DELHAIZE GROUP

Speech by Mats Jansson, Chairman of the Board of Directors,
at the Ordinary General Meeting of Delhaize Group
May 23, 2013

Dear Shareholders,

This is my first Delhaize Group General Meeting that I have the honor of chairing. Last year the board of directors gave me its trust to be your chairman and today I am proud to stand before you and share with you our achievements in 2012 and to give you a taste of what you can expect of your company in the years to come.

As you may or may not know, I was born and raised in retail. My father had a small grocery store in Sweden and my cradle stood literally above this store. In addition to many other life lessons, my father taught me that the most important aspect of his business was the customer. He taught me how important it is to listen to the customer and to value him as your most important asset. And it was exactly that passion for the customer that I found at Delhaize Group when I joined the board in 2011.

I realize of course that, from a company perspective, these are not the best of times for the food retail sector. It is a business, already facing low margins and in these times there is the additional pricing pressure from anxious customers. To thrive during these times it is more than ever crucial to listen to the needs of customers and to act upon their feedback.

Pierre-Olivier Beckers will elaborate later on the challenges we face as a Group and more importantly on what we are doing to address them.

In 2012, despite the challenging times we succeeded again in generating top line growth, one of the key pillars in the New Game Plan. At identical exchange rates we increased our sales 2.9 percent. Importantly, these growth numbers were the result of the progression made at all of our operational banners.

US

In the U.S., our sales growth was limited to 0.9 percent. However, the underlying quality of this result is promising.
As was the case in 2011, our activities in the U.S. were dominated by the Food Lion repositioning work. I think it should be clear to everyone now that we have made important progress in revitalizing our biggest brand.
And while this is not yet sufficient, this revitalization and other initiatives are already showing in the results. Our focus on Food Lion did not prevent us from taking important measures at Hannaford to face the increasing competition, while at the same time further rolling out and refining the Bottom Dollar Food format.

Belgium

Here in Belgium, we had another challenging year defending our market share. Nevertheless, in this challenging environment, we managed to safeguard our share of the market at a little more than 25 percent. However, we are not satisfied with this number. Competition remains very stiff and we cannot ignore the effort that Albert Heijn is making in the Flemish market. This said, it is worth mentioning that in spite of relentless efforts from existing and new entrants, we did not lose any franchisee in 2012. To the contrary, we welcomed 24 new franchised stores into our network. This is clear proof of the confidence independent business owners have in the Delhaize brand and business model. Partly because of this network growth, Delhaize Belgium generated 1.6 percent sales growth in 2012.

Southeastern Europe and Asia

In addition to the U.S. and Belgian businesses, our operations in newer markets and formats are key vehicles for growth for the Group. This is why we acquired Delta Maxi in the Balkans in 2011. And this is why we are investing in our newer formats, such as Bottom Dollar Food in the U.S. and Red Market in Belgium. By doing so we are working to expand our growth profile in promising growth markets.
In 2012, already 14% of sales came from the Southeastern Europe and Asia segment, compared to 12% in 2011. To highlight differently the importance of this segment to the company, Almost 50% of total Groups sales growth in 2012 came from Southeastern Europe and Asia.

I would also like to draw your attendance on our performance in Greece where Alfa Beta continues to gain market share; this performance is because Alfa Beta gives customers what they want – local products, affordable private brands and low prices across the shelves. We have seen similar responsiveness to the initiatives taken at Food Lion where we asked customers what they expected from their favorite supermarket and we acted upon their feedback.

Operating profit and margin

To invest in our future growth, we need the necessary resources. Last year we not only invested in optimizing, revitalizing and remodeling an important part of our store portfolio, we also dedicated an important part of our resources in price investments. In all countries and at all of our operational banners. Needless to say that these initiatives had an impact on our operating profit and margin. The operating margin declined from 3.9 to 1.7% and the operating profit came out 52%.
However, keep in mind that, next to price investments, some extraordinary elements eroded heavily our operating profit. If we ignore these one-time elements, the underlying operating profit at identical exchange rates decreased by 17.5%.

Governance and dividend

Let me say a few words about our board of directors. Our board, according to its role and duty, is working hard on governance and strategy. We are thinking about the big picture and reflect with management on the strategy they propose and related questions such as: Where do we see the biggest development opportunities, how do we fund our growth, how do we finance our price investments that are so critical for our competitiveness in the markets where we operate, how do we best create value for our stakeholders. Once the strategy is agreed and decided upon, the board supports management when implementing the strategy while also making sure it delivers on the strategy. It is in this context that the board and management have made and will continue to make the important and sometime tough decisions that have an impact on the financial performance of the company in the short term, but will support its long term future. Focus on cost control, financial discipline and generation of free cash flow to fund our initiatives have been and are at the center of our focus.
Looking at the performance of Group in the last quarters gives us great confidence that the company is on the right track. The financial markets clearly support us in that idea..

Against this background and given the need to adapt ourselves to the changing habits of our customers and the general business environment, the board of directors proposed to decrease the dividend this year by 20 percent to a gross 1.40 euro. This is in line with the decline of the operating profit. We have heard some shareholders questioning whether this decision signals a change in the dividend policy. In fact this is not the case. Our policy, as outlined in our corporate governance charter states that it is the company intent to distribute a regularly increasing dividend while keeping enough means to ensure the long term growth prospects of the company. This cannot be seen as a formal promise or guarantee of a permanently increasing dividend. Indeed the dividend cannot be disconnected from the profit growth of the company or from its financial health measured by financial ratios. The proposed distribution of the dividend for 2012 is therefore not departing from the current dividend policy but is on the contrary a cautious and rigorous application of its principles aiming at preserving the long term future of the company. You will note that with the proposed dividend of EUR 1.40 per share, the underlying payout ratio of underlying net profit stands at 33.5%, in line with the Delhaize Group 30% to 35% payout ratio over the last 10 years.

On another front, we are very happy to further strengthen our board by welcoming Elizabeth Doherty. The Board proposes her appointment as a new and independent director within the meaning of the Belgian Company Code. She brings extensive financial experience, a global perspective, and a wealth of knowledge in both consumer goods and retail to our Group. Liz was formerly Chief Financial Officer of Reckitt Benckiser and has built her experience at different international companies like Unilever, Tesco, Brambles and SABMiller.

Remuneration

Allow me in this Governance section to elaborate also on the remuneration policy of the group as applied in 2012 and present the remuneration report, a full version of which can be found in the Annual Report 2012. You will be requested to approve this remuneration report as part of the resolutions that will be put to vote after the speeches and the question time.

The remuneration policy of Delhaize Group can be characterized by a desire to structure the remuneration of our people so that we can reward and retain talent, experience and performance based on market practices with the ultimate goal to support our growth and to create shareholder value.

The remuneration Committee of Delhaize Group comes together several times per year in order to check and guide these objectives both for the remuneration of Directors as for Management.

The members of the board receive a fixed annual amount in line with what was approved by the general meeting.

With regards to the Management, the remuneration can be split between the fixed remuneration, the basis salary, and the variable remuneration that depends on the performance of the Group and its different operational entities, as well as the individual performance.

The variable remuneration maintains a healthy balance between both short term goals and long term objectives and focuses on different financial parameters in order to guarantee a full view of our performance and make the possible payout dependent on the effective results.

On the short term this variable fee consists of an annual bonus and on the long-term there is a cash bonus in combination with stock options and Restricted Stock, this last are only applicable for the U.S.

In addition, we provide Management with market-based benefits and pensions which are completely in line with what is usual in the various countries where we operate.

I would like to draw your attention to some decisions that were taken in 2013.
First, taking into account the economic environment, the CEO has proposed to the Board who accepted, to reduce his bonus to 50% of the bonus to which he would have been entitled to in 2013 had the regular scales for performance achieved in 2012 been applied. For the members of the Executive Management the bonus has been reduced with 20% of what they would have been entitled to if the regular scale was applied.

Second, in the same philosophy, the CEO and the Executive Committee, with the exception of one person whose geographical responsibilities have been substantially altered, in 2013 also proposed to the Board who accepted; that no increase is applied in 2013 to their base salary, not even the automatic indexation that exists in Belgium.

As also mentioned in the Annual Report Management has made in 2013 some additional changes to the Long Term Incentive Plan like the change of the vesting scheme of some equity programs and the introduction of performance shares. We are pleased to see that also Proxy advisors consider these practices as well as the transparency in our disclosure as increasingly shareholder friendly.

Delhaize Group plans a thorough analysis of its senior executive compensation plan in 2013 to ensure that the design and components of the Remuneration Policy continue to support the Company strategy while staying aligned with market practices. The Company has heard the concerns of some shareholders and, as part of this analysis, management and the Board will continue to assess the level of global compensation of the CEO and executive management against appropriate benchmarks. It will also consider to what extent it would be possible to simplify certain aspects of the policy and make it easier to understand, including with respect to how compensation of executive management in a given year is impacted by performance in the same year and with respect to the long term component, over several years. It will also continue reflecting on how to best align the interests of executive management and the shareholders.
In the same spirit of aligning the interests of Management with the interests of the shareholders, the Board issued a few years ago some directives whereby senior Management must hold a percentage equivalent of their salary in shares of Delhaize Group. The Board of Directors supervises this and established that these objectives were respected in 2012.

Finally, with regards to the remuneration policy, it should be noted that the existing contractual relations between our company and the members of the Management are fully in line with market practice and the respective laws in the various countries where we operate.

Conclusion

Let me conclude by taking the opportunity to highlight the priorities we have set ourselves for the coming years. For those who listened well, there is really only one priority: our customer. The customer we serve today and the customer we want to serve tomorrow. Only by exceeding our customers' expectations will we not only win their share of wallet but, and maybe more importantly, win their share of heart.

I would like to use this occasion to thank my colleagues at the board of directors who supported me, but who also challenged me during my first year as a chairman. I am happy and lucky to be surrounded by such experienced, talented and motivated team members. Because that is what we are, a team. And we team up with the executive committee and through them with our nearly 160.000 associates who in the end make the difference between being a good food retailer or delivering a great customer experience.

And of course Delhaize Group would not be Delhaize Group if it wasn't for the support of you, our shareholders. Yes, 2012 was a rough ride but we knew that we had to go through the rough waters to get to the other shore. Today, while we have not yet reached the other side of the shore, we are gradually and steadily moving closer to our goal and to bring together the best in life for all our stakeholders.

And Delhaize Group would not be where it is right now if it wasn't for Pierre-Olivier Beckers. As you all know, Pierre-Olivier and the board agreed on Pierre-Olivier's retirement as a CEO of the company later this year, once we have found a successor. Until that time, he will stay firmly at the helm of the company with the passion, the energy and enthusiasm we all know him for. However, I would nevertheless like to take this opportunity to thank him already today for his contribution in building and transforming Delhaize Group into the international food retailer we all know today. It was 30 years ago, when a young Pierre-Olivier Beckers started his journey within the Delhaize Le Lion. After taking on different responsibilities, allowing him to get to know the company in depth, he took on the responsibility of becoming CEO almost 15 years ago. With deep respect for people and displaying strong values, Pierre–Olivier led the transformation of Delhaize from a Belgian company with an international presence to an integrated group sharing the same vision and values. The number of stores grew from 1904 to 3451 operated in ten countries over three continents, revenues grew from EUR 12.9 to EUR 22.7 billion. 30.7 % of the stores are now located in growth markets, generating 14 % of the group's revenues compared to less than 5% when Mr Beckers took office. And although not as a CEO, Pierre-Olivier I am delighted that we will continue benefitting from Pierre-Olivier's unparalleled knowledge of the retail sector and experience as a member of the board..

So Pierre-Olivier, with that, thank you for what you have meant for Delhaize Group so far and already thank you for what you will mean going forward.

Speech by Pierre-Olivier Beckers, President and Chief Executive Officer,
at the Ordinary General Meeting of Delhaize Group
May 23, 2013

Dear Shareholders,

First, allow me to welcome a new member of the executive committee. A few weeks ago we communicated that Maura Smith joined the company as our new General Counsel. In this function Maura will replace Michael Waller and will become the first female executive committee member since 2006. Given her impressive track record as General Counsel at PepsiCo, International Paper, and Owens Corning, we all very much look forward to learning from her experience and expertise.

A warm welcome, also on my behalf, to Liz Doherty. As Mats already indicated, you are a seasoned executive and board member and we look forward to benefiting from your rich international experience that you will bring to our board meetings.

Finally, I would like to say a personal thank you to Michael Waller for his impeccable service to Delhaize Group, its Board, and to me as a trusted advisor since 2001. I want to wish you well in this next chapter of your life.

With 2012 coming to an end, it is now 3 year since we launched the New Game Plan. This plan was designed to refocus our strategy on revenue growth acceleration, funded by new efficiencies and additional cost control. As a result, we started a number of key initiatives: improved price positioning across the Group, strengthening of our banners' identities, in particular with the repositioning of Food Lion, and the acceleration of our organic growth with focus on growth markets, like Southeastern Europe and Indonesia, 31% of our total number of stores are now in these growth markets, and on new growth formats like Bottom Dollar Food in the U.S. and Red Market here in Belgium.

At the start of 2012 however, it became clear that the world economic crisis was continuing and seriously impacting consumers' spending. As a result, we had to invest more deeply in prices than originally expected. In addition, we saw that our SG&A efforts were not yet delivering as much as expected.

As a consequence, through 2012 and at the beginning of 2013, we have taken tough decisions in order to save financial resources and sustain our growth initiatives, in particular our price investments. These tough decisions included the recent significant reductions in staff at both Delhaize America and at the corporate office in Brussels. They included constricting our capital investment in Greece last year, in spite of the superior performance of our Alfa Beta operation, because of the potential currency risk. Finally, they included the closing of almost 200 poorly performing stores around the Group. Their financial performance coupled with the challenging economic conditions just did not justify keeping them open.

These were all tough decisions and we did not take them lightly but they were crucial to enable us to execute the priorities we have set ourselves.
And these priorities are very clear. The Food Lion repositioning as well as further targeted price investments at Hannaford, Delhaize Belgium and our Southeastern European banners are all growth initiatives that we have consistently continued to support during the last 12 months. We also want to continue to accelerate organic growth in selected markets as we aim to further strengthen our brands. Our current focus and strong achievements on capital discipline, working capital improvements and on controlling costs give us confidence that we can generate approximately € 500 million of free cash flow on average for the coming three years.

This focused approach is already paying off. We saw the improvement begin in Q3 of last year and continue into the first quarter of 2013. In the first three months of this year our organic sales growth rate was 3.8% at identical exchange rates. Our Gross Margin stood at 24.7%, decreasing by only 10 bps year over year at identical exchange rates. Let me also draw your attention to the fact that SG&A as a percentage of sales has also decreased sharply by nearly 70bp year-over-year, down to 21.5% . At € 214 million, our Underlying Operating profit increased by 13.0% at actual exchange rates and by 13.7% at identical exchange rates. This resulted in an Underlying Operating profit margin of 3.9% up 40bps compared to last year, driven by improved operating performances both at Delhaize America and Delhaize Belgium. Financially we generated during the first quarter a strong free cash flow of € 255 million. Based on this momentum we confirm our full year guidance as provided at the occasion of the Q1 results on May 8th.

This performance clearly gives us the confidence that we can now build further on the solid foundations we have laid. But the work is not done yet. We still have to further strengthen our initiatives, and we still have some key challenges to meet.

At Delhaize America, accelerating the transformation of Food Lion, strengthening of Hannaford and optimizing Bottom Dollar Food remain key priorities and will require hard work. At Food Lion, the main focus today is on implementing Phase 4 (and 5). Phase 4 was launched last week in the Baltimore and Washington markets and this phase now means that 78% of our Food Lion network is repositioned according to the Phase strategy. We are confident that we will see results in Baltimore-Washington that are similar to those in earlier Phases.

You will remember that Roland Smith mentioned in March that we are currently working on the design of a Unique Selling Proposition for Food Lion. The goal being pursued here is to further differentiate Food Lion beyond the strong foundations created with the repositioning work. This project is ongoing and we will report later in the year on our progress.

Strengthening Hannaford is our second priority at DA. We mentioned before that Hannaford scores well on all customer metrics except price. This is why we plan to make further targeted price investments. We have already started to do so in April. These targeted investments should fuel further growth in volumes and sales.

Finally, our third priority at DA is accelerating the path to profitability at Bottom Dollar Food. It is clear from the Q1 results that we have booked significant progress so far this year.

We have provided priorities for Delhaize Belgium in a similar way.

While our first quarter performance there was strong, nevertheless, we have continued to lose market share through the first quarter of 2013 and the priorities provided on this slide summarize our strategy to reverse this trend.

We are implementing a strategy to regain our historical differentiation. First, we want to reinforce our differentiation in Quality, Health and Assortment and we have outlined a number of initiatives to improve on these points.

Second, we want to further improve the store experience by having clean, modern and well laid-out stores. We have decided last year to accelerate our store remodeling program. The goal is to renew, remodel or refresh 80 to 85 company-operated stores between 2012 and 2015.

Third, we focus on pricing and promotions and plan to further improve both our price competitiveness and our price positioning in 2013. In Q1 we have further improved our price positioning compared to our peers in the market.

Finally, we continue to focus on our affiliated network which maintains a strong performance and therefore we are putting measures in place to strengthen and grow our network.

As do across the group, e plan to fund all these steps by a strong discipline on capital allocation and cost control.

If we implement all this, we believe that we can successfully address our market share challenges. And although declining in 2012 and at the start of 2013, we nevertheless see promising improvements at the start of the current quarter.

Finally in Southeastern Europe, we have also established three clear priorities.

First, at Delhaize Serbia our primary focus is on operational excellence. Our efforts are aimed at improving our gross margin. This is being done through supplier negotiations and by reducing direct store deliveries. We have recently kicked off the building of a new distribution center which should be ready in the second half of 2014.

We further plan to increase our market share through store openings and a more effective pricing policy. At the same time, we are currently developing a format which we aim to roll-out in the country side.

Serbia remains strong on cost control and we are planning to further improve this.

Second, we would like to consolidate our market share gains in Greece. We have significantly stepped up our pricing efforts in the first quarter which has fueled further market share growth.

Finally, we are aiming to maintain or even accelerate our growth in both Romania and Indonesia through further store openings and comparable store sales growth.

In summary, although I am happy about the progress we made so far, clearly there is still a lot of work that needs to be done. I am however confident that we have the right team to face the challenges. So allow me at this point to thank my colleagues, both within the board and the executive team for standing next to me and supporting the decisions that were needed and that are still needed to be taken. My appreciation also goes to the almost 160.000 associates who are bringing these decisions to life and who do it in pursuing our vision and applying our values every day: determination, courage, integrity, humility and humor. And of course, I want to sincerely thank you, our shareholders, for your support.