cost	38	48	2	2
Interest cost	66	76	6	8
Past service cost	–	–	4	(28)
Actuarial gains	(85)	(38)	(3)	(4)
Liabilities extinguished on settlements	(332)	(12)	(15)	–
Exchange rate differences	(112)	(148)	(11)	(16)
Benefits paid	(42)	(41)	(14)	(15)
End of the year	836	1,303	87	118
Plan assets				
Fair value of assets, beginning of the year	1,071	1,102	–	–
Expected return on plan assets	72	81	–	–
Actuarial gains	6	35	–	–
Company contribution	108	23	14	15
Assets distributed on settlements	(287)	(12)	–	–
Exchange rate differences	(103)	(117)	–	–
Benefits paid	(42)	(41)	(14)	(15)
Fair value of assets, end of the year	825	1,071	–	–
Deficit	(11)	(232)	(87)	(118)
Unrecognized actuarial (gains) losses	(31)	55	8	10
Unrecognized past service cost	–	–	(2)	(7)
Net liability	(42)	(177)	(81)	(115)

In 2007, an additional voluntary contribution of USD 139 (EUR 101) was made to one of the Company's U.S. pension plans. Company contributions are expected to decrease from EUR 122 in 2007 to EUR 14 in 2008. The liabilities extinguished and assets distributed on settlements primarily relates to U.S. Foodservice. The resulting gain is presented as part of the result on divestment of discontinued operations.

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

In percentages	U.S. pensions		U.S. unfunded benefit plans	
	2007	2006	2007	2006
Discount rate for obligations	6.50	5.98	6.44	5.95
Expected return on plan assets	7.88	7.88	N/A	N/A
Future salary increases	5.00	4.80	5.00	4.96

Plan assets

The pension plan asset allocation on a weighted average basis in the Netherlands was as follows:

Asset category (in percentages)	2007	2006
Equity securities	40	42
Debt securities	43	40
Real estate	9	9
Other	8	9
Total	100	100

The investment strategies are based on the composition of the obligations of the pension funds. With the aid of Asset Liability Management-models (ALM) analyses have been made of scenarios that could occur in the future. Based on these analyses, investment portfolios are determined on a plan-by-plan basis to produce a maximum return given a risk that is acceptable to all parties involved. Less favorable years can be part of these scenarios. Currently the strategic targets are between 25%-60% for equity securities, 30%-75% for debt securities, 2.5%-12.5% for real estate investments and 0%-5% for other investments.

Note 21

The expected return on plan assets is determined as a weighted-average rate of return based on the current and projected investment portfolio mix of each plan, taking into account the corresponding long-term yields for the separate asset categories, which depend on components like the risk-free rate of return in real terms, expected inflation and expected risk and liquidity premiums. In addition, actual long-term historical return information is taken into account. The actual return on plan assets was 8.6% and 10.6% for 2007 and 2006, respectively.

The assumed medical cost trend rates used in measuring the defined benefit obligations related to medical care plans were 9.8% and 9.9% declining to 5.0% and 5.1% in 2007 and 2006, respectively.

The sensitivity for these plans is as follows:

- A 1.0%-point increase in assumed medical cost trend rates would have increased the aggregate of current service cost and interest cost components of net periodic post-employment medical cost by EUR 0.1 in 2007 and EUR 0.2 in 2006. The effect of this change on the accumulated post-employment benefit obligation for medical care plans as of the end of 2007 and 2006 would have been an increase of EUR 1.3 and EUR 2.3, respectively.
- A 1.0%-point decrease in assumed medical cost trend rates would have decreased the aggregate of current service cost and interest cost components of net periodic post-employment medical cost by EUR 0.1 in 2007 and EUR 0.2 in 2006. The effect of this change on the accumulated post-employment benefit obligation for medical care plans as of the end of 2007 and 2006 would have been a decrease of EUR 1.0 and EUR 2.0, respectively.

Plan assets

The pension plan asset allocation can differ per plan. In the United States, allocation on a weighted average basis was as follows:

Asset category (in percentages)	2007	2006
Equity securities	58	63
Debt securities	32	33
Real estate	2	–
Other	8	4
Total	100	100

The plan assets are generally managed by outside investment managers and rebalanced periodically. The committees for the various U.S. plans establish investment policies and strategies and regularly monitor the performance of the assets, including the selection of investment managers, setting long-term strategic targets and monitoring asset allocations. Target allocation ranges are guidelines, not limitations, subject to variation from time to time, or as circumstances warrant. Occasionally, the committees may approve allocations above or below a target range. The investment strategy with respect to pension plan assets is to invest in accordance with the Employee Retirement Income Security Act of 1974 (“ERISA”) and fiduciary standards. The long-term primary objective for the plan assets is to protect the assets from erosion of purchasing power, and to provide for a reasonable amount of long-term growth of capital, without undue exposure to risk. Currently, the strategic targets are between 50–70% for equity securities, 30–45% for debt securities and 0–5% for other investments.

In 2007, the fair value of the plan assets (U.S. plans and Dutch plans in the aggregate) included EUR 1 of Ahold shares (2006: EUR 1).

Defined contribution plans

In the United States, there are defined contribution plans principally in the form of savings, incentive compensation and bonus plans. Additionally, certain union employees in the United States are covered by multi-employer plans, which can be defined benefit plans on the basis of the terms of the benefits provided, but that are accounted for as defined contribution plans if sufficient information is not available to account for these plans as defined benefit plans. These plans are generally flat salary plans. Ahold is only one of several employers participating in each of these plans and the financial information that is provided by the third party managers of the plans on the basis of the contractual agreements is usually insufficient to reliably measure Ahold’s proportionate share in the plan assets and liabilities on defined benefit accounting principles. Furthermore, the financial statements of the multi-employer plans are drawn up on the basis of other accounting policies than those applied by Ahold. Consequently, these multi-employer plans are not included in Ahold’s balance sheets.

On the basis of the financial statements of the plans in which the Company participates in the United States, the total unfunded liability of the plans with a deficit amounts to EUR 3,997 as of January 1, 2006 (the latest date as of which reliable information is available). During 2006, these plans received approximately EUR 919 in total contributions, of which approximately EUR 44 was for current or former employees of Ahold. Based upon the relative amount of contributions for current active Ahold employees entitled to benefits provided by these plans in relation to the total amount of contributions for all active employees entitled to such benefits, the proportionate share of the total unfunded liability of these plans relevant to Ahold would be EUR 458. The unfunded liabilities of these plans may result in increased future payments by the Company and the other participating employers. Ahold’s risk of such increased contributions may be greater if any of the participating employers in an underfunded multi-employer plan withdraws from the plan due to insolvency and is not able to contribute an amount sufficient to fund the unfunded liabilities associated with its participants of the plan.

During 2007 and 2006, the Company contributed EUR 292 and EUR 334, respectively, to multi-employer plans as well as other defined contribution plans which is recognized as an expense in the consolidated statements of operations, of which EUR 40 and EUR 71, respectively, related to discontinued operations.

Note 22

22 Provisions

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

	Self insurance program	Loyalty programs	Claims and legal disputes	Restructuring	Onerous contracts	Other	Total
As of December 31, 2006							
Current portion	165	13	40	43	12	14	287
Non-current portion	368	45	6	40	17	47	523
Carrying amount	533	58	46	83	29	61	810
Year ended December 30, 2007							
Additions charged to income	269	23	12	59	11	9	383
Used during the year	(232)	(21)	(6)	(56)	(14)	(15)	(344)
Released to income	–	(6)	(13)	(11)	(2)	(4)	(36)
Interest accretion	20	2	1	–	1	1	25
Classified as held for sale	(160)	–	–	(8)	(2)	(10)	(180)
Exchange rate differences	(45)	–	(1)	(5)	(1)	(2)	(54)
Closing carrying amount	385	56	39	62	22	40	604
As of December 30, 2007							
Current portion	110	10	23	44	7	2	196
Non-current portion	275	46	16	18	15	38	408

Maturities of total provisions as of December 30, 2007 are as follows:

	Self insurance program	Loyalty programs	Claims and legal disputes	Restructuring	Onerous contracts	Other	Total
Amount due within 1 year	110	10	23	44	7	2	196
Amount due between 2 and 5 years	207	46	16	3	12	8	292
Amount due after 5 years	68	–	–	15	3	30	116
Total	385	56	39	62	22	40	604

Self-insurance program

Ahold is self-insured for certain potential losses, mainly relating to general liability, commercial vehicle liability and workers' compensation relating to its U.S. subsidiaries. The maximum self-insurance retention per occurrence, including defense costs, is USD 2 (EUR 1) for general liability, USD 5 (EUR 3) for commercial vehicle liability and USD 5 (EUR 3) for workers' compensation.

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

Loyalty programs

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

Claims and legal disputes

The Company is party to a number of legal proceedings arising out of business operations. Such legal proceedings are subject to inherent uncertainties. Management, supported by internal and external legal

counsels where appropriate, determines whether it is more likely than not that an outflow of resources will be required to settle an obligation. If this is the case, the best estimate of the outflow of resources is recognized.

Restructuring

In 2007, Ahold recognized additional restructuring provisions of EUR 59, mainly related to Stop & Shop (EUR 34) and Tops (EUR 20). The provisions are based on formal and approved plans using the best information available at the time. The amounts that are ultimately incurred may change as the plans are executed.

Onerous contracts

Onerous contract provisions mainly relate to unfavorable lease contracts and include the excess of the unavoidable costs of meeting the obligations under the contracts over the benefits expected to be received under such contracts.

Other

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

Note 23

23 Loans and credit facilities

	December 30, 2007		December 31, 2006	
	Non-current portion	Current portion	Non-current portion	Current portion
Bonds and notes	2,169	956	3,426	333
Other loans	92	110	250	133
Financing obligations	385	9	476	12
Mortgages payable	12	3	18	2
Total	2,658	1,078	4,170	480

Debt instruments are issued in various currencies and can carry fixed or floating interest rates. The breakdown of debt instruments issued by Ahold in currency and interest type is (in EUR):

	December 30, 2007		December 31, 2006	
	Fixed interest rate	Floating interest rate	Fixed interest rate	Floating interest rate
Currency				
USD	1,580	–	1,853	–
EUR	1,516	106	1,953	275
GBP	307	–	332	–
JPY	–	199	–	210
CZK	28	–	27	–
Total	3,431	305	4,165	485

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

Bonds and notes

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

Notional redemption amounts	Within 1 year	Between 1 and 5 years	After 5 years	December 30, 2007	December 31, 2006
EUR-denominated bonds and notes					
EUR 1,500 notes 5.875%, due May 2008	952	–	–	952	1,073
EUR 600 notes 5.875%, due March 2012	–	407	–	407	407
EUR 200 notes 6.375%, redeemed November 2007	–	–	–	–	200
EUR 136 bond 5.875%, redeemed December 2007	–	–	–	–	136
USD-denominated notes					
USD 700 notes 8.25%, due July 2010	–	476	–	476	530
USD 500 notes 6.25%, due May 2009	–	340	–	340	379
USD 500 notes 6.875%, due May 2029	–	–	340	340	379
USD 94 indebtedness 7.82%, due January 2020	6	14	43	63	70
USD 71 indebtedness 8.62%, due January 2025	–	–	48	48	54
Other-currencies denominated loans					
GBP 500 notes 6.50%, due March 2017	–	–	307	307	332
JPY 33,000 notes LIBOR plus 1.5%, due May 2031	–	–	199	199	210
Deferred financing costs	(2)	(2)	(3)	(7)	(11)
Total	956	1,235	934	3,125	3,759

EUR-denominated bonds and notes

- EUR 1,500 notes 5.875%, of which EUR 600 was swapped to a six-month floating interest rate. The carrying amount of these notes includes fair value changes related to the hedged risk in an amount of EUR 3 as of December 30, 2007 (December 31, 2006: EUR 10). During 2007, Ahold bought back a part of the notes in the principal amount of EUR 114 through open market purchases. During 2005, Ahold bought back EUR 437 of principal amount of the notes.
- EUR 600 notes 5.875% were swapped to USD 534 at an interest rate of 6.835%. During 2005, Ahold bought back a part of the notes in a principal amount of EUR 193 and terminated a notional portion of the corresponding swap in the same amount.

Other-currencies denominated loans

- A notional amount of GBP 250 of the GBP 500 notes 6.50% was swapped through two swap contracts to USD 356 that carried an interest rate of 7.493%. During 2005, Ahold bought back GBP 250 of the notes and terminated the above-mentioned swaps. The remaining notional amount of GBP 250 was, through two swap contracts, also swapped to USD 356 and carries a six-month floating USD interest rate. Ahold is required under these swap contracts to redeem the USD notional amount through semi-annual installments that commenced in September 2004.
- JPY 33,000 notes, 6 months JPY LIBOR + 1.5%, notes were swapped to EUR 299 at an interest rate of 7.065%.

Note 23

Other loans

Notional redemption amounts	Carrying amounts				
	Within 1 year	Between 1 and 5 years	After 5 years	December 30, 2007	December 31, 2006
EUR-denominated loans and notes					
95 note 5.625%, due December 2008	95	–	–	95	95
100 EURIBOR loan ¹ , due March 2012	15	54	–	69	85
75 EURIBOR facility ¹ , due June 2010	–	38	–	38	75
66 note 3 months EURIBOR plus 0.8%, redeemed October 2007	–	–	–	–	66
50 loan 6 months EURIBOR plus 0.4%, redeemed June 2007	–	–	–	–	50
Other loans (EUR- and USD-denominated)	–	–	–	–	12
Total	110	92	–	202	383

1 The loan and facility relate to Schuitema and are not guaranteed by Ahold.

- EUR 69 EURIBOR loan was swapped to a fixed rate of 2.94375%.
- EUR 38 has been drawn on the EUR 75 EURIBOR facility. Drawings under this facility are swapped to a fixed rate of 2.609% for EUR 25 and capped to 3.25% for EUR 13, both amounts amortized linearly until maturity.

The three and six months EURIBOR rates as of December 30, 2007 were 4.69% and 4.709%, respectively. The six months JPY LIBOR rate as of December 30, 2007 was 0.98075%.

Financing obligations

Financing obligations result from sale and leaseback transactions in which Ahold has continuing involvement in the properties sold or subleases the property to a third-party (including franchisees). Such transactions do not qualify for sale and leaseback accounting, but rather are accounted for as a financing. The sale proceeds are recorded as financing obligations and are amortized over the term of the leaseback.

Of the total non-current amount, EUR 64 matures between one and five years and EUR 321 after five years. The average interest rate for the financing obligations amounted to 8.0% in 2007 (2006: 8.4%).

Mortgages payable

As of December 30, 2007, the aggregate amounts of mortgages payable that were collateralized by buildings and land amounted to EUR 15 (December 31, 2006: EUR 20). Of the total non-current amount, EUR 8 matures between one and five years and EUR 4 after five years. The average interest rate for these mortgages payable amounted to 7.51% in 2007 (2006: 7.91%).

Group credit facility

On August 8, 2007 Ahold amended its EUR 2,000 unsecured syndicated multi-currency credit facility of May 17, 2005 (the "August 2007 Credit Facility"). As a result, the tenor was extended to five years with two one-year extension options as of August 8, 2007 and the capacity was downsized to EUR 1,200. In addition to that, both the applicable interest rates and utilization fees and fixed fees were reduced. The August 2007 Credit Facility may be used for working capital and for general corporate purposes of the Ahold Group and provides for the issuance of USD 550 (EUR 374) of letters of credit. The covenants have not changed as a result of the amendment.

As of December 30, 2007, there were no outstanding borrowings under the August 2007 Credit Facility other than letters of credit amounting to USD 438 (EUR 298).

Interest rate and fees

Under the August 2007 Credit Facility, Ahold is able to borrow at an interest rate of LIBOR (for borrowings denominated in USD excluding letters of credit issued) or EURIBOR (for borrowings denominated in EUR) plus a margin. Ahold is required to pay a fee (applicable letter of credit fee +10 basis points) on the outstanding amount of each letter of credit issued. Ahold is required to pay a commitment fee of 30% of the applicable margin on the undrawn, uncanceled amount of the August 2007 Credit Facility computed per annum and calculated on a daily basis in arrears.

The margin and letter of credit fee, as referred to above, are subject to the following pricing grid based on Ahold's corporate credit rating:

Credit rating ¹	Margin/letter of credit fee
BB/Ba2	0.625%
BB+/Ba1	0.475%
BBB-/Baa3	0.325%
BBB/Baa2	0.275%
BBB+/Baa1 or higher	0.225%

1 As of December 30, 2007, Ahold's rating from Standard & Poor's Ratings Services ("S&P") is BBB- with a stable outlook and from Moody's Investors Services ("Moody's") is Baa3 with a stable outlook.

In the event that Ahold draws loans (excluding letters of credit) in excess of EUR 600, then Ahold will have to pay additionally a utilization fee of 10 basis points on the amount exceeding EUR 600.

Covenants

The August 2007 Credit Facility contains customary covenants that place restrictions on disposals, mergers, acquisitions, investments and the incurrence of debt by Ahold's subsidiaries. The facility is subject to a leverage covenant, which falls away, along with the restrictions with respect to acquisitions and disposals, as well as a part of the restriction to incur financial indebtedness, when Ahold's corporate rating is BBB/Baa2 or better. The leverage covenant requires Ahold not to exceed a maximum ratio, as defined in the August 2007 Credit Facility, of consolidated net borrowings to consolidated earnings before interest, tax, depreciation, amortization and exceptional and/or extraordinary items of 4.28:1. In 2007, Ahold was in compliance with the leverage covenant.

Notes 23, 24

Events of default/ranking

The August 2007 Credit Facility contains customary events of default, among others, non-payment, misrepresentations, covenant breaches, cross-default and insolvency and provisions on mandatory prepayment in the event of a change in control in respect of the Company. If an event of default was to occur and remain outstanding in excess of any applicable remedy period, it is expected that all amounts outstanding under the Credit Facility would immediately become due and payable. The August 2007 Credit Facility ranks at least pari passu with all existing unsecured third-party payment obligations, except for obligations mandatorily preferred by law.

24 Other non-current financial liabilities

	December 30, 2007	December 31, 2006
Finance lease liabilities	1,032	1,218
Cumulative preferred financing shares	497	497
Derivative financial instruments	154	183
Financial guarantees	5	7
Total other non-current financial liabilities	1,688	1,905

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

Finance lease liabilities

Finance lease liabilities are payable as follows:

	December 30, 2007			December 31, 2006		
	Future minimum lease payments	Interest portion	Present value of minimum payments	Future minimum lease payments	Interest portion	Present value of minimum lease
Within one year	141	93	48	169	110	59
Between one and five years	528	330	198	627	398	229
After five years	1,316	482	834	1,625	636	989
Total	1,985	905	1,080	2,421	1,144	1,277
Current portion finance lease liabilities			48			59
Non-current portion finance lease liabilities			1,032			1,218

Finance lease liabilities are principally for buildings. Terms range from 10 to 25 years and include renewal options if it is reasonably certain, at the inception of the lease, that they will be exercised. At the time of entering into finance lease agreements, the commitments are recorded at their present value using the interest rate implicit in the lease, if this is practicable to determine; if not, the operating company specific interest rate applicable for long-term borrowings is used. As of December 30, 2007, the finance lease liabilities are recorded at their present value at an average interest rate of 9.1% (December 31, 2006: 9.5%).

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

During 2007, interest expense on finance lease liabilities was EUR 111 (2006: EUR 125) of which EUR 9 related to discontinued operations (2006: EUR 17). Total future minimum sublease income expected to be received under non-cancelable subleases at the balance sheet date is EUR 66 (2006: EUR 50, corrected from the EUR 290 previously disclosed). There were no contingent rents recognized as expense during the period.

Cumulative preferred financing shares

	Number of shares (x 1,000)	Share capital
Issued cumulative preferred financing shares	268,415	81
Authorized cumulative preferred financing shares (EUR 0.30 par value each)	477,581	143
Other non-current financial liabilities		
Paid-in capital issued shares		81
Additional paid-in capital		416
Balance as of December 30, 2007		497

On January 2, 2007, 100,802,061 cumulative preferred financing shares were converted into 22,419,051 common shares; the conversion was effected by (i) converting 22,419,051 cumulative preferred financing shares into 22,419,051 common shares; and (ii) the acquisition for no consideration of 78,383,010 cumulative preferred financing shares by Ahold. The 78,383,010 cumulative preferred financing shares repurchased by Ahold were cancelled on July 10, 2007. From the date Ahold received irrevocable notification of the conversion to common shares (November 30, 2006) until the conversion date, those cumulative preferred financing shares that would be converted, were classified as a separate class of equity.

As part of the reverse stock split that took place on August 22, 2007, and which is explained in Note 20, the par value of the cumulative preferred financing shares was changed from EUR 0.25 to EUR 0.30 per share.

Notes 24, 25, 26, 27, 28

The cumulative preferred financing shares were issued in four tranches. Dividends are paid on each cumulative preferred financing share at a percentage (the “Financing Dividend Percentage”) based on the average effective yield on Dutch state loans with a remaining life of 9 to 10 years and determined at the time that the shares were issued. When a period of 10 years has elapsed after the issue date of a tranche, and every 10 years thereafter (the “Reset date”), the Financing Dividend Percentage is reset. The current Financing Dividend Percentage are 5.93% per year for the shares issued in June 1996, 4.98% per year for the shares issued in August 1998, 6.27% per year for the shares issued in October 2000 and 7.33% per year for the shares issued in December 2003. The nominal value plus additional paid-in capital per tranche are EUR 71 (June 1996 tranche), EUR 46 (August 1998 tranche), EUR 320 (October 2000 tranche) and EUR 60 (December 2003 tranche), in aggregate EUR 497.

The total number of votes that can be exercised by the cumulative preferred financing shares is approximately 75 million, representing approximately 6% of the total vote (expressed as the sum of the outstanding cumulative preferred financing shares and the outstanding common shares). The cumulative preferred financing shares are convertible into common shares as of March 4, 2006.

The conversion conditions have been set so as to avoid any transfer of value from the common shares to the cumulative preferred financing shares. The maximum number of common shares to be received upon conversion of all outstanding cumulative preferred financing shares is approximately 90 million.

The conversion features are similar for all tranches. Conversion is allowed for all shares in one tranche held by one investor but not for fractions of tranches held by one investor. Upon conversion, the holders of Depositary receipts will receive a number of common shares that is calculated by dividing the value of the cumulative preferred financing shares on the day before the conversion date by the average share price of Ahold common shares on the five trading days preceding the notification date, the notification date and the four trading days following the notification date. The value of the cumulative preferred financing shares will for this purpose be considered to equal the lower of the nominal value plus the additional paid-in capital of the cumulative preferred financing shares (the “Par Value”) or the present value of the remaining preferred dividends until the first Reset date plus the present value of the Par Value at the first Reset date. Subject to the approval of the General Meeting of Shareholders, the Company can redeem the cumulative preferred financing shares of a certain tranche, but not fractions of a tranche. Redemption of a tranche is subject to the approval of the holders of Depositary receipts of that tranche, unless all (remaining) cumulative preferred financing shares are redeemed. Redemption

takes place at the higher of the Par Value or the present value of the remaining preferred dividends plus the present value of the Par Value at the Reset date.

25 Other non-current liabilities

	December 30, 2007	December 31, 2006
Step rent accruals	97	97
Deferred gains	48	71
Other	8	30
Total other non-current liabilities	153	198

Step rent accruals relate to the equalization of rent payments from lease contracts with scheduled fixed rent increases throughout the life of the contract. Deferred gains predominantly represent the non-current portions of deferred gains on sale and leaseback transactions.

26 Other current financial liabilities

	December 30, 2007	December 31, 2006
Loans – current portion	1,078	480
Interest	106	142
Short-term borrowings	66	56
Finance lease liabilities – current portion	48	59
Dividend cumulative preferred financing shares	31	42
Derivative financial instruments	13	10
Total other current financial liabilities	1,342	789

27 Other current liabilities

	December 30, 2007	December 31, 2006
Accrued expenses	590	1,046
Compensated absences	222	233
Payroll taxes, social security and VAT	192	214
Deferred gains	23	31
Other	2	8
Total other current liabilities	1,029	1,532

Other current liabilities as of December 31, 2006 included EUR 254 related to U.S. Foodservice and Tops, which were divested in 2007. Accrued expenses as of December 31, 2006 included the remaining one-third of the settlement amount in the securities class action (EUR 277), which was funded into escrow on January 29, 2007.

28 Cash flow

The following table presents a reconciliation between the cash flow statements and the cash and cash equivalents as presented in the balance sheets:

	2007	2006
Cash and cash equivalents of continuing operations at the beginning of the year	1,844	2,228
Restricted cash	(23)	(23)
Cash and cash equivalents related to discontinued operations	23	–
Cash and cash equivalents at beginning of the year, including discontinued operations, excluding restricted cash	1,844	2,205
Net cash from operating, investing and financing activities	1,487	(249)
Effect of exchange rate differences on cash and cash equivalents	(89)	(112)
Restricted cash	21	23
Cash and cash equivalents related to discontinued operations	–	(23)
Cash and cash equivalents of continuing operations at the end of the year	3,263	1,844

Notes 28, 29

The following table presents additional cash flow information:

	2007	2006
Non-cash investing activities		
Assets acquired under finance leases from continuing operations	35	162
Assets acquired under finance leases from discontinuing operations	–	5
Non-cash financing activities		
Finance lease liabilities originated from continuing operations	(35)	(162)
Finance lease liabilities originated from discontinuing operations	–	(5)
Acquisition of businesses		
Fair value of assets acquired	(21)	(40)
Goodwill	(27)	(138)
Less: liabilities assumed	–	6
Total consideration paid	(48)	(172)
Cash acquired	–	–
Acquisition of businesses, net of cash acquired	(48)	(172)
Divestments of businesses		
Carrying amount of assets divested (excluding cash divested of EUR 288)	5,039	–
Liabilities	(1,598)	–
Net assets divested	3,441	–
Result on divestments of discontinued operations before income taxes	2,065	(13)
Cumulative exchange rate differences transferred from equity	(120)	–
Accounts payable	12	–
Collection of receivable (regarding Disco and BI-LO/Bruno's, respectively)	37	59
Divestment of businesses, net of cash divested	5,435	46

29 Earnings per share

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

	2007	2006
Earnings		
Net income attributable to common shareholders for the purposes of basic earnings per share	2,931	899
Effect of dilutive potential common shares, reversal of preferred dividends from earnings	–	–
Net income attributable to common shareholders for the purposes of diluted earnings per share	2,931	899
Number of shares (x 1,000)		
Weighted average number of common shares for the purposes of basic earnings per share	1,447,378	1,555,475
Effect of dilutive potential common shares:		
Share options and conditional shares	9,106	4,076
Cumulative preferred financing shares	–	–
Weighted average number of common shares for the purposes of diluted earnings per share	1,456,484	1,559,551

The cumulative preferred financing shares are antidilutive (i.e., assuming their conversion to common shares would increase earnings per share) and are therefore not included in the calculation of the diluted earnings per share. For the conversion features of the cumulative preferred financing shares and the maximum number of common shares issuable upon their conversion, see Note 24.

In August 2007, a capital repayment and reverse stock split took place, as disclosed in Note 20. The reverse stock split reduced the number of common shares outstanding by 20% with a corresponding reduction in cash resources. Consequently, the overall effect of the capital repayment and reverse stock split was a share buyback at fair value. Therefore the weighted average number of shares outstanding in the table above is adjusted for the reduction in the number of shares as of the date of the reverse stock split and comparative information is not restated.

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

	2007	2006
Earnings		
Income from continuing operations	797	697
Minority interests	(14)	(16)
Income from continuing operations, attributable to common shareholders for the purposes of basic earnings per share	783	681
Effect of dilutive potential common shares, reversal of preferred dividends from earnings	–	–
Income from continuing operations, attributable to common shareholders for the purposes of diluted earnings per share	783	681

Notes 29, 30

Basic and diluted income per share from discontinued operations attributable to common shareholders amounted to EUR 1.49 and 1.47, respectively (2006: EUR 0.14 basic and diluted) and are based on the income from discontinued operations of EUR 2,148 (2006: EUR 218) and the denominators detailed above.

30 Financial risk management and financial instruments

Financial risk management

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

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

Ahold's primary market risk exposures relate to foreign currency exchange rate, interest rate and commodity price fluctuations. In order to manage the risk arising from these exposures, a variety of financial instruments may be utilized. There has been no significant change during the financial year in the types of financial risks faced by Ahold or in the Company's approach to financial risk management.

Currency risk

Ahold operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar. As a result, the Company is subject to foreign currency exchange risks due to exchange rate movements in connection with the translation of the operating income and the assets and liabilities of its foreign subsidiaries into euros for inclusion in its consolidated financial statements. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities. To protect the value of future foreign currency cash flows, including lease payments and firm purchase commitments, and the value of assets and liabilities denominated in foreign currency, Ahold seeks to mitigate its foreign currency exchange exposure by borrowing in local currency and entering into various financial instruments, including forward contracts and currency swaps. It is Ahold's policy to cover foreign exchange transaction exposure in relation to existing assets, liabilities and firm commitments. Translation risk related to Ahold's foreign subsidiaries, joint ventures and associates is not actively hedged. Ahold's operating companies are responsible for identifying their foreign currency exposures over a prescribed minimum size and the Treasury function manages this risk centrally. According to the Company's treasury policy, material net foreign currency exposures are hedged, primarily with foreign exchange contracts.

Foreign currency sensitivity analysis

Approximately 60% of Ahold's net sales is generated by subsidiaries whose activities are conducted in a currency other than the euro, mainly in the U.S. dollar. A currency translation risk arises when the financial data of these foreign operations are converted into euros. Assuming the euro had strengthened (weakened) by 10% against the

U.S. dollar in 2007, with all other variables held constant, the hypothetical result on income before tax would be a decrease (increase) of EUR 31. In addition, the cash flow hedging reserve in shareholder's equity and the fair value of the hedging instruments would have been EUR 6 higher (EUR 8 lower) (2006: EUR 10 higher and EUR 13 lower, respectively). This analysis is for illustrative purposes only, as in practice market rates rarely change in isolation of other factors that also effect Ahold's financial position and results.

Interest rate risk

Ahold is exposed to fluctuations in interest rates. Ahold's interest rate risk arises primarily from its debt. To manage interest rate risk, Ahold has an interest rate management policy aimed at reducing volatility in its interest expense and maintaining a target percentage of its debt in fixed rate instruments. Ahold's financial position is largely fixed by long-term debt issues and the use of derivative financial instruments such as interest rate swaps and cross-currency interest rate swaps. As of December 30, 2007, after taking into account the effect of interest rate swaps and cross-currency swaps, approximately 85% of Ahold's long-term borrowings are at a fixed rate of interest.

Interest rate sensitivity analysis

The total interest expense recognized in the 2007 statement of operations related to variable rate of long-term debt, net of swaps, amounts to EUR 56 (2006: EUR 52). The Company estimates that with a reasonably possible increase (decrease) of euro and U.S. dollar market interest rates of 100 basis points with all other variables (including foreign exchange rates) held constant this would result in the hypothetical effect on income before tax of a loss (gain) of EUR 9 (2006: EUR 10). The cash flow hedging reserve in shareholder's equity would have been EUR 36 higher (EUR 42 lower) (2006: EUR 41 higher or EUR 51 lower, respectively). In addition, hypothetical results relating to fair value movements of derivative hedges that do not qualify for hedge accounting would have been a loss of EUR 25 (a gain of EUR 25) (2006: loss of EUR 24 or gain of EUR 26, respectively).

The total interest income recognized in the 2007 statement of operations related to variable rate money market fund investments and deposits amounts to EUR 122 (2006: EUR 48). The Company estimates that with a reasonably possible increase (decrease) of euro and U.S. dollar market interest rates of 100 basis points with all other variables (including foreign exchange rates) held constant this would result in the hypothetical effect on income before tax of a gain (loss) of EUR 27 (2006: EUR 11).

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

Commodity price risk

Ahold is exposed to the risk of an increase in the prices of commodities used directly and indirectly within its value chain. Ahold uses purchase commitments for various resources such as raw materials utilized in manufacturing facilities and energy for a portion of its needs and the Company expects to take delivery of these in the normal course of business. Commodity derivative contracts may be utilized to hedge against commodity price risk for Ahold's expected consumption. As of December 30, 2007, no commodity contracts were outstanding.

Credit risk

Ahold has no significant concentrations of credit risk. Sales to retail customers are made in cash, checks, and debit cards or via major credit cards. Sales to franchisees are done on credit. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions' products. Ahold has policies that limit the amount of counterparty credit exposure to any single financial institution or investment vehicle and these exposures are continually monitored. The maximum exposure to credit risk is represented by the carrying amounts of the financial assets in the balance sheet (refer to the fair values classes of financial instruments table).

Note 30

Ahold has obtained certain collateral and credit enhancements, without taking possession of any and primarily relating to receivables from franchisees in the amount of EUR 60 and the Dutch Customer Fund of EUR 26. For further information regarding the Dutch Customer Fund refer to Note 18. Except for the collateral agreements mentioned, no further significant agreements reducing the maximum exposure to credit risk had been entered into as of December 30, 2007. The maximum amount of credit risk loss that Ahold would incur if financial institutions that are parties to the derivative instruments completely failed to perform according to the terms of the contracts is EUR 205 as of December 30, 2007 (2006: EUR 161).

The majority of Ahold's past due but not impaired financial assets are receivables that as of December 30, 2007 is past due less than three months. Concentration of credit risk with respect to receivables is limited due to the Company's customer and vendor base being large and unrelated. As a result, management believes there is no further credit risk provision required in excess of the normal individual and collective impairment (based on an aging analysis) performed as of December 30, 2007. For further discussion on Ahold's receivables, see Notes 16 and 18.

Liquidity risk

Liquidity risk is the risk that Ahold will not be able to meet its financial obligations as they fall due. Ahold manages its liquidity risk on a consolidated basis with cash provided from operating activities being a primary source of liquidity in addition to debt and equity issuances in the capital markets, committed credit facilities, letters of credit under credit facilities and available cash, including net cash from divestments. Ahold manages short-term liquidity based on projected cash flows over rolling periods of six months. As of December 30, 2007, Ahold had EUR 0.9 billion of committed undrawn bank facilities, which can be drawn on for working capital and general corporate purposes and EUR 3.3 billion of cash balances available to manage its liquidity.

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

The following tables summarize the maturity profile of the Company's derivative and non-derivative financial liabilities as of December 30, 2007 and December 31, 2006, respectively, based on contractual undiscounted payments:

Year ended December 30, 2007	Net carrying amount	Contractual cash flows			Total
		Within one year	Between one and five years	After five years	
Non-derivative financial liabilities					
Bonds and notes	(3,125)	(1,155)	(1,656)	(1,671)	(4,482)
Other loans	(202)	(121)	(100)	–	(221)
Financing obligations	(394)	(61)	(218)	(356)	(635)
Mortgages payable	(15)	(4)	(10)	(6)	(20)
Finance lease liabilities	(1,080)	(141)	(528)	(1,316)	(1,985)
Cumulative preferred financing shares ¹	(497)	(31)	(92)	(27)	(150)
Short-term borrowings	(66)	(66)	–	–	(66)
Financial guarantees	(5)	–	–	(5)	(5)
Derivative financial assets and liabilities					
Cross currency derivatives and interest flows – paying leg	(1,113)	(216)	(603)	(802)	(1,621)
Cross currency derivatives and interest flows – receiving leg	1,277	183	689	794	1,666
Interest derivatives and interest flows – paying leg	(1,030)	(45)	(95)	(103)	(243)
Interest derivatives and interest flows – receiving leg	1,048	61	93	110	264
Year ended December 31, 2006					
Year ended December 31, 2006	Net carrying amount	Contractual cash flows			Total
Non-derivative financial liabilities					
Bonds and notes	(3,759)	(576)	(2,578)	(2,336)	(5,490)
Other loans	(383)	(149)	(255)	(12)	(416)
Financing obligations	(488)	(81)	(284)	(493)	(858)
Mortgages payable	(20)	(5)	(13)	(9)	(27)
Finance lease liabilities	(1,277)	(169)	(627)	(1,625)	(2,421)
Cumulative preferred financing shares ¹	(497)	(42)	(114)	(40)	(196)
Short-term borrowings	(56)	(56)	–	–	(56)
Financial guarantees	(7)	–	–	(7)	(7)
Derivative financial assets and liabilities					
Cross currency derivatives and interest flows – paying leg	(1,266)	(214)	(531)	(1,154)	(1,899)
Cross currency derivatives and interest flows – receiving leg	1,372	182	422	1,317	1,921
Interest derivatives and interest flows – paying leg	(1,085)	(54)	(125)	(134)	(313)
Interest derivatives and interest flows – receiving leg	1,110	59	134	145	338

¹ Cumulative preferred financing shares have no maturity. For the purposes of the above tables and determining future dividend cash flows it is assumed that the dividend is calculated until the coupon reset date of each of the four share series being 2008, 2010, 2013 and 2016, but with no liability redemption.

All instruments held at the reporting date and for which payments are already contractually agreed have been included. Planning data for future, new liabilities is not included. Amounts in foreign currency have been translated using the reporting date closing rate. Cash flows arising from financial instruments carrying variable interest payments have been calculated using the forward curves interest rates as of December 30, 2007 and December 31, 2006, respectively.

Note 30

Credit ratings

Ahold's credit ratings are periodically reviewed by credit rating agencies and communicated to financial markets and investors. The Company's strategy and progress over the past years have positively impacted the ratings assigned to Ahold by Moody's and S&P and have led to the restoration of an investment grade rating by both agencies during 2007. Maintaining investment grade credit ratings is an important part of the Company's strategy as they serve to lower the cost of funds and to facilitate access to a variety of lenders and markets.

The following table sets forth Ahold's credit ratings as of December 30, 2007 and December 31, 2006:

	December 30, 2007	December 31, 2006
Moody's		
Long Term Issuer Rating	Baa3	–
Corporate Family Rating	–	Ba1
Outlook	Stable	Positive
Standard & Poor's		
Corporate Credit Rating	BBB-	BB+
Outlook	Stable	Positive

Capital risk management

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

The capital structure of the Company consists of debt (which includes borrowings and cash and cash equivalents as disclosed in Notes 19, 23, 24 and 26) and equity (as disclosed in Note 20). Ahold may balance its overall capital structure in a number of ways including through the payment of dividends, capital reduction, new share issues and share buy-backs as well as the issuance of new debt or the redemption of existing debt.

The Company's August 2007 Credit Facility contains a leverage covenant, which falls away, when Ahold's corporate rating is BBB/Baa2 or better. It requires that Ahold not exceed a maximum ratio of consolidated net borrowings to consolidated earnings before interest, tax, depreciation, amortization and exceptional and/or extraordinary items of 4.28:1. In 2007, Ahold was in compliance with the leverage covenant.

Financial instruments

Categories of financial instruments

The following table presents the carrying amounts for each of the categories of financial instruments:

	December 30, 2007	December 31, 2006
Cash and cash equivalents	3,263	1,844
Available for sale	15	31
Loans and receivables	969	1,997
Derivative instruments with a hedging relationship	172	159
Derivative instruments without a hedging relationship	176	165
Total financial assets	4,595	4,196
At amortized cost	(7,761)	(9,626)
Derivative instruments with a hedging relationship	(152)	(177)
Derivative instruments without a hedging relationship	(15)	(16)
Total financial liabilities	(7,928)	(9,819)

Fair values of financial instruments

The following table presents the fair values (based on our financial categories) of financial instruments (including current portions) compared to the carrying amounts for which these instruments are included in the balance sheets:

	December 30, 2007		December 31, 2006	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans receivable and other financial assets	78	86	83	83
Long-term assets available for sale	15	15	31	31
Derivatives	348	348	324	324
Receivables	891	891	1,914	1,914
Cash and cash equivalents	3,263	3,263	1,844	1,844
Total financial assets	4,595	4,603	4,196	4,196
Bonds and notes	(3,125)	(3,304)	(3,759)	(3,957)
Other loans	(202)	(204)	(383)	(388)
Financing obligations	(394)	(475)	(488)	(636)
Mortgages payable	(15)	(19)	(20)	(22)
Finance lease liabilities	(1,080)	(1,326)	(1,277)	(1,542)
Cumulative preferred financing shares	(497)	(507)	(497)	(526)
Derivatives	(167)	(167)	(193)	(193)
Financial guarantees	(5)	(5)	(7)	(7)
Accounts payable	(2,240)	(2,240)	(2,955)	(2,955)
Short-term borrowings	(66)	(66)	(56)	(56)
Interest	(106)	(106)	(142)	(142)
Dividend cumulative preferred financing shares	(31)	(31)	(42)	(42)
Total financial liabilities	(7,928)	(8,450)	(9,819)	(10,466)

The carrying amount of receivables, cash and cash equivalents, accounts payable and other current financial assets and liabilities approximate their fair values because of the short-term nature of these instruments and, for receivables, because of the fact that any recoverability loss is reflected in an impairment loss. The fair values of quoted borrowings are based on year-end ask-market quoted prices. The fair value of other non-derivative financial assets and liabilities that are not traded in an active market are estimated using discounted cash flow analyses based on market rates prevailing at year-end. The fair value of derivative financial assets and liabilities are estimated by discounting future cash flows with prevailing market rates or based on the rates and quotations obtained from third parties. The fair value calculation method and the conditions for redemption and conversion of the cumulative preferred financing shares are disclosed in Note 24. The accrued interest is included in other current financial liabilities (Note 26) and not in the carrying amounts of non-derivative financial assets and liabilities.

Derivatives

Interest rate swaps designated as cash flow hedges are used to hedge cash flow interest rate risk on floating rate debt. Cross-currency swaps accounted for as cash flow hedges are used to hedge currency and cash flow interest rate risk on fixed and floating debt denominated in foreign currency. Foreign currency forwards and swaps designated as cash flow hedges are used to hedge the variability in future cash flows denominated in foreign currencies. The number and maturities of derivative contracts, the fair values and the qualification of the instruments for accounting purposes are presented in the table below:

Note 30

	December 30, 2007			December 31, 2006		
	Contracts	Assets	Liabilities	Contracts	Assets	Liabilities
Interest rate swaps – cash flow hedges						
between one and five years	2	3	–	1	1	–
after five years	–	–	–	1	2	–
Total interest rate swaps – cash flow hedges	2	3	–	2	3	–
Cross currency swaps – cash flow hedges						
between one and five years	1	169	–	–	–	–
after five years	1	–	(139)	2	156	(158)
Total cross currency swaps – cash flow hedges	2	169	(139)	2	156	(158)
Foreign currency forwards and swaps – cash flow hedges						
within one year	24	–	(6)	56	–	(8)
between one and five years	24	–	(7)	46	–	(11)
Total foreign currency forwards and swaps – cash flow hedges	48	–	(13)	102	–	(19)
Derivative contracts – no hedge accounting treatment						
within one year	19	20	(7)	12	1	(2)
between one and five years	16	1	(4)	33	27	(9)
after five years	2	155	(4)	2	137	(5)
Total derivative contracts – no hedge accounting treatment	37	176	(15)	47	165	(16)
Total derivative financial instruments	89	348	(167)	153	324	(193)

The notional amounts of the derivative financial instruments outstanding as of December 30, 2007 are summarized below. The summary is based on the currency of the exposures being hedged and includes the gross amount of all notional values for outstanding contracts (with all amounts expressed in millions of the respective currencies). The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

	GBP	JPY	EUR
Interest rate swaps:			
within one year	–	–	600
between one and five years	–	–	94
after five years	250	–	–
Cross-currency interest rate swaps			
between one and five years	–	–	407
after five years	250	33,000	–
Foreign currency forwards and swaps			
within one year	–	–	40
between one and five years	–	–	40
Foreign currency options			
between one and five years	–	–	13
Total notional amounts derivative financial instruments	500	33,000	1,194

Some of Ahold's derivative contracts contain additional termination events, the occurrence of which allows the relevant derivative to be terminated early. If such a right of early termination is triggered, it could under certain circumstances result in cross acceleration and cross default under the terms of other derivatives instruments and might affect certain debt agreements.

In 2007 a loss of EUR 11 (2006: loss of EUR 38) is included in the statement of operations under fair value gains (losses) on financial instruments in relation to fair value changes of derivatives that do not qualify for hedge accounting treatment or in relation to ineffective portions of qualifying hedging instruments. The amounts recognized in cash flow hedging reserve in equity and amounts released from cash flow hedging reserve to the statements of operations are presented in the consolidated statements of recognized income and expense.

Gains and losses recognized in cash flow hedging reserve in equity as of December 30, 2007 will be released to the statement of operations at various dates over a period of 23 years from the balance sheet date.

Note 31

31 Related party transactions

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company determined that key management personnel consists of members of the Supervisory Board, members and acting members of the Corporate Executive Board, the continental Chief Operating Officers and Senior Vice Presidents reporting directly to a Corporate Executive Board member, acting in that capacity.

Employment contracts with individual Corporate Executive Board members

Amounts in the discussion below are in thousands of EUR, unless otherwise indicated.

John Rishton

The Company's revised employment agreement with John Rishton to account for his appointment as CEO of the Company, dated November 20, 2007, provides for a base salary of EUR 945 per year retroactively as of July 1, 2007. It also provides for participation in the annual cash incentive plan, as well as participation in the Company's equity based long-term incentive program (GRO) (see Note 32). The at-target payout under the annual cash incentive plan is 100 percent of the base salary and is capped at 125 percent in case of extraordinary performance. On the starting date of his employment, John Rishton was granted 100,000 Ahold common shares to compensate the loss of long-term perquisites from his previous employer. The vesting of these shares is conditional upon three years employment. Unless John Rishton's employment agreement is otherwise terminated, he will be eligible for reappointment in 2010. In the event the Company terminates John Rishton's employment agreement for reasons other than cause or because he is not reappointed, John Rishton is entitled to a severance payment equal to one year's base salary. John Rishton's employment agreement may be terminated by the Company with a notice period of 12 months and by John Rishton with a notice period of six months. John Rishton is offered the same pension plan available to all members of the Corporate Executive Board.

Remuneration of the individual Corporate Executive Board members

Remuneration of the individual Corporate Executive Board members, which is disclosed as of the year the General Meeting of Shareholders approved the appointment of a member, can be specified as follows:

Euros in thousands		Base salary	Bonuses ¹	Share-based compensation ²	Pensions ³	Termination benefits	Other ⁴	Total
J.F. Rishton	2007	835	1,044	224	177	–	149	2,429
	2006	725	573	704	201	–	133	2,336
P.N. Wakkie	2007	600	1,050	231	165	–	13	2,059
	2006	600	474	338	315	–	15	1,742
A.D. Boer	2007	625	781	908	239	–	10	2,563
	2006	–	–	–	–	–	–	–
A.C. Moberg	2007	750	2,556	457	–	3,379	111	7,253
(resigned from the Board effective July 1, 2007) ⁵	2006	1,500	1,689	437	–	–	122	3,748
Total	2007	2,810	5,431	1,820	581	3,379	283	14,304
	2006	2,825	2,736	1,479	516	–	270	7,826

1 Bonuses represent accrued bonuses to be paid in the following year, except as disclosed in footnote 5 below. Peter Wakkie's 2007 bonus includes EUR 300 as a reward for the successful completion of the divestment program.

2 The amounts included in the table for share-based compensation represent the share-based compensation expense calculated under IFRS 2 related to the grants to Corporate Executive Board members. The fair value of share-based compensation grants is expensed on a straight-line basis over the vesting period of the grants. For Dick Boer, the amount includes a pro rated part of the fair value of 190,333 conditional shares granted to him in January 2006, which vest after two years continued employment. For more information on share-based compensation programs, see Note 32.

3 Pension costs are the total net periodic pension costs.

4 "Other" mainly includes representation allowances, employer's contributions to social security plans, relocation expenses, allowances for private medical insurance and benefits in kind such as tax advice and medical expenses. Anders Moberg received a contractually agreed allowance of EUR 52 and EUR 83 in 2007 and 2006, respectively, for pensions in lieu of participation in a pension plan.

5 Anders Moberg's 2007 bonus, which includes EUR 1,500 on account of his major contributions to the value added to U.S. Foodservice, was fully paid in 2007. His termination benefit includes one year base salary, one year bonus (based on the 2006 amount) and his base salary for the period between resignation from the Corporate Executive Board and the end-date of his employment contract (July 1, 2007 until August 15, 2007). The termination benefit is payable in three installments: EUR 1,379 was paid in 2007 and the remaining EUR 2,000 is payable in equal installments at January 1, 2008 and January 1, 2009. The termination benefit is also in consideration that Anders Moberg, at the request of the Company, agreed a non-compete clause for a period of two years for retail activities in any of the markets that Ahold serves.

Peter Wakkie

The Company's employment agreement with Peter Wakkie, dated October 9, 2003, provides for a base salary currently set at EUR 600 per year, participation in the annual cash incentive plan, as well as participation in the Company's equity based long-term incentive program (GRO) (see Note 32). The at-target payout under the annual cash incentive plan is 100 percent of the base salary and is capped at 125 percent in case of extraordinary performance. Unless Peter Wakkie's employment agreement is otherwise terminated, he will be eligible for reappointment in 2008. Peter Wakkie's employment agreement does not include any severance arrangement and the agreement may be terminated with a notice period of three months by either Peter Wakkie or the Company. Peter Wakkie is offered the same pension plan available to all other Dutch employees in the Netherlands born before 1950.

Dick Boer

The Company's employment agreement with Dick Boer, dated March 29, 2007, provides for a base salary of EUR 625 per year, participation in the annual cash incentive plan, as well as participation in the Company's equity based long-term incentive plan (GRO) (see Note 32). The at-target payout under the annual cash incentive plan is 100 percent of base salary and is capped at 125 percent in case of extraordinary performance. Unless Dick Boer's employment agreement is otherwise terminated, he will be eligible for reappointment in 2011. In the event the Company terminates Dick Boer's employment agreement for reasons other than cause or because he is not reappointed, Dick Boer is entitled to a severance payment equal to one year's base salary. Dick Boer's employment agreement may be terminated by the Company with a notice period of 12 months and by Dick Boer with a notice period of six months. Dick Boer is offered the same pension plan available to all members of the Corporate Executive Board.

Note 31

Remuneration of the Supervisory Board members

Euros in thousands	2007	2006
R. Dahan (appointed in 2004)	71	73
T. de Swaan (appointed in 2007)	75	–
K.M.A. de Segundo (appointed in 2004)	75	72
D.C. Doijer (appointed in 2005)	75	66
S.M. Shern (appointed in 2005)	86	83
J. Sprieser (appointed in 2006)	79	68
M. Hart (resigned in 2007)	50	64
J. Hommen (resigned in 2007)	26	83
Total	537	509

Shares and other interests in Ahold

As of December 30, 2007, Corporate Executive Board members held the following shares and other interests in Ahold:

	Common shares
J.F. Rishton	–
P.N. Wakkie	6,000
A.D. Boer	33,818
Total	39,818

Trading transactions

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

During 2007 and 2006, the Company entered into the following transactions with unconsolidated related parties:

For the year ended December 30, 2007	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
ICA	7	1	3	5
JMR	5	–	1	2
Stationsdrogisterijen	14	–	–	2
Real estate joint ventures	2	–	9	–
Accounting Plaza B.V.	1	22	–	–
Kobalt Media Services B.V.	1	63	–	–
Loyalty Management Nederland B.V.	13	1	6	8
A.M.S. Coffee Trading	–	41	–	2
Related parties of Schuitema	1	11	2	1
Ahold Dutch managers and employees	–	–	27	–
Total	44	139	48	20

For the year ended December 31, 2006	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
ICA	1	6	6	7
JMR	4	–	4	2
Stationsdrogisterijen	12	–	–	2
Real estate joint ventures	3	–	6	–
Accounting Plaza B.V.	–	23	–	3
Kobalt Media Services B.V.	–	50	2	6
Loyalty Management Nederland B.V.	–	19	2	11
A.M.S. Coffee Trading	–	35	–	–
Related parties of Schuitema	–	13	6	2
Ahold Dutch managers and employees	–	–	28	–
Total	20	146	54	33

These unconsolidated related parties consist of:

- ICA, a joint venture of Ahold in the retail business.
- JMR, a joint venture of Ahold in the retail business.
- Stationsdrogisterijen, a joint venture of Ahold in the retail business.
- Real estate joint ventures, in which Ahold has an interest, holding properties operated by Ahold or its subsidiaries.

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- Accounting Plaza B.V., an associate of Ahold that renders accounting and administrative services to certain Ahold subsidiaries in the Netherlands.
- Kobalt Media Services B.V., a former associate of Ahold that renders promotional and advertising services to certain Ahold subsidiaries in the Netherlands. Ahold sold its stake in Kobalt Media Services B.V. in December 2007.
- Loyalty Management Nederland B.V., an associate of Ahold that renders services relating to the management of customer loyalty programs to certain Ahold subsidiaries in the Netherlands.
- A.M.S. Coffee Trading, an associate of Ahold that generates sales transactions with Ahold Coffee Company.
- Several related parties of Schuitema render services in support of certain projects of franchisees and associated food retailers serviced by Schuitema.

Ahold Dutch managers and employees

In January 1994, a group of Ahold's Dutch managers and employees acquired a EUR 15 capital investment in the Dutch Customer Fund, an independent investment fund that primarily invested all of its assets in Ahold's shares and debt. The capital investment had previously been held by Het Weerpad B.V., an investment company of the Heijn family, founders of Ahold.

Ahold made loans to this group of managers and employees to assist them with their investment in the Dutch Customer Fund. In July 1996 and April 1998, additional loans were granted to Ahold's Dutch managers and employees to purchase additional investments in the Dutch Customer Fund. For more information on these loans, see Note 18.

32 Share-based compensation

In 2007, Ahold's share-based compensation program consisted of a conditional share grant program (Global Reward Opportunity "GRO"). In addition, restricted shares are incidentally granted to employees as part of their remuneration. In principle, plan rules will not be altered during the term of the plans. The GRO program, introduced in 2006, replaced the Company's share option plans. Total share-based compensation expenses were as follows:

	2007	2006
GRO program	17	9
Restricted shares	6	1
Share option plans	7	8
2004–2006 Performance Share Grant	–	3
Total share-based compensation expenses	30	21

At December 30, 2007 the Company held 19,965,205 of its own shares for delivery under share-based compensation programs (December 31, 2006: nil).

For the share-based compensation expenses allocable to the individual Corporate Executive Board members, see Note 31.

*Conditional share grant program (GRO)**Main characteristics*

Under the GRO program, introduced in 2006, Ahold shares are granted through a mid-term (three-year) and a long-term (five-year) program. The number of conditional shares to be granted depends on the at-target value, the annual incentive multiplier of the preceding year and the average share price for six months preceding the date of the grant. The conditional shares granted under the mid-term component vest after three years of continued employment. The Corporate Executive Board members are not allowed to sell these shares within a period of five years from the grant date, except to finance tax due at the date of vesting. The conditional shares granted through the long-term component vest after a performance period of five years. During this five-year period, performance will be measured using the Total Shareholder Return ("TSR", share price growth and dividends) of the peer group (refer to "Remuneration" section of this annual report for the composition of the peer group). The table below indicates the percentage of conditional shares that could vest based on the ranking of the Company within the peer group:

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

For participants in the program other than the Corporate Executive Board members, the mid-term component of the program contains a matching feature. For every five shares a participant holds for an additional two years after the vesting date, the participant will receive one additional share.

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

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The following table summarizes the status of the GRO program during 2007 for the individual Corporate Executive Board members and for all other employees in the aggregate:

	Non vested at the beginning of 2007	Granted	Vested	Forfeited	Non vested at the end of 2007
J.F. Rishton					
Three-year 2006 grant	34,924	–	–	–	34,924
Five-year 2006 grant	34,924	–	–	–	34,924
Three-year 2007 grant	–	35,268	–	–	35,268
Five-year 2007 grant	–	35,268	–	–	35,268
P.N. Wakkie					
Three-year 2006 grant	29,987	–	–	–	29,987
Five-year 2006 grant	29,987	–	–	–	29,987
Three-year 2007 grant	–	24,226	–	–	24,226
Five-year 2007 grant	–	24,226	–	–	24,226
A.D. Boer					
Three-year 2006 grant	28,963	–	–	–	28,963
Five-year 2006 grant	28,963	–	–	–	28,963
Three-year 2007 grant	–	39,779	–	–	39,779
Five-year 2007 grant	–	39,779	–	–	39,779
A.C. Moberg					
Three-year 2006 grant	32,516	–	13,469	19,047	–
Five-year 2006 grant	32,516	–	2,021	30,495	–
Three-year 2007 grant	–	–	–	–	–
Five-year 2007 grant	–	–	–	–	–
Other employees					
Three-year	4,814,621	2,011,505	755,163	1,652,313	4,418,650
Five-year	4,814,621	2,011,505	277,781	2,129,695	4,418,650
Total number of shares	9,882,022	4,221,556	1,048,434	3,831,550	9,223,594

Valuation model and input variables

The weighted average fair value of the conditional shares granted in 2007 amounted to EUR 9.28 and EUR 9.05 per share for the three-year and five-year component, respectively (2006: EUR 6.35 and EUR 6.39, respectively). These fair values are based on the share price on the measurement date (three-year component) and a Monte Carlo simulation model (five-year component). The most important assumptions used in the valuation were as follows:

Weighted average assumptions	2007	2006
Risk-free interest rate	4.2%	3.8%
Volatility	32.4%	37.0%
Assumed annual forfeitures	6.0%	6.0%
Assumed dividend yield	1.3%	0.6%

Expected volatility has been determined as the average of the implied volatility and the historical volatility, whereby the extraordinarily volatile month after February 24, 2003 has been excluded.

Restricted shares

In addition to the shares granted under the GRO program, Ahold granted an at-target number of 950,000 restricted shares with a two-year vesting period in 2007. Half of these shares are conditional shares that vest after two years continued employment and half of these shares are performance shares. The number of performance shares that will vest at the end of the two-year period is based on the average annual incentive multiplier for 2007 and 2008. The fair value of the restricted shares, determined in the same manner as the three-year GRO shares, was EUR 9.44 per share.

Conditional share option plans

In 2005 Ahold had one global share option plan with a uniform set of rules and conditions (the "2005 Plan") for all participants, except members of the Corporate Executive Board. The term of the 2005 share options is eight years and the exercise of these options is conditional upon continued employment during a three-year vesting period. Upon termination of employment, share options that have vested can be exercised during four weeks after termination and are forfeited thereafter, while share options that have not vested will be forfeited immediately. In 2005, share options were granted on the first Monday in April and the exercise price of each share option equaled the closing market price of Ahold's common shares on the last trading day prior to the grant date. A separate plan applies to members of the Corporate Executive Board. The share option grant made in 2005 to members of the Corporate Executive Board is subject to a performance criterion at vesting, being the average economic value added improvement versus targeted improvement over the three financial years prior to vesting. The vested number of options will range from 80% to 120% of the targeted number of options depending on performance against the vesting criteria. When performance against the vesting criteria is below 80% of target, zero options will vest. Other characteristics of the plan are the same as for the 2005 Plan described above.

Until January 2, 2005 Ahold had three share option plans (the Dutch, U.S. and International Share Option Plans (collectively the "Plans")). Under these Plans, participants were granted share options with either a five- or ten-year term, generally exercisable after three years. Share options were granted on the first business day of each year and the exercise price of each share option equaled the closing market price of Ahold's common shares on the last trading day prior to the grant date. Upon termination of employment, all share options granted under the Dutch Plan can be exercised within four weeks

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after termination and are forfeited thereafter. Share options granted under the U.S. and International Plans can, upon termination of employment, be exercised within four weeks after termination provided they have vested and are forfeited thereafter, while share options that have not vested will be forfeited immediately.

Under all option plans, upon termination of employment due to retirement, disability or death all share options are exercisable during their relevant exercise periods.

The following table summarizes the status of the share option plans during 2007 for the individual Corporate Executive Board members and for all other employees in the aggregate. After the introduction of GRO, options were discontinued as a remuneration component.

Description of grant	Outstanding at the beginning of 2007	Granted	Exercised	Forfeited	Expired	Outstanding at the end of 2007	Exercise price	Expiration date
J.F. Rishton	–	–	–	–	–	–	–	–
P.N. Wakkie								
Five-year 2005 grant ¹	45,000	–	–	–	–	45,000	6.36	04/03/2010
Ten-year 2005 grant ¹	45,000	–	–	–	–	45,000	6.36	04/03/2015
A.D. Boer								
Five-year 2003 grant	21,000	–	–	–	21,000	–	11.65	12/29/2007
Five-year 2004 grant	21,000	–	–	–	–	21,000	5.83	12/28/2008
Eight-year 2005 grant	70,200	–	–	–	–	70,200	6.36	04/03/2013
Ten-year 2001 grant	12,000	–	–	–	–	12,000	34.36	12/31/2010
Ten-year 2002 grant	12,000	–	–	–	–	12,000	32.68	12/30/2011
Ten-year 2003 grant	21,000	–	–	–	–	21,000	11.65	12/29/2012
Ten-year 2004 grant	21,000	–	–	–	–	21,000	5.83	12/28/2013
A.C. Moberg ²								
Five-year 2003 grant	500,000	–	–	–	–	500,000	5.20	05/04/2008
Five-year 2004 grant	50,625	–	–	–	–	50,625	5.83	12/28/2008
Five-year 2005 grant ¹	60,750	–	–	–	–	60,750	6.36	04/03/2010
Ten-year 2003 grant	500,000	–	–	–	–	500,000	5.20	05/04/2013
Ten-year 2004 grant	50,625	–	–	–	–	50,625	5.83	12/28/2013
Ten-year 2005 grant ¹	60,750	–	–	–	–	60,750	6.36	04/03/2015
Subtotal Corporate Executive Board members	1,490,950	–	–	–	21,000	1,469,950		
Weighted average exercise price	6.12	–	–	–	11.65	6.04		
Other employees								
Five-year	6,692,966	–	1,833,785	666,808	2,592,034	1,600,339	5.89	
Eight-year	8,522,875	–	2,828,612	544,225	–	5,150,038	6.36	
Ten-year	9,168,101	–	1,338,452	1,196,268	392,216	6,241,165	19.95	
Subtotal other employees	24,383,942	–	6,000,849	2,407,301	2,984,250	12,991,542	12.83	
Total options	25,874,892	–	6,000,849	2,407,301	3,005,250	14,461,492	12.14	
Weighted average exercise price	11.14	–	6.08	15.39	13.02	12.14		
Weighted average share price at date of exercise			9.24					

¹ This represents the maximum number of options (120%-level).

² In accordance with Anders Moberg's employment agreement, all outstanding options are exercisable during their relevant exercise periods, but not later than 24 months after termination of employment.

The following table summarizes information about the total number of outstanding share options at December 30, 2007:

Exercise price (range)	Number outstanding at December 30, 2007	Weighted average exercise price	Weighted average remaining contractual years	Number exercisable at December 30, 2007	Weighted average exercise price	Weighted average remaining contractual
5.20–6.57	9,563,483	6.08	4.41	3,816,745	5.66	3.18
11.65	1,981,117	11.65	5.00	1,981,117	11.65	5.00
25.38–34.36	2,916,892	32.32	2.90	2,916,892	32.32	2.90
Total	14,461,492	12.14	4.19	8,714,754	15.95	3.50

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33 Commitments and contingencies

Rent commitments

The aggregate amounts of Ahold's minimum rent commitments to third parties (corrected for sublease income) under non-cancelable operating lease contracts are payable as follows:

	December 30, 2007	December 31, 2006
Within 1 year	508	545
Between 1 and 5 years	1,443	1,829
After 5 years	2,734	3,690
Total	4,685	6,064

Certain store leases provide for contingent additional rentals based on a percentage of sales. Substantially all of the store leases have

Capital investment commitments

Ahold had outstanding capital investment commitments for non-current assets of approximately EUR 276 and EUR 392 as of December 30, 2007 and December 31, 2006, respectively. Ahold's share in the capital investment commitments of its unconsolidated joint venture ICA amounted to EUR 94 and EUR 133 as of December 30, 2007 and December 31, 2006, respectively.

Ahold's consolidated capital investment commitments by region as of December 30, 2007 were as follows:

Region	Land and buildings	Machinery/ equipment	Other property, plant and equipment	Total property, plant and equipment	Intangible assets	Total investment commitments
United States	66	89	50	205	–	205
Europe	51	9	1	61	10	71
Total	117	98	51	266	10	276

Expected payments relating to these commitments are as follows:

Region	2008	2009	2010	2011	2012	after 2012	Total
United States	179	8	9	9	–	–	205
Europe	50	21	–	–	–	–	71
Total	229	29	9	9	–	–	276

Purchase commitments

Ahold enters into purchase commitments with vendors in the ordinary course of business. The Company has long-term purchase contracts with some vendors for varying terms that require the Company to buy services and predetermined volumes of goods and goods not-for-resale at fixed prices. As of December 30, 2007, the Company's purchase commitments were approximately EUR 496, which are not recorded on the consolidated balance sheets (December 31, 2006: EUR 1,143). Not included in these purchase commitments are those purchase contracts for which Ahold has received advance vendor allowances, such as up-front signing payments in consideration of its purchase commitments. These contracts generally may be terminated without satisfying the purchase commitments upon repayment of the unearned portions of the advance vendor allowances. The unearned portion of these advance vendor allowances is recorded as a liability on the consolidated balance sheets.

Guarantees

Guarantees to third parties issued by Ahold, primarily covering liabilities and commitments of its subsidiaries, can be summarized as follows:

	December 30, 2007	December 31, 2006
Lease guarantees	1,329	906
Loan guarantees	12	13
Corporate and buy back guarantees	175	118
Total	1,516	1,037

Ahold is contingently liable for leases that have been assigned to third parties in connection with facility closings and asset disposals. Ahold could be required to assume the obligations under these leases if any of the assignees are unable to fulfill their lease obligations. The lease guarantees are based on the nominal value of future minimum lease payments of the assigned leases. On a discounted basis the lease guarantees are EUR 985 and EUR 586 as of December 30, 2007 and December 31, 2006, respectively. Of the EUR 1,329 of lease guarantees, EUR 519 relates to the BI-LO/Bruno's divestment and EUR 274 to the Tops divestment. As part of the divestment of Ahold's Polish retail operations, Ahold received a back-to-back guarantee for EUR 152 in June 2007. As part of the divestment of U.S. Foodservice, closed on July 3, 2007, Ahold received an irrevocable stand by letter of credit for USD 216 (EUR 147). Due to the wide distribution of the assignments among third parties and various remedies available to Ahold, management believes the likelihood that it will be required to assume a material amount of these obligations is remote. Ahold assessed that the fair value of these lease guarantees amounts to EUR 3 (December 31, 2006: EUR 3). As further disclosed in Note 3, the fair value of these lease guarantees has been recognized on the consolidated balance sheets as financial guarantees. For information about legal proceedings in connection with certain leases of Bradlees Stores, Inc. that Ahold has guaranteed, see "Stop & Shop Bradlees Lease Litigation with Vornado" below in this note.

renewal options for additional terms. None of Ahold's leases impose restrictions on the ability of Ahold to pay dividends, incur additional debt, or enter into additional leasing arrangements. The total future minimum sublease income expected to be received under non-cancelable subleases is EUR 1,399.

The annual costs of Ahold's operating leases from continuing operations, were as follows:

	2007	2006
Minimum rentals	616	584
Contingent rentals	41	38
Lease- and sublease income ¹	(179)	(164)
Total	478	458

1 Includes amounts presented as part of net sales in the consolidated statements of operations.

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

Ahold has provided corporate guarantees to certain suppliers of Ahold's franchisees or non-consolidated entities. Ahold would be required to perform under the guarantee if the franchisee or non-consolidated entity failed to meet the financial obligations, as described in the guarantee.

Buy back guarantees relate to Ahold's commitment to repurchase stores or inventory from certain franchisees at predetermined prices. The buy back guarantee reflects the maximum committed repurchase value under the guarantee.

Legal proceedings

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

Governmental/regulatory investigations

Following the announcement on February 24, 2003 that Ahold would be restating its financial position and results for the years 2001 and 2000, through authority delegated to it under Section 504 of the ERISA, the U.S. Department of Labor ("DOL") opened an investigation into whether any criminal violations of ERISA were committed by Ahold and certain of its current and/or former officers, directors and employees in connection with the 401(k) plans of Ahold U.S.A., U.S. Foodservice and Stop & Shop. In addition, in 2003 the Employee Benefits Security Administration of the DOL also commenced a civil investigation relating to the U.S. Foodservice, Inc. 401(k) Savings Plan Master Trust to determine whether any violations under Title I of ERISA have occurred, including breaches of fiduciary duty, which investigation remains pending. To date, these investigations have not been concluded. Ahold is fully cooperating with each of the DOL investigations.

The Civil Division of the U.S. Department of Justice (the "DOJ"), through the U.S. Attorney's Office for the Southern District of New York (the "U.S. Attorney") is conducting a civil investigation, which the Company believes relates to certain pricing practices of U.S. Foodservice for sales made to the U.S. Government prior to the date of completion of the disposal of U.S. Foodservice (July 3, 2007). The U.S. Attorney has requested that the Company provide certain documents generally related to (i) U.S. Foodservice's cost of products purchased from certain vendors, including the Value Added Service Providers and the prices charged for such products when sold to federal agency customers and (ii) U.S. Foodservice's freight costs and the amounts charged for freight costs for products sold to federal agency customers.

Ahold continues to cooperate fully with the U.S. Attorney's investigation. Although Ahold believes it is probable that claims will be asserted in the civil investigation, Ahold believes it may have meritorious defenses to such claims as may be asserted. Due to the stage of the civil investigation, Ahold cannot at this time provide a

reasonable estimate of any potential liability and, if so, the amount of such liability.

As part of the disposal of U.S. Foodservice, Ahold shall indemnify and hold harmless U.S. Foodservice from and against damages and litigation expenses suffered, incurred or paid after the date of completion of the disposal of U.S. Foodservice relating to matters including (i) the putative class litigation discussed hereinafter under "Waterbury litigation" and (ii) the previously disclosed investigation commenced by the DOJ into U.S. Foodservice's pricing practices for sales made to the U.S. Government prior to the completion of the disposal of U.S. Foodservice.

Proceedings regarding terminations

Ahold's former Chief Executive Officer, Cees van der Hoeven and Chief Financial Officer, Michiel Meurs, each agreed in the context of their separation of the Company in 2003 that the determination of their severance package, if any, should be left to an impartial arbitration tribunal. In December 2003, the former Chief Executive Officer and former Chief Financial Officer initiated an arbitration proceeding, in which they filed claims against Ahold. Subsequent thereto, Ahold filed counterclaims in each arbitration proceeding. On October 5, 2007, Ahold announced that it had agreed to settlements with Messrs. Van der Hoeven and Meurs respectively. Under the respective settlements Mr. Van der Hoeven has agreed to pay Ahold EUR 5 and Mr. Meurs has agreed to pay Ahold EUR 0.6.

In February 2004, James L. Miller, former Chief Executive Officer of U.S. Foodservice, filed an action in the U.S. District Court for the District of Maryland, Northern Division against Ahold, Ahold U.S.A., U.S. Foodservice and various executive officers and directors of Ahold, asserting various causes of action in connection with U.S. Foodservice's termination of his employment as of October 1, 2003 and seeking compensatory damages of USD 10 (EUR 8), punitive damages, attorneys' fees, injunctive relief and a declaratory judgment that he is entitled to post-termination benefits. In May, 2004, Ahold and the other named defendants filed a counterclaim alleging that Mr. Miller had breached the fiduciary duties he owed to Ahold and U.S. Foodservice and the terms of his employment agreement with U.S. Foodservice, and seeking compensatory and exemplary damages and restitution of compensation paid to Mr. Miller during his tenure at U.S. Foodservice. On December 18, 2007, Ahold announced that it had agreed to a settlement with Mr. Miller. Under the settlement Mr. Miller has agreed to pay Ahold USD 8.

Uruguayan and Argentine litigation

Ahold, together with Disco S.A. ("Disco") and Disco Ahold International Holdings N.V. ("DAIH"), is a party to certain legal proceedings in Uruguay and Argentina related to Ahold's acquisition of Velox Retail Holdings' shares in the capital of DAIH in 2002. The plaintiffs, alleged creditors of certain Uruguayan and other banks, have obtained provisional remedies in Uruguay, which were executed in Argentina and have affected the sale and transfer of the remaining 15% of the outstanding shares of Disco ("Remaining Shares") to Cencosud S.A. ("Cencosud").

On September 20, 2007 Disco and DAIH obtained a favorable court ruling in Argentina in the only remaining legal proceeding that affected the transfer of the Remaining Shares. As a consequence on October 5, 2007, Ahold received from escrow the purchase amount for the Remaining Shares and on October 19, 2007, the Remaining Shares were transferred to Cencosud. As a result, the sale of Disco to Cencosud, as announced on March 5, 2004, and November 1, 2004, has been finalized.

The ruling in Argentina, which provided relief from the provisional remedies, does not directly affect the trials on the merits of these proceedings, which are expected to continue and are still in their initial stages. The damages alleged by the plaintiffs in the remaining proceedings amount to approximately USD 70 (EUR 48) plus interest

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and costs. As part of the sale of Disco to Cencosud in 2004, Ahold has indemnified Cencosud and Disco against the outcome of these legal proceedings. Ahold continues to believe that these legal proceedings are without merit and will continue to vigorously oppose the plaintiffs' claims.

D&S c.s. litigation

On April 26, 2005, the public companies Distribucion y Servicio D&S S.A. and Servicios Profesionales y de Comercializacion S.A. (together, "D&S c.s.") initiated legal proceedings against Ahold before the District Court of Haarlem in the Netherlands, in connection with Disco's acquisition in 2000 of Supermercados Ekono S.A., which owned supermarkets in Buenos Aires, Argentina. D&S c.s. sought payment of approximately USD 47 (EUR 32) plus interest. On May 30, 2007, the District Court of Haarlem in its judgment decided against D&S and dismissed its claim against Ahold. On August 29, 2007, D&S has appealed against this judgment with the Court of Appeals in Amsterdam. This appeal proceeding is still in its initial stage.

D&S has taken initial steps to start arbitration proceedings against Disco in Argentina, but has to date not substantiated its claim against Disco. An arbitration panel has been appointed on February 7, 2008. D&S needs to submit its claim against Disco to the arbitration panel no later than March 13, 2008. Disco believes it has meritorious defenses in these proceedings. As part of the sale of Disco to Cencosud in 2004, Ahold has indemnified Cencosud and Disco against this claim from D&S.

Stop & Shop Bradlees Lease Litigation with Vornado

In connection with the spin-off of Bradlees Stores, Inc. ("Bradlees") discussed under Contingent Liabilities below, Stop & Shop, Bradlees and Vornado (or certain of its affiliates, collectively "Vornado"), and a landlord on a number of the assigned leases, entered into a Master Agreement and Guaranty, dated as of May 1, 1992 (the "Master Agreement") relating to 18 leases for which Vornado was the landlord. Pursuant to the Bradlees Bankruptcies (also discussed under Contingent Liabilities below) Bradlees either rejected or assumed and assigned the leases subject to the Master Agreement. On November 25, 2002, Vornado sent a written demand to Stop & Shop to pay certain so-called "rental increases" allegedly due under the Master Agreement in connection with certain leases, comprised of USD 5 (EUR 3) annually through January 31, 2012, and, if certain renewal options are exercised, USD 6 (EUR 4) annually thereafter through the expiration of the last lease covered by the Master Agreement, which Vornado alleges could extend until 2031, depending upon whether renewal options are exercised. On December 31, 2002, Stop & Shop instituted an action in the New York State Supreme Court seeking a declaration that it is not obligated to pay the rental increases demanded by Vornado. After a number of procedural motions and decisions, on February 14, 2005, Vornado filed a counterclaim seeking damages and a declaration that Stop & Shop is obligated to pay rental increases. In 2005, both Vornado and Stop & Shop filed motions for summary judgment which were denied by the New York State Supreme Court, and such denial was upheld on appeal by the New York State Supreme Court, Appellate Division pursuant to a Decision and Order on December 14, 2006. Stop & Shop continues to believe that it is not obligated to pay the rental increases demanded by Vornado and intends to vigorously pursue the litigation and defend against Vornado's claims.

Waterbury litigation

In October 2006, a putative class action was filed against U.S. Foodservice by Waterbury Hospital and Cason, Inc. and Frankie's Franchise Systems Inc. with the United States District Court for the District of Connecticut in relation to certain U.S. Foodservice pricing practices (the "Waterbury Litigation"). Two additional putative class actions were filed in August 2007 by customers of U.S. Foodservice, Catholic Healthcare West and Thomas & King, Inc., in the U.S.

District Courts for the Northern District of California and the Southern District of Illinois, respectively. These two new actions involve the same pricing practices as those in the Waterbury Litigation. The new actions also name Ahold and two individuals as defendants. The Judicial Panel on Multidistrict Litigation has decided to consolidate such actions with the Waterbury litigation. Ahold believes it has meritorious defenses to the claims set forth in the complaint and intends to defend vigorously against the lawsuit. Ahold cannot at this time provide a reasonable estimate of any potential liability.

Residual liabilities from disposals

For a discussion of Ahold's contingent liabilities with respect to the divestments, see "Contingent liabilities-Sale of Ahold's operations" below in this note. Under customary provisions in the agreements regarding disposals, Ahold has indemnified certain claims brought against its former subsidiaries and has guaranteed certain representations and warranties given in the disposal transactions. During 2004, 2005, 2006 and 2007 Ahold has received a number of claims from the relevant parties with respect to such indemnifications and guarantees. Although ultimate liability cannot be determined at present, Ahold is currently of the opinion that the amount of any such liability from these claims will not have a material adverse effect on its consolidated financial position, results of operation or cash flows. Adequate provisions have been recognized for pending or threatened litigations where deemed necessary.

Other legal proceedings

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

Contingent liabilities

Sale of Ahold's operations

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

Related to the sale of the assets of Ahold's operations in Brazil (Bompreço/Hipercard), Argentina, Spain (Ahold Supermercados), the United States (BI-LO/Bruno's, Tops' Wilson Farms and Sugarcreek convenience stores, Tops stores in northeast Ohio and the remaining TOPS operations), Poland (in 2005 and 2007, respectively) and the Netherlands and Belgium (Deli XL), as further described in Note 5, Ahold has provided in the relevant sales agreements certain customary representations and warranties including but not limited to, completeness of books and records, title to assets, schedule of material contracts and arrangements, litigation, permits, labor matters and employee benefits and taxes. These representations and warranties will generally terminate, depending on the specific representations and warranties, one to three years after the date of the relevant agreement. The claims under the representations and warranties are, with certain exceptions, capped at EUR 38 for Bompreço/Hipercard, EUR 50 for Spain, USD 33 (EUR 22) for BI-LO/Bruno's, USD 5 (EUR 3) for Wilson Farms and

Note 33

Sugarcreek convenience stores, USD 70 (EUR 48) for Tops, EUR 108 for Poland (PLN 120 (EUR 33) for the divestment in 2005 and EUR 75 for the divestment in 2007) and EUR 40 for Deli XL. In addition, specific, limited representations and warranties were given with respect to the divestment of Paiz Ahold. The claims under those representations and warranties were capped at the sale price, but the impact of any claim under such representations and warranties is not expected to be material.

With respect to Disco, the claims under the representation and warranties are capped at USD 15 (EUR 10). In addition, Ahold is required to indemnify the buyers of Disco for (i) certain claims made in relation to the mandatory conversions into Argentine pesos of certain U.S. dollar debts of Disco and (ii) certain claims made by creditors of certain Uruguayan and other banks. For additional information on these legal proceedings, see the “Legal proceedings” section above. Ahold’s indemnification obligations relating to these legal proceedings are not capped at a certain amount nor restricted to a certain time period.

Similar representations and warranties exist for certain of the Company’s smaller divestments in 2004, 2005, 2006 and 2007 as described in Note 5. The aggregate impact of a claim under such representations and warranties is not expected to be material.

BI-LO/Bruno’s

In connection with the sale of BI-LO and Bruno’s, Ahold may be contingently liable to landlords under guarantees of 209 BI-LO or Bruno’s operating or finance leases, which existed at the time of the sale in the event of a future default by the tenant under such leases.

Tops convenience stores

Pursuant to applicable law, Tops may be contingently liable to landlords under 193 leases assigned in connection with the sale of the Tops’ Wilson Farms and Sugarcreek convenience stores in the event of a future default by the tenant under such leases and Ahold may be contingently liable to landlords under guarantees of 69 of such leases in the event of a future default by the tenant under such leases.

Tops northeast Ohio stores

Tops closed all of its locations in northeast Ohio prior to year-end 2007. As of March 5, 2008, 28 of the total 55 closed locations in northeast Ohio have been sold or subleased. An additional 11 leases have been terminated. 16 stores continue to be marketed. In connection with the store sales, Tops and Ahold have certain post-closing indemnification obligations under the sale agreements, which Ahold believes are customary for transactions of this nature. Pursuant to applicable law, Tops may be contingently liable to landlords under the 22 leases which have been assigned to various third-party operators. Ahold may be contingently liable to landlords under guarantees of 14 of such leases in the event of a future default by the tenant under such leases. In the event Tops is able to assign the leases for the remaining northeast Ohio stores, then pursuant to applicable law, Tops also may be contingently liable to landlords under these remaining leases in the event of a future default by the tenant under such leases. Similarly, Ahold may be contingently liable to landlords under guarantees of certain of such remaining leases in the event of a future default by the tenant under such leases. Additionally, under U.S. pension law, the buyers of certain of Tops stores assumed the pension withdrawal liability associated with the underfunding of certain pension funds and Tops remains secondarily liable in the event the buyer defaults within five plan years.

Tops Markets, LLC

On October 11, 2007, Ahold announced that it would sell Tops Markets, LLC to Morgan Stanley Private Equity. On December 1, 2007 the transaction closed. In connection with the sale, Ahold has certain post-closing indemnification obligations under the sale agreement, which Ahold believes are customary for transactions of this nature and which are referred to in the Sale of Ahold’s Operations section of this Annual Report. Ahold retained certain liabilities in the sale, including contingent liability for 54 leases which carry Ahold guarantees. Additionally, Ahold retained liabilities related to stores previously sold, including guarantees on five Tops stores in Eastern New York, as well as liabilities related to the Tops convenience stores and the stores in northeast Ohio as outlined above.

ICA tax claim

The Swedish tax authorities have denied interest deductions made by ICA for interest on borrowings to an Irish subsidiary of nearly SEK 1.8 billion (EUR 190 million) for the period 2001–2003. The Swedish tax authorities claim amounts to SEK 716 million (EUR 76 million), including penalties and interest. The Irish subsidiary’s operations were wound up in 2003. ICA believes that the deductions were in compliance with tax rules. ICA is contesting the claim and penalties and has appealed the decision to the County Administrative Court. The Swedish tax authorities have also conducted an audit of the restructuring of the ICA Group’s finance operations in July 2004 but – as announced by ICA on November 29, 2007 – have withdrawn a statement to the County Administrative Court that ICA should be denied interest deductions of SEK 1.7 billion (EUR 179 million) made in 2004–2005.

Bradlees

In 1992, Stop & Shop spun off Bradlees as a public company (the “Bradlees Spin-off”). In connection with the Bradlees Spin-off, Stop & Shop assigned to Bradlees certain commercial real property leases. Pursuant to a 1995 reorganization of Bradlees and a subsequent wind down and liquidation of Bradlees following a bankruptcy protection filing on December 26, 2000 (collectively, the “Bradlees Bankruptcies”), a number of such real property leases were assumed and assigned to third parties. Pursuant to applicable law Stop & Shop may be contingently liable to landlords under certain of the leases assigned in connection with the Bradlees Spin-off and subsequently assumed and assigned to third parties in connection with the Bradlees Bankruptcies.

Notes 34, 35

34 Subsequent events

Potential divestment of Schuitema

On January 21, 2008, Ahold announced it had entered into negotiations with Schuitema and CVC about a potential divestment of its majority interest in Schuitema to CVC. The consideration for the transaction will include cash and the transfer of more than 50 stores by Schuitema to Ahold.

35 List of subsidiaries, joint ventures and associates

The following are Ahold's significant subsidiaries, joint ventures and associates as of December 30, 2007.

Consolidated subsidiaries

Unless otherwise indicated, these are wholly or virtually wholly owned subsidiaries. Subsidiaries not important to providing an insight into the Group as required under Dutch law are omitted from this list. With respect to the separate financial statements of the Dutch legal entities included in the consolidation, the Company availed itself of the exemption laid down in section 403, subsection 1 of Book 2 of the Netherlands Civil Code. Pursuant to said section 403, Ahold has issued declarations of assumption of liability for the Dutch subsidiaries forming part of the consolidation with the exception of Schuitema N.V.

Retail trade U.S.

The Stop & Shop Supermarket Company LLC, Boston, Massachusetts
Giant Food Stores, LLC, Carlisle, Pennsylvania
Giant of Maryland LLC, Landover, Maryland
Peapod, LLC, Skokie, Illinois

Retail trade Europe

Albert Heijn B.V., Zaandam, the Netherlands
Albert Heijn Franchising B.V., Zaandam, the Netherlands
Gall & Gall B.V., Hoofddorp, the Netherlands
Etos B.V., Zaandam, the Netherlands
Schuitema N.V. (73.2%), Amersfoort, the Netherlands
Eemburg C.V. (82%), Amersfoort, the Netherlands
AHOLD Czech Republic, a.s., Brno, Czech Republic
AHOLD Retail Slovakia, k.s., Bratislava, Slovak Republic
AHOLD Slovakia, s.r.o., Bratislava, Slovak Republic

Real estate

Ahold Lease U.S.A., Inc, Landover, Maryland, United States
Ahold Real Estate Europe B.V., Zaandam, the Netherlands
Ahold Vastgoed B.V., Zaandam, the Netherlands
Ahold Real Estate Slovakia B.V., Zaandam, the Netherlands
Ahold Real Estate Czech Republic B.V., Zaandam, the Netherlands
ŽIOS a.s., Brno, Czech Republic

Other

Ahold USA B.V., Zaandam, the Netherlands
Ahold Nederland B.V., Zaandam, the Netherlands
Ahold Coffee Company B.V., Zaandam, the Netherlands
Solon C.V., Amsterdam, the Netherlands
American Sales Company, Inc., Lancaster, New York, United States
Ahold Americas Holdings, Inc., Landover, Maryland, United States
Ahold U.S.A., Inc., Landover, Maryland, United States
Ahold Central Holdings, LLC, Wilmington, Delaware, United States
Ahold Finance U.S.A., LLC, Wilmington, Delaware, United States
Ahold Financial Services, LLC, Carlisle, Pennsylvania, United States
Ahold Information Services, Inc., Greenville, South Carolina, United States
MAC Risk Management, Inc., Massachusetts, United States
The MollyAnna Company, Vermont, United States
Ahold Insurance N.V., Curacao, Netherlands Antilles
Ahold Finance Company N.V., Curacao, Netherlands Antilles

Joint ventures and associates (unconsolidated)

JMR – Gestão de Empresas de Retalho, SGPS. S.A. (49%), Lisbon, Portugal
Gestiretalho – Gestão e Consultoria para a Distribuição a Retalho, SGPS, S.A., Lisbon, Portugal
Pingo Doce – Distribuição Alimentar, S.A., Lisbon, Portugal
Feira Nova – Hipermercados, S.A., Lisbon, Portugal
Funchalgest, SGPS, S.A. (50%), Madeira, Portugal
Comespa – Gestão de Espaços Comerciais, S.A. (49%), Lisbon, Portugal
Jerónimo Martins Retail Services AG (49%), Klosters, Switzerland
ICA AB (60%), Stockholm, Sweden
ICA Sverige AB, Stockholm, Sweden
ICA Norge AS, Oslo, Norway
ICA Baltic AB, Stockholm, Sweden
ICA Banken AB, Stockholm, Sweden
ICA Fastigheter AB, Stockholm, Sweden

Parent company financial statements

Euros in millions. Before appropriation of current year result.

Statements of operations

	2007	2006
Income from subsidiaries and investments in joint ventures after income taxes	2,919	512
Other gains and losses after income taxes	12	387
Net income	2,931	899

Balance sheets

	Note	December 30, 2007	December 31, 2006
Assets			
Intangible assets	2	1	3
Property, plant and equipment	3	5	6
Financial assets	4	7,824	8,948
Total non-current assets		7,830	8,957
Receivables	5	110	219
Cash and cash equivalents		1,029	664
Total current assets		1,139	883
Total assets		8,969	9,840
Liabilities and shareholders' equity			
Issued and paid-in share capital		381	389
Additional paid-in capital		10,699	13,453
Legal reserves		(347)	(42)
Accumulated deficit		(9,854)	(9,669)
Net income		2,931	899
Equity attributable to common shareholders	6	3,810	5,030
Cumulative preferred financing shares		–	169
Shareholders' equity		3,810	5,199
Provisions	7	1,130	31
Loans	8	199	1,625
Cumulative preferred financing shares	8	497	497
Other non-current liabilities	9	483	476
Total non-current liabilities		2,309	2,629
Current liabilities	10	2,850	2,012
Total liabilities and shareholders' equity		8,969	9,840

Notes to the parent company financial statements

Notes 1,2, 3

Euros in millions, except where otherwise indicated

1 Significant accounting policies

Basis of preparation

The parent company financial statements of Ahold have been prepared in accordance with Part 9, Book 2 of the Netherlands Civil Code. In accordance with subsection 8 of section 362, Book 2 of the Netherlands Civil Code, the measurement principles applied in these parent company financial statements are the same as those applied in the consolidated financial statements (see Note 3 to the consolidated financial statements).

As the financial data of Koninklijke Ahold N.V. (the parent company) are included in the consolidated financial statements, the statements of operations in the parent company financial statements are presented in condensed form (in accordance with section 402, Book 2 of the Netherlands Civil Code).

Change in presentation

Until 2007, Ahold presented its current accounts with subsidiaries on a net basis as loans receivable from subsidiaries. Since the Company does not have a legally enforceable right to offset current account receivables against current account liabilities, they are presented separately as of 2007. Comparative information has been changed accordingly.

Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates are accounted for using the net equity value. Ahold calculates the net equity value using the accounting policies as described in Note 3 to the consolidated financial statements. The net equity value of subsidiaries comprises the cost, excluding goodwill, of Ahold's share in the net assets of the subsidiary, plus Ahold's share in income or losses since acquisition, less dividends received. Goodwill paid upon acquisition of an investment in a joint venture or associate is included in the net equity value of the investment and is not shown separately on the face of the balance sheet.

2 Intangible assets

	2007	2006
Carrying amount beginning of year	3	–
Acquisitions/additions	1	4
Intercompany transfers	(2)	–
Amortization	(1)	(1)
Carrying amount end of year	1	3
At cost	2	4
Accumulated amortization and impairment losses	(1)	(1)
Carrying amount	1	3

Intangible assets primarily consist of software.

3 Property, plant and equipment

	2007	2006
Carrying amount beginning of year	6	58
Additions	–	1
Intercompany transfers	–	(50)
Disposals	–	(2)
Depreciation	(1)	(1)
Carrying amount end of year	5	6
At cost	17	17
Accumulated depreciation	(12)	(11)
Carrying amount	5	6

Property, plant and equipment primarily consists of office furniture.

Note 4

4 Financial assets

	December 30, 2007	December 31, 2006
Investments in subsidiaries	5,924	5,611
Investments in joint ventures	1,007	931
Loans receivable from subsidiaries	548	2,035
Other loans receivable	–	28
Pensions and other post-employment benefits	4	–
Hedging derivatives intercompany	6	11
Hedging derivatives external	169	156
Other derivatives intercompany	7	9
Other derivatives external	156	164
Deferred financing cost	3	3
Total financial assets	7,824	8,948

	Subsidiaries	Joint ventures	2007 Total	2006 Total
Investments in subsidiaries and joint ventures				
Beginning of year	5,611	931	6,542	6,355
Intercompany transfers	53	–	53	475
Share in income (loss)	2,769	150	2,919	541
Direct equity movements	(9)	–	(9)	(18)
Dividends	(95)	(75)	(170)	(360)
Exchange rate differences	(394)	1	(393)	(580)
Transfers from loans receivable	(3,114)	–	(3,114)	91
Transfers to provisions	1,103	–	1,103	–
Other changes	–	–	–	38
End of year	5,924	1,007	6,931	6,542

Included in investments in joint ventures is an amount of EUR 161 related to JMR (December 31, 2006: EUR 161), which the Company intends to divest. See Note 5 to the consolidated financial statements. For a list of subsidiaries, joint ventures and associates, see Note 35 to the consolidated financial statements.

	Subsidiaries	Other	2007 Total	2006 Total
Loans receivable				
Beginning of year	2,035	28	2,063	2,168
Issued	–	–	–	1
Transfers to investments	3,114	–	3,114	(91)
Redemptions	(4,601)	(1)	(4,602)	(13)
Exchange rate differences	–	–	–	(2)
End of year	548	27	575	2,063
Current portion	–	(27)	(27)	–
Non-current portion of loans	548	–	548	2,063

Notes 5, 6, 7

5 Receivables

	December 30, 2007	December 31, 2006
Corporate income tax receivable	–	167
Receivables from subsidiaries	12	12
Receivables from joint ventures	–	3
Hedging derivatives intercompany	7	8
Other derivatives external	19	–
Other derivatives intercompany	3	–
Current portion loans receivable	27	–
Other receivables	42	29
Total receivables	110	219

6 Shareholders' equity

For a specification of shareholders' equity, see Note 20 to the consolidated financial statements. Legal reserves for purposes of the parent company's shareholders' equity are the same as the reserves disclosed in Note 20.

7 Provisions

	December 30, 2007	December 31, 2006
Pensions and other post-employment benefits	–	2
Provision negative equity subsidiaries	1,103	–
Other provisions	27	29
Total provisions	1,130	31

As of December 30, 2007, EUR 13 of Other provisions is expected to be utilized within one year.

Notes 8, 9, 10

8 Loans

	December 30, 2007		December 31, 2006	
	Non-current portion	Current portion	Non-current portion	Current portion
Bonds and notes	199	952	1,283	200
Other loans	–	95	95	116
Loans from subsidiaries	–	–	248	–
	199	1,047	1,626	316
Deferred financing costs	–	(1)	(1)	(2)
Total loans	199	1,046	1,625	314

	Carrying amounts – maturities			December 30, 2007	December 31, 2006
	Within 1 year	Between 1 and 5 years	After 5 years		
Bonds and notes					
EUR 1,500 notes 5.875%	952	–	–	952	1,073
JPY 33,000 notes LIBOR +1.5%	–	–	199	199	210
EUR 200 notes 6.375%	–	–	–	–	200
Other loans					
EUR 95 loan 5.625%	95	–	–	95	95
EUR 66 floating rate note EURIBOR +0.8%	–	–	–	–	66
EUR 50 EURIBOR +0.4%	–	–	–	–	50
Loans from subsidiaries					
EUR loans from subsidiaries	–	–	–	–	166
USD loans from subsidiaries	–	–	–	–	82
Total	1,047	–	199	1,246	1,942
Current portion	(1,047)	–	–	(1,047)	(316)
Non-current portion of loans	–	–	199	199	1,626

For more information on the external loans, see Note 23 to the consolidated financial statements. For information on the cumulative preferred financing shares, see Note 24 to the consolidated financial statements.

9 Other non-current liabilities

	December 30, 2007	December 31, 2006
Deferred tax liability	4	4
Financial guarantees	1	1
Hedging derivatives intercompany	169	156
Hedging derivatives external	145	169
Other derivatives intercompany	156	137
Other derivatives external	8	9
Total other non-current liabilities	483	476

10 Current liabilities

	December 30, 2007	December 31, 2006
Current portion of bonds and loans	1,046	314
Short-term borrowings from subsidiaries	1,626	1,259
Payables to subsidiaries	24	25
Payables to joint ventures	6	–
Taxes payable	39	4
Interest	37	43
Dividend cumulative preferred financing shares	31	42
Hedging derivatives external	7	8
Other derivatives external	3	–
Other current liabilities	31	317
Total current liabilities	2,850	2,012

The current liabilities are liabilities that mature within one year. Other current liabilities as of December 31, 2006 included the remaining one-third of the settlement amount in the Securities Class Action (EUR 277), which was funded into escrow on January 29, 2007.

Note 11

11 Derivatives

The Company regularly enters into derivative contracts with banks to hedge foreign currency and interest exposures of the Company or its subsidiaries. Derivative contracts that are entered into to hedge exposures of subsidiaries are generally mirrored with intercompany derivative contracts with the subsidiaries that are exposed to the hedged risks on substantially identical terms as the external derivative contracts. In these parent company financial statements the external derivative contracts and the intercompany derivative contracts are presented separately in the balance sheet. In situations where the external derivative contract qualifies for hedge accounting treatment in the consolidated financial statements, the external derivative contract and the intercompany derivative contract are presented as 'Hedging derivatives external' and 'Hedging derivatives intercompany', respectively. In situations where the external derivative contract does not qualify for hedge accounting treatment in the consolidated financial statements, the external derivative contract and the intercompany derivative contract are presented as 'Other derivatives external' and 'Other derivatives intercompany', respectively.

Fair value movements of external derivative contracts that were entered into to hedge the exposures of subsidiaries are recorded directly in income, where they effectively offset the fair value movements of the mirroring intercompany derivatives that are also recorded directly in income. The Company has one cash flow hedge to hedge the interest rate and currency exposure on the JPY 33,000 notes. In relation to the cash flow hedge on the JPY 33,000 notes the Company recorded a fair value gain of EUR 19 in the cash flow hedge reserve in 2007 (2006: EUR 14) and recognized a loss of EUR 11 (2006: EUR 43) in the statements of operations from the cash flow hedge reserve release. Details of these derivative contracts and the Company's risk management strategies are included in Note 30 to the consolidated financial statements and in the tables presented below.

Non-current hedging derivatives – assets

	Hedging derivatives external	Hedging derivatives intercompany	Other derivatives external	Other derivatives intercompany	2007 Total	2006 Total
Beginning of year	156	11	164	9	340	297
Reclassification	–	–	(4)	–	(4)	–
Contracts matured or terminated	–	–	–	–	–	–
Fair value changes	13	(5)	(4)	(2)	2	43
End of year	169	6	156	7	338	340

Non-current hedging derivatives – liabilities

	Hedging derivatives external	Hedging derivatives intercompany	Other derivatives external	Other derivatives intercompany	2007 Total	2006 Total
Beginning of year	169	156	9	137	471	412
Contracts matured or terminated	–	–	–	–	–	–
Fair value changes	(24)	13	(1)	19	7	59
End of year	145	169	8	156	478	471

Fair value changes include exchange rate differences and installments paid on a cross currency swap that was entered into on behalf of one of the Company's subsidiaries.

Notes 12, 13

12 Commitments and contingencies

Bonds and loans issued by certain subsidiaries are guaranteed by the Company, as disclosed in Note 23 to the consolidated financial statements. The Company also guarantees certain lease obligations and other obligations of subsidiaries. Guarantees issued by the parent company regarding the financial obligations of third parties and non-consolidated entities amount to EUR 1,412 as of December 30, 2007 (December 31, 2006: EUR 935). As part of the divestment of Ahold's Polish retail operations, Ahold received a back-to-back guarantee for EUR 152 in June 2007. As part of the divestment of U.S. Foodservice, completed on July 3, 2007, Ahold received an irrevocable stand by letter of credit for USD 216 (EUR 147). Under customary provisions the Company guarantees certain representations and warranties made in agreements of asset disposals. Guarantees and legal proceedings are further disclosed in Note 33 to the consolidated financial statements. Assumptions of liability pursuant to section 403, Book 2 of the Netherlands Civil Code are disclosed in Note 35 to the consolidated financial statements.

13 Employees

The average number of employees of Koninklijke Ahold N.V. in full-time equivalents during 2007 was 237 (2006: 307). Salaries, social security charges and pension expenses amounted to EUR 50, EUR 1 and EUR 5, respectively, for 2007 (2006: EUR 68, EUR 4 and EUR 7, respectively).

For information on the remuneration of the Corporate Executive Board and the Supervisory Board, see Note 31 to the consolidated financial statements. For information on the Company's share-based compensation plans, see Note 32 to the consolidated financial statements.

Corporate Executive Board

Supervisory Board

Amsterdam, the Netherlands

March 5, 2008

Auditor's report

To the Shareholders, Supervisory Board and Corporate Executive Board of Koninklijke Ahold N.V.

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements for the year ended December 30, 2007 of Koninklijke Ahold N.V., Zaandam. The financial statements consist of the consolidated financial statements as set out on pages 35 to 81 and the parent company financial statements as set out on pages 82 to 88. The consolidated financial statements comprise the consolidated balance sheet as at December 30, 2007, consolidated statement of operations, consolidated statement of recognized income and expense and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The parent company financial statements comprise the company balance sheet as at December 30, 2007, the company statement of operations for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Annual Report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Koninklijke Ahold N.V. as at December 30, 2007, and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the parent company financial statements give a true and fair view of the financial position of Koninklijke Ahold N.V. as at December 30, 2007, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the Annual Report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Deloitte Accountants B.V.

M.R. van Leeuwen

Amsterdam, the Netherlands

March 5, 2008

Ahold statutory profit-sharing statement

The holders of common shares are entitled to one vote per share and to participate in the distribution of dividends and liquidation proceeds. Pursuant to section 39 of the Articles of Association, a dividend will first be declared out of net income on cumulative preferred shares and cumulative preferred financing shares. Any net income remaining after reservations deemed necessary by the Supervisory Board, in consultation with the Corporate Executive Board, will then be available for distribution to the common shareholders subject to approval at the General Meeting of Shareholders. The Corporate Executive Board, with the approval of the Supervisory Board, may propose that the General Meeting of Shareholders make distributions wholly or partly in the form of common shares. Amounts of net income not paid in the form of dividends will be added to accumulated deficit. In the financial statements the dividend on cumulative preferred financing shares is included in the statements of operations. Consequently, net income according to the parent company statements of operations is fully attributable to common shareholders.

The Corporate Executive Board, with the approval of the Supervisory Board, proposes that a final dividend of EUR 0.16 per common share be paid in 2008 with respect to 2007 (2006: nil). This proposal results in the following appropriation of net income:

	2007	2006
Net income	2,931	899
Dividends on common shares	(188)	–
Add to accumulated deficit	2,743	899

Subsequent events

For information regarding subsequent events, see Note 34 to the consolidated financial statements.

Investor relations

Investor relations goal

Ahold's investor relations department is committed in its communications to serving the interests of both private and institutional investors and of both equity and fixed income investors. Ahold's investor relations follows, to the extent reasonably practicable, the guidelines and principles set forth by the AFM and Regulation FD promulgated by the SEC. More background and financial information can be found in Ahold's investor relations section at www.ahold.com. Contact information can be found at the end of this Annual Report.

Share information

Ahold's authorized share capital as of December 30, 2007 was composed of the following:

- 1,250,000 cumulative preferred shares at EUR 500 par value each;
- 477,580,949 cumulative preferred financing shares at EUR 0.30 par value each; and
- 1,700,000,000 common shares at EUR 0.30 par value each.

For additional information about Ahold's share capital, see Notes 20 and 24 to the consolidated financial statements included in this Annual Report. Ahold is a public limited liability company registered in the Netherlands with a listing of shares (symbol: AH) on Euronext's Amsterdam Stock Exchange (AEX). The common shares trade in the United States on the over-the-counter (OTC) market through www.pinksheets.com (symbol: AHONY) in the form of ADSs and are evidenced by ADRs.

The Depositary for the ADSs is The Bank of New York. Each ADS evidences the right to receive one common share deposited under a deposit agreement for the ADSs between Ahold and the Depositary dated January 20, 1998, as amended and restated as of January 29, 2004 and as further amended and restated as of October 29, 2007. Ahold has been informed by the Depositary that in the United States, as of December 30, 2007, there were 88,019,197 ADSs outstanding and 39,500 record owners compared with 124,494,812 ADSs outstanding and 41,088 record owners at the end of fiscal year 2006.

Delisting from NYSE

In September 2007, Ahold delisted its American Depositary Receipts (ADRs) from the New York Stock Exchange (NYSE), deregistered from the U.S. Securities and Exchange Commission (SEC) and terminated its reporting obligations under the U.S. Securities Exchange Act of 1934. The decision to delist was taken as part of Ahold's strategy to improve cost-effectiveness by reducing complexity without detracting from the integrity of its corporate governance and control processes. The benefits of maintaining a U.S. registration and a NYSE listing have declined over time. The majority of Ahold shares held by U.S. domiciled investors are acquired through Euronext Amsterdam and the average daily trading volume in the United States over the last 12 months has been less than five percent of the total worldwide volume.

Ahold expects to be able to fully satisfy its current and future capital requirements based on its financial standing, through a single listing on Euronext Amsterdam. Ahold's Corporate Executive and Supervisory boards have also taken into account the regulatory, legal, reporting and governance complexity and costs associated with complying with these two registrations.

Ahold will continue to maintain a high standard of corporate governance and disclosure in line with the current Dutch Corporate Governance Code and regulatory requirements. Ahold is committed to continuously strengthening its risk management, internal control and compliance processes and will continue to publish its Annual Report and communications in accordance with the Exchange Act Rule 12g3-2 (b) in the investor relations section of the Company's public website at www.ahold.com.

Investor relations

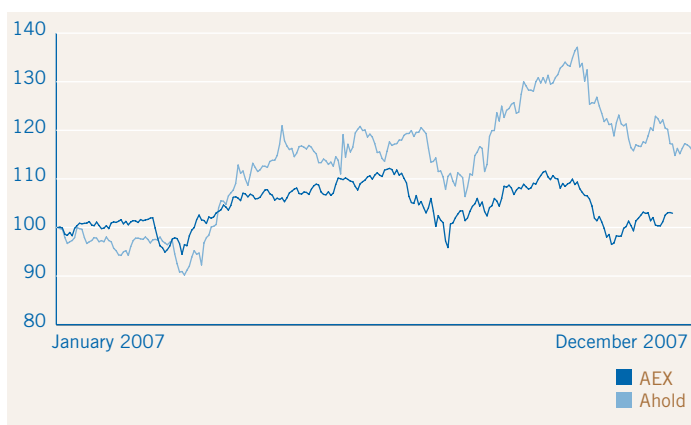
Share performance

The table below sets forth the share prices during the periods indicated for Ahold's common shares on Euronext Amsterdam.

	2007	2006
Closing common share price at year-end on Euronext (in EUR)	9.47	8.06
Average closing common share price on Euronext (in EUR)	9.27	7.14
Highest closing common share price on Euronext (in EUR)	11.20	8.50
Lowest closing common share price on Euronext (in EUR)	7.37	6.13
Average daily trading volume on Euronext	10,439,399	9,888,998

Source: Euronext.

The graph below shows the development of Ahold's common shares closing prices on Euronext Amsterdam relative to the AEX index in 2007 (base 100 = 2 January 2007).



Reverse stock split and capital repayment

On June 19, 2007, a capital repayment and reverse stock split was approved at an Extraordinary General Meeting of Shareholders.

On August 22, 2007, after the close of New York Stock Exchange, the reverse stock split took place. Every five existing shares with a nominal value of EUR 0.24 each were consolidated into four new shares with a nominal value of EUR 0.30 each. The capital repayment of EUR 1.89 per existing share, EUR 3 billion in the aggregate, took place on August 28, 2007.

Share buyback program

On August 30, 2007 Ahold launched a share buyback program of EUR 1 billion. This program was completed on November 20, 2007. The total number of shares repurchased under the program was 96,427,207 common shares at an average price of EUR 10.3702. Of the total shares bought back, 76,427,207 were cancelled as of January 3, 2008 in accordance with resolutions adopted at Ahold's Annual General Meeting of Shareholders on May 3, 2007. The remaining 20 million shares bought back will be held by Ahold as treasury shares and used for employee share-based compensation.

Dividends

On November 21 2007, Ahold announced that it plans to reinstate an annual dividend on common shares. The new dividend policy and the dividend for the 2007 financial year will be proposed to shareholders at the Annual General Meeting of Shareholders to be held on April 23, 2008.

The Company plans to pay dividends on the cumulative preferred financing shares in 2008 and paid an annual dividend on such shares in 2007, in each case as required by the terms of such shares. The following table gives certain information relating to common share dividends declared in the years indicated.

	Cash dividend option (EUR)	Translated cash dividend option ¹ (USD)	
Financial year 2001			
Interim	0.22	0.20	1 common share per 100 owned
Final	0.51	0.47	2 common share per 100 owned
Total	0.73	0.67	
Financial year 2002			
Interim	0.22	0.21	1 common share per 100 owned
Final	–	–	
Total	0.22	0.21	
Financial year 2003 – Financial year 2006: no dividend was paid to common shareholders.			
Total	–	–	

1 For financial years 2002, 2001 and 2000, the translated total U.S. dollar dividend amount consisted of the euro cash dividend translated into U.S. dollars at the noon buying rate on the applicable dividend payment date.

Share ownership

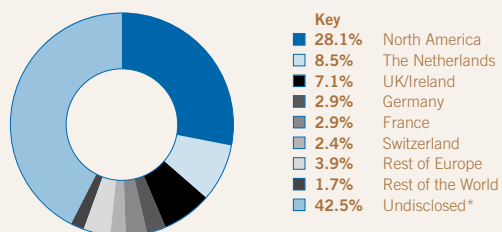
Associates Stock Purchase Plan

Ahold's U.S. employees are able to purchase the Company ADSs through the Associates Stock Purchase Plan (the "ASPP") in the United States. Through the ASPP, employees may choose to purchase ADSs through voluntary payroll deductions. During 2007, 198,277 ADSs were purchased by Ahold's U.S. employees pursuant to the ASPP.

Investor relations

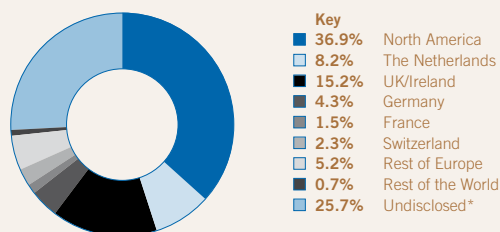
Geographic spread of shareholdings

Our shareholder portfolio at February 2008



* The undisclosed percentage of shareholdings includes all retail holdings

Our shareholder portfolio at February 2007



* The undisclosed percentage of shareholdings includes all retail holdings

Financial calendar

Financial calendar

December 31, 2007 – December 28, 2008

March 6, 2008

April 23, 2008

June 6, 2008

August 28, 2008

November 20, 2008

February 26, 2009

Financial year 2008 (52 weeks)

Earnings fourth quarter 2007

Annual General Meeting of shareholders 2008

Earnings first quarter 2008

Earnings second quarter 2008

Earnings third quarter 2008

Earnings fourth quarter 2008

Annual Information Update

Pursuant to article 5:24 Financial Supervision Act (Wet op het Financieel Toezicht) Ahold has issued an Annual Information Update (“AIU”) (jaarlijks document) that covers the period from March 5, 2007 through March 5, 2008. The AIU contains references to disclosures made by Ahold over the period referred to above under applicable laws and regulations relating to securities, issuers and security markets. The AIU is available at www.ahold.com.

Cautionary notice

This Annual Report contains forward-looking statements, which do not refer to historical facts but refer to expectations based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those included in such statements.

Many of these risks and uncertainties relate to factors that are beyond Ahold's ability to control or estimate precisely, including but not limited to, Ahold's ability to implement and complete successfully its plans and strategies and to meet its targets, the benefits from Ahold's plans and strategies being less than those anticipated, the effect of general economic or political conditions, the actions of Ahold's shareholders, competitors, customers, and other third parties, increases or changes in competition, Ahold's ability to retain and attract personnel who are integral to the success of the business, Ahold's IT outsourcing and information security, Ahold's ability to address corporate social responsibility issues, fluctuations in exchange rates or interest rates, Ahold's liquidity needs exceeding expected levels, compliance and regulatory risks and other factors discussed in this Annual Report, Risk management and internal control, Risk factors and in Ahold's other public filings.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report. Ahold does not assume any obligation to update any public information or forward-looking statement in this Annual Report to reflect events or circumstances after the date of this Annual Report, except as may be required by applicable securities laws. Outside the Netherlands, Ahold presents itself under the name of "Royal Ahold" or simply "Ahold". For the reader's convenience, "Ahold" or "the Company" is also used throughout this Annual Report. The Company's registered name is "Koninklijke Ahold N.V."

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Mixed Sources

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Cert no. SGS-COC-2531

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