Ahold

February 28, 2013

Summary Report

Fourth quarter and Full year 2012

Highlights

Fourth quarter

- Sales of €7.8 billion (up 5.1% at constant exchange rates)
- Underlying operating income €355 million (up 4.1%)
- Underlying operating margin 4.5% (Q4 2011: 4.7%)
- Operating income €156 million - down 52.4% impacted by non-recurring items

Full Year

- Net income €827 million (2011: €1,017 million)
- Free cash flow of €1.2 billion (up €223 million)
- Dividend increased by 10% to €0.44 per share
- New €500 million share buyback program

Amsterdam, the Netherlands – Ahold today published its summary report for the fourth quarter and full year of 2012.

CEO Dick Boer said: "Our businesses continued to perform well in the fourth quarter. We grew sales and gained market share in all our markets. Underlying operating income increased, excluding €199 million of impairments and non-recurring items related to pensions and restructuring charges.

"In 2012 we began to reap the benefits of the Reshaping Retail strategy, actively leveraging changing consumer needs and pursuing growth opportunities, in both existing and new markets. We delivered another year of solid financial performance. At constant exchange rates, net sales grew 3.5% and our underlying operating margin was 4.3% in spite of the challenging market conditions. Free cash flow was at a record of €1.2 billion, reflecting our strong cash generating capacity. We are pleased with our market share gains in an ongoing intensely competitive environment in all our major markets.

"During the year, customers were focused on price and promotions, without compromising on quality. In response, we were able to simplify our business and save costs so that we could invest more into offering great value to our customers. We were able to increase the target for our 2012-2014 cost reduction program from €350 million to €600 million by further driving our efforts to simplify our business where we see opportunities, such as optimizing our commercial processes and driving own-brand profit.

"As part of our strategy we are broadening our offering to customers. Our U.S. businesses are improving their own-brand product lines to give customers more choices at different price points to fit their budgets. We are building our online business on both continents to give customers more shopping alternatives, and we continued to achieve double-digit online sales growth in food. Our acquisition of online retailer bol.com is enabling us to provide Dutch and Belgian customers with a far wider selection of non-food products. Customers appreciate the convenience of the pickup points we opened during the year, including the first Peapod pickup points in the United States, and our first pickup points in the Netherlands.

"We expanded our geographic reach during the year, by acquiring and converting 15 Genuardi's stores to the Giant Carlisle banner in the Philadelphia area in the United States. We agreed to transfer 82 C1000/Jumbo stores from Jumbo and converted the first 15 into the Albert Heijn format in the Netherlands. We also opened nine more supermarkets in Belgium, bringing the total to eleven. In Germany Albert Heijn opened its first three convenience stores.

"On February 11th we announced that we had reached an agreement with Hakon Invest regarding the sale of our 60% stake in ICA for SEK 21.2 billion, including ICA's 2012 dividend of SEK 1.2 billion and will continue to focus on businesses we control in order to create value for our shareholders. This transaction is expected to be completed in the middle of the year.

"We will continue our balanced approach to capital allocation, investing in growth while providing attractive returns to shareholders. We propose a 10% increase in our dividend to €0.44 per share, a pay-out of 44% of adjusted income from continuing operations. In addition, our strong liquidity enables us to launch a new €500 million share buyback program for the next 12 months.

"We remain cautious in our outlook for 2013 but similar to 2012 we are committed to deliver on our Reshaping Retail strategy. We will stay focused on simplifying our business to reduce costs so that we can continue to improve our offering and the value we provide to our customers. We are committed to invest in growth while maintaining a return on capital employed in the top quartile of the sector. We believe our businesses are well positioned for the future and are committed to offering our customers a better shopping experience in our stores and online every day."

Group performance

(€ million, except per share data)	Q4 2012	Q4 2011	% change	% change constant rates	2012	2011	% change	% change constant rates
Net sales	7,835	7,290	7.5%	5.1%	32,841	30,271	8.5%	3.5%
Underlying operating income	355	341	4.1%	2.7%	1,414	1,375	2.8%	(1.3)%
Operating income	156	328	(52.4)%	(53.3)%	1,187	1,347	(11.9)%	(15.4)%
Income from continuing operations	159	274	(42.0)%	(43.1)%	830	1,032	(19.6)%	(22.5)%
Net income	158	270	(41.5)%	(42.4)%	827	1,017	(18.7)%	(21.6)%
Basic earnings per share	0.15	0.25	(40.0)%	(40.6)%	0.80	0.92	(13.0)%	(16.2)%

We are making progress on our Reshaping Retail strategy at Ahold focusing on providing our customers with the best value and improving our competitive position.

We continue to invest in profitable growth and act when opportunities arise. During the quarter:

- Albert Heijn increased the number of stores in Belgium and Germany to 11 and 3, respectively.
- Gall & Gall completed the integration of nine acquired stores.
- Czech Republic continued to remodel stores into the new compact hyper format and operated nine new format compact hypers at year-end.
- Stop & Shop acquired two supermarkets in the New England area.
- Our online retail operations, both in the U.S. and the Netherlands, continued on a double digit sales growth trend.
- Our online grocery banners Peapod and albert.nl now operate 11 pickup points, and in the Netherlands bol.com customers can now pick up orders at 59 larger Albert Heijn stores.
- We announced an increase in our savings program for the years 2012-2014 to €600 million, including sourcing and promotional efficiency.

Fourth quarter 2012 (compared to fourth quarter 2011)

Net sales were €7.8 billion, up 7.5% and 5.1% at actual and constant exchange rates, respectively. During the quarter, Ahold USA achieved 4.3% sales growth, measured in US dollars, and the Netherlands achieved 7.7% growth. Sales in Other Europe (Czech Republic and Slovakia combined) decreased 3.0% at constant exchange rates.

Underlying operating income was €355 million, up 4.1% and 2.7% at actual and constant exchange rates, respectively. Underlying operating margin was 4.5% compared with 4.7% last year.

Operating income included a net €88 million of pension costs (a €121 million charge related to the settlement of the Frozen Defined Benefit Plan in the United States partially offset by a €33 million curtailment gain in the Dutch pension plan) and €26 million of impairment costs compared to €14 million of impairments last year, primarily related to our business in Slovakia.

Ahold has been conducting parallel implementations of a suite of retail applications in both the United States and Europe. Following a review of our systems development strategy we have decided to focus our resources on the development of the retail suite in Europe where we already have several elements successfully implemented. In the U.S. we will focus on areas likely to provide the greatest benefits, such as customer loyalty, point of sale and e-commerce. Accordingly we have written down €88 million ($116 million) of capitalized software development costs in Q4 2012 as a restructuring charge in the U.S.

As a result, operating income was €156 million, down €172 million (down 53.3% at constant exchange rates).

Income from continuing operations was €159 million, €115 million lower than last year, driven by the after-tax effects of the items mentioned within operating income above. Income from continuing operations per share was €0.15, a decrease of €0.11 compared to last year.

Net income was €158 million, down €112 million. The loss from discontinued operations related to past divestments was €1 million compared to €4 million last year.

Free cash flow was €350 million, €26 million higher than last year. Reducing the fourth quarter cash flows was a €100 million payment for the settlement of the US frozen pension plan. Operating cash flows from continuing operations were up €55 million, while investments in non-current assets increased by €42 million. Cash and cash equivalents increased during the quarter by €345 million to €1,886 million.

Net debt decreased by €376 million during the quarter to €1,360 million, primarily due to the generated €350 million of free cash flow.

Full year 2012 (compared to full year 2011)

Net sales were €32.8 billion, up 8.5% and 3.5% at actual and constant exchange rates, respectively.

Underlying operating income was €1,414 million, up 2.8% at actual exchange rates (down 1.3% at constant exchange rates). Underlying operating margin was 4.3% (2011: 4.5%). Significant items not included within underlying operating income were the net additional pension costs in the US and Europe of €88 million and the write-down of capitalized software development costs of €88 million. As a result, operating income was €1,187 million, down 11.9% and 15.4% at actual and constant exchange rates, respectively.

Income from continuing operations decreased €202 million (19.6%) to €830 million. 2012 income from continuing operations was reduced by our €90 million share in ICA tax charges, as well as the after-tax effects of the items mentioned within operating income above. 2011 income from continuing operations benefited by a net €23 million, after taxes, related to the offsetting effect of the €86 million (€92 million before taxes) accrual related to Stop & Shop Bradlees' lease litigation with Vornado and the release of an income tax contingency reserve of €109 million. Income from continuing operations per share was €0.80, a decrease of €0.13 compared to last year.

Net income was €827 million, down €190 million. The loss from discontinued operations was €3 million compared to €15 million last year.

Free cash flow was €1,188 million, €223 million higher than last year. The increase was mainly due to higher operating cash flows from continuing operations of €330 million partly offset by higher capital expenditures of €156 million. Contributing to higher operating cash flows from continuing operations were changes in working capital of €172 million and lower tax payments of €78 million.

Net debt increased by €272 million during 2012. Free cash flows of €1,188 million were more than offset by dividends paid on common shares of €415 million; the share buyback of €277 million; and the €701 million of net purchase consideration that was paid primarily for the acquisition of bol.com, Genuardi's and Jumbo.

Performance by segment

Ahold USA

For the fourth quarter, net sales were $6.1 billion, up 4.3%. Identical sales were up 2.4% (1.4% excluding gasoline). These increases were partly driven by the exceptional efforts of our teams during Hurricane Sandy, which enabled our stores to remain open and to serve our customers during these difficult times. We achieved market share gains in both the supermarket and all outlets channel as sales benefited from our strong promotional activities and a good holiday performance. Underlying operating margin was 4.2% compared to 4.1% last year and included a benefit of $26 million related to Ahold's portion of a settlement of litigation with Visa and MasterCard.

For the full year, net sales were $25.8 billion, up 3.1%. Identical sales were up 1.4% (0.5% excluding gasoline). We are satisfied with the integration and the performance of the 15 former Genuardi's stores that are now part of the Giant Carlisle division. Ahold USA's underlying operating margin was 4.1% compared to 4.3% last year, reflecting pressure on gross profit margins with cost savings providing a partial offset.

The Netherlands

For the fourth quarter, net sales increased to €2.7 billion, up 7.7%. Identical sales increased by 0.2%. Albert Heijn's sales growth was partially offset by negative momentum at Etos where competition is challenging within a customer market where sentiment turned negative. Bol.com achieved double digit sales growth in their most important quarter of the year and contributed 5.4 percentage points to the fourth quarter sales growth in the Netherlands. Furthermore, the first 15 of the 82 stores acquired from Jumbo were included in 2012 sales.

Underlying operating margin was 6.3% compared to 6.9% last year. Excluding bol.com, underlying operating margin was 6.5%. Year-over-year margin variance reflects pressure from both hourly wage rate increases above average price growth and increased promotional activities.

For the full year, net sales increased 5.2% to €11.1 billion. Identical sales were up 1.0%. Underlying operating margin was 5.8% (6.0% excluding bol.com) compared to 6.3% last year. Margins were impacted by price investments, increased promotional activities, and hourly wage rate increases above average price growth. Cost savings provided a partial offset.

Other Europe (Czech Republic and Slovakia)

For the fourth quarter, net sales decreased 2.2% to €404 million. At constant exchange rates, net sales decreased 3.0%. Identical sales were down 3.3% (2.5% excluding gasoline). Sales in the Czech Republic were impacted by weaker consumer buying power after the increase in the main VAT rate. In the Czech Republic, our identical sales performance was stronger than the market average and we increased market share. Our Czech operations achieved their highest operating profit since Ahold began operations in the country, driven by its current solid market position, good store portfolio, and efficiencies achieved in recent years. In Slovakia an impairment charge of €17 million has been recognized in the quarter. Underlying operating margin in Other Europe was 2.2% compared to 1.9% last year.

For the full year, net sales decreased 3.7% to €1.7 billion. At constant exchange rates net sales decreased 1.8%. Identical sales decreased 2.3% (2.2% excluding gasoline). Underlying operating margin was 1.3%, compared to 1.2% last year.

Unconsolidated joint ventures
For the fourth quarter, Ahold's share in income of unconsolidated joint ventures was €61 million, up €18 million from last year. For the full year, Ahold's share in income of joint ventures decreased by €60 million to €81 million. The decrease resulted mainly from ICA, where in Q3 2012 additional tax expense of €150 million (Ahold's share: €90 million) was recognized following an adverse court ruling by the Swedish Tax Agency related to the denial of certain interest deductions made in 2004-2008. Excluding this tax impact, Ahold's net share of income from ICA was €163 million, up €41 million compared to last year.

Corporate Center
For the fourth quarter, underlying Corporate Center costs were €22 million, up €2 million (excluding the impact of the Company's insurance activities, costs were €23 million, up €6 million from last year due to strategic project costs and one-time additional employment taxes charged by the Dutch tax authorities). For the full year, underlying Corporate Center costs were €82 million, up €2 million from last year (up €12 million from last year to €82 million when excluding insurance activities).

Debt and liquidity

Ahold's net debt was €1,360 million as of December 30, 2012. Net debt does not include our off-balance sheet commitments under operating lease contracts, which also impact our capital structure. To reflect this, the present value of these commitments is added to net debt to measure our leverage against EBITDAR. The ratio of net lease-adjusted debt to EBITDAR stood at 1.8 times at year-end 2012. Under normal conditions we expect to operate at around 2 times, which is consistent with our commitment to maintaining an investment grade credit rating.

As of year-end 2012, liquidity amounted to €2.9 billion, defined as cash (including cash equivalents and short-term deposits) of €1.9 billion and the undrawn portion of our committed credit facility of €1.0 billion. Under normal conditions we expect to operate with liquidity of around €2.0 billion, evenly split between cash and the undrawn portion of our committed credit facilities. It is our intention to move to this level of liquidity as we continue to invest in growth, reduce our debt, and return cash to shareholders, resulting in a more efficient capital structure.

Pension costs, interest and capital expenditure expectations

Following the implementation of the amendments to IAS 19, which will be effective as of 2013, pension charges will be split between operating expenses and net financial expense. This change, in combination with a decrease of discount rates, will have a significant non-cash impact on our underlying operating income. As a result, we expect our underlying operating expenses in the Netherlands to increase by approximately €50 million. Total cash contributions for our ongoing plans will not increase in 2013.

At current exchange rates, we expect net interest expense for 2013 to be in the range of €200 million to €220 million, excluding €24 million notional interest related to pensions, following the implementation of the amendments to IAS 19. Capital expenditures, excluding acquisitions, are expected to be around €0.9 billion. Our ambition for return on capital employed is to stay in the top quartile of the food retail sector.

Other financial and operating information

Identical/comparable sales growth (% year-over-year)[1]

	Q4 2012 Identical	Q4 2012 Identical excluding gasoline	Q4 2012 Comparable	2012 Identical	2012 Identical excluding gasoline	2012 Comparable
Ahold USA	2.4%	1.4%	2.8%	1.4%	0.5%	1.9%
The Netherlands	0.2%	0.2%		1.0%	1.0%	
Other Europe	(3.3)%	(2.5)%		(2.3)%	(2.2)%	

1. For the definition of identical and comparable sales see section "Other information" – "Use of non-GAAP financial measures."

Underlying operating income[1]

	Q4 2012	Q4 2011	% change	2012	2011	% change
$ million						
Ahold USA	255	239	6.7%	1,069	1,067	0.2%
Average U.S. dollar exchange rate (euro per U.S. dollar)	*0.7709*	*0.7421*	*3.9%*	*0.7782*	*0.7189*	*8.2%*
€ million						
Ahold USA	197	180	9.4%	831	769	8.1%
The Netherlands	171	173	(1.2)%	644	666	(3.3)%
Other Europe	9	8	12.5%	21	20	5.0%
Total retail	377	361	4.4%	1,496	1,455	2.8%
Corporate Center	(22)	(20)	(10.0)%	(82)	(80)	(2.5)%
Ahold Group	**355**	**341**	**4.1%**	**1,414**	**1,375**	**2.8%**

1. For the definition of underlying operating income see section "Other information" – "Use of non-GAAP financial measures."

Underlying operating margin

Underlying operating margin is defined as underlying operating income as a percentage of net sales.

	Q4 2012	Q4 2011	2012	2011
Ahold USA	4.2%	4.1%	4.1%	4.3%
The Netherlands	6.3%	6.9%	5.8%	6.3%
Other Europe	2.2%	1.9%	1.3%	1.2%
Total retail	4.8%	5.0%	4.6%	4.8%
Ahold Group	**4.5%**	**4.7%**	**4.3%**	**4.5%**

Store portfolio (including franchise stores)

	End of 2011	Opened/ acquired	Closed/ sold	End of 2012
Ahold USA	756	23	(7)	772
The Netherlands[1]	1,946	69	(19)	1,996
Other Europe	306	2	(2)	306
Ahold Group	**3,008**	**94**	**(28)**	**3,074**

1. The number of stores at the end of 2012 includes 1,105 specialty stores (Etos and Gall & Gall) (2011: 1,090).

EBITDA[1]

(€ million)	Q4 2012	Q4 2011	% change	2012	2011	% change
Ahold USA	140	292	(52.1)%	1,171	1,244	(5.9)%
The Netherlands	256	225	13.8%	898	887	1.2%
Other Europe	2	18	(88.9)%	48	67	(28.4)%
Corporate Center	(51)	(20)	(155.0)%	(109)	(79)	(38.0)%
EBITDA by segment	347	515	(32.6)%	2,008	2,119	(5.2)%
Share in income (loss) of joint ventures	61	43	41.9%	81	141	(42.6)%
Income (loss) from discontinued operations	(1)	(4)	75.0%	(3)	(15)	80.0%
Total EBITDA	**407**	**554**	**(26.5)%**	**2,086**	**2,245**	**(7.1)%**

1. For the definition of EBITDA see section "Other information" – "Use of non-GAAP financial measures."

Free cash flow[1]

(€ million)	Q4 2012	Q4 2011	2012	2011
Operating cash flows from continuing operations	639	584	2,116	1,786
Purchase of non-current assets	(258)	(216)	(911)	(755)
Divestments of assets / disposal groups held for sale	8	5	51	23
Dividends from joint ventures	15	1	157	130
Interest received	1	6	11	27
Interest paid	(55)	(56)	(236)	(246)
Free cash flow	**350**	**324**	**1,188**	**965**

1. For the definition of free cash flow see section "Other information" – "Use of non-GAAP financial measures."

Net debt

(€ million)	December 30, 2012	October 7, 2012	January 1, 2012
Loans	1,431	1,468	1,489
Finance lease liabilities	1,179	1,209	1,158
Cumulative preferred financing shares	497	497	497
Non-current portion of long-term debt	3,107	3,174	3,144
Short-term borrowings and current portion of long-term debt	139	142	536
Gross debt	3,246	3,316	3,680
Less: Cash, cash equivalents and short-term deposits[1]	1,886	1,580	2,592
Net debt	**1,360**	**1,736**	**1,088**

1. Book overdrafts, representing the excess of total issued checks over available cash balances within the Group cash concentration structure, are classified in accounts payable and do not form part of net debt. These balances amounted to €170 million, €141 million, and €181 million as of December 30, 2012, October 7, 2012, and January 1, 2012, respectively.

Auditor’s involvement

The full year 2012 and 2011 information in the summary financial statements, as set out on pages 9 to 21 of this summary report, is based on Ahold’s 2012 financial statements, as included in the 2012 Annual Report (the Financial Statements), which have not yet been published. In accordance with article 2:395 of the Netherlands Civil Code, we state that our auditor, Deloitte Accountants B.V., has issued an unqualified opinion on the Financial Statements. For a better understanding of the Company’s financial position and results and of the scope of the audit of Deloitte Accountants B.V., this report should be read in conjunction with the Financial Statements from which these summary financial statements have been derived and the auditor’s report of Deloitte Accountants B.V. thereon issued on February 27, 2013. We plan to publish the Financial Statements on March 6, 2013. The General Meeting of Shareholders has not yet adopted the Financial Statements.

Consolidated income statement

(€ million, except per share data)	Note	Q4 2012	Q4 2011	2012	2011
Net sales	4	7,835	7,290	32,841	30,271
Cost of sales	5	(5,788)	(5,377)	(24,317)	(22,350)
Gross profit		**2,047**	**1,913**	**8,524**	**7,921**
Selling expenses		(1,457)	(1,358)	(6,161)	(5,652)
General and administrative expenses		(434)	(227)	(1,176)	(922)
Total operating expenses	5	(1,891)	(1,585)	(7,337)	(6,574)
Operating income	4	**156**	**328**	**1,187**	**1,347**
Interest income		1	6	10	20
Interest expense		(55)	(58)	(236)	(245)
Other financial expenses		(6)	(3)	(1)	(91)
Net financial expenses		(60)	(55)	(227)	(316)
Income before income taxes		**96**	**273**	**960**	**1,031**
Income taxes	6	2	(42)	(211)	(140)
Share in income of joint ventures	7	61	43	81	141
Income from continuing operations		**159**	**274**	**830**	**1,032**
Loss from discontinued operations	8	(1)	(4)	(3)	(15)
Net income attributable to common shareholders		**158**	**270**	**827**	**1,017**
Net income per share attributable to common shareholders					
Basic		0.15	0.25	0.80	0.92
Diluted		0.15	0.24	0.77	0.89
Income from continuing operations per share attributable to common shareholders					
Basic		0.15	0.26	0.80	0.93
Diluted		0.15	0.25	0.78	0.90
Weighted average number of common shares outstanding (in millions)					
Basic		1,038	1,071	1,040	1,111
Diluted		1,099	1,132	1,100	1,171
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.7709	0.7421	0.7782	0.7189

Ahold

Consolidated statement of comprehensive income

(€ million)	Q4 2012	Q4 2011	2012	2011
Net income	**158**	**270**	**827**	**1,017**
Currency translation differences in foreign interests:				
Currency translation differences before income taxes	(61)	132	(33)	122
Income taxes	-	1	-	1
Cash flow hedges:				
Fair value losses in the year	(53)	(11)	(89)	(34)
Transfers to net income	33	4	45	(13)
Income taxes	5	1	11	11
Share of other comprehensive income (loss) of joint ventures	9	(16)	(4)	(3)
Other comprehensive income (loss)	(67)	111	(70)	84
Total comprehensive income attributable to common shareholders	**91**	**381**	**757**	**1,101**

Consolidated balance sheet

(€ million)	Note	December 30, 2012	January 1, 2012
Assets			
Property, plant and equipment		6,038	5,984
Investment property		565	593
Intangible assets		1,569	836
Investments in joint ventures		1,047	1,087
Other non-current financial assets		1,059	859
Deferred tax assets		353	394
Other non-current assets		35	34
Total non-current assets		**10,666**	**9,787**
Inventories		1,492	1,466
Receivables		793	751
Other current financial assets		43	336
Income taxes receivable		47	27
Other current assets		155	175
Cash and cash equivalents	11	1,886	2,438
Total current assets		**4,416**	**5,193**
Total assets		**15,082**	**14,980**
Equity and liabilities			
Equity attributable to common shareholders	**9**	**5,995**	**5,877**
Loans		1,431	1,489
Other non-current financial liabilities		1,930	1,813
Pensions and other post-employment benefits	10	110	94
Deferred tax liabilities		292	199
Provisions		646	664
Other non-current liabilities		251	230
Total non-current liabilities		**4,660**	**4,489**
Accounts payable		2,667	2,436
Other current financial liabilities		236	648
Income taxes payable		134	136
Provisions		256	253
Other current liabilities		1,134	1,141
Total current liabilities		**4,427**	**4,614**
Total equity and liabilities		**15,082**	**14,980**
Quarter-end U.S. dollar exchange rate (euro per U.S. dollar)		0.7566	0.7724

Consolidated statement of changes in equity

(€ million)	Share capital	Additional paid-in capital	Currency translation reserve	Cash flow hedging reserve	Other reserves including accumulated deficit	Equity attributable to common shareholders
Balance as of January 2, 2011	**358**	**9,916**	**(385)**	**(63)**	**(3,916)**	**5,910**
Dividends	-	-	-	-	(328)	(328)
Total comprehensive income	-	-	123	(36)	1,014	1,101
Share buyback	-	-	-	-	(837)	(837)
Cancellation of treasury shares	(28)	(822)	-	-	850	-
Share-based payments	-	-	-	-	31	31
Other changes in reserves	-	-	(3)	6	(3)	-
Balance as of January 1, 2012	**330**	**9,094**	**(265)**	**(93)**	**(3,189)**	**5,877**
Dividends	-	-	-	-	(415)	(415)
Total comprehensive income	-	-	(33)	(33)	823	757
Share buyback	-	-	-	-	(277)	(277)
Cancellation of treasury shares	(12)	(381)	-	-	393	-
Share-based payments	-	-	-	-	53	53
Balance as of December 30, 2012	**318**	**8,713**	**(298)**	**(126)**	**(2,612)**	**5,995**

Consolidated statement of cash flows

(€ million)	Note	Q4 2012	Q4 2011	2012	2011
Operating income		156	328	1,187	1,347
Adjustments for:					
Depreciation, amortization, write-downs and impairments		305	201	968	797
Gains on the sale of assets / disposal groups held for sale		(3)	(1)	(21)	(12)
Share-based compensation expenses		11	6	40	29
Operating cash flows before changes in operating assets and liabilities		469	534	2,174	2,161
Changes in working capital:					
Changes in inventories		(27)	(34)	(24)	(103)
Changes in receivables and other current assets		(64)	(60)	(9)	(7)
Changes in payables and other current liabilities		308	227	180	85
Changes in other non-current assets, other non-current liabilities and provisions		(8)	(36)	(71)	(138)
Cash generated from operations		678	631	2,250	1,998
Income taxes paid - net		(39)	(47)	(134)	(212)
Operating cash flows from continuing operations		639	584	2,116	1,786
Operating cash flows from discontinued operations		(1)	(4)	(6)	(10)
Net cash from operating activities		**638**	**580**	**2,110**	**1,776**
Purchase of non-current assets		(258)	(216)	(911)	(755)
Divestments of assets / disposal groups held for sale		8	5	51	23
Acquisition of businesses, net of cash acquired	3	2	(9)	(701)	(30)
Divestment of businesses, net of cash divested		3	1	(43)	(13)
Changes in short-term deposits		39	71	155	71
Dividends received from joint ventures		15	1	157	130
Interest received		1	6	11	27
Other		(2)	10	(1)	50
Investing cash flows from continuing operations		(192)	(131)	(1,282)	(497)
Net cash from investing activities		**(192)**	**(131)**	**(1,282)**	**(497)**
Interest paid		(55)	(56)	(236)	(246)
Repayments of loans		(3)	(3)	(459)	(17)
Repayments of finance lease liabilities		(23)	(11)	(75)	(60)
Dividends paid on common shares	9	-	-	(415)	(328)
Share buyback	9	-	(259)	(277)	(837)
Other cash flows from derivatives		-	1	111	(19)
Other		6	(1)	16	6
Financing cash flows from continuing operations		(75)	(329)	(1,335)	(1,501)
Financing cash flows from discontinued operations		(1)	(1)	(4)	(4)
Net cash from financing activities		**(76)**	**(330)**	**(1,339)**	**(1,505)**
Net cash from operating, investing and financing activities	**11**	**370**	**119**	**(511)**	**(226)**
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.7709	0.7421	0.7782	0.7189

For the reconciliation between net cash from operating, investing and financing activities and cash and cash equivalents as presented in the balance sheet, see Note 11.

Notes to the consolidated summary financial statements

1. The Company and its operations

The principal activity of Koninklijke Ahold N.V. ("Ahold" or the "Company"), a public limited liability company with its registered seat in Zaandam, the Netherlands and its head office in Amsterdam, the Netherlands, is the operation of retail food stores in the United States and Europe through subsidiaries and joint ventures.

2. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting." The accounting policies applied in these financial statements are consistent with those applied in Ahold's 2012 consolidated financial statements.

Ahold's reporting calendar is based on 13 periods of four weeks, with 2012 and 2011 each comprising 52 weeks. The fourth quarter in both 2012 and 2011 comprised 12 weeks. The financial year of Ahold's unconsolidated joint ventures, ICA AB ("ICA") and JMR - Gestão de Empresas de Retalho, SGPS. S.A. ("JMR"), corresponds to the calendar year. Any significant transactions and / or events between ICA's and JMR's quarter-end and Ahold's quarter-end are taken into account in the preparation of Ahold's financial statements.

New accounting policies not yet effective for 2012

The amendment to IAS 1, "Presentation of Financial Statements" as part of the "Annual Improvements to IFRSs 2009-2011 Cycle" issued in May 2012, requires the Company to group the items in other comprehensive income on the basis of whether they are potentially able to be subsequently reclassified to profit or loss (reclassification adjustments). The application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income or total comprehensive income. The amendment to IAS 1 was endorsed by the EU in 2012 and the Company will adopt the amendment in 2013.

IAS 19, "Employee Benefits," was amended in June 2011 and endorsed by the EU in June 2012. The amendment will be effective for the Company as of January 1, 2013. The main changes in the revised IAS 19 are to eliminate the corridor approach and recognize all actuarial gains and losses in other comprehensive income as they occur, to immediately recognize all past service costs, and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

The amendments to IAS 19 require retrospective application. Based on the Company's preliminary assessment, when the Company applies the amendments to IAS 19 for the first time for the year ending December 29, 2013, an adjustment will be made to recognize the January 1, 2012, opening balances of actuarial gains and losses and past service costs. This will result in a reduction in accumulated other comprehensive income (€39 million), a decrease in the opening balance of net pension assets (€122 million, which includes a €27 million adjustment for future employee contributions reducing the defined benefit obligation), and an increase in deferred tax assets (€83 million). The profit after income tax for the year ended December 30, 2012, will be increased by €86 million, and other comprehensive income for the year will be decreased by €1,203 million (€873 million after tax) with the corresponding adjustments being recognized within pension assets and provisions as well as income tax assets and liabilities. The adjustment to accumulated other comprehensive income as of December 30, 2012, amounts to €912 million. The net effect of these changes reflects a number of adjustments, including their income tax effects: a) full recognition of actuarial gains through other comprehensive income and decrease in the net pension asset; b) immediate recognition of past service costs in profit or loss and an increase in the net pension asset; and c) reversal of the difference between the gain arising from the expected rate of return on pension plan assets and the discount rate through other comprehensive income.

IFRS 10, “Consolidated financial statements,” replaces parts of IAS 27, “Consolidated and separate financial statements,” and SIC 12, “Consolidation – special purpose entities,” and builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 10 was endorsed by the EU in 2012, and the Company will adopt the standard in 2013. The adoption of IFRS 10 should not have a significant effect on the future consolidated financial statements.

IFRS 11, “Joint arrangements,” replaces IAS 31, “Interests in joint ventures,” and SIC 13, “Jointly controlled entities,” and deals with how a joint arrangement in which two or more parties have joint control over an entity should be classified. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. Joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting. IFRS 11 was endorsed by the EU in 2012, and the Company will adopt the standard in 2013. The adoption of IFRS 11 should not have a significant effect on the future consolidated financial statements.

IFRS 12, “Disclosures of interests in other entities,” includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles, and other off-balance sheet vehicles. IFRS 12 was endorsed by the EU in 2012, and the Company will adopt the standard in 2013. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

IFRS 13, “Fair value measurement,” aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across all IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within the IFRSs. IFRS 13 was endorsed by the EU in 2012 and will be effective for the Company as of January 1, 2013. It is unlikely that the adoption of IFRS 13 will significantly affect amounts reported in the future consolidated financial statements. In general, the disclosure requirements in IFRS 13 are more extensive than those in the current standards.

3. Business combinations

Acquisition of bol.com

On May 9, 2012, Ahold announced that it had successfully completed the acquisition of bol.com. The purchase consideration was €353 million in cash for 100% of the voting equity interest. The acquisition was made to further expand Ahold’s online presence and broaden its range of offered products into new non-food categories. Goodwill recognized in the amount of €248 million, which will not be deductible for tax purposes, represents the ability to broaden Ahold’s offering and expand its geographic reach, as well as expected synergies from the combination of operations. In addition to goodwill, other intangible assets have been acquired, such as information technology, customer lists, and a trade name.

Bol.com contributed €294 million to net sales and had an insignificant impact on net income in the period from May 9 to December 30, 2012. The impact excludes €6 million in transaction costs related to the acquisition, included in general and administrative expenses. Had the acquisition occurred on January 2, 2012, Ahold’s 2012 pro-forma net sales would have increased by €111 million to €32,952 million. The pro-forma effect on Ahold’s consolidated net income of €827 million for 2012 would have been insignificant.

Acquisition of Genuardi's Family Markets stores
On July 13, 2012, Ahold announced that its Giant Carlisle division had finalized the acquisition of 15 Genuardi's Family Markets stores from Safeway. The stores acquired are located in the greater Philadelphia area. The total purchase consideration was €91 million ($113 million) in cash for 15 store locations, equipment, and lease agreements. Goodwill recognized amounted to €62 million ($77 million), of which €58 million ($72 million) is deductible for tax purposes, and represents the ability to service customers in a new geographic area, as well as synergies from the combination of operations.

These stores contributed €129 million ($165 million) to net sales and had an insignificant impact on net income in the period from July 13 to December 30, 2012, before one-time start-up and conversion costs of €13 million ($16 million). The result excludes €2 million in transaction costs related to the acquisition, included within general and administrative expenses in the second quarter of 2012. It is not practicable to provide the 2012 pro-forma effect on Ahold's net sales and net income.

Transaction with Jumbo
On August 14, 2012, Ahold announced that its Albert Heijn division had completed its transaction with Jumbo concerning 78 C1000 and 4 Jumbo stores for €290 million in cash with €265 million paid up to December 30, 2012, and the remaining to be settled as agreements are reached with the franchisees. During the second half of this year, 15 of the stores were converted to the Albert Heijn banner. The remaining 67 franchisee-owned stores will be converted to the Albert Heijn banner over a period of time, in close cooperation with the entrepreneurs. €204 million of the amount paid, relating to these 67 stores, was included in other intangible assets. Goodwill recognized in the amount of €53 million relates to stores that have been converted to the Albert Heijn banner. This goodwill will not be deductible for tax purposes and represents the ability to expand Ahold's geographic reach, as well as expected synergies from the combination of operations. The amounts recognized in the financial statements for this transaction were determined on a provisional basis.

The 15 stores that were converted to the Albert Heijn banner have contributed €33 million to net sales and an insignificant amount to net income. It is not practicable to provide the 2012 pro-forma effect on Ahold's net sales and net income.

Other acquisitions
During 2012, there were a number of smaller fill-in acquisitions and buyouts of single stores from franchisees, which by themselves are not material and have been aggregated for presentation purposes.

The allocation of the fair value of the net assets acquired and the goodwill arising from the acquisitions during 2012 is as follows:

(€ million)	bol.com	Genuardi's	Jumbo	Other	Total
Property, plant and equipment	2	88	4	14	108
Goodwill	248	62	53	9	372
Other intangible and non-current assets	196	10	210	2	418
Current assets	52	8	-	1	61
Non-current liabilities	(81)	(74)	(2)	(10)	(167)
Current liabilities	(64)	(3)	-	-	(67)
Total purchase consideration	**353**	**91**	**265**	**16**	**725**
Cash acquired	(24)	-	-	-	(24)
Acquisition of business, net of cash	**329**	**91**	**265**	**16**	**701**

A reconciliation of Ahold's goodwill balance, which is included in intangible assets, is as follows:

€ million	Goodwill
As of January 1, 2012	
At cost	407
Accumulated impairment losses	(3)
Opening carrying amount	**404**
Business acquisitions	372
Exchange rate differences	(7)
Closing carrying amount	**769**
As of December 30, 2012	
At cost	772
Accumulated impairment losses	(3)
Carrying amount	**769**

4. Segment reporting

Ahold's retail operations are presented in three reportable segments. In addition, Other retail, consisting of Ahold's unconsolidated joint ventures ICA and JMR, and Ahold's Corporate Center are presented separately.

Reportable segment	Included in the Reportable segment
Ahold USA	Stop & Shop New England, Stop & Shop New York Metro, Giant Landover, Giant Carlisle, and Peapod
The Netherlands	Albert Heijn, Albert Heijn Belgium, Albert Heijn Germany, Etos, Gall & Gall, bol.com, and albert.nl
Other Europe	Albert (Czech Republic and Slovakia) and Hypernova (Slovakia)

Other	Included in Other
Other retail	Unconsolidated joint ventures ICA (60%) and JMR (49%)
Corporate Center	Corporate Center staff (the Netherlands, Switzerland, and the United States)

Net sales

Net sales per segment are as follows:

	Q4 2012	Q4 2011	% change	2012	2011	% change
$ million						
Ahold USA	6,142	5,887	4.3%	25,845	25,072	3.1%
Average U.S. dollar exchange rate (euro per U.S. dollar)	*0.7709*	*0.7421*	*3.9%*	*0.7782*	*0.7189*	*8.2%*
€ million						
Ahold USA	4,733	4,371	8.3%	20,112	18,026	11.6%
The Netherlands	2,698	2,506	7.7%	11,054	10,506	5.2%
Other Europe	404	413	(2.2)%	1,675	1,739	(3.7)%
Ahold Group	**7,835**	**7,290**	**7.5%**	**32,841**	**30,271**	**8.5%**

The combined net sales of Ahold's unconsolidated joint ventures ICA and JMR amounted to €3,749 million and €3,597 million for Q4 2012 and Q4 2011, respectively (full year 2012: €14,420 million and full year 2011: €13,737 million).

Operating income
Operating income (loss) per segment is as follows:

	Q4 2012	Q4 2011	% change	2012	2011	% change
$ million						
Ahold USA	12	225	(94.7)%	792	1,021	(22.4)%
Average U.S. dollar exchange rate (euro per U.S. dollar)	*0.7709*	*0.7421*	*3.9%*	*0.7782*	*0.7189*	*8.2%*
€ million						
Ahold USA	12	167	(92.8)%	619	734	(15.7)%
The Netherlands	203	174	16.7%	676	675	0.1%
Other Europe	(8)	7	n/m	3	18	(83.3)%
Corporate Center	(51)	(20)	(155.0)%	(111)	(80)	(38.8)%
Ahold Group	**156**	**328**	**(52.4)%**	**1,187**	**1,347**	**(11.9)%**

Ahold USA
Operating income in Q4 2012 included $10 million (€8 million) of impairments (full year 2012: $46 million (€36 million)), $1 million (€1 million) gain on sale of assets (full year 2012: $5 million (€4 million)), $234 million (€178 million) of restructuring and related charge, which consists of $118 million (€90 million) of the total $159 million (€121 million) costs related to the settlement of the US Frozen plan and a $116 million (€88 million) write-down of capitalized software development costs. Further, 2012 included $2 million (€2 million) of business acquisition costs related to the acquisition of the Genuardi's stores.

Operating income in Q4 2011 included $16 million (€13 million) of impairment charges (full year 2011: $30 million (€23 million)). Further, 2011 included $21 million (€15 million) of restructuring charges, mainly related to the transition of certain logistics activities, $5 million (€3 million) of gains on the sale of assets, and $16 million (€11 million) of reorganization and IT integration costs.

The Netherlands
Q4 2012 operating income included €1 million of impairments (full year 2012: €1 million), €2 million gain on sale of assets (full year 2012: €7 million), and a €31 million curtailment gain for the Dutch pension plan. Further, 2012 included €5 million of restructuring and related activities, which includes €1 million of business acquisition costs related to the transaction with Jumbo.

Operating income in 2011 included €9 million of gain on the sale of assets (Q4 2011: €1 million).

Other Europe
Operating income in Q4 2012 included €17 million of impairments (full year 2012: €18 million).

2011 operating income included impairments of €2 million (Q4 2011: €1 million). Furthermore, a €2 million lease termination fee in Q4 negatively impacted operating income.

Corporate Center
Excluding the impact of the Company's insurance activities, Q4 2012 Corporate Center costs were €52 million, €35 million higher than last year (full year 2012: €111 million, €41 million higher than last

year). Corporate Center costs in 2012 were impacted by €39 million of restructuring related costs, which included €31 million of costs related to the settlement of the US Frozen plan offset by a €2 million gain related to the curtailment of the Dutch pension plan, €6 million of acquisition costs related to the acquisition of bol.com, offset by a €10 million gain on the sale of investments in associates.

5. Expenses by nature

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

€ million	Q4 2012	Q4 2011	2012	2011
Cost of product	5,522	5,125	23,181	21,285
Employee benefit expenses	1,133	944	4,461	4,001
Other operational expenses	598	579	2,538	2,367
Depreciation and amortization	191	187	821	772
Write-down of intangible assets under development	88	-	92	-
Rent expenses and income - net	124	114	527	486
Impairment losses and reversals - net	26	14	55	25
Gains on the sale of assets - net	(3)	(1)	(21)	(12)
Total	**7,679**	**6,962**	**31,654**	**28,924**

6. Income taxes

Ahold's effective tax rates in the consolidated income statement differed from the statutory income tax rate of the Netherlands of 25.0% in 2012 and 2011. The following table reconciles these statutory income tax rates with the effective income tax rates in the consolidated income statement.

€ million	2012	%	2011	%
Income before income taxes	960		1,031	
Income tax expense at statutory tax rates	(240)	25.0%	(258)	25.0%
Adjustments to arrive at effective income tax rates:				
Rate differential (local rates versus the statutory rate of the Netherlands)	(19)	2.0%	(47)	4.6%
Deferred tax income related to recognition of deferred tax assets - net	5	(0.5)%	21	(2.0)%
Reserves, (non-)deductibles and discrete items	43	(4.5)%	144	(14.0)%
Total income taxes	**(211)**	**22.0%**	**(140)**	**13.6%**

"Rate differential" indicates the effect of Ahold's taxable income being generated and taxed in jurisdictions where tax rates differ from the statutory tax rate in the Netherlands. "Reserves, (non-)deductibles, and discrete items" include one-time events such as a tax benefit of €109 million that was recognized in 2011, resulting from a release of an income tax contingency reserve related to financing transactions that occurred prior to 2004.

7. Share in income of joint ventures

The Company's share in income of joint ventures is net of income taxes and is specified as follows:

€ million	Q4 2012	Q4 2011	2012	2011
ICA	58	39	73	122
JMR	2	2	5	16
Other	1	2	3	3
Total	**61**	**43**	**81**	**141**

In 2012, ICA's net income was negatively impacted by a tax expense of €150 million (Ahold's share: €90 million) related to the denial by the Swedish Tax Agency of certain interest deductions made in 2004-2008. For more details on ICA's tax claim, see Note 12.

8. Discontinued operations

Income (loss) from discontinued operations, consisting of results on divestments, is specified as follows:

€ million	Q4 2012	Q4 2011	2012	2011
BI-LO and Bruno's	1	(4)	3	(5)
Other*	(2)	-	(6)	(10)
Results on divestments	(1)	(4)	(3)	(15)
Loss from discontinued operations, net of income taxes	**(1)**	**(4)**	**(3)**	**(15)**

** Includes adjustments to the result on various past divestments.*

9. Equity attributable to common shareholders

Dividend on common shares

On April 17, 2012, the General Meeting of Shareholders approved the dividend over 2011 of €0.40 per common share (€415 million in the aggregate). The dividend was paid on May 2, 2012.

With respect to the current year, the Corporate Executive Board, with the approval of the Supervisory Board, proposes that a dividend of €0.44 per common share be paid in 2013 with respect to 2012. The proposed dividend is 44% of adjusted income from continuing operations, in line with our dividend policy to pay out 40% to 50% of adjusted income from continuing operations. This dividend is subject to approval by the General Meeting of Shareholders and has not been included as a liability in the consolidated balance sheet as of December 30, 2012. The payment of this dividend will not have income tax consequences for the Company.

Share buyback

On March 19, 2012, Ahold completed its €1 billion share buyback program. Under this program, 106,814,343 of the Company's own shares were repurchased and delivered in 2011 and 2012 (2011: 79,982,258 and 2012: 26,832,085) for a total consideration of €1 billion (2011: €723 million and 2012: €277 million), at an average price of €9.36 (2011: €9.04 and 2012: €10.33).

Of the total shares repurchased, 39,900,000 were cancelled on July 9, 2012.

The number of outstanding common shares as of December 30, 2012 was 1,038,507,411 (January 1, 2012: 1,059,805,233).

10. Pensions and other post-employment benefits

The components of pensions and other post-employment benefits can be summarized as follows:

€ million	December 30, 2012	January 1, 2012
Defined benefit obligations	(4,817)	(3,624)
Fair value of plan assets	4,163	3,879
Surplus / (Deficit)	(654)	255
Unrecognized actuarial losses and past service cost	1,206	149
Total defined benefit plans	552	404
Classified as non-current financial asset	662	498
Pension and other post-employment benefits provisions	**(110)**	**(94)**

The weighted average discount rate used to calculate the defined benefit obligation at December 30, 2012 was 3.6% for the Dutch plans (January 1, 2012: 5.4%) and 4.2% for the U.S. plans (January 1, 2012: 5.2%). Ahold made contributions to its defined benefit plans of €315 million in 2012 (2011: €186 million). The 2012 contributions included additional contributions of $62 million (€48 million) in the United States to bring the funding ratios to minimum required levels. In addition, a contribution of $131 million (€100 million) was made to the US Frozen Plan to substantially settle it in 2012. The return on plan assets in 2012 was 12.8% for the Dutch plans (2011: 9.5%) and 10.2% for the U.S. plans (2011: 5.1%).

On September 14, 2012, Ahold received approval from the U.S. Internal Revenue Service to terminate the Frozen Plan in the United States. Plan participants had the opportunity to elect a lump sum or annuity payment option if the present value of their benefit was in excess of $5,000; all other participants were paid in lump sums. Lump sum settlements were made in mid-December while the purchase of annuity contracts is to occur in 2013. The final settlement expense of the lump sum payments and an estimate of the settlement expense of the annuity contracts amounted to €121 million in total. This amount has been recognized at the time of the lump sum payment.

Ahold participates in 13 multi-employer pension plans that are defined benefit plans on the basis of the terms of the benefits provided. These plans are accounted for as defined contribution plans and are not included in Ahold's consolidated balance sheet. Ahold's participation in these plans varies from less than 2% to over 50%. As of December 30, 2012, based on the latest available information received from these plans (generally as of December 31, 2011) adjusted for market trends and conditions through the end of 2012, Ahold's estimated proportionate share in plans with a deficit position is €754 million (2011: €750 million) and its proportionate share in plans with a surplus position is €22 million (2011: €21 million). This is based on an estimated total net deficit of these plans of €9.2 billion (2011: €10.9 billion) and the relative amount of contributions made by Ahold in relation to the total amount of contributions made to these plans. It is not a direct obligation of Ahold. While this is our best estimate, based upon information available to us, it is imprecise and not necessarily reliable.

11. Cash flow

The following table presents the changes in cash and cash equivalent balances for 2012 and 2011, respectively:

€ million	2012	2011
Cash and cash equivalents at the beginning of the year	2,438	2,600
Restricted cash	(31)	(21)
Cash and cash equivalents beginning of the year, excluding restricted cash	2,407	2,579
Net cash from operating, investing and financing activities	(511)	(226)
Effect of exchange rate differences on cash and cash equivalents	(32)	54
Restricted cash	22	31
Cash and cash equivalents at the end of the quarter	**1,886**	**2,438**

12. Commitments and contingencies

Tops northeast Ohio stores

Ahold has reached an agreement with the International Brotherhood of Teamsters Local 400 Food Terminal Employee's Pension Plan regarding its obligation for a mass withdrawal liability for workers of a warehouse in northeast Ohio. During the second quarter of 2012, Ahold paid $21 million (€17 million) in full and final settlement of its obligation. Ahold had previously provided $27 million (€20 million) for its obligation and the remaining balance has been reversed to income (loss) from discontinued operations.

ICA tax claims

ICA has lost its appeal with the Administrative Court of Appeal regarding the Swedish Tax Agency's denial of interest deductions made in 2004-2008 to a Dutch ICA Group company. The Tax Agency's claim amounted to SEK 1,274 million (€150 million) (including penalties and interest). In January 2011 ICA paid €132 million against this claim and recognized it as a receivable from the Tax Agency, as it was convinced that the deductions complied with applicable laws. During the third quarter of 2012, ICA recognized the €150 million settlement by derecognizing the receivable and accruing for the remaining balance to the Tax Agency. Ahold's share is €90 million and is reflected in share in income of joint ventures.

A comprehensive overview of commitments and contingencies as of January 1, 2012 was included in Note 34 to Ahold's 2011 consolidated financial statements, which were published as part of Ahold's Annual Report on March 6, 2012. Other than the updates for the Tops mass withdrawal liability and the ICA tax claim there have been no significant changes during 2012.

13. Subsequent events

Settlement with Vornado

On February 4, 2013, Stop & Shop and Vornado entered into a settlement agreement with regards to the legal proceedings against each other. Under the agreement, Stop & Shop agreed to pay Vornado a settlement payment of $124 million, which was the same amount that was provided for as of December 30, 2012. On February 6, 2013 Stop & Shop made the settlement payment to Vornado and the appeal has been withdrawn and the litigation ended.

Sale of interest in ICA

On February 11, 2013, Ahold announced that it has reached an agreement with Hakon Invest of Sweden regarding the sale of Ahold's 60% holding in ICA for SEK 21.2 billion in cash, which includes ICA's proposed 2012 dividend of SEK 1.2 billion. The transaction is subject to regulatory approvals, as well as approval by the ICA Retailers' Association (ICA Forbundet) for the financing of the transaction. The transaction is expected to be completed in the middle of this year.

New share buyback program

On February 28, 2013, Ahold announced its decision to return €500 million to its shareholders by way of a share buyback program, to be completed over the next 12 months.

Use of non-GAAP financial measures

This summary report includes the following non-GAAP financial measures:

- **Net sales at constant exchange rates.** Net sales at constant exchange rates exclude the impact of using different currency exchange rates to translate the financial information of Ahold subsidiaries or joint ventures to euros. Ahold's management believes this measure provides a better insight into the operating performance of Ahold's foreign subsidiaries or joint ventures.

- **Net sales in local currency.** In certain instances, net sales are presented in local currency. Ahold's management believes this measure provides a better insight into the operating performance of Ahold's foreign subsidiaries.

- **Identical sales.** Net sales from exactly the same stores and online sales in existing market areas, in local currency for the comparable period.

- **Identical sales, excluding gasoline net sales.** Because gasoline prices have experienced greater volatility than food prices, Ahold's management believes that by excluding gasoline net sales, this measure provides a better insight into the growth of its identical store sales.

- **Comparable sales.** Identical sales plus net sales from replacement stores in local currency. Comparable sales are only reported for Ahold USA.

- **Underlying operating income.** Total operating income, adjusted for impairments of non-current assets, gains and losses on the sale of assets, and restructuring and related charges, including business acquisition transaction costs. Ahold's management believes this measure provides better insight into the underlying operating performance of Ahold's operations.

  As we pursue our growth strategy launched in November 2011, management has determined that it is more appropriate to manage Ahold's business according to a broader set of ambitions than net sales growth and underlying retail margin. In that context, in 2012 we began reporting underlying operating margin for the total Group, which includes Corporate Center costs. Underlying operating margin for the Group is a more relevant measure of profitability for food retail companies.

  The reconciliation from the underlying operating income per segment to the operating income per segment is as follows for Q4 2012 and Q4 2011 and for the full years 2012 and 2011, respectively:

(€ million)	Underlying operating income Q4 2012	Impairments	Gains on the sale of assets	Restructuring and related charges	Operating income Q4 2012
Ahold USA	197	(8)	1	(178)	12
The Netherlands	171	(1)	2	31	203
Other Europe	9	(17)	-	-	(8)
Total retail	377	(26)	3	(147)	207
Corporate Center	(22)	-	-	(29)	(51)
Ahold Group	**355**	**(26)**	**3**	**(176)**	**156**

(€ million)	Underlying operating income Q4 2011	Impairments	Gains on the sale of assets	Restructuring and related charges	Operating income Q4 2011
Ahold USA	180	(13)	-	-	167
The Netherlands	173	-	1	-	174
Other Europe	8	(1)	-	-	7
Total retail	361	(14)	1	-	348
Corporate Center	(20)	-	-	-	(20)
Ahold Group	**341**	**(14)**	**1**	**-**	**328**

(€ million)	Underlying operating income 2012	Impairments	Gains on the sale of assets	Restructuring and related charges	Operating income 2012
Ahold USA	831	(36)	4	(180)	619
The Netherlands	644	(1)	7	26	676
Other Europe	21	(18)	-	-	3
Total retail	1,496	(55)	11	(154)	1,298
Corporate Center	(82)	-	10	(39)	(111)
Ahold Group	**1,414**	**(55)**	**21**	**(193)**	**1,187**

(€ million)	Underlying operating income 2011	Impairments	Gains on the sale of assets	Restructuring and related charges	Operating income 2011
Ahold USA	769	(23)	3	(15)	734
The Netherlands	666	-	9	-	675
Other Europe	20	(2)	-	-	18
Total retail	1,455	(25)	12	(15)	1,427
Corporate Center	(80)	-	-	-	(80)
Ahold Group	**1,375**	**(25)**	**12**	**(15)**	**1,347**

- **Operating income in local currency**. In certain instances, operating income is presented in local currency. Ahold's management believes this measure provides better insight into the operating performance of Ahold's foreign subsidiaries.

- **Earnings before interest, taxes, depreciation and amortization**. EBITDA is net income before net financial expense, income taxes, depreciation and amortization. However, EBITDA does not exclude impairments. EBITDA allows investors to analyze the profitability between companies and industries by eliminating the effects of financing (i.e. net financial expense) and capital investments (i.e. depreciation and amortization).

The reconciliation from EBITDA per segment to operating income per segment is as follows for Q4 2012 and Q4 2011 and for the full year 2012 and 2011, respectively:

(€ million)	EBITDA Q4 2012	Depreciation and amortization	Operating income Q4 2012	EBITDA Q4 2011	Depreciation and amortization	Operating income Q4 2011
Ahold USA	140	(128)	12	292	(125)	167
The Netherlands	256	(53)	203	225	(51)	174
Other Europe	2	(10)	(8)	18	(11)	7
Corporate Center	(51)	-	(51)	(20)	-	(20)
Total	**347**	**(191)**	**156**	**515**	**(187)**	**328**

(€ million)	EBITDA 2012	Depreciation and amortization	Operating income 2012	EBITDA 2011	Depreciation and amortization	Operating income 2011
Ahold USA	1,171	(552)	619	1,244	(510)	734
The Netherlands	898	(222)	676	887	(212)	675
Other Europe	48	(45)	3	67	(49)	18
Corporate Center	(109)	(2)	(111)	(79)	(1)	(80)
Total	**2,008**	**(821)**	**1,187**	**2,119**	**(772)**	**1,347**

- **Adjusted income from continuing operations.** Adjusted income from continuing operations is income from continuing operations adjusted for significant non-recurring items. This measure is a component of Ahold's dividend policy, whereby the dividend payout ratio has been set to be 40-50 percent of adjusted income from continuing operations.

  The calculation of adjusted income from continuing operations for 2012 and 2011 is as follows:

€ million	2012	2011
Income from continuing operations	830	1,032
Add-back:		
Frozen plan settlement (after-tax)	72	-
Write-down of capitalized software development costs (after-tax)	52	-
ICA adverse tax ruling	90	-
Release of tax contingency reserve	-	(109)
Provision related to Vornado (after-tax)	-	86
Adjusted income from continuing operations	**1,044**	**1,009**

- **Free cash flow**. Operating cash flows from continuing operations, minus net capital expenditures, minus net interest paid, plus dividends received. Ahold's management believes this measure is useful because it provides insight into the cash flow available to, among other things, reduce debt and pay dividends.

- **Net debt**. Net debt is the difference between (i) the sum of loans, finance lease liabilities, cumulative preferred financing shares, and short-term debt (i.e. gross debt) and (ii) cash, cash equivalents, and short-term deposits. In management's view, because cash, cash equivalents, and short-term deposits can be used, among other things, to repay indebtedness, netting this against gross debt is a useful measure for investors to judge Ahold's leverage. Net debt may include certain cash items that are not readily available for repaying debt.

- **Return on capital employed (ROCE).** ROCE is calculated as the sum of underlying operating income and the 50% gross rent add back, divided by the annual rolling average of the sum of property plant and equipment, intangible assets, working capital components, and gross rent expense multiplied by eight.

- **Gross rent.** Gross rent comprises all of the rent that Ahold is required to pay to third parties and is not corrected for rent income Ahold receives from other third parties.

- **Net lease-adjusted debt / EBITDAR.** Net debt increased by the present value of future operating lease commitments over underlying operating income before depreciation, amortization, and gross rent expense. Ahold's management believes this measure is useful because it provides insight into Ahold's leverage, adjusted for the impact of operating leases that count for a significant part of Ahold's capital structure.

- **Liquidity.** Cash and cash equivalents, short-term deposits, and undrawn funds available under the committed credit facility. Ahold's management believes this measure is useful because it provides insight into funds available to manage the company.

Management believes that these non-GAAP financial measures allow for a better understanding of Ahold's operating and financial performance. These non-GAAP financial measures should be considered in addition to, but not as substitutes for, the most directly comparable IFRS measures.

Vesting of shares under the GRO plan

On March 1, 2013, a maximum of 1.3 million conditional shares granted in 2010 to Ahold employees under the mid-term component of the Global Reward Opportunity (GRO) equity-based long-term incentive plan, 2.1 million performance shares granted in 2008 to Ahold employees under the long-term component of the GRO plan, and 0.1 million matching shares granted in 2008 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 18, 2013, a maximum of 0.1 million conditional shares granted in 2010 to members of the Corporate Executive Board under the mid-term component of the GRO plan and 0.1 million performance shares granted in 2008 to members of the Corporate Executive 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 Corporate Executive 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.

Financial calendar

Ahold's financial year consists of 52 or 53 weeks and ends on the Sunday nearest to December 31.

Ahold’s 2012 financial year consists of 52 weeks and ends on December 30, 2012. The quarters in 2012 were:

First quarter (16 weeks)	January 2 through April 22, 2012
Second quarter (12 weeks)	April 23 through July 15, 2012
Third quarter (12 weeks)	July 16 through October 7, 2012
Fourth quarter (12 weeks)	October 8 through December 30, 2012

Ahold’s 2013 financial year consists of 52 weeks and ends on December 29, 2013. The quarters in 2013 are:

First quarter (16 weeks)	December 31, 2012 through April 21, 2013
Second quarter (12 weeks)	April 22 through July 14, 2013
Third quarter (12 weeks)	July 15 through October 6, 2013
Fourth quarter (12 weeks)	October 7 through December 29, 2013

Ahold Finance U.S.A., LLC

The annual report for 2012 of Ahold’s wholly owned subsidiary Ahold Finance U.S.A., LLC is available at www.ahold.com.

2013/03

Cautionary notice

This summary report includes forward-looking statements, which do not refer to historical facts but refer to expectations based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those included in such statements. These forward-looking statements include, but are not limited to, expectations on market conditions, and statements as to the progress and deliverance of Ahold’s strategies and cost reduction and simplification programs, capital allocation, investment in growth, and returns to shareholders by dividend, share buyback or otherwise, Ahold’s response to market opportunities, better choice and more shopping alternatives, new focus on the development of IT applications, interest, capital expenditure, adoption of new accounting policies, the synergy from the combination of operations, the expansion of Ahold’s geographic reach, and the conversion of C1000/Jumbo stores into Albert Heijn stores. These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond Ahold’s ability to control or estimate precisely, such as the effect of general economic or political conditions, fluctuations in exchange rates or interest rates, increases or changes in competition, Ahold’s ability to successfully implement and complete its plans and strategies, the benefits from and resources generated by Ahold’s plans and strategies being less than or different from those anticipated, changes in Ahold’s liquidity needs, the actions of competitors and third parties and other factors discussed in Ahold’s public filings and other disclosures. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this summary report. Ahold does not assume any obligation to update any public information or forward-looking statements in this summary report to reflect subsequent events or circumstances, except as may be required by applicable laws. Outside the Netherlands, Koninklijke Ahold N.V., being its registered name, presents itself under the name of “Royal Ahold” or simply “Ahold.”