DELHAIZE GROUP

REPORT OF THE BOARD OF DIRECTORS OF DELHAIZE BROTHERS AND Co. "THE LION" (DELHAIZE GROUP) SA FOR THE FISCAL YEAR ENDING JULY 23, 2016

PRELIMINARY NOTE

The Board of Directors refers to the cross-border merger between Delhaize Frères & Cie "Le Lion" (Delhaize Group) SA ("the Company", "Delhaize Group" or "Delhaize Group SA") and Koninklijke Ahold N.V. (now named Koninklijke Ahold Delhaize N.V.), a Dutch limited liability company with its registered office in Zaandam (Zaanstad) and offices in Provincialeweg 11 1506 MA Zaandam, registered with the Dutch Chamber of Commerce under the number 35000363 (hereinafter "Ahold" and "the merger"). The merger became effective on July 24, 2016. In accordance with Article 772/3, in conjunction with Article 682 of the Belgian Company Code, Delhaize Group ceased to exist as a result of the merger and all its assets and liabilities were transferred by law to Ahold.

Article 704 of the Belgian Company Code requires that the financial statements of the company absorbed as part of the merger for the period between the end of the year of the last financial year for which the accounts have been approved and the date indicated in the merger proposal from which the operations of the absorbed company are carried out on behalf of the acquiring company shall be established by the governing body of the acquired company in accordance with the provisions of this Code applicable to it. Thus, the (former) Board of Directors of Delhaize Group is required to prepare the financial statements for the period between January 1, 2016 and July 23, 2016.

In accordance with the Belgian Company Code and the Articles of Association, the Board of Directors presents below the report on the activities of Delhaize Group for the fiscal year ending July 23, 2016.

References to (fiscal year) 2016 and the 2016 statements throughout this report are to be construed as references to the fiscal year for the period between January 1, 2016 and July 26, 2016 and the statements pertaining to this period.

A. COMMENTS ON THE ANNUAL FINANCIAL STATEMENTS

A.1. COMMENTS ON THE BALANCE SHEET

Formation expenses:
The decrease of formation expenses by EUR 0.4 million in 2016 is mainly due the depreciation charge of the year.

Intangible and tangible fixed assets:
The net decrease of intangible fixed assets of EUR 6.9 million is mainly due to depreciations and disposals recorded for EUR 21.3 million, offset by new investments of EUR 14.4 million.

Tangible fixed assets increased by EUR 32.6 million which can be explained as follows:

- land and buildings increased by EUR 41.0 million due to investments recorded for an amount of EUR 24.6 million and to the transfer of EUR 32.2 million of assets from plant, machinery and equipment to buildings and land, offset by depreciations and disposals recorded for an amount of EUR 15.8 million;
- plant, machinery and equipment decreased by EUR 26.8 million due to depreciations and disposals recorded for an amount of EUR 14.4 million and to the transfer of EUR 32.2

million of assets to buildings and land, offset by investments for an amount of EUR 19.8 million;

- furniture, vehicles and leasing decreased by EUR 1.2 million mainly due to depreciations and disposals for an amount of EUR 8.2 million, offset by investments recorded for an amount of EUR 7.0 million;
- other tangible fixed assets decreased by EUR 5.2 million mainly due to depreciations and disposals recorded for EUR 11.6 million, offset by investments for an amount of EUR 6.4 million;
- Assets under construction amount to 65.7 million and contain the investments made for remodelling or rebuild of stores and distribution centres which were ongoing at year-end.

Financial fixed assets:
Financial fixed assets increased by EUR 3.7 million primarily due to the acquisition of 100% of the shares of the company WIDI SPRL.

Inventories:
In 2016, inventories decreased by EUR 15.7 million compared to prior year mainly as a result of increased focus on product availability in the stores and the distribution centres at year-end compared to the month of July and increased advance payments on inventories.

Amounts receivable within one year:
The amounts receivable within one year increased by EUR 35.1 million, which can be mainly explained by an increase in credit notes receivable from our suppliers.

Treasury Shares:
At July 23, 2016, the Company no longer had any treasury shares as they were used in the framework of the exercise of stock options and the remaining balance of 156,794 shares was transferred to Euroclear for cancellation as a result of the merger. On December 31, 2015, the Company owned 0.8 million treasury shares with a value of EUR 49.4 million. We also refer to section C.3. of the report related to treasury shares.

Cash at bank and in hand:
Total cash at bank and in hand amounts to EUR 78.8 million, which corresponds to an increase of EUR 31.0 million compared to the previous year.

Deferred charges:
Deferred charges amount to EUR 41.2 million and remained stable compared to 2015, with a slight decrease of EUR 0.7 million.

Share capital and reserves:
The total equity shows an increase of EUR 154.1 million which is explained by:

- the increase in capital (EUR 0.3 million) and share premium (EUR 53.1 million) due to several capital increases during the year resulting from the exercise of warrants by U.S. optionees under the “2002 DG Stock Incentive Plan” and “2012 DG Stock Incentive Plan”; and
- the transfer of the unavailable reserve related to treasury shares (EUR -49.4 million) as a result of the usage of the treasury shares (see also C.3. “Treasury Shares”) to the available reserves for EUR 35.9 million, generating a net impact of EUR -13.5 million. The difference represents the impact of the cancellation of the remaining treasury shares on July 23, 2016; and
- the increase in accumulated profits of EUR 114.2 million due to the result appropriation.

Provisions:
In 2016, provisions decreased by EUR 23.5 million due to a decrease in the restructuring provision by EUR 21.0 million, in the provision for environmental obligations by EUR 2.3 million and in the provision for pensions and assimilated obligations by EUR 0.9 million.

In 2014, Delhaize Group recognized a provision of EUR 137.5 million representing management's best estimate of the expected costs in connection with the agreed upon voluntary early retirement and voluntary departure of approximately 1 800 employees under the Transformation Plan. In 2015 and 2016, the provision was updated based on the selected plans per individual and based on the payments made during this period.

Long term Financial Liabilities:
In 2016, long term financial debts decreased by EUR 98.9 million. This decrease is mainly the combined effect of:

- The reclassification to current of the initial USD 172 million bond (USD 450 million but partially tendered in prior years) due in June 2017, for an amount of EUR 88.8 million;
- A positive foreign currency translation impact of EUR 10.1 million on the USD 300.0 million bonds due in 2019 and USD 827.0 million notes due in 2040;

Current Portion of the Long term Financial Liabilities:
In 2016, the current portion of the long term financial debts increased from EUR 0.3 million up to EUR 89.1 million, which represents the EUR 88.8 million term loan maturing in June 2017 (reclassification from long term financial liabilities above).

Short term Financial Liabilities:
In 2016, the short term financial debt increased by EUR 209.0 million mainly due to movements in intercompany current account and bank overdrafts.

Trade payables:
In 2016, the trade payables decreased by EUR 86.9 million mainly due to both a decrease of our outstanding payables towards our suppliers by EUR 44.4 million and a decrease in invoices to receive by EUR 42.5 million.

Tax and payroll related payables:

In 2016, the amounts payable for taxes and social security decreased by EUR 41.2 million. This decrease is mainly due to a decrease in the value added tax (EUR 20.2 million), a decrease in debts of payroll withholding tax (EUR 6.6 million) and a decrease of debts related to social security (EUR 17.7 million).

Other short term liabilities:
In 2016, the other short term liabilities decreased by EUR 185.1 million mainly due to the payment of the dividend on the profit for the year 2015.

Accrued charges:
In 2016, the accrued charges amount to EUR 61.4 million, which represents an increase of EUR 9.8 million. This increase is mainly due to the fluctuation in interests on amounts payable and other liabilities.

A.2. COMMENTS ON THE INCOME STATEMENT

Delhaize Group generated a turnover of EUR 2.7 billion in 2016, a decrease by 43% compared to 2015. This decrease results from the fact that 2016 is a partial year of activity (from 1 January to 23 July) compared to 2015. However, the turnover remained relatively stable over comparable periods, despite strong competition in the sector.

Delhaize Group had a negative operating profit of EUR -15.7 million in 2016. This represents a decrease of EUR 53.2 million compared to prior year. The negative operating profit includes non-recurring operating income of EUR 22.8 million, mainly due to the reversal of the Transformation Plan provision for EUR 21.3 million reflecting payments already made; as well as the non-recurring operating expenses of EUR 2.3 million, mainly consisting of losses on sales and disposal of fixed assets.

Financial results decreased from a net financial income of EUR 433.1 million in 2015 (full year) to a net financial income of EUR 130.6 million for the period January 1 to July 23, 2016. This unfavourable variance of EUR 302.5 million is mainly explained by:

- lower dividend income from affiliated companies (impact of EUR 434.5 million),
- higher stock option expense (impact of EUR 37.6 million as a result of the accelerated vesting pursuant to the merger), partially compensated by:
- lower interest expenses on both external and intra group debts (EUR 44.8 million), and
- non-recurring expenses, consisting mainly of indemnities on early repayment of external debts and impairment and losses on the sale of fixed assets.

Profit before taxes for the period amounts to EUR 114.9 million in 2016 compared to EUR 364 million in 2015.

A.3. APPROPRIATION OF PROFIT FOR FISCAL YEAR 2016

The following appropriation of the result of the year 2016 amounting to EUR 114.7 million, and the profit carried forward from the previous year of EUR 792.1 million has been reflected in the financial statements:

- EUR 906.28 million transferred to profit to be carried forward;
- EUR 0.51 million transferred to dividends to be distributed;
- EUR 0.03 million transferred to the legal reserve.

The abovementioned allocation to the dividend distribution results from a timing issue in connection with the ordinary dividend declared by Delhaize Group in May 2016: since the date of the statutory accounts with respect to fiscal year 2015 and such dividend declaration, new shares – with similar dividend rights as the existing shares – had been issued and the dividend distribution in relation to such newly issued shares is therefore reported in the 2016 accounts as set out above.

B. INFORMATION REGARDING THE STATUTORY AUDITOR

The external audit of Delhaize Group is conducted by Deloitte, Registered Auditors, represented by Mr. Eric Nys, until the general shareholders' meeting of Ahold at which the financial statements of 2016 will be submitted for approval.

Statutory Auditor's Fees for Services related to the period ended July 23, 2016

The following table sets forth the fees of the Statutory Auditor and its associated companies relating to the services with respect to fiscal year 2016 to Delhaize Group.

(in EUR)	2016
• a. Audit Delhaize Group	594 000
• e. Other legally required services	4 100
• h. Other services	1 641 000
TOTAL	**2 239 100**

The Audit & Finance Committee has monitored the independence of the Statutory Auditor under the Company's pre-approval policy, setting forth strict procedures for the approval of non-audit services performed by the Statutory Auditor.

The work of the Statutory Auditor consisted exclusively of control services on the level of the mother company and the subsidiaries. The other services relate to specific audit procedures performed on the consolidated closing balance sheet of Delhaize Group and its subsidiaries per July 23, 2016 as defined in the merger agreement.

C. INFORMATION REGARDING MOVEMENTS IN SHARE CAPITAL

C.1. CAPITAL

On December 31, 2015, Delhaize Group had 104 004 952 ordinary shares issued and fully paid. During 2016, the Group issued 573 028 ordinary shares resulting from the exercise of warrants. Consequently on July 23, 2016, the total number of outstanding shares amounted to 104 577 980.

C.2. INCENTIVE PLANS ADOPTED BY THE COMPANY BASED ON DELHAIZE GROUP EQUITY

We refer to paragraph J. "Remuneration report" for more details on incentive plans applicable before the merger.

C.3. TREASURY SHARES

At December 31, 2015, Delhaize Group owned 809 615 treasury shares (including ADR's – American Depositary Receipts). During 2016, Delhaize Group acquired 845 809 shares for an aggregate amount of EUR 74 million and transferred 1 458 566 shares to satisfy the exercise of stock options, warrants and restricted stock units. Consequently, the number of treasury shares amounted to 196 858 on July 23, 2016, of which 40 064 where held by Delhaize America LLC and 156 794 treasury shares were transferred to Euroclear for cancellation (pursuant to the merger).

D. SIGNIFICANT SUBSEQUENT EVENTS

On July 23, 2016, in accordance with the conditions set out in the Merger Proposal dated December 18, 2015, Delhaize Group and Ahold completed a merger. As a result of the merger, all the assets and liabilities and legal relationships of Delhaize were transferred to Ahold under universal succession of title at the effective date of the merger (i.e. on 24 July 2016 at 00:00 CET) in such a way that Ahold automatically replaced Delhaize Group in all its rights and obligations. The Company was dissolved without liquidation and consequently ceased to exist. At the time the merger took effect, Ahold's articles of association were amended, and the name Ahold was changed to Koninklijke Ahold Delhaize N.V. in this context.

E. INFORMATION ON RESEARCH AND DEVELOPMENT

In 2016 the research and development activities of Delhaize Group mainly focused on developing in-house software and on environmental measures relating to the use of energy.

F. INFORMATION REGARDING BRANCHES

The Company does not have branches.

G. RISK FACTORS

As the Company, pursuant to the merger, ceased to exist on July 24, 2016, this section is no longer applicable.

H. CORPORATE GOVERNANCE

The Board of Directors of Delhaize Group (the “Board”) and its management were committed to serving the interests of its shareholders and other key stakeholders with the highest standards of responsibility, integrity and compliance with applicable laws and regulations. Delhaize Group strived to continually earn investor confidence by being a leader in good corporate governance, fostering a culture of performance and accountability, complying with the law and providing stakeholders with transparent communications about is strategy and performance. Upholding this commitment was in line with Delhaize Group’s high ethical standards and was important for its continued success.

H.1. DELHAIZE GROUP CORPORATE GOVERNANCE CHARTER

Delhaize Group, a former Belgian public company (“société anonyme”/“naamloze vennootschap“) followed the corporate governance principles described in the 2009 Belgian Code on Corporate Governance (the “Belgian Governance Code”), which the Company adopted as its reference code in 2009. The Belgian Governance Code is available at: www.corporategovernancecommittee.be.

In accordance with the recommendations and guidelines described in the Belgian Governance Code, the corporate governance frame-work of the Company was outlined in Delhaize Group’s Corporate Governance Charter (the “Charter”). The Board reviewed and updated the Charter from time to time to reflect changes in the Company’s corporate governance framework. The Charter included the Terms of Reference of the Board of Directors, the Terms of Reference of each Committee of the Board, the Terms of Reference of Executive Management, the Remuneration Policy, and the Related Party Transactions Policy.

The Company’s Articles of Association and the Charter, together with the policies attached as exhibits thereto, and applicable Belgian law, including the Belgian and U.S. securities exchange rules to which the Company was subject, governed the manner in which the Company operated.

H.2. THE BOARD OF DIRECTORS

Mission of the Board of Directors
The Board, as the Company's ultimate decision-making body, was entrusted with all powers that were not reserved by law to the Shareholders' Meeting. The Board was responsible for the Company's strategy, for succession planning, and for providing direction and oversight to Executive Management who were responsible for operating the Company. The Board was committed to creating shareholder value by pursuing sustainable, profitable growth based on the contributions of the Company's associates, its global network of suppliers, and the continued loyalty of customers and the communities where it operated.

Composition of the Board of Directors
On July 23, 2016, the Board consisted of 9 directors and included three standing Committees: the Audit & Finance Committee, the Governance & Nomination Committee and the Remuneration Committee. The Board periodically reviewed its membership criteria and considered these criteria in the context of the current and future composition of the Board and its committees. This assessment was made on the basis of a director or director-candidate's knowledge, experience, independence, integrity, diversity, and relevant skills as well as his or her willingness to devote adequate time to Board duties.

The Governance & Nomination Committee gave particular attention to the composition of the Board, including director independence requirements, the ongoing need for financial and remuneration expertise and other qualification criteria, such as gender diversity.

Belgian law requires that boards of directors take gender diversity into account. On July 23, 2016, the Board was comprised of 9 members, of whom two were women and seven were men. The Board was committed to gender diversity because it was convinced that diversity strengthened the Board's deliberative process and decisions. The Board did not propose the appointment of Board members during 2016 due to the intended merger with Ahold, now Ahold Delhaize.

In addition, Ms. Babrowski and Ms. Doherty did not stand for renewal when their mandates expired at the Ordinary Shareholders' Meeting on May 26, 2016. On July 23, 2016, the composition of the Board was as follows:

Name	Member of Audit and Finance Committee	Member Governance and Nomination Committee	Member of Remuneration Committee
Mats Jansson (Chairman)		X	
Shari L. Ballard			X
Patrick De Maeseneire	X	X	
Jacques de Vaucleroy		Chair	X
Dominique Leroy	X	X	
William G. McEwan			Chair
Jack Stahl	Chair		
Johnny Thijs			X
Luc Vansteenkiste		X	

Assessments of Board, Committee and Individual Director Performance
The Board annually evaluated its overall performance, the performance of its committees, and its members by means of a confidential assessment process, approved by the Board. The results of the Board and Committee assessments were discussed with the full Board. Individual director assessments were shared only with the Chairman of the Board who met with each director to discuss his or her performance.

As Delhaize Group ceased to exist as of July 24, 2016 no performance evaluation took place over fiscal year 2016.

Activity Report of the Board in 2016
In 2016, the Board met five times. All directors were present at those meetings with the following exceptions: Mr. Mats Jansson and Ms. Claire Babrowski were each excused at one meeting.

In 2016, the Board's activities included, among others:

- Regular sessions with the CEO without other members of management;
- A strategic session on key strategic issues;
- Review of the Company's financial performance compared to the approved 2016 budget;
- Review and approval of quarterly and annual financial statements, including proposed allocation of profits and dividend proposal, the consolidated financial statements, the Board report on the annual accounts and the consolidated financial statements, and the annual report;
- Approval of revenues and earnings press releases;
- Approval of the publication of the Sustainability Progress Report for the year 2015;
- Review and decision on possible acquisitions and divestitures;
- Reports of Committee Chairmen and decisions on Committee recommendations;
- Review of the Board's Committees Terms of Reference;
- Call and adoption of the agenda of the Ordinary Shareholders' Meeting held on May 26, 2016, as well as the Extraordinary Shareholders' Meeting, which included the proposal to approve the merger with Ahold and was held on March 14, 2016;
- Decisions related to preparation of the merger with Ahold.

Independence of Directors
In March 2016, the Board considered all criteria applicable to the assessment of independence of directors under the Belgian Companies Code ("the Companies Code") and the Belgian Governance Code.

Based on the information provided by all directors regarding their relationships with Delhaize Group, the Board determined that all directors, with the exception of Mr. Jacques de Vaucleroy and Mr. Luc Vansteenkiste, were independent under the criteria of the Companies Code and the Belgian Governance Code.

Messrs. Jacques de Vaucleroy and Luc Vansteenkiste were not independent under the criteria of the Companies Code (as of May 2015) because they had served on the Board as non- executive directors for more than three consecutive terms.

Governance & Nomination Committee
The Governance & Nomination Committee (the "GNC"), was established by the Board to assist it in all matters related to succession planning for directors and the Chief Executive Officer of the Company, in addition to monitoring compliance with governance rules and regulations. It was responsible for making recommendations to the Board for its consideration and approval on these and related topics.

The members of the GNC were appointed by the Board on the recommendation of the Chairman of the Board and other members of the GNC (without participating in consideration of their own appointment). The GNC and the Board adequately considered the competence and the skills of the members of the GNC on an individual as well as on a collective basis and considered that such members met all the required competencies and skills to exercise the functions pertaining to the GNC.

In 2016, the GNC met three times. All GNC members attended all meetings, with the exception of Mr. Mats Jansson and Ms. Claire Babrowski, who were excused at one meeting.

The activities of the GNC in 2016included, among others:

- Review of director mandates, independence and qualifications;
- Review of Board governance and policies;
- Review of the Corporate Governance Charter and of the corporate governance matters in the Company's annual report;

Audit & Finance Committee

The Audit & Finance Committee (the "AFC") was established by the Board to assist it in monitoring the integrity of the financial statements of the Company, the Company's compliance with legal and regulatory requirements, the Statutory Auditor's qualification and independence, the performance of the Company's internal audit function and Statutory Auditor, the Company's internal controls and risk management, and the areas of corporate finance, treasury and tax activities, including the financial impact of significant transactions proposed by the Company management.

The members of the AFC were appointed by the Board on the recommendation of the GNC. The GNC and the Board adequately considered the competence and the skills of the members of the AFC on an individual as well as on a collective basis and considered that such members met all the required competencies and skills to exercise the functions pertaining to the AFC. On July 23, 2016, all members of the AFC were independent and met the criteria of an "audit committee financial expert" as defined under the Belgian Companies Code ("the Companies Code") and the Belgian Governance Code.

In 2016, the AFC met three times. All members of the AFC attended all of those meetings, with the exception of Ms. Claire Babrowski, who was excused at one meeting.

The activities of the AFC in 2016 included, among others:

- Review of financial statements and related revenues and earnings press releases;
- Review of changes, as applicable, in accounting principles and valuation rules;
- Review of the Internal Audit Plan;
- Review of major financial risk exposures and the steps taken by management to monitor, control and disclose such exposures;
- Review of reports concerning the policy on complaints;
- Review of SOX 404 compliance;
- Review of reports provided by the General Counsel;
- Holding closed sessions (without the presence of management) with the independent external auditor and thee Company's Chief Internal Audit Officer;
- Review and approval of the Policy for Audit Committee Pre-Approval of Independent Auditor Services;
- Review of required communications from the independent auditor;
- Supervision of the performance of external auditor and supervision of internal audit function;
- Review of Finance and Treasury Updates.

Remuneration Committee

The Remuneration Committee was established by the Board to (i) recommend to the Board the compensation of the members of Executive Management, which consists of the Chief Executive

Officer and other members of the Company's Executive Committee; (ii) recommend to the Board any incentive compensation plans and equity-based plans, and awards thereunder, and profit-sharing plans for the Company's associates; (iii) evaluate the performance of the Executive Management; and (iv) advise the Board on other compensation issues.

The members of the Remuneration Committee were appointed by the Board on the recommendation of the GNC. The GNC and the Board adequately considered the competence and the skills of the members of the Remuneration Committee on an individual as well as on a collective basis and considered that such members met all the required competencies and skills to exercise the functions pertaining to the Remuneration Committee.

In 2016, the Remuneration Committee met three times. All members of the Remuneration Committee attended all of those meetings, with the exception of Ms. Shari Ballard, who was excused at one meeting.

The activities of the Remuneration Committee in 2016 included, among others:

- Review of senior management compensation structure, including short and long-term incentive components;
- Evaluation of Executive Committee member performance;
- Review and ap proval of the Company's Remuneration Report;
- Review of senior management performance and compensation, including short and long-term incentive awards;
- Review of variable remuneration for other levels of management in the aggregate;
- Review of compliance with senior management share ownership guidelines;
- Review of directors' compensation;
- Review of compensation matters in connection with the planned merger with Ahold.

For the Remuneration Report, please refer to section '*J. Remuneration Report*'.

H.3. ADDITIONAL GOVERNANCE MATTERS

Executive Committee

The members of the Executive Committee were appointed by the Board. The CEO was in charge of the daily management of the Company with the assistance of the Executive Committee. The CEO was the president of the Executive Committee, and its members assisted the CEO in preparing recommendations to the Board on strategic, financial and operational matters for which Board approval is required.

Under Belgian law, a board of directors has the power to formally delegate under certain conditions its management authority to a management committee ("comité de direction" / "directiecomité"). The Board had not made such a delegation to the Executive Committee.

The members of the Executive Committee on July 23, 2016 were: Frans Muller, President and CEO of Delhaize Group; Pierre Bouchut, EVP and CFO of Delhaize Group; Marc Croonen, EVP and CHRO of Delhaize Group; and Kevin Holt, EVP and CEO of Delhaize America.

Related Party Transactions Policy

As recommended under the Belgian Governance Code, the Board had adopted a Related Party Transactions Policy containing requirements applicable to the members of the Board and to members of senior management. It had also adopted a Conflicts of Interest Policy applicable to all associates and the Board.

Insider Trading and Market Manipulation Policy

The Board had adopted a Policy Governing Securities Trading and Prohibiting Market Manipulation ("Trading Policy") which reflected the Belgian and U.S. rules to prevent market abuse (consisting of insider trading and market manipulation). The Company's Trading Policy contained, among other things, strict trading restrictions that applied to persons who regularly had access to material non-public information. The Company maintained a list of persons having regular access to material non- public information and periodically reminded these persons and others who may from time to time have had such information about the rules of the Trading Policy. The Company had also established regular periods during each calendar year prior to and immediately following the release of the Company's financial information, during which directors and certain members of management were restricted from trading in Company securities.

Disclosure Policy

As recommended by the Belgian Governance Code, the Company had adopted a Disclosure Policy that set out the framework and the guiding principles that the Company applied when disclosing information.

Compliance with the Belgian Governance Code

In 2016, the Company was compliant with the provisions of the Belgian Governance Code.

Risk Management and Internal Controls

The Board had ultimate responsibility for monitoring the performance of the Company and its internal controls. It was assisted by the Board's committees, described herein, which monitored various aspects of the Company's performance and made recommendations to the Board for decisions and approval.

The Board relied on management for establishing and maintaining adequate internal controls. Internal control is broadly defined as a process implemented by the Board and management, designed to provide reasonable assurance regarding achievement of objectives related to:

- effectiveness and efficiency of operations;
- reliability of financial reporting; and
- compliance with applicable laws and regulations.

The Audit & Finance Committee ultimately oversaw major business and financial risk management and discussed the process by which management of the Company assessed and managed the Company's exposure to those risks and the steps taken to monitor and control such exposures.

Management of the Company established and operated its internal control and risk management systems in a manner that was consistent with guidelines issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The internal control system was based upon COSO's Internal Control – Integrated Framework, and its risk management system was based on COSO's Enterprise Risk Management Framework.

The Company's monitoring procedures consisted of a combination of management oversight activities and independent objective assessments of those activities by internal audit or other third parties.

Delhaize Group had also implemented policies and procedures that determined the governance of the Company to ensure that strategies and overall business objectives were pursued under a controlled and well- defined decision-making authority.

The Company's Guide for Ethical Business Conduct provided a statement of its position on various ethical and compliance issues that could impact its business and summarized a number of Company policies that must guide its actions. The Company had also adopted policies related to specific areas of compliance and a reporting mechanism for associates and others to report compliance concerns.

Shareholder Matters

Each holder of Delhaize Group ordinary shares was entitled to attend any shareholders' meeting and to vote on all matters on the agenda of such meeting, provided that such holder complied with the formalities specified in the notice for the meeting. Holders of Delhaize Group American Depositary Shares ("ADSs") were entitled to give voting instructions to the depositary if those ADSs were registered on the record date set by the Company.

Each share was entitled to one vote, and each four ADSs were entitled to one vote. The Company's Articles of Association did not contain any restriction on the exercise of voting rights by the shareholders, provided that the shareholders were admitted to the shareholders' meeting and their rights were not suspended. The relevant provisions governing the admission of shareholders to the shareholders' meeting were set out in Article 31 of the Articles of Association and Article 536 of the Companies Code. According to Article 6 of the Articles of Association, the Company may have suspended the exercise of the rights vested in a share in the event there were joint owners of a share until one person had been appointed in writing by all such co-owners to exercise those rights. Article 10 of the Articles of Association provided that the voting rights pertaining to unpaid shares were automatically suspended as long as called payments, duly made and claimable, had not been made. Finally, voting rights attached to treasury shares held by the Company were suspended.

The Articles of Association of the Company did not contain any restrictions on the transfer of shares or ADSs, except for the prohibition set out in Article 10 of the Articles of Association that provided the shares that had not been fully paid up may not have been transferred unless the Board of Directors had previously approved the transferee.

Belgian law does not require a quorum for the Ordinary Shareholders' Meetings. Decisions were taken by a simple majority of votes cast at the meeting, irrespective of the number of Delhaize Group ordinary shares present or represented at the meeting.

Resolutions to amend any provision of the Articles of Association, including any decision to increase the capital or an amendment which would create an additional class of shares, required a quorum of 50% of the issued capital at an extraordinary shareholders' meeting. If this quorum requirement was not achieved at the extraordinary shareholders' meeting, the Board may have convened a second extraordinary shareholders' meeting for which no quorum was required. Decisions at an extraordinary shareholders' meeting were taken by the affirmative vote of at least 75% of the shares present or represented and voting at such meeting, or 80% of such shares if the amendment would have changed Delhaize Group's corporate purpose or authorized the Board to repurchase Delhaize Group ordinary shares.

The Board was authorized by the Company's shareholders to increase the share capital of the Company in one or more transactions in the aggregate amount of €5.1 million on the dates and pursuant to the terms decided by the Board for a period of five years as from June 21, 2012.

The Board was authorized by the Company's shareholders to acquire up to 10% of the outstanding shares of the Company at a minimum unit price of €1 and at a maximum unit price not higher than 20% above the highest closing stock market price of the Company's shares on NYSE Euronext Brussels during the twenty trading days preceding such acquisition. Such authorization was granted for a period of five years as from the date of the extraordinary shareholders' meeting of May 26, 2011 and extended to the acquisition of shares of the Company by its direct subsidiaries. This authorization expired in 2016 prior to the closing of the merger with Ahold.

Shareholder Structure and Ownership Reporting
Delhaize Group was not aware of the existence of any shareholders' agreement with respect to the voting rights on securities of the Company. Voting rights were governed by the "one ordinary share, one vote" principle and major shareholders did not have different voting rights than other shareholders. None of the major shareholders had special rights of control.

With the exception of BlackRock Inc., no shareholder or group of shareholders had declared as of July 23, 2016 holdings of at least 3% of the outstanding voting rights of Delhaize Group to the Company and to the Belgian Financial Services and Markets Authority. Blackrock Inc. most recently disclosed its shareholding to the Company on February 3, 2014.

Upon the merger between Ahold and Delhaize, which became effective on July 24, 2016, for each outstanding Delhaize ordinary share, 4.75 new Ahold Delhaize shares have been allotted and all Delhaize ordinary shares have been cancelled.

I. CONTINGENCIES

Delhaize Group was from time to time involved in legal actions in the ordinary course of its business. Delhaize Group is, as per the date of this report, not aware of any pending or threatened litigation, arbitration or administrative proceedings (individually or in the aggregate) that is likely to have a material adverse effect or would have altered the position taken in the financial statements as at July 23, 2016. Any litigation, however, involves risk and potentially significant litigation costs and therefore Delhaize Group cannot give any assurance.

The Company continues to be subject to tax audits in jurisdictions where business was conducted. Although some audits have been completed during 2015, 2014 and 2013, Delhaize Group also experienced controls in 2016. While the ultimate outcome of tax audits is not certain, the Company has considered the merits of its filing positions in its overall evaluation of potential tax liabilities and believes it has adequate liabilities recorded in its statutory financial statements for exposures on these matters.

Delhaize Group was from time to time subject to investigations or inquiries by the competition authorities related to potential violations of competition laws in jurisdictions where the Company conducted business.

J. REMUNERATION REPORT

J.1. EXECUTIVE COMPENSATION PHILOSOPHY

The Delhaize Group Remuneration Report is intended to provide its shareholders and other stakeholders with consistent and transparent information on executive compensation. The Delhaize Group executive compensation program was designed to attract, retain, and motivate our leaders to deliver Company performance that builds long-term share-holder value. To achieve these objectives, our program was designed around one guiding principle, "Pay for Performance", which is discussed in more detail below.

Pay for Performance: Delhaize Group rewarded achievement of (i) Board-approved financial metrics and (ii) individual goals that were designed to improve our financial performance and to ensure sustainable long-term profitability, consistent with our Company values.
Delhaize Group believed that an executive's compensation should be specifically tied to Company and individual performance.

In this remuneration report, we include information on the following topics for the period up to but excluding July 24, 2016, the first calendar day after the merger with Ahold came into effect:

- Changes in the Executive Committee of Delhaize Group;
- Merger with Ahold;
- Delhaize Group's Remuneration Policy;
- Executive Compensation roles and analysis;
- Executive Management compensation;
- Main contractual term of hiring and termination of Executive Management
- Executive Committee Share ownership guidelines;
- Overview of Director remuneration.

The term "Executive Management" includes the individuals who were members of the Delhaize Group Executive Committee.

J.2. CHANGES IN BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE OF DELHAIZE GROUP

As announced on November 16, 2015, Kostas Macheras, Executive Vice President of Delhaize Group and Chief Executive Officer for South-eastern Europe, retired from the Company upon termination of his contract in March 2016.

Ms. Babrowski and Mrs. Doherty did not stand for renewal when their Director mandates expired at the Ordinary Shareholders' Meeting on May 26, 2016. The Board were not eligible to receive severance payments.

J.3. MERGER WITH AHOLD

In 2016, Delhaize merged with Ahold. In this respect the following topics are relevant in the area of remuneration:

1. In 2016, there has been no significant change of the remuneration policy. At the effective time of the merger the new Remuneration Policy as adopted by the Ahold shareholder meeting will be applied.
2. Based on the decision of the Extraordinary General Shareholders Meeting on March 14, 2016, Mr. Frans Muller received a special award of 15.875 PSU grants (representing a value of € 1.5 M). This award was made under the following conditions: completion of the merger, acceptance of the Deputy CEO role in the new combined company and a vesting based on retention and performance for three years post-grant pursuant to the terms and conditions of the European Performance Stock Unit Plan. The potential vesting will be in function of the Ahold Delhaize Long Term Incentive plan performance metrics, as defined for the post-merger period.
3. No regular 2016 Long Term Incentive ("LTI") grant was made by Delhaize. The 2016 LTI grant was made after the merger with Ahold.
4. Outstanding LTI awards were impacted by the merger.

J.4. DELHAIZE GROUP'S REMUNERATION POLICY

The Board determined the remuneration of directors and the members of Executive Management, based on recommendations of the Board's Remuneration Committee (the "Committee" or "RC"). The Board had adopted a Remuneration Policy that set forth the principles that guided the Committee and the Board in its decision-making regarding compensation matters. The Board updated its Remuneration Policy from time to time to reflect changes in its programs or approach. As noted in the Remuneration Policy, the compensation of Executive Management was designed to:

- Attract, motivate and retain talented and high-potential executives;
- Promote the achievement of Board-approved performance targets that are aligned with building shareholder value over the short, medium and long-term; and
- Recognize and reward both strong individual contribution and solid team performance.

The Company's Remuneration Policy reflected its desire to reward individual and Company performance in a manner that aligned the interests of the Company's executives, directors and shareholders while also taking into account market practices and the differences between the Group's operating companies.

As stated in its Remuneration Policy, the Board had established financial targets for Company performance and individual targets aligned with the Company's strategy. Both the structure and the amount of compensation paid to Executive Management were reviewed on an annual basis, and the Board's compensation decisions took into account both Company and individual performance.

Each member of Executive Management received compensation in the form of an annual base salary, an annual short-term incentive award and an annual long-term incentive award. These elements are collectively referred to as "total direct compensation."

The variable performance-based components of the total compensation package were the most significant portion of total direct compensation. The Remuneration Policy included principles related to unvested equity-based compensation recovery from an officer who had committed a fraud or wrongdoing that results in a restatement of the Company's financial results.

J.5. EXECUTIVE COMPENSATION ROLES AND ANALYSIS

Role of the Board of Directors

The Board of Directors, upon the recommendation of the RC, determined the remuneration of directors and the members of Executive Management.

Role of the Remuneration Committee

The role of the RC was to: (i) recommend to the Board the compensation of the members of Executive Management, which consisted of the Company's Chief Executive Officer, and other members of the Company's Executive Committee; (ii) recommend to the Board any incentive compensation plans and equity-based plans, and awards thereunder, and profit-sharing plans for the Company's associates; (iii) evaluate the performance of the Executive Management; and (iv) advise the Board on other compensation issues.

Role of certain Executive Committee Members in Executive Compensation Decisions

The Company's CEO made recommendations concerning compensation for Executive Management. These recommendations reflected the results of an annual performance review for each executive. The Company's Executive Vice President for Human Resources ("CHRO") assisted the CEO in this process. The CHRO also supported the RC in its evaluation of the

CEO's performance and compensation recommendations, and the General Counsel provided legal advice concerning applicable laws and governance matters.

J.6. EXECUTIVE MANAGEMENT COMPENSATION

The compensation of Executive Management included the following components:

- Base Salary;
- Annual Short-Term Incentive ("STI") awards;
- Long-Term Incentive ("LTI") awards; and
- Other benefits, retirement and post-employment benefits.

When determining compensation for Executive Management, the RC considered all of these elements.
In general, these components can be categorized as either fixed or variable. The base salary and other benefits, such as retirement and post-employment benefits that are specified contractually or by law, are considered fixed compensation. The short-term incentive award and the different components of the long-term incentive award are considered variable compensation.

The proportion of fixed versus variable compensation for the CEO and other members of Executive Committee in 2016 for the period up to the merger with Ahold is described here below.

For the CEO, the target 2016 STI represented 110% of the base salary. No regular 2016 LTI grant was made by Delhaize. The LTI grant was made after the merger with Ahold. The CEO was awarded a special grant of Performance Share Units as approved in the Extraordinary Shareholders Meeting on 14 March 2016.

The target 2016 STI for the other members of the Executive Committee represented a range of 50% to 90% of the base salary per member of the Executive Committee. No regular 2016 LTI grant was made by Delhaize. The LTI grant was made after the merger with Ahold.

Base Salary

Base salary is a key element of the compensation package. The Company determined short-term incentive awards and long-term incentive awards as percentages of base salary. Base salary was established and adjusted as a result of an annual review process. This review process considered both market practices as well as individual performance.

Annual Short-Term Incentive Award

The Company's short-term incentive plan was designed to enhance a performance-based management culture that aimed to support the Company's strategy with clear financial and individual performance targets. Any payment of STI was entirely at the discretion of the Board upon recommendation of the RC.

Payment of Short-Term Incentive Awards in 2016
The short-term incentive awards paid in 2016 were based on achievement in 2015 of both Company and individual performance targets.

- *Funding Threshold* – In order for any short-term incentive to have been paid in 2016, the Company's performance had to exceed a minimum performance "funding threshold". Should the Company not have achieved this required minimum performance, no STI would have been paid under any of the performance criteria (including individual performance), irrespective of the performance achieved in such criteria. For 2015 this “funding threshold” was fixed at 90% of the Delhaize Group underlying operating profit (UOP) budget.

- *Company Performance Metrics* – 50% of the payment was based on Company performance subject to a yearly decision of the Board of Directors in function of the strategic focus as recommended by Management. For the short-term incentive award paid in 2016, the performance criteria were measured as 50% of comparable store sales growth and 50% of UOP. The amount paid could range from 0% to 150% of the target short-term incentive amount in function of achieved performance against targets.
- *Individual Performance Metric* – 50% of the payment in 2016 was based on individual performance. This performance was directly linked to the achievement of either four or five individual targets that were identified through an individual target setting process. Four of the individual targets should directly support the Promises of the Strategic Framework with each of the four Promises supported by a corresponding individual target. The fifth individual target was optional and discretionary. The portion of the award tied to individual performance could be funded from 0% to 150% depending on individual performance.

The Strategic Priorities were confirmed by the Board and can be summarized as follows:

THIS STRATEGIC PRIORITY…	LINKS TO THIS STAKEHOLDER PROMISE
Put the customer back at the centre	Customers trust us to provide a great local shopping experience in stores and online
Engage great people	Associates trust us to be a rewarding Employer
Connect with communities	Communities trust us to be responsible neighbours
Create value in line with our expectations	Shareholders trust us for value creation

For each Strategic Priority a KPI(s) had been identified that was uniform, quantifiable, measurable and applied consistently:

THIS STRATEGIC PRIORITY…	LINKS TO THIS STAKEHOLDER PROMISE
Put the customer back at the centre	Net Promoter Score (NPS) (Preferred) and/or Market Share
Engage great people	Associate Engagement Score
Connect with communities	2016 targets toward 2020 Sustainability Goals (Preferred) and/or Score in the Dow Jones Sustainability Index (DJSI)
Create value in line with our expectations	SG&A and/or Free Cash Flow

Short-Term Incentive Award 2016

The Short-Term Incentive Award for 2016 is based on the same targets; UOP funding threshold, company performance metrics and Individual performance. An accrual for the STI for 2016 has been determined pro rata for the period up to the merger (7 of 12 pay periods) based on first and second quarter results. This pro rata portion will be paid in 2017 together with the 2016 STI reflecting the performance in the period post the merger having become effective.

The table shown hereunder shows the accrual made for the pro rata part of the 2016 Short-term incentive for the CEO and three current members of the Executive Committee.

Short-term Incentive accrual 2016 (up to merger)		
	Frans Muller	EC (1)
In millions €	0,85	0,92

(1) Exchange rate €/$ on 23 July 2016 = 1.1014

Long-Term Incentive Awards

The long-term incentive plan was designed to retain the Executive Management team and reward shareholder value creation. Any grant of LTI was entirely at the discretion of the Board upon recommendation of the RC.
No regular 2016 LTI grant was made by Delhaize, with the exception of a special grant of Performance Share Units to the CEO as approved in the Extraordinary Shareholders Meeting on 14 March 2016. The regular 2016 LTI grant was made after the merger with Ahold.

In previous years LTI grants were made using the following plans: Performance Stock Units, Stock Options / Warrants, Performance Cash Grant and Restricted Stock Units. These outstanding awards were impacted by the merger.

Performance Stock Units

The Company awarded performance stock units under its Delhaize America 2012 Restricted Stock Unit Plan ("US PSU") and under the Delhaize Group 2014 EU Performance Stock Unit Plan ("EU PSU"). The performance stock units were subject to cliff vesting after three years and Delhaize Group performance conditions.

The vesting of the awards would occur three years after the grant date, subject to performance by the Company against financial targets fixed by the Board of Directors upon grant and measured over a three-year performance period.

As approved by shareholders at the Ordinary Shareholders' Meeting in 2014, the metric for assessing performance and determining the number of performance stock units that would vest at the end of three years will be based on a formula to measure Shareholder Value Creation. This Shareholder Value Creation formula, measured over a cumulative three year period, was defined as six times underlying EBITDA minus net debt.
The number of ADRs and/or ordinary shares to be received upon vesting could vary from 0% to 150% of the awarded number of performance stock units and was a function of the achieved Shareholder Value Creation compared to the target.

<u>Vesting in 2016</u>
In 2016, a number of 3.863,50 ordinary shares awarded under the US PSU vested to the members of the Executive Committee.

Name	Vested in 2016	Granted in 2013	Granted in 2014	Granted in 2015
Frans Muller	3.863,50	3.979,00	-	-

<u>Merger related settlements in 2016</u>
In respect of the merger, in 2016 all US PSU were cancelled as from the effective date of the merger and the holder of such US PSU received in exchange for such US PSU an amount in cash equal to the cash value of the product of (i) the number of Delhaize ADSs subject to such Delhaize US PSU, assuming target-level achievement of applicable performance conditions, multiplied by (ii) the last reported sale price of Delhaize ADSs on the New York Stock Exchange on the last complete trading day prior to the date of the merger.
In 2016, a number of 53.259,50 ordinary shares awarded under the US PSU were settled in cash to the members of the Executive Committee.

Name	Settled in cash in 2016	Granted in 2013	Granted in 2014	Granted in 2015
Frans Muller	18.737,00		11.156,25	7.580,75
Marc Croonen	2.317,00		1.359,75	957,25
Kevin Holt	32.205,50		18.739,00	13.466,50

In respect of the merger, in 2016 all European PSU were cancelled as from the effective date of the merger and the holder of such EU PSU received in exchange for such EU PSU a number of Ahold Delhaize ordinary shares equal to the product of (i) the number of Delhaize EU PSU multiplied by (ii) the exchange ratio of 4,75. The number EU PSU was based on the actual performance for the period up to the merger and at target level for the period left after the merger.

In 2016, a number of 17.126 ordinary shares awarded under the EU PSU vested to the (former) member of the Executive Committee.

Name	Vested in 2016 (1)	Granted in 2013	Granted in 2014	Granted in 2015
Kostas Macheras	10.976		8.232	
Kostas Macheras	6.150			5.271

(1) Number of shares determined on the basis of number of shares granted adjusted for performance realized

The EU PSU held by members of the Executive Committee were not cancelled and have been rolled-over in the Ahold Delhaize's long-term equity based program. As a consequence of the merger the outstanding (non-vested) EU PSU grants are split in two parts. One part, which is related to the full performance years prior to the year of the merger, has been assessed against the performance of Delhaize as a stand-alone company on the basis of the existing performance measures. The performance realized for performance years 2014 and 2015 was 150% of target. Based on the performance realized in those years the portion of the award related to those years has been assessed and transformed into restricted shares of Ahold Delhaize. These restricted shares are not subject to additional performance criteria, but will be subject to the remaining vesting period and continued employment. The other portion, which is related to the performance in the year of the merger and beyond (2016 and 2017), will be assessed against the financial measures of the Ahold Delhaize long-term equity based plan.

The special grant made to the CEO in 2016 will be will be assessed in full against the financial and non-financial measures of the Ahold Delhaize long-term equity based plan.

In 2016, a number of 94.958 ordinary shares awarded under the EU PSU, held by members of the executive committee have been rolled-over in the Ahold Delhaize's long-term equity based program.

Name	Rolled-over in 2016 (1)	Granted in 2014	Granted in 2015	Granted in 2016
Frans Muller	22.227	16.670		
Frans Muller	13.283		11.385	
Frans Muller	15.875			15.875
Pierre Bouchut	20.431	15.323		
Pierre Bouchut	11.446		9.811	
Marc Croonen	7.224	5.418		
Marc Croonen	4.472		3.833	

(1) Number of shares determined on the basis of number of shares granted adjusted for performance realized

Stock Options / Warrants

European Plan

Following European market practice, stock options under the non-U.S. 2007 Stock Option Plan for members of Executive Management participating in the European-based plan would vest at the end of an approximately three-and-a-half-year period following the grant date ("cliff vesting"). In respect of the merger, in 2016 all European options became vested and fully exercisable in advance of the closing of the merger. Any options unexercised were forfeited.

In 2016, a number of 233.949 European stock options were exercised by the members of the Executive Committee and no stock options expired or were forfeited.

Name	**Exercised in 2016**	**Granted in 2012**	**Granted in 2013**
Kostas Macheras	41.299	41.299	
Kostas Macheras	19.064		19.064
Frans Muller	15.731		15.731
Pierre Bouchut	38.072	38.072	
Pierre Bouchut	119.783		119.783

U.S. Stock Incentive Plan

Following U.S. market practice, the Delhaize Group 2012 U.S. Stock Incentive Plan for executives participating in the Group's U.S. plan vested in equal annual instalments of one third over a three-year period following the grant date.

In 2016, a number of 7.491,25 US options were exercised by the members of the Executive Committee.

Name	**Exercised in 2016**	**Granted in 2013**
Frans Muller	7.491,25	11.237

Merger related settlements in 2016

In respect of the merger, in 2016 all US options were cancelled and the holder of such US option received in exchange for such US option an amount in cash, equal to the excess, if any, of the last reported sale price of Delhaize ADSs on the New York Stock Exchange on the last complete trading day prior to the date of the effective time of the merger over the exercise price of such US option.

In 2016, a number of 3.745,75 US options were settled in cash to the members of the Executive Committee.

Name	**Settled in cash in 2016**	**Granted in 2013**
Frans Muller	3.745,75	11.237

Performance Cash Grant

The value of the performance cash award granted for each three year performance period, referred to as the "target award," was based on the face value of the award at the time of the grant, i.e., at the beginning of each three-year period. For example, the payments made in 2016 related to the 2013 - 2015 performance period and were based on achievements against targets set in 2013. The amount of the cash payment at the end of the three-year performance period depends on performance realized by the Company against Board-approved financial targets for ROIC and compounded annual revenue growth. The relative weight for these metrics is 50% for ROIC and 50% for revenue growth.

The Board set these targets each year based upon its growth expectations for the ensuing three-year performance period. These performance target goals included minimum threshold

performance goals below which no cash payment will be made, and the maximum award levels if the performance targets are exceeded. At the end of each three-year period, actual ROIC and revenue growth are measured against the performance targets for both metrics and the actual pay-out is calculated.
Participants receive between 0% and 150% of the target cash award in function of achieved performance. 150% of the target award is paid when actual performance reaches or exceeds 120% of the performance targets for both ROIC and revenue growth.

The payments received by the members of the Executive Committee in 2016 are included in the section "Summary of Total Compensation paid" below.

Restricted Stock Units

Prior to 2013, U.S. members of Executive Management received restricted stock units ("US RSUs") as part of variable compensation. The RSUs vested 25% on each of the second, third, fourth and fifth anniversaries of the date of grant. There were no RSU grants after 2012.
In respect of the merger, in 2016 all US RSU were cancelled as from the effective date of the merger and the holder of such U.S. RSU received in exchange for such US RSU an amount in cash equal to the cash value of the product of (i) the number of Delhaize ADSs subject to such Delhaize RSU, multiplied by (ii) the last reported sale price of Delhaize ADSs on the New York Stock Exchange on the last complete trading day prior to the date of the merger.

Other Benefits, Retirement and Post-employment Benefits

Other Benefits
For members of Executive Management other benefits included the use of company-provided transportation, employee and dependent life insurance, welfare benefits, and an allowance for financial planning (for U.S. members of Executive Management). The Company did not extend or maintain credit, arrange for the extension of credit, or renew an extension of credit, in the form of a personal loan to or for any member of Executive Management.
Delhaize Group believed these benefits are appropriate for Executive Management's responsibilities and believed they are consistent with the Group's philosophy and culture and with current market practices.

Retirement and Post-Employment Benefits
The members of Executive Management benefited from pension plans, which vary regionally. In 2016, a U.S. member of Executive Management participated in a defined contribution plan in the respective operating company. The Belgium based members of Executive Management participated in the Belgian plans, a non-contributory defined contribution plan. One member of Executive Management participated in a Greek defined contribution plan.

J.7. OVERVIEW OF 2015 & 2016 EXECUTIVE COMMITTEE COMPOSITION AND TOTAL COMPENSATION PAID

The following tables summarize the different compensation components for 2015 and 2016 for the CEO individually and for the other members of the Executive Committee in the aggregate.

Executive Committee

For the period up to the merger, we report one change in the Executive Committee of Delhaize Group in 2016.

NAME	2015	2016	Member of the Executive Committee at the time of the merger
Frans Muller	full year	full year until closing	Yes
Pierre Bouchut	full year	full year until closing	Yes
Marc Croonen	full year	full year until closing	Yes
Kostas Macheras	full year	Departure March 31st 2016	No
Kevin Holt	full year	full year until closing	Yes

Summary of total (cash) compensation paid

The table shown hereunder is based on the actual (cash) compensation payments received by members of the Executive Committee during 2015 and 2016.

in millions € (1)	**FRANS MULLER**		**EC (2)**	
	2015	**2016**	**2015**	**2016**
Base Salary	0,99	0,55	2,13	1,06
Short-Term Incentive(3)(4)	1,25	1,37	1,27	1,77
LTI - Performance Cash Grants(4)(5)(6)	0	0,13	0,20	0,31
Other Short-Term Benefits	0,03	0,01	0,14	0,11
Retirement and Post-Employment Benefits	0,39	0,23	0,42	0,32
TOTAL (7)	**2,66**	**2,29**	**4,16**	**3,57**

(1) Amounts are gross before deduction of withholding taxes and social security levy
(2) Included four members in 2015 and four in 2016
(3) Based on the performance of Year -1
(4) For Belgium based executives, the incentive amount includes the Belgian holiday pay (if applicable)
(5) Based on the performance of the preceding three years
(6) Performance cash grant only. The settlement of the equity LTI plans is outlined in the section "Long-Term Incentive Awards" above.
(7) Average exchange rate €/$ in 2015 = 1.1095 and in 2016 = 1.1150

On 31 March 2016 Mr Kostas Macheras retired. In line with earlier disclosure the Company provided Mr Macheras with 24 months of total cash compensation.

Stock Options/Warrants and Performance Stock Units Granted

The following table shows the number of stock options/warrants and performance stock units granted to the CEO and the different members of the Executive Committee during the period 2015-2016.

	2015		**2016**
NAME	**PSU (EU)**	**PSU (U.S.)**	**PSU (EU)**
Frans Muller	11 385	7 582	15 875
Marc Croonen	3 833	957	
Pierre Bouchut	9 811	N/A	
Kostas Macheras	5 271	N/A	
Kevin Holt	N/A	13 466.50	
TOTAL	**30 300**	**22 004.50**	

No stock options/warrants and Performance Stock Units have been granted by Delhaize in 2016 in the period up to the merger with the following exception: as approved at the Extraordinary Shareholders Meeting on 14 March 2016, Frans Muller received on 15 March 2016 a special PSU award of 15.875 performance share units.

Executive committee share ownership guidelines

Delhaize Group believed that the Executive Committee should be encouraged to maintain a minimum level of share ownership in order to align the interests of the shareholders and the Executive Committee. In 2008, the Board of Directors adopted share ownership guidelines based on the recommendation of the RC.

Under these guidelines and during their active employment, the CEO and the other members of the Executive Committee were expected to acquire and maintain ownership of Delhaize Group stock equal to a multiple of the annual base salary. These multiples were set as follows:

CEO	300%
Executive Committee $ payroll	200%
Executive Committee € payroll	100%

The difference between U.S.-based and European-based Executive Committee members is due to the different market practices in these regions and the differences between the instruments available for Executive Committee members' remuneration.

New members of the Executive Committee would be allowed a period of five years to achieve the recommended share ownership levels.

J.8. MAIN CONTRACTUAL TERMS OF HIRING AND TERMINATION OF EXECUTIVE MANAGEMENT

The Company's Executive Management was compensated in accordance with the Company's Remuneration Policy. Each member of Executive Management had an employment agreement or management contract that had been approved by the Board of Directors, with total direct compensation determined by reference to data provided by a compensation consultant for similar positions in Europe and/or the U.S., and taking into account each person's experience, skills and expected contributions.

Executive Management is required to abide by the Company's policies and procedures, including the Company's Guide for Ethical Business Conduct. Executive Management is also subject to clauses which are typically included in employment agreements or management contracts for executives.

In October 2013, the Company entered into a management agreement with Frans Muller, who assumed the role of President and CEO of Delhaize Group. The management agreement provided for a termination indemnity of 18 months of total cash compensation and benefits in the event the Company terminated his management contract without cause or if terminated by Mr. Muller for good reason. The termination would not alter the terms related to vesting, or result in the cancelation, of his outstanding long-term equity incentive awards.

The Company entered into an amended employment agreement with Pierre Bouchut, CFO of Delhaize Group, on October 31, 2013. The amended agreement provided him with termination benefits equal to a maximum of 18 months of total direct compensation and benefits in the event the Company terminates his employment agreement without cause or if terminated by Mr. Bouchut for good reason. The termination would also result in the forward vesting of previously awarded long-term incentive awards.

Effective July 7, 2014, Kevin Holt joined Delhaize Group and was appointed to the Executive Committee, as the new Executive Vice President and Chief Executive Officer of Delhaize America. His employment agreement provided for a payment of up to 16 months of total cash compensation and benefits, in the event the Company terminates his employment agreement without cause or if terminated by Mr. Holt for good reason. The termination would also result in the accelerated vesting of all of his outstanding long-term equity incentive awards.
Effective May 1, 2014, Marc Croonen joined Delhaize Group and was appointed to the Executive Committee, as the new Executive Vice President HR, Internal Communications and Sustainability. His employment agreement provided for a payment equal to twelve months of total cash compensation and benefits, in the event the Company terminated his employment

agreement without cause or if terminated by Mr. Croonen for good reason. The termination would also result in the forward vesting of all of his outstanding long-term equity incentive awards.
For sake of completeness, the Greek employment agreement of Kostas Macheras provided for a payment equal to 24 months of total cash compensation in the event the Company terminated his employment without cause in specific circumstances, in case of retirement or, if terminated by Mr. Macheras for good reason. The termination would also result in forward vesting of all of his outstanding long-term equity incentive awards. The above-mentioned Greek employment related to the activities of Kostas Macheras as CEO of the relevant Greek subsidiary.

Overview of Director Remuneration

The Company's directors were remunerated for their services with a fixed annual amount, decided by the Board, which was not to exceed the maximum amounts set by the Company's shareholders. The maximum amount approved by the shareholders at the Ordinary Shareholders' Meeting of May 26, 2011 was (i) to the directors as compensation for their positions as directors, an amount of up to € 80 000 per year per director, and (ii) to the Chairman of the Board, an amount of up to € 160 000 per year. The above-mentioned amounts were increased by an amount of up to € 10 000 per year for each member of any standing committee of the Board (other than the chair of the committee), and increased by an amount of up to € 15 000 per year for the Chairman of any standing committee of the Board. The Ordinary Shareholders' Meeting of May 22, 2014 approved the increase, as from May 22, 2014, of the amount paid per year (i) by € 40 000 to the Chairman of the Board, (ii) by € 5 000 to each member of the Audit & Finance Committee (other than the Chairman of the Committee), and (iii) by € 10 000 to the Chairman of the Audit & Finance Committee.

This resulted in the following maximum Director Remuneration as of May 22, 2014:

- Chairman of the Board: € 200 000 per year
- € 80 000 per year per director
- The above amounts are increased by an amount of
  1) up to € 15 000 for each member of the Audit & Finance Committee (other than the Chairman of the Committee);
  2) up to € 10 000 for each member of any other standing committee of the Board (other than the chair of the committee);
  3) up to € 25 000 for the Chairman of the Audit & Finance Committee;
  4) up to € 15 000 for the Chairman of any other standing committee of the Board.

There has been no change in the Director remuneration in 2016 in the period up to the merger.

Non-executive directors did not receive any remuneration, benefits, equity-linked consideration or other incentives from the Company other than their remuneration for their service as Director of the Company. For some non-Belgian Board members, the Company paid a portion of the cost of preparing the Belgian and U.S. tax returns for such directors. Delhaize Group has not extended credit, arranged for the extension of credit or renewed an extension of credit in the form of a personal loan to or for any member of the Board.

Individual director remuneration for the fiscal years 2016 (for the period up to the merger) and 2015 is presented in the table on this page. All amounts presented are gross amounts before deduction of withholding tax.

NON-EXECUTIVE DIRECTORS	2015	2016
Mats Jansson (1)	€ 210 000	€ 117.622
Claire Babrowski (2)	€ 105 000	€ 42.338
Shari Ballard (3)	€ 90 000	€ 46.322

Jacques de Vaucleroy (4)	€ 105 000	€ 58.811
Liz Doherty (5)	€ 95 000	€ 38.306
Hugh Farrington (6)	€ 0	€ 0
Bill McEwan (7)	€ 95 000	€ 53.210
Didier Smits (8)	€ 32 438	€ 0
Jack Stahl	€ 105 000	€ 58.811
Baron Luc Vansteenkiste (9)	€ 96 082	€ 50.410
Johnny Thijs (10)	€ 90 000	€ 50.410
Pierre-Olivier Beckers (11)	€ 32 438	€ 0
Patrick De Maeseneire (12)	€ 56 740	€ 53.210
Dominique Leroy (13)	€ 53 753	€ 52.786
TOTAL	**€ 1 166 451**	**€ 622.263**

(1) Mr. Jansson joined the Board of Directors effective May 26, 2011 and became Chairman effective May 24, 2012
(2) The mandate of Ms. Babrowski expired at the Ordinary Shareholders' Meeting held on May 26, 2016
(3) Mrs. Ballard joined the Board of Directors effective May 24, 2012 and joined the Remuneration & Nomination ("R&N") Committee (now the Remuneration Committee) effective May 23, 2013.
(4) Mr. de Vaucleroy joined the R&N Committee (now the Remuneration Committee) effective May 26, 2011 and became Chairman of the Governance and Nomination Committee effective May 22, 2014
(5) Mrs. Doherty joined the Board of Directors and the Audit Committee (now the Audit and Finance Committee) effective May 23, 2013. The mandate of Mrs. Doherty expired at the Ordinary Shareholders' Meeting held on May 26, 2016
(6) Mr. Farrington became chairman of the R&N Committee (now the Remuneration Committee) effective May 24, 2012. The mandate of Mr. Farrington expired at the Ordinary Shareholders' Meeting held on May 22, 2014
(7) Mr. McEwan joined the Board effective May 26, 2011 and became member of the R&N Committee effective May 26, 2012 and Chairman of the Remuneration Committee effective May 22, 2014
(8) The mandate of Mr. Smits expired at the Ordinary Shareholders' Meeting held on May 28, 2015
(9) Mr. Vansteenkiste became member of the Governance and Nomination Committee effective May 22, 2014
(10) Mr. Thijs joined the Board of Directors and became member of the Remuneration Committee effective May 22, 2014
(11) The mandate of Mr. Beckers expired at the Ordinary Shareholders' Meeting held on May 28, 2015
(12) Mr. De Maeseneire joined the Board of Directors and the Audit Committee (now the Audit and Finance Committee) effective May 28, 2015 and the Governance and Nomination Committee effective May 26, 2016
(13) Mrs. Leroy joined the Board of Directors and the Governance and Nomination Committee effective May 28, 2015 and the Audit and Finance Committee effective May 26, 2016

K. JUSTIFICATION OF THE INDEPENDENCE AND COMPETENCE OF MEMBERS OF THE AUDIT COMMITTEE

The Audit & Finance Committee (the "AFC") was established by the Board to assist it in monitoring the integrity of the financial statements of the Company, the Company's compliance with legal and regulatory requirements, the Statutory Auditor's qualification and independence, the performance of the Company's internal audit function and Statutory Auditor, the Company's internal controls and risk management, and the areas of corporate finance, treasury and tax activities, including the financial impact of significant transactions proposed by the Company management.

The members of the AFC are appointed by the Board on the recommendation of the GNC. The GNC and the Board adequately considered the competence and the skills of the members of the AFC on an individual as well as on a collective basis and considered that such members met all the required competencies and skills to exercise the functions pertaining to the AFC.

As at 23 July 2016, the AFC was composed solely of independent directors, who are qualified to serve on such committee pursuant to the Companies Code, the Belgian Governance Code, the SEC rules and the NYSE rules.
The Board determined that Ms. D. Leroy, Mr. Jack L. Stahl and Mr. Patrick De Maeseneire were "audit committee financial experts" as defined under applicable U.S. law and are considered to be experts in accounting and auditing for Belgian law purposes.

Brussels, January 18, 2017

Jacques de Vaucleroy	**Luc Vansteenkiste**
Director	**Director**

This Annual Report includes forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. Words such as will, or other similar words or expressions, are typically used to identify forward-looking statements.

Forward-looking statements are subject to risks, uncertainties and other factors that are difficult to predict and that may cause actual results of Delhaize Le Lion Comm.VA (the "Company") to differ materially from future results expressed or implied by such forward-looking statements. Such factors include, but are not limited to risks and other factors as discussed in Koninklijke Ahold Delhaize N.V.'s public filings and other disclosures.

Forward-looking statements reflect the current views of the Company's management and assumptions based on information currently available to the Company's management. Forward-looking statements speak only as of the date they are made, and neither the Company nor Koninklijke Ahold Delhaize N.V. assume any obligation to update such statements, except as required by law.