# Remuneration

Ahold's remuneration policy is prepared in accordance with the Dutch Corporate Governance Code and was adopted at the General Meeting of Shareholders on April 17, 2013.

## Remuneration policy 2013

Ahold's remuneration policy aims at attracting, motivating and retaining the best-qualified talent. The policy is reviewed annually. This year the Supervisory Board decided on and shareholders approved (on April 17, 2013), several changes to the remuneration policy going forward. The aim was to make the policy more effective by simplifying it and increasing its transparency.

In addition, the adjusted policy aligns with Ahold's Reshaping Retail strategy and better supports the Company's pay for performance culture.

Ahold's remuneration policy is focused on Total Direct Compensation, which is benchmarked against a pre-defined peer group.

## Overview of Total Direct Compensation

| | Purpose and link to strategy | Policy | Changes 2012 vs 2013 | Determinations |
|---|---|---|---|---|
| **Base salary** | The base salary supports the recruitment and retention of ExCo members with the required skills and experience to implement Ahold's strategy. | → Base salaries are quoted in euros and were reviewed in April 2013. | → None in policy, only regular salary increase. | Effective on January 1, 2013, base salaries were increased as follows:<br>– CEO to €975,000 (1.0%)<br>– CFO to €615,000 (2.5%)<br>– COO Ahold USA to €650,000 (8.3%)<br>– CCGC to €537,500 (1.4%) |
| **ExCo Incentive Plan (EIP)** | The EIP is aligned with the new Ahold strategy and supports the Company's pay for performance culture. | → Target level (as % of base salary): 100%<br>→ Maximum bonus (as % of base salary): 150%<br>→ Calculation of the annual incentive: 90% based on Ahold's financial results at year end and 10% on responsible retailing performance. | → A responsible retailing performance measure has been added.<br>→ The Return on Net Assets (RoNA) measure has been replaced by operating cash flow performance. | The financial performance resulted in a financial multiplier of 89%.<br>The responsible retailing performance resulted in a RR multiplier of 100%, which is adjusted by the performance of the financial results.<br>The above resulted in the following EIP pay out:<br>– CEO: €867,750<br>– CFO: €547,350<br>– COO Ahold USA: €578,500<br>– CCGC: €478,375 |
| **Global Reward Opportunity (GRO)** | The use of shares in the GRO program allows participants to benefit from the value that has been accrued during the course of the plan. In addition, the GRO program helps to align the global goals and Ahold's local businesses. | → Target levels (as % of base salary):<br>→ CEO and COO Ahold USA: 185%<br>→ CFO and CCGC: 150% | → A Return on Capital (RoC) performance hurdle at vesting has been added.<br>→ The link with the short-term performance is no longer applied on the performance shares at grant, but only on the conditional shares.<br>→ Vesting period of three years for all conditional and performance shares. | On April 18, 2013, the following numbers of shares were granted:<br>– CEO: 147,281<br>– CFO: 75,325<br>– COO Ahold USA: 98,188<br>– CCGC: 65,834<br>On April 18, 2013, the following numbers of shares have vested:<br>– CEO: 91,612<br>– CCGC: 30,472 |

Further details on the Management Board members' employment agreements, individual remuneration, pension, shares, and other interests in the Company are outlined in *Notes 31* and *32* to the consolidated financial statements.

# Remuneration (continued)

## Total Direct Compensation

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

### Benchmarking

To assess the competitiveness of the overall remuneration provided to the ExCo, the package is benchmarked annually. The peer group used for this purpose is the same as that used to benchmark the performance of the Company (see table below). This peer group reflects Ahold's geographic operating areas and the markets most relevant to the recruitment and retention of top management. In addition, AEX market practice in the Netherlands is considered, as Ahold is based in the Netherlands. The composition (risk profile) of the Total Direct Compensation levels is taken into account when benchmarking these levels. The target Total Direct Compensation level is typically around the median.

| | | |
|---|---|---|
| Wal-Mart Stores | Costco | Supervalu |
| Carrefour | Kroger | Delhaize Group |
| Metro | Target | Staples |
| Tesco | Safeway | |

## Base salary

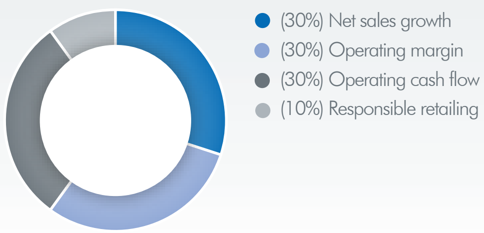
The level of the base salary of the members of the ExCo is derived from the benchmarking of Total Direct Compensation. Adjustment of the base salary is at the discretion of the Supervisory Board.

## Annual cash incentive plan

The ExCo's adjusted annual cash incentive plan uses three equally weighted financial measures: net sales growth (30%), operating margin (30%) and operational cash flow (30%). In addition, a non-financial performance measure (10%) is included that relates to responsible retailing targets. The at-target payout as a percentage of base salary is 100%, contingent on full achievement of the objectives, with a cap at 150% of the base salary. Ahold does not disclose the required performance levels of the measures, as this is considered commercially sensitive information.

The actual 2013 EIP payout is 89% of base salary.

### 2013 EIP Performance measures and weighting




In addition to quantitative financial targets, we have also set non-financial targets that relate to our responsible retailing strategic ambitions. These non-financial targets are more qualitative and are therefore monitored in a more qualitative way. Targets set are aspirational, ambitious and aim mainly to provide a sense of direction rather than a required end-state. They are also intended to facilitate a dialogue between Ahold's ExCo and all relevant stakeholders. The additional information provided by the ExCo should enable the Supervisory Board to determine the ultimate score on RR.

To ensure there is a quantifiable aspect to the non-financial component and avoid any potential opportunity loss to the participant (as it is not possible to "overscore" on the non-financial component), the calculation of the score under the non-financial component is linked to the performance of the financial components. In short, the achieved financial multiplier is applied to the score on the non-financial component. If the financial multiplier is zero, the score on the non-financial component will be zero (regardless of the achieved score on the non-financial component) resulting in no pay-out.

## Equity-based program: Global Reward Opportunity

Under the Global Reward Opportunity (GRO) program, shares are granted through a three-year program. The program consists of two components: shares with a performance hurdle at grant (conditional share grant) and shares with a performance hurdle at vesting (performance share grant).

The at-target value of the shares to be granted is divided by the average share price over the six months preceding the date of grant to calculate the number of shares. No adjustment for risk has or will be made.

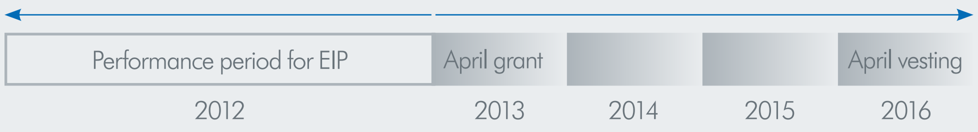
Scenario analyses are prepared regularly to estimate possible future payout levels. These analyses are included in the annual evaluation of the remuneration policy, each of its components and the mix of these components (the risk profile of the package).

# Remuneration (continued)

## Conditional share grant

The target value to be granted under the conditional share grant component for the ExCo is 50% of base pay. Furthermore, the actual value of the conditional share grant is subject to a performance condition at grant. The performance condition is the multiplier of the EIP of the preceding year (with a range between 0% and a maximum of 150%[1]). The maximum grant value is 75% of base salary.

### Timeline for 2013 conditional GRO grant




Considering the above and the link with the EIP, the Conditional GRO grant can be considered as a deferred bonus plan, with a mandatory conversion into shares.

### Calculation example

Assuming an at-target conditional share grant value of €100,000 and an annual incentive multiplier for the preceding year of 0.8, the value to be granted would be 0.8 x €100,000 = €80,000. Assuming, furthermore, a six-month average share price preceding the date of grant of €10.00, the number of shares to be conditionally granted would be 8,000. The number of conditionally granted shares is also the maximum number of shares that can vest. For more specifics on the maximum vesting per ExCo member, see table below.

## Performance share grant

The target value to be granted under the performance share grant is differentiated for the ExCo per role to align this component with market practice. For the CEO and the U.S.-based COO, it has been increased to 135% of base salary and for the CFO and the CCGC the grant value remains 100% of base salary. The vesting of the performance shares is subject to a performance hurdle at vesting after a performance period of three years.

Half of the performance share grant is linked to a three-year return on capital target. The number of shares that eventually vest depends on performance and can range between 0% and a maximum of 150% of the number of shares granted.

For the other half of the grant, the performance at vesting is measured using TSR (share price growth and dividends paid over the performance period) benchmarked against the TSR performance of a peer group (see table "benchmarking.") The number of shares that will vest depends on Ahold's relative ranking in the peer group. An independent external advisor determines the ranking based on TSR performance. No shares will vest to ExCo members if Ahold ranks below the sixth position. The table below indicates the percentage of performance shares that could vest based on Ahold's ranking.

### Company ranking

| Rank | % | Rank | % | Rank | % | Rank | % |
|---|---|---|---|---|---|---|---|
| 1 | 175% | 4 | 100% | 7 | 0% | 10 | 0% |
| 2 | 150% | 5 | 75% | 8 | 0% | 11 | 0% |
| 3 | 125% | 6 | 50% | 9 | 0% | 12 | 0% |

In anticipation of potential changes to the peer group due to delisting, mergers or other extraordinary circumstances, the Supervisory Board has the discretion to include comparable companies from a predetermined list of substitutes.

If a company drops out of the "main" peer group, it is replaced by the company on the substitute list (e.g., Sainsbury or Casino) that has the highest TSR performance.

### Calculation example

Assuming an at-target performance share grant value of €100,000 and a six-month average share price preceding the date of grant of €10.00, the number of shares to be conditionally granted would be 10,000. In case of below threshold performance, no shares would vest. When maximum performance is achieved, 162.5% (i.e., (50% x 150%) + (50% x 175%)) of the shares granted may vest. In this example, a total number of 16,250 (10,000 x 162.5%) would vest. For more specifics on the maximum vesting per ExCo member, see table below.

| | Target award (as % of base pay)[2] | Maximum vesting conditional shares (as % of base pay)[2] | Maximum vesting performance shares (as % of base pay)[2] | Total maximum vesting (as % of base pay)[2] |
|---|---|---|---|---|
| CEO | 185% | 75% | 219% | 294% |
| CFO | 150% | 75% | 163% | 238% |
| COO Ahold USA | 185% | 75% | 219% | 294% |
| CCGC | 150% | 75% | 163% | 238% |

1 The final EIP multiplier is based on the achievement of the objectives of the EIP, with a cap at 150% of the base salary.
2 Under the assumption of a flat share price.

# Remuneration (continued)

### History of grant vesting

Analysis shows that the GRO program generated a higher value in the case of an above-target performance and a lower value in the case of a below-par performance. The expectation is that the introduction of the company multiplier for one-third of the grant (the conditional share grant only; the performance share grant will be granted at target) will have a stabilizing effect.

### Share holding requirements and ownership guidelines

Management Board members must retain the shares awarded under the GRO program for a period of at least five years from the grant date. A portion of the shares is allowed to be sold to finance tax due at the date of vesting. All members of the Management Board are required to hold shares in the Company with a value equal to 150% of their base salary. The holding may be built up by retaining all after-tax shares from the GRO program and does not require additional purchases.

| | Number of common shares[1,2] | % of base salary |
|---|---|---|
| Dick Boer | 265,824 | 360% |
| Jeff Carr | 10,000 | 21% |
| Lodewijk Hijmans vd Bergh | 14,626 | 36% |
| James McCann | 110,000 | 224% |

1 Share price on December 29, 2013, was €13.22.
2 Vested GRO shares or purchased shares.

As long as the 150% is not reached the Management Board is not allowed to sell any shares, except for tax purposes under the GRO program.

### Claw-back

A claw-back clause is applicable to all grants under the annual cash incentive plan and the GRO program to the Management Board members.

## Pension and other contract terms

### Pension

The pension plan for Management Board members is identical to that of all other Ahold employees in the Netherlands (including the other members of the ExCo) and is referred to as a defined benefit plan, based on career average salary (at Ahold). The normal retirement age is 65. Under this plan, each Management Board member pays a pension premium contribution of approximately 3.5% of his or her pension-bearing salary. During 2012, the Ahold Pension Fund plan was amended. The plan amendments have become effective in two phases: the first on January 1, 2013, and the second on January 1, 2014. The pension accrual for future benefits has been lowered from 2.25% to 2% as of January 1, 2014, contributions from participants will be gradually increased and the income offset component will be gradually lowered. The employer contribution and the conditional additional funding rules remain the same.

### Loans

Ahold does not provide loans or advances to members of the ExCo or the Supervisory Board. There are no loans or advances outstanding. Ahold does not issue guarantees to the benefit of members of the ExCo or the Supervisory Board. There have been no such guarantees issued.

### Additional arrangements

In addition to the remuneration allocated to ExCo members, a number of additional arrangements apply. These include expense allowances, medical insurance and accident insurance, and are in line with standard practice in the Netherlands.

### Employment agreements

The term of appointment for all Management Board members is set at four years, while the term of employment is indefinite. If the Company terminates the employment agreement of any member of the Management Board, the severance payment is limited to one year's base salary. The same applies if an initial employment agreement for four years is not continued because the Management Board member is not reappointed. The employment agreements may be terminated by Ahold with a notice period of 12 months and by the Management Board member with a notice period of six months.

## Future outlook

For 2014 no adjustments to the remuneration policy are expected.

### Vesting of shares under the GRO plan

On February 28, 2014, a maximum of 2.3 million conditional shares granted in 2011 to Ahold employees under the mid-term component of the Global Reward Opportunity (GRO) equity-based long-term incentive plan, 2.8 million performance shares granted in 2009 to Ahold employees under the long-term component of the GRO plan, and 0.1 million matching shares granted in 2009 to Ahold employees under the mid-term component of the GRO plan are expected to vest. Vesting is subject to the participant being employed by the Company on the applicable vesting date. On the vesting date, participants are eligible, subject to the GRO plan rules, to sell all or part of the shares vested.

On April 17, 2014, a maximum of 0.2 million conditional shares granted in 2011 to members of the Management Board under the mid-term component of the GRO plan and 0.2 million performance shares granted in 2009 to members of the Management Board under the long-term component of the GRO plan are expected to vest with continuing and retired Board members who received the grants. Except to finance tax due on the vesting date, members of the Management Board cannot sell the conditional shares for a period of at least five years following the grant date, or until the end of their employment, if this period is shorter.

The Company will use treasury shares for delivery of the vested shares.