



Explanation to the shareholders of Koninklijke Ahold N.V.
in respect of the proposal to amend the articles of
association to be made in the general meeting of share-
holders on 26 november 2003.

To the shareholders

The Supervisory Board and the Corporate Executive Board hereby present a proposal to amend the articles of association of Koninklijke Ahold N.V. (the “Company”), which will be submitted to the general meeting of shareholders of the Company to be held on November 26, 2003. In accordance with the provision of article 42, paragraph 4 of the articles of association of the Company a copy of the proposal to amend the articles of association, containing the proposed amendments verbatim, together with the current text of the articles of association have been deposited at the office of the Company and at the office of ABN AMRO Bank N.V., Foppingadreef 22 in Amsterdam, for the inspection of every shareholder and every holder of depository receipts until adjournment of that general meeting. During the aforesaid period shareholders and holders of depository receipts may obtain copies of the proposal free of charge. The proposal to amend the articles of association will hereinafter be explained in general.

General explanation

Authorized share capital

It is proposed to amend the authorized share capital of the Company so that the authorized share capital of the Company will be increased to EUR 1,250,000,000 as a result of the increase of the authorized share capital of (i) the cumulative preferred shares from eight hundred thousand (800,000), of each EUR 500, to one million two hundred and fifty thousand (1,250,000), of each EUR 500, of (ii) the cumulative preferred financing shares from four hundred million (400,000,000), of each EUR 0.25 to five hundred million (500,000,000) of each EUR 0.25 and of (iii) the common shares from one billion two hundred million (1,200,000,000), of each EUR 0.25, to two billion (2,000,000,000), of each EUR 0.25. The increase of the capital is necessary in connection with the possible increase of the issued share capital. Furthermore, the number of (series of) cumulative preferred financing shares will be increased and a new subdivision of such series will take place. As a result of the new subdivision it is possible to provide each investor with its “own” series (see the final provisions of the draft deed of the amendment of the articles of association).

Shares

It is proposed to introduce one share certificate (“global”) for all bearer shares of common stock. The introduction of a global for all bearer shares of common stock follows from the continuing development in the field of dematerialisation of shares. The global will be deposited with the central institute as referred to in the Act on securities transactions by giro (Wet giraal effectenverkeer (“Wge”). Necigef may convert bearer shares to registered shares. The Company may preclude delivery of bearer shares of common stock (Section 26 Wge). Registered shares of common stock can be converted into bearer shares (of common stock).

No share certificates shall be issued for registered shares of common stock. With respect to the registered shares, a separate register for each class of shares shall be kept by the Company.

Corporate Executive Board and Supervisory Board

In the recent past, discussions have taken place in relation to the system of binding nominations in respect of the appointment of Corporate Executive Board members and supervisory directors. Partly because of this, it is now proposed to introduce a non-binding nomination in respect of the appointment of members of the Corporate Executive Board as well as in respect of the appointment of members of the Supervisory Board. The nomination can include only one single person. A resolution to appoint a person member of the Corporate Executive Board nominated by the Supervisory Board shall be adopted by an absolute majority of the votes cast. It is also proposed to remove the reference to the deputy members of the Corporate Executive Board from the articles of association.

As far as the requirements set forth by the articles of association in respect of the appointment, suspension and dismissal of Corporate Executive Board members and supervisory directors regarding the required majority and quorum are concerned, promises have been made in the past, to link up with the regulations of the regime that is applicable for so-called large companies (structuurregime) in the event that the proposed new bill, that was submitted for this purpose, would come into force. For the foregoing reason, a new regulation is proposed in respect of the requirements of the decision making process regarding those issues, which regulation links in with the aforesaid proposed new bill. It is therefore proposed to include the following provision in the articles of association: A resolution to appoint a person member of the Corporate Executive Board, not nominated by the Supervisory Board shall be adopted by an absolute majority of the votes cast, if such majority represents more than one-third of the issued share capital. The proposed provision in respect of a resolution to suspend or dismiss a member of the Corporate Executive Board is similar. It is also proposed to include in the articles of association a similar provision in respect of the appointment, suspension and dismissal of members of the Supervisory Board.

Furthermore, it is proposed to remove the age limit for members of the Supervisory Board as currently included in the articles of association of the Company. This is in conformity with the current statutory provision included in Section 2:142 of the Dutch Civil Code, which was lastly amended on April 23, 2002 by the "Act cancellation age limit for supervisory directors" (Wet vervallen leeftijdsgrenzen voor commissarissen).

Distributions

In respect of distributions on the preferred financing shares, it is proposed to link up with the arithmetical average of the ten year Euro SWAP rate. The current provision links up with the average of the effective yield on government loans to the debit of the Kingdom of the Netherlands with a (remaining) life of nine to ten years. The Euro SWAP rate is currently yielding higher than government loans (average of 12 basis points over the past 12 months). This conversion has no negative consequences for the holders of preferred financing shares. If Euro SWAP is no longer published in the manners as described in the draft articles of association, Euro SWAP shall mean the arithmetical average of the effective yield on government loans to the debit of the Kingdom of the Netherlands with a (remaining) life of nine to ten years.

A transitional provision will be included in the articles of association of the Company for existing series of preferred financing shares. The dividend percentages for a particular series shall be adjusted for the first time as of the day when ten years have passed since the date on which for the first time a preferred financing share of a series was issued (and subsequently every ten years thereafter).

