

Letter from the Chairman and the Chief Executive Officer



Delhaize Group again posted solid revenue growth in 2008. Most of our operating companies accelerated their growth despite the more difficult economic environment. At identical exchange rates, revenue growth was 4.1% on a comparable basis. Due to the many sales building measures such as our accelerated private brand roll-out, improved price competitiveness and many store remodelings, consumers have stayed loyal to our stores.

In many ways, 2008 has been an extraordinary year. Consumers felt the rising pressure of inflation, the threat of increasing unemployment and declining real estate and financial market values. However, Delhaize Group was able to demonstrate its ability to face these short-term challenges while staying the course for the long term.

Revenue growth was supported by many initiatives. Private brand revenues increased particularly in the U.S., where our operating companies benefited from the introduction of a three-tier private brand program. In Belgium, the private brand assortment was renewed as well, and now also includes three tiers with an extended first price line under the brand 365. Consumers also reacted positively to the price investments we made at all our operating companies.

In 2008, our Group continued the development of new store concepts. In Greece, our Group launched a new brand called Lion Food, a convenient store format with low prices. In the U.S., Food Lion launched a new prototype for its innovative Bottom Dollar Food brand and just a few months ago, Delhaize Group opened in Belgium a totally new store concept called Red Market, combining high quality products, ease of shopping, helpful associates and very low prices.

In 2008, our store network grew by 128 stores to 2 673 stores at year-end, the highest growth since 7 years. In the U.S., the Group re-launched 161 stores after remodeling or expansion work. All Food Lion markets renewed in 2007 reported comparable store sales growth above the Company's average. In Greece and Romania, we strengthened our market positions through the acquisition of a total of 43 stores. The acquisition of Plus Hellas in Greece included a brand new distribution center that will serve as a basis for further expansion in Northern Greece.

Thanks to a combination of gross margin improvements and thorough cost management, our Group maintained its operating margin at industry high levels. The Group's operating profit increased 2.1% at identical exchange rates.

Based on our performance, our strategy for the future and our confidence in the Company's continued success, the Board of Directors will propose to the Ordinary General Meeting on May 28, 2009 to increase the dividend by 2.8% to EUR 1.48 (EUR 1.11 net of 25% Belgian withholding tax).

OUR STRATEGIC PRIORITIES

› Generate Profitable Top-line Growth

› Pursue Best-in-Class Execution

› Operate as a Responsible Corporate Citizen

Coping with a Challenging 2009

We expect our Group to benefit from continued revenue momentum in 2009 even though the economic outlook looks uncertain. Our Company has never been in stronger shape than it is today. We remain confident that we have strong store concepts, assortments, prices and energetic associates which are ready to do their utmost to offer friendly and efficient service to our customers. Furthermore, we have developed solid plans to support our Group's revenues, profitability and cash flows.

Our strategy remains organized around the three pillars of profitable top-line growth, the pursuit of excellence in execution and corporate citizenship.

Strong top-line growth is the key to success in our industry. In 2009, all our operating companies will continue to drive top-line growth through innovative concept and brand differentiation, dynamic store and market renewals as well as network expansion.

The key-element in Delhaize Group's market approach is "creating distinctiveness". The Group's objective is to connect with its customers by permanently renewing and developing our assortment and offering interesting alternatives. *Guiding Stars*, our nutritional information system in the U.S., continued investments in our organic product assortment and further work on customer segmentation will remain important elements of our sales building activities.

The current economic environment requires us to be very price competitive. Now more than ever, consumers are looking for alternatives such as private brand products and lower priced items. We are committed to offering our customers three critical elements: competitive prices, a great variety of quality products and outstanding service. In 2009, we will continue to develop our successful private brand program in the U.S. Constant innovation in our stores and the development of radically new concepts such as the ones we recently opened in Belgium, Greece and the U.S. will help us learn how to improve our existing stores and increase their relevance to the consumer.

Network expansion will supplement revenue growth in existing stores. Our Group plans to open between 106 and 116 new stores in 2009.

Strong revenue growth must be supported by **excellence in execution**, the second pillar of our strategy. We are committed to the ongoing development and improvement of our systems and processes with the clear goal of becoming "Best-in-Class" in this domain. Delhaize Belgium will open a new distribution center for fresh products in 2009 and our U.S. operating companies will start to work on the first phase of the project to integrate the existing supply chain organizations into one single master network resulting in an integrated consumer driven supply chain. Throughout the Group, we have set objectives to align enterprise systems and create common platforms to improve efficiencies in a multitude of processes. Where appropriate, we will

converge systems and processes across our operating companies to standardize what is not relevant for our customers.

We are dedicated to growth but at the same time we want to be prudent in these uncertain times. This means that we will go to great lengths this year to support our profitability and our cash flows. Therefore, in 2009 we plan cost savings of EUR 100 million, on top of the EUR 60 million we realized in 2008. These savings will be reinvested in the growth of our business and support our profits and cash flows. Improved working capital management will free up an additional EUR 50 million of cash.

In 2009, our Group plans EUR 600 to 620 million in capital expenditures compared to EUR 714 million in 2008. These investments will continue to focus on store openings and renewals, and innovations in our supply chains worldwide.

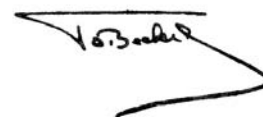
Corporate responsibility is the third pillar of our strategy because we are convinced that beyond the generation of financial profit, our Company must play a role each and every day to improve the lives and well-being of our customers and associates and the vitality of the communities in which we operate. We believe that ultimately, what is good for society is good for our business. In 2008, we published our first Corporate Responsibility report, including an impressive list of CR initiatives within Delhaize Group. We take great pride in the extraordinary achievements our associates have reached so far, but know we can do even better. Our goal is to develop strategies and targets to improve further our corporate responsibility performance.

In 2008, our 141 000 associates have faced a very difficult economic environment with motivation, commitment and innovative thinking. We are grateful to all of them for their drive and energy. Thanks to them, Delhaize Group was able to stay the course. In 2009, we will face challenging economic times with strength, resilience and an exceptional attitude.

Finally we want to thank you, our shareholders, for your confidence and loyalty. With your continued support and collaboration in 2009, we will make of Delhaize Group an even stronger Company.



Count Jacobs de Hagen,
Chairman of the
Board of Directors



Pierre-Olivier Beekers,
President and
Chief Executive Officer