

Heineken
NV
Heineken N.V.
(incorporated in The Netherlands with limited liability)

€500,000,000 4.375 per cent. Notes due 2010 (the "2010 Notes")
and

**€600,000,000 5 per cent. Notes due 2013 (the "2013 Notes" and,
together with the 2010 Notes, "the Notes")**

Issue Price of the 2010 Notes: 101.444 per cent.

Issue Price of the 2013 Notes: 101.259 per cent.

Each of the 2010 Notes and the 2013 Notes will bear interest from and including 4th November, 2003 payable annually in arrear as described in "Terms and Conditions of the 2010 Notes – Interest" and "Terms and Conditions of the 2013 Notes – Interest". Payments on the Notes will be made without deduction for or on account of taxes of The Netherlands to the extent described in "Terms and Conditions of the 2010 Notes – Taxation" and "Terms and Conditions of the 2013 Notes – Taxation".

The 2010 Notes mature on 4th February, 2010 and the 2013 Notes mature on 4th November, 2013, in each case unless previously redeemed or purchased and cancelled. The Notes are subject to redemption in whole, at their principal amount together with accrued interest, at the Issuer's option in the event of certain changes affecting taxes of The Netherlands. See "Terms and Conditions of the 2010 Notes – Redemption and Purchase" and "Terms and Conditions of the 2013 Notes – Redemption and Purchase".

Application has been made to list the Notes on the Luxembourg Stock Exchange.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") and the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons.

The 2010 Notes and the 2013 Notes will each initially be represented by a Temporary Global Note (each a "Temporary Global Note"), without interest coupons, which will be deposited with a common depositary for Clearstream Banking, société anonyme ("Clearstream, Luxembourg") and Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") on or about 4 November, 2003 (the "Closing Date"). Each Temporary Global Note will be exchangeable for interests in a Permanent Global Note (each a "Permanent Global Note"), without interest coupons, on or after a date which is expected to be 15th December, 2003 upon certification as to non-U.S. beneficial ownership. Each Permanent Global Note will only be exchangeable for definitive Notes in bearer form in the denominations of €1,000, €10,000 and €100,000 not less than 60 days following the request of Heineken N.V. (the "Issuer") or the holder in the limited circumstances set out in it. See "Summary of Provisions relating to the Notes while in Global Form".

Joint Lead Managers

Barclays Capital

Citigroup

Credit Suisse First Boston

JPMorgan

Co-managers

ABN AMRO

HSBC CCF

ING

SG Corporate & Investment Banking

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

Nothing contained in this Offering Circular is or should be relied upon as a promise or representation as to future results or events. Neither the Issuer nor the Managers (as defined in "Subscription and Sale") has authorised the making or provision of any representation or information regarding the Issuer, the Issuer and its subsidiaries taken as a whole (the "Group") or the Notes other than as contained in this Offering Circular. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Managers. The delivery of this Offering Circular at any time does not imply that the information contained in it is correct as at any time subsequent to the date of this Offering Circular. Unless otherwise indicated, all information in this Offering Circular is given as at the date of this Offering Circular.

In making an investment decision, subscribers and purchasers must rely on their own examination of the Issuer, the Group and the terms of the offering of the Notes including the merits and risks involved. The offering of the Notes is being made on the basis of this Offering Circular. Any decision to subscribe for any Notes must be based on the information contained herein.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Managers to subscribe or purchase, any of the Notes. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of Notes and distribution of this Offering Circular, see "Subscription and Sale" below.

Some numerical figures included in this Offering Circular have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables and text may not be an exact arithmetic aggregation of the figures that precede them.

In this document, all references to "euro", "EUR" and "€" are to the single currency introduced in January 1999 pursuant to the Treaty establishing the European Community, as amended.

In connection with the issue of the 2010 Notes and the issue of the 2013 Notes, J.P. Morgan Securities Ltd. or any person acting for it may over-allot or effect transactions with a view to supporting the market price of the 2010 Notes or the 2013 Notes, as the case may be, at levels higher than that which might otherwise prevail for a limited period. However, there may be no obligation on J.P. Morgan Securities Ltd. or any of its agents to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.

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Forward-Looking Statements

This Offering Circular includes statements of future expectations and other forward-looking statements that are subject to risks and uncertainties. These statements are based on management's current views and assumptions and involve known and unknown risks and uncertainties. The statements are based on the Issuer's current business and disregard the potential effects of acquisitions and divestments, or significant changes in exchange and interest rates. Such statements include, in particular, statements about the Issuer's plans, strategies and prospects under the heading "Heineken N.V.". When used in this Offering Circular, the words "may", "will", "estimate", "project", "intend", "anticipate", "expect", "should" and similar expressions are intended to identify such forward-looking statements. Prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date thereof. Important factors that could cause actual results to differ materially from the forward-looking statements made in this Offering Circular include, among other things (i) general economic conditions, in particular economic conditions in the Issuer's core markets, (ii) general market conditions, including weather conditions, in particular in the Issuer's core product markets, (iii) performance of financial markets, (iv) interest rates, (v) currency exchange rates, (vi) changes in laws and regulations and (vii) changes in the policies of governments and/or regulatory authorities. Save as required by the rules or regulations of any stock exchange on which the Notes are listed, the Issuer does not undertake any obligation to publicly release any revisions of these forward-looking statements to reflect events or circumstances after the date of this Offering Circular or to reflect the occurrence of unanticipated events.

Terms and Conditions of the 2010 Notes

The following are the terms and conditions of the 2010 Notes substantially in the form in which they will be endorsed on the 2010 Notes in definitive form (if issued):

The issue of the Notes was authorised by resolutions of the Executive Board of the Issuer, dated 16th October, 2003 and Supervisory Board of the Issuer, dated 19th June, 2003. The Notes are constituted by a Trust Deed (the "Trust Deed") dated 4th November, 2003 between the Issuer and J.P. Morgan Corporate Trustee Services Limited (the "Trustee" which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Notes (the "Noteholders"). These terms and conditions (the "Conditions") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes and the coupons relating to them (the "Coupons"). Copies of the Trust Deed, and of the Paying Agency Agreement (the "Paying Agency Agreement") dated 4th November, 2003 relating to the Notes between the Issuer, the Trustee and the initial principal paying agent and other paying agent named in it, are available for inspection during usual business hours at the principal office of the Trustee (presently at Trinity Tower, 9 Thomas More Street, London E1W 1YT) and at the specified offices of the principal paying agent for the time being (the "Principal Paying Agent") and the other paying agents for the time being (the "Paying Agents", which expression shall include the Principal Paying Agent). The Noteholders and the holders of the Coupons (whether or not attached to the relevant Notes) (the "Couponholders") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those applicable to them of the Paying Agency Agreement.

1 Form, Denomination and Title

(a) Form and denomination

The Notes are serially numbered and in bearer form in the denominations of €1,000, €10,000 and €100,000 each with Coupons attached on issue. Notes of one denomination may not be exchanged for Notes of any other denomination.

(b) Title

Title to the Notes and Coupons passes by delivery. The holder of any Note or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

2 Status

The Notes and Coupons constitute (subject to Condition 3) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and Coupons shall, save for such exceptions as may be provided by applicable legislation (and subject to Condition 3), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

3 Covenants

(a) Negative Pledge

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed):

- (i) the Issuer will not create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Debt (as defined below) or any guarantee of or indemnity in respect of any Relevant Debt; and
- (ii) the Issuer will procure that no Subsidiary of the Issuer will create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Debt or any guarantee of or indemnity in respect of any Relevant Debt

unless, at the same time or prior thereto, the Issuer's obligations under the Notes, the Coupons and the Trust Deed, (aa) are secured equally and rateably therewith to the satisfaction of the Trustee, or (bb) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of these Conditions:

"Excluded Subsidiary" means any Subsidiary of the Issuer:

- (i) which has been established solely to conduct the business of and any ancillary activities relating to securitisation or such similar financing of assets held by it; and
- (ii) none of whose liabilities in respect of such financing are the subject of a Security Interest created or permitted to subsist by the Issuer or any other Subsidiary of the Issuer.

"Group" means the Issuer and its Subsidiaries for the time being.

"Permitted Security Interest" means:

- (x) any Security Interest over or affecting the whole or part of the present or future business, undertaking, assets or revenues (including any uncalled capital) of any entity which becomes a Subsidiary after 4th November, 2003, where such Security Interest was created prior to the date on which such an entity becomes a Subsidiary, but only if (A) such Security Interest was not created in contemplation of such entity becoming a Subsidiary and (B) the amount thereby secured has not been increased in contemplation of, or since the date of, such entity becoming a Subsidiary;
- (y) any Security Interest (the "Replacement Security Interest") created in whole or in part to replace or renew or in substitution for any Security Interest created by a company referred to in (x) of this paragraph (the "Old Security Interest") upon a refinancing or similar transaction where the Replacement Security Interest is created in respect of the same business, undertaking, assets or revenues as the Old Security Interest and where the amount secured by the Replacement Security Interest is equal to or less than the amount secured by the Old Security Interest; and
- (z) any Security Interest created by an Excluded Subsidiary over its assets to secure any Relevant Debt of that Excluded Subsidiary, provided that the aggregate amount of all such Relevant Debt so secured and outstanding from time to time does not exceed €1,000,000,000 (or its equivalent, as reasonably determined by the Trustee).

"Relevant Debt" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange or other securities market.

"Security Interest" means any mortgage, charge, pledge, lien or other form of encumbrance or security interest.

"Subsidiary" means an entity in which a person:

- (i) holds beneficially (directly or indirectly) more than 50 per cent. of the issued share capital (or similar rights of ownership); or
- (ii) holds beneficially (directly or indirectly) the right to control the composition of the majority of its board of directors (or equivalent body) or controls the majority of the voting rights, in each case, whether through the ownership of voting capital or by contract.

For the avoidance of doubt, a person will not have "control" as specified in paragraph (ii) above where that person has joint control.

(b) Limitation on Subsidiary Indebtedness

So long as any Note or Coupon remains outstanding, the Issuer will not permit any of its Subsidiaries, without the prior approval of the Trustee or of an Extraordinary Resolution of the Noteholders, to incur any Indebtedness, unless at the time of such Incurrence the aggregate principal amount of the Indebtedness to be incurred together with all other Indebtedness of the Issuer's Subsidiaries then outstanding (but disregarding for this purpose

any Indebtedness ("Due Indebtedness") due to be repaid on the same day as such Indebtedness is to be Incurred provided that the Due Indebtedness is so repaid) does not exceed 35 per cent. of Total Group Assets.

For the purposes of this Condition 3(b):

"Acquisition" means (a) the merger or consolidation of any Person into or with any Subsidiary of the Issuer or (b) the acquisition by the Issuer or any of its Subsidiaries of any assets of any Person not already a Subsidiary of the Issuer or any shares of any such Person.

"Incur" means issue, assume, incur or otherwise become liable for and references to "Incurred" and "Incurrence" shall be construed accordingly.

"Indebtedness" means, without double counting, any indebtedness (which includes any obligations (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent) for or in respect of:

- (a) moneys borrowed or raised;
- (b) any amount raised by acceptance under any acceptance credit facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with applicable generally accepted accounting principles, be treated as a finance or capital lease;
- (e) the amount payable for the redemption of any Redeemable Shares in the issued share capital of any Subsidiary of the Issuer which rank ahead of the ordinary (or equivalent) share capital of such Subsidiary and which are not directly or indirectly owned by the Issuer; and
- (f) without double-counting in respect of any amount of any liability which has already been included in any of paragraphs (a) to (e) above, the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (e) above;

PROVIDED THAT Indebtedness shall not include:

- (i) for the avoidance of doubt, any trade indebtedness including, without limitation, any amounts owing in respect of the delivery of goods, royalty payments and payments under trademark agreements for the provision of management or technical services;
- (ii) for the avoidance of doubt, any guarantee to any Person by any Subsidiary of the Issuer in the ordinary course of its trading in relation to loans made or to be made to such Subsidiary's trade brewery customers;
- (iii) for the avoidance of doubt, any guarantee provided by any Subsidiary of the Issuer to a tax authority with jurisdiction over such Subsidiary in the ordinary course of the Subsidiary's business in relation to excise and/or import duties payable by such Subsidiary;
- (iv) Indebtedness of a Subsidiary of the Issuer owing to the Issuer or another Subsidiary;
- (v) Indebtedness of a Subsidiary of the Issuer acquired as a result of an Acquisition (or Indebtedness assumed at the time of an Acquisition of an asset securing such Indebtedness), provided that (x) such Indebtedness was not Incurred in connection with, or in anticipation or contemplation of, such Acquisition and (y) such Indebtedness is non-recourse to any assets of the Issuer or any of its Subsidiaries other than the Subsidiary and assets so acquired; and
- (vi) any refinancing or similar transaction of any Indebtedness Incurred under paragraph (v) above provided that the principal amount of such Indebtedness is not increased as a result of such refinancing or other transaction.

"Person" includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or two or more of the foregoing.

"Redeemable Shares" means shares which are redeemable provided that no shares which are expressed to be redeemable after 4th February, 2010 shall be treated as "Redeemable Shares" unless, under their terms, it is possible that they might fall to be redeemed (whether on insolvency of the issuer thereof, or at the option of the issuer or holder thereof, or otherwise) prior to such date.

“Total Group Assets” means the total assets of the Issuer on a consolidated basis, as shown in its then latest audited consolidated annual financial statements or (if more recently prepared and published) its then latest unaudited consolidated semi-annual financial statements.

4 Interest

The Notes bear interest from 4th November, 2003 at the rate of 4.375 per cent. per annum, payable annually in arrear on 4th February in each year (each an “Interest Payment Date”), except that the first payment of interest, to be made on 4th February, 2004, will be in respect of the period from 4th November, 2003 to 4th February, 2004 and will amount to €11.03, €110.27 and €1102.74 per Bond of €1,000, €10,000 and €100,000 respectively. Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period (other than in respect of the period ending on the Interest Payment Date falling on 4th February, 2004) the day-count fraction used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the actual number of days in the Interest Period in which the relevant period falls (including the first day but excluding the last). The period beginning on 4th November, 2003 and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is called an “Interest Period”.

5 Redemption and Purchase

(a) Final redemption

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 4th February, 2010. The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition.

(b) Redemption for taxation reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their principal amount (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 3rd November, 2003, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two members of the Executive Board of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

(c) Notice of redemption

All Notes in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition.

(d) Purchase

The Issuer and any of its Subsidiaries may at any time purchase Notes in the open market or otherwise at any price, which Notes may be held, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation (provided that, if they are to be cancelled, they are purchased together with all unmatured Coupons relating to them). Any purchase by tender shall be made available to all Noteholders alike. The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 11(a).

(e) Cancellation

All Notes so redeemed and any unmatured Coupons attached to or surrendered with them will be cancelled. All Notes so cancelled and any Notes cancelled pursuant to Condition 5(d) (together with all unmatured Coupons cancelled therewith) may not be re-issued or resold.

6 Payments

(a) Method of Payment

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of the relevant Note or Coupon (as the case may be) at the specified office outside the United States of any Paying Agent by euro cheque drawn on, or by transfer to, a euro account (or any other account to which euro may be credited or transferred) specified by the payee. Payments of interest due in respect of any Note other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Note.

(b) Payments subject to fiscal laws

All payments are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 7. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) Surrender of unmatured Coupons

Each Note should be presented for redemption together with all unmatured Coupons relating to it, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than 10 years after the Relevant Date (as defined in Condition 7) for the relevant payment of principal.

(d) Payments on business days

A Note or Coupon may only be presented for payment on a day which is a business day in the place of presentation. No further interest or other payment will be made as a consequence of the day on which the relevant Note or Coupon may be presented for payment under this paragraph falling after the due date. In this Condition "business day" means (i) a day on which commercial banks and foreign exchange markets are open in the relevant city and (ii) a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is operating.

(e) Paying Agents

The initial Paying Agents and their initial specified offices are listed below. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will maintain (i) a Principal Paying Agent and (ii) Paying Agents (which may include the Principal Paying Agent) having specified offices in at least two major European cities approved by the Trustee (including Luxembourg, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require) and (iii) if the conclusions of the

ECOFIN Council meeting of 26-27th November, 2000 are implemented, the Issuer will ensure that it maintains a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on the taxation of savings implementing such conclusions or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any change in the Paying Agents or their specified offices will promptly be given to the Noteholders.

7 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within The Netherlands or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:

(a) Other connection

presented for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with The Netherlands other than the mere holding of the Note or Coupon; or

(b) Presentation more than 30 days after the Relevant Date

presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days; or

(c) Payment to individuals

where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(d) Payment by another Paying Agent

presented for payment by or on behalf of a Noteholder or a Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or

(e) Non-residence

presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction in whole or in part by presenting a form or certificate and/or by making a declaration of non-residence or other claim for exemption or reduction but fails to do so.

“Relevant Date” means the date on which such payment first becomes due or if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Noteholders.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition or any undertaking given in addition to or substitution for it under the Trust Deed.

8 Events of Default

If any of the following events occurs the Trustee at its discretion may, and if so requested by holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their principal amount together with accrued interest:

(a) *Non-Payment*

the Issuer fails to pay any interest on any of the Notes when due and such failure continues for a period of 15 days; or

(b) *Breach of Other Obligations*

the Issuer does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days (or such longer period as the Trustee may permit) after notice of such default shall have been given to the Issuer by the Trustee; or

(c) *Cross-Default*

(i) any other present or future indebtedness of the Issuer or any of its Material Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of default, event of default or the like (howsoever described) or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred and remains unpaid or discharged equals or exceeds €50,000,000 or its equivalent in any other currency (as reasonably determined by the Trustee); or

(d) *Enforcement Proceedings*

a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or a substantial part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries (as defined below) and is not discharged or stayed within 30 days; or

(e) *Security Enforced*

any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries over the whole or a substantial part of the undertaking, assets or revenues of the Issuer or any of its Material Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person in respect thereof) and is not discharged or stayed within 30 days; or

(f) *Insolvency*

(i) any corporate action, legal proceedings or other procedure, application or step is taken by the Issuer or any of its Material Subsidiaries for it being declared in bankruptcy (*faillissement*), or in suspension of payments (*surséance van betaling*) or in emergency regulation (*noodregeling*) (irrespective of whether that procedure is provisional or final) or (ii) the Issuer or any of its Material Subsidiaries is declared in bankruptcy (*faillissement*), or in suspension of payments (*surséance van betaling*) or in emergency regulation (*noodregeling*) (irrespective of whether that procedure is provisional or final) or (iii) the Issuer or any of its Material Subsidiaries offers or enters into a composition with all its creditors generally (*buitengerechtelijk akkoord*); or

(g) *Winding-up*

an order is made or an effective resolution passed for the winding-up or dissolution (*ontbinding*) of the Issuer or any of its Material Subsidiaries, or the Issuer ceases or threatens to cease to carry on all or (in the opinion of the Trustee) substantially all of its business or

operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee or an Extraordinary Resolution of the Noteholders, or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or another of the Issuer's Subsidiaries, or (iii) in the case of a Material Subsidiary, pursuant to a voluntary solvent winding-up where surplus assets are available for distribution; or

(h) Analogous Events

any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs (d) to (g),

provided that in relation to paragraphs (b), (c), (d), (e), (f), (g) and (h) the Trustee shall have certified that in its opinion such event is materially prejudicial to the interest of the Noteholders.

For the purposes of these Conditions:

"Material Subsidiary" means, at any time, a Subsidiary of the Issuer whose net turnover on ordinary activities (excluding intra-Group items) accounts for at least 10 per cent. of the consolidated net turnover on ordinary activities of the Group.

For this purpose:

- (i) the net turnover on ordinary activities of a Subsidiary of the Issuer will be determined by its financial statements (on a consolidated basis if that Subsidiary itself has Subsidiaries) upon which the latest audited financial statements of the Group have been based;
- (ii) if a Subsidiary of the Issuer becomes a member of the Group after the date on which the latest audited financial statements of the Group have been prepared, the net turnover on ordinary activities of that Subsidiary (calculated on a consolidated basis if that Subsidiary itself has Subsidiaries) will be determined from its latest financial statements;
- (iii) the net turnover on ordinary activities of the Group will be determined from its latest audited financial statements; and
- (iv) if a Material Subsidiary disposes of all or (in the opinion of the Trustee) substantially all of its assets to another Subsidiary of the Issuer, it will immediately cease to be a Material Subsidiary and the other Subsidiary (if it is not already) will immediately become a Material Subsidiary and the subsequent financial statements of those Subsidiaries and the Group will be used to determine whether those Subsidiaries are Material Subsidiaries or not.

As provided in the Trust Deed, the Issuer shall give to the Trustee within 14 days of its annual audited financial statements being made available to its shareholders and also within 14 days of a request being made by the Trustee a certificate signed by two members of the Executive Board of the Issuer listing those Subsidiaries which as at the last day of the last financial year of the Issuer or as at the date specified in such request were Material Subsidiaries.

"substantial part", in Conditions 8(d) and (e) above, means 20 per cent. or more of the whole, as reasonably determined by the Trustee. In the case of assets of the Issuer or a Material Subsidiary, this shall be determined by reference to the total assets of the Issuer or the relevant Material Subsidiary, as the case may be, on a consolidated basis. In the case of revenues of the Issuer or a Material Subsidiary, this shall be determined by reference to net turnover on ordinary activities of the Issuer or the relevant Material Subsidiary, as the case may be, on a consolidated basis. In the case of both assets and revenues of the Issuer or a Material Subsidiary, the determination as to whether something is a "substantial part" shall be made by reference to the latest audited financial statements of the Issuer (for the Issuer) or the latest financial statements (audited, if available, and on a consolidated basis if that Subsidiary itself has Subsidiaries) of the Material Subsidiary (for a Material Subsidiary).

9 Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 6 within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

10 Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Paying Agent in Luxembourg subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

11 Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount of or interest on, or to vary the method of calculating the rate of interest on, the Notes, (iii) to change the currency of payment of the Notes or the Coupons, or (iv) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be one or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

(b) Modification and Waiver

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except any modification to the Trust Deed which would have the effect of (1) modifying the maturity of the Notes or the dates on which interest is payable on them or (2) reducing or cancelling the principal amount of, or interest on, or varying the method of calculating the rate of interest on, the Notes or (3) changing the currency of payment of the Notes or the Coupons or (4) modifying the provisions in Schedule 3 to the Trust Deed concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution (as defined in the Trust Deed) or (5) amending the proviso to paragraph 2.10 of Schedule 3 to the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

(c) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of certain other entities in place of the Issuer, or of any previously substituted entity, as principal debtor under the Trust Deed, the Notes and the Coupons. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or Couponholders, to a

change of the law governing the Notes, the Coupons and/or the Trust Deed provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders.

(d) Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

12 Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Notes and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in principal amount of the Notes outstanding, and (b) it shall have been indemnified to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

14 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either (a) having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or (b) upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the "Notes" include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

15 Notices

Notices to Noteholders will be valid if published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*) and (so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require) in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if in the opinion of the Trustee such publication shall not be practicable, in an English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

16 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

17 Governing Law

(a) Governing Law

The Trust Deed, the Notes and the Coupons are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Notes or the Coupons ("Proceedings") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) Agent for Service of Process

The Issuer has appointed an agent in England to receive service of process in any Proceedings in England based on any of the Notes or the Coupons. For so long as any of the Notes are outstanding, the Issuer will maintain an agent in England to receive service of process in any Proceedings in England based on any of the Notes or the Coupons and will notify holders of the Notes of any changes in the identity or address of such agent.

Terms and Conditions of the 2013 Notes

The following are the terms and conditions of the 2013 Notes substantially in the form in which they will be endorsed on the 2013 Notes in definitive form (if issued):

The issue of the Notes was authorised by resolutions of the Executive Board of the Issuer, dated 16th October, 2003, and Supervisory Board of the Issuer, dated 19th June, 2003. The Notes are constituted by a Trust Deed (the "Trust Deed") dated 4th November, 2003 between the Issuer and J.P. Morgan Corporate Trustee Services Limited (the "Trustee" which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Notes (the "Noteholders"). These terms and conditions (the "Conditions") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes and the coupons relating to them (the "Coupons"). Copies of the Trust Deed, and of the Paying Agency Agreement (the "Paying Agency Agreement") dated 4th November, 2003 relating to the Notes between the Issuer, the Trustee and the initial principal paying agent and other paying agent named in it, are available for inspection during usual business hours at the principal office of the Trustee (presently at Trinity Tower, 9 Thomas More Street, London E1W 1YT) and at the specified offices of the principal paying agent for the time being (the "Principal Paying Agent") and the other paying agents for the time being (the "Paying Agents", which expression shall include the Principal Paying Agent). The Noteholders and the holders of the Coupons (whether or not attached to the relevant Notes) (the "Couponholders") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those applicable to them of the Paying Agency Agreement.

1 Form, Denomination and Title

(a) Form and denomination

The Notes are serially numbered and in bearer form in the denominations of €1,000, €10,000 and €100,000 each with Coupons attached on issue. Notes of one denomination may not be exchanged for Notes of any other denomination.

(b) Title

Title to the Notes and Coupons passes by delivery. The holder of any Note or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

2 Status

The Notes and Coupons constitute (subject to Condition 3) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and Coupons shall, save for such exceptions as may be provided by applicable legislation (and subject to Condition 3), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

3 Covenants

(a) Negative Pledge

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed):

- (i) the Issuer will not create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Debt (as defined below) or any guarantee of or indemnity in respect of any Relevant Debt; and
- (ii) the Issuer will procure that no Subsidiary of the Issuer will create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Debt or any guarantee of or indemnity in respect of any Relevant Debt

unless, at the same time or prior thereto, the Issuer's obligations under the Notes, the Coupons and the Trust Deed, (aa) are secured equally and rateably therewith to the satisfaction of the Trustee, or (bb) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of these Conditions:

"Excluded Subsidiary" means any Subsidiary of the Issuer:

- (i) which has been established solely to conduct the business of and any ancillary activities relating to securitisation or such similar financing of assets held by it; and
- (ii) none of whose liabilities in respect of such financing are the subject of a Security Interest created or permitted to subsist by the Issuer or any other Subsidiary of the Issuer.

"Group" means the Issuer and its Subsidiaries for the time being.

"Permitted Security Interest" means:

- (x) any Security Interest over or affecting the whole or part of the present or future business, undertaking, assets or revenues (including any uncalled capital) of any entity which becomes a Subsidiary after 4th November, 2003, where such Security Interest was created prior to the date on which such an entity becomes a Subsidiary, but only if (A) such Security Interest was not created in contemplation of such entity becoming a Subsidiary and (B) the amount thereby secured has not been increased in contemplation of, or since the date of, such entity becoming a Subsidiary;
- (y) any Security Interest (the "Replacement Security Interest") created in whole or in part to replace or renew or in substitution for any Security Interest created by a company referred to in (x) of this paragraph (the "Old Security Interest") upon a refinancing or similar transaction where the Replacement Security Interest is created in respect of the same business, undertaking, assets or revenues as the Old Security Interest and where the amount secured by the Replacement Security Interest is equal to or less than the amount secured by the Old Security Interest; and
- (z) any Security Interest created by an Excluded Subsidiary over its assets to secure any Relevant Debt of that Excluded Subsidiary, provided that the aggregate amount of all such Relevant Debt so secured and outstanding from time to time does not exceed €1,000,000,000 (or its equivalent, as reasonably determined by the Trustee).

"Relevant Debt" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange or other securities market.

"Security Interest" means any mortgage, charge, pledge, lien or other form of encumbrance or security interest.

"Subsidiary" means an entity in which a person:

- (i) holds beneficially (directly or indirectly) more than 50 per cent. of the issued share capital (or similar rights of ownership); or
- (ii) holds beneficially (directly or indirectly) the right to control the composition of the majority of its board of directors (or equivalent body) or controls the majority of the voting rights, in each case, whether through the ownership of voting capital or by contract.

For the avoidance of doubt, a person will not have "control" as specified in paragraph (ii) above where that person has joint control.

(b) Limitation on Subsidiary Indebtedness

So long as any Note or Coupon remains outstanding, the Issuer will not permit any of its Subsidiaries, without the prior approval of the Trustee or of an Extraordinary Resolution of the Noteholders, to incur any Indebtedness, unless at the time of such Incurrence the aggregate principal amount of the Indebtedness to be incurred together with all other Indebtedness of the Issuer's Subsidiaries then outstanding (but disregarding for this purpose

any Indebtedness ("Due Indebtedness") due to be repaid on the same day as such Indebtedness is to be Incurred provided that the Due Indebtedness is so repaid) does not exceed 35 per cent. of Total Group Assets.

For the purposes of this Condition 3(b):

"Acquisition" means (a) the merger or consolidation of any Person into or with any Subsidiary of the Issuer or (b) the acquisition by the Issuer or any of its Subsidiaries of any assets of any Person not already a Subsidiary of the Issuer or any shares of any such Person.

"Incur" means issue, assume, incur or otherwise become liable for and references to "Incurred" and "Incurrence" shall be construed accordingly.

"Indebtedness" means, without double counting, any indebtedness (which includes any obligations (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent) for or in respect of:

- (a) moneys borrowed or raised;
- (b) any amount raised by acceptance under any acceptance credit facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with applicable generally accepted accounting principles, be treated as a finance or capital lease;
- (e) the amount payable for the redemption of any Redeemable Shares in the issued share capital of any Subsidiary of the Issuer which rank ahead of the ordinary (or equivalent) share capital of such Subsidiary and which are not directly or indirectly owned by the Issuer; and
- (f) without double-counting in respect of any amount of any liability which has already been included in any of paragraphs (a) to (e) above, the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (e) above;

PROVIDED THAT Indebtedness shall not include:

- (i) for the avoidance of doubt, any trade indebtedness including, without limitation, any amounts owing in respect of the delivery of goods, royalty payments and payments under trademark agreements for the provision of management or technical services;
- (ii) for the avoidance of doubt, any guarantee to any Person by any Subsidiary of the Issuer in the ordinary course of its trading in relation to loans made or to be made to such Subsidiary's trade brewery customers;
- (iii) for the avoidance of doubt, any guarantee provided by any Subsidiary of the Issuer to a tax authority with jurisdiction over such Subsidiary in the ordinary course of the Subsidiary's business in relation to excise and/or import duties payable by such Subsidiary;
- (iv) Indebtedness of a Subsidiary of the Issuer owing to the Issuer or another Subsidiary;
- (v) Indebtedness of a Subsidiary of the Issuer acquired as a result of an Acquisition (or Indebtedness assumed at the time of an Acquisition of an asset securing such Indebtedness), provided that (x) such Indebtedness was not Incurred in connection with, or in anticipation or contemplation of, such Acquisition and (y) such Indebtedness is non-recourse to any assets of the Issuer or any of its Subsidiaries other than the Subsidiary and assets so acquired; and
- (vi) any refinancing or similar transaction of any Indebtedness Incurred under paragraph (v) above provided that the principal amount of such Indebtedness is not increased as a result of such refinancing or other transaction.

"Person" includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or two or more of the foregoing.

"Redeemable Shares" means shares which are redeemable provided that no shares which are expressed to be redeemable after 4th November, 2013 shall be treated as "Redeemable Shares" unless, under their terms, it is possible that they might fall to be redeemed (whether on insolvency of the issuer thereof, or at the option of the issuer or holder thereof, or otherwise) prior to such date.

“Total Group Assets” means the total assets of the Issuer on a consolidated basis, as shown in its then latest audited consolidated annual financial statements or (if more recently prepared and published) its then latest unaudited consolidated semi-annual financial statements.

4 Interest

The Notes bear interest from 4th November, 2003 at the rate of 5 per cent. per annum, payable annually in arrear on 4th November in each year (each an “Interest Payment Date”). Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period, the day-count fraction used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last). The period beginning on 4th November, 2003 and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is called an “Interest Period”.

5 Redemption and Purchase

(a) Final redemption

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 4th November, 2013. The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition.

(b) Redemption for taxation reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their principal amount (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 3rd November, 2003, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two members of the Executive Board of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

(c) Notice of redemption

All Notes in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition.

(d) Purchase

The Issuer and any of its Subsidiaries may at any time purchase Notes in the open market or otherwise at any price, which Notes may be held, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation (provided that, if they are to be cancelled,

they are purchased together with all unmatured Coupons relating to them). Any purchase by tender shall be made available to all Noteholders alike. The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 11(a).

(e) Cancellation

All Notes so redeemed and any unmatured Coupons attached to or surrendered with them will be cancelled. All Notes so cancelled and any Notes cancelled pursuant to Condition 5(d) (together with all unmatured Coupons cancelled therewith) may not be re-issued or resold.

6 Payments

(a) Method of Payment

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of the relevant Note or Coupon (as the case may be) at the specified office outside the United States of any Paying Agent by euro cheque drawn on, or by transfer to, a euro account (or any other account to which euro may be credited or transferred) specified by the payee. Payments of interest due in respect of any Note other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Note.

(b) Payments subject to fiscal laws

All payments are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 7. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) Surrender of unmatured Coupons

Each Note should be presented for redemption together with all unmatured Coupons relating to it, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than 10 years after the Relevant Date (as defined in Condition 7) for the relevant payment of principal.

(d) Payments on business days

A Note or Coupon may only be presented for payment on a day which is a business day in the place of presentation. No further interest or other payment will be made as a consequence of the day on which the relevant Note or Coupon may be presented for payment under this paragraph falling after the due date. In this Condition "business day" means (i) a day on which commercial banks and foreign exchange markets are open in the relevant city and (ii) a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is operating.

(e) Paying Agents

The initial Paying Agents and their initial specified offices are listed below. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will maintain (i) a Principal Paying Agent and (ii) Paying Agents (which may include the Principal Paying Agent) having specified offices in at least two major European cities approved by the Trustee (including Luxembourg, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require) and (iii) if the conclusions of the ECOFIN Council meeting of 26-27th November, 2000 are implemented, the Issuer will ensure that it maintains a Paying Agent with a specified office in a European Union member state

that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on the taxation of savings implementing such conclusions or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any change in the Paying Agents or their specified offices will promptly be given to the Noteholders.

7 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within The Netherlands or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:

(a) Other connection

presented for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with The Netherlands other than the mere holding of the Note or Coupon; or

(b) Presentation more than 30 days after the Relevant Date

presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days; or

(c) Payment to individuals

where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(d) Payment by another Paying Agent

presented for payment by or on behalf of a Noteholder or a Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or

(e) Non-residence

presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction in whole or in part by presenting a form or certificate and/or by making a declaration of non-residence or other claim for exemption or reduction but fails to do so.

“Relevant Date” means the date on which such payment first becomes due or if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Noteholders.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition or any undertaking given in addition to or substitution for it under the Trust Deed.

8 Events of Default

If any of the following events occurs the Trustee at its discretion may, and if so requested by holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their principal amount together with accrued interest:

(a) *Non-Payment*

the Issuer fails to pay any interest on any of the Notes when due and such failure continues for a period of 15 days; or

(b) *Breach of Other Obligations*

the Issuer does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days (or such longer period as the Trustee may permit) after notice of such default shall have been given to the Issuer by the Trustee; or

(c) *Cross-Default*

(i) any other present or future indebtedness of the Issuer or any of its Material Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of default, event of default or the like (howsoever described) or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred and remains unpaid or discharged equals or exceeds €50,000,000 or its equivalent in any other currency (as reasonably determined by the Trustee); or

(d) *Enforcement Proceedings*

a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or a substantial part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries (as defined below) and is not discharged or stayed within 30 days; or

(e) *Security Enforced*

any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries over the whole or a substantial part of the undertaking, assets or revenues of the Issuer or any of its Material Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person in respect thereof) and is not discharged or stayed within 30 days; or

(f) *Insolvency*

(i) any corporate action, legal proceedings or other procedure, application or step is taken by the Issuer or any of its Material Subsidiaries for it being declared in bankruptcy (*faillissement*), or in suspension of payments (*surséance van betaling*) or in emergency regulation (*noodregeling*) (irrespective of whether that procedure is provisional or final) or (ii) the Issuer or any of its Material Subsidiaries is declared in bankruptcy (*faillissement*), or in suspension of payments (*surséance van betaling*) or in emergency regulation (*noodregeling*) (irrespective of whether that procedure is provisional or final) or (iii) the Issuer or any of its Material Subsidiaries offers or enters into a composition with all its creditors generally (*buitengerechtelijk akkoord*); or

(g) *Winding-up*

an order is made or an effective resolution passed for the winding-up or dissolution (*ontbinding*) of the Issuer or any of its Material Subsidiaries, or the Issuer ceases or threatens to cease to carry on all or (in the opinion of the Trustee) substantially all of its business or

operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee or an Extraordinary Resolution of the Noteholders, or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or another of the Issuer's Subsidiaries, or (iii) in the case of a Material Subsidiary, pursuant to a voluntary solvent winding-up where surplus assets are available for distribution; or

(h) Analogous Events

any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs (d) to (g),

provided that in relation to paragraphs (b), (c), (d), (e), (f), (g) and (h) the Trustee shall have certified that in its opinion such event is materially prejudicial to the interest of the Noteholders.

For the purposes of these Conditions:

"Material Subsidiary" means, at any time, a Subsidiary of the Issuer whose net turnover on ordinary activities (excluding intra-Group items) accounts for at least 10 per cent. of the consolidated net turnover on ordinary activities of the Group.

For this purpose:

- (i) the net turnover on ordinary activities of a Subsidiary of the Issuer will be determined by its financial statements (on a consolidated basis if that Subsidiary itself has Subsidiaries) upon which the latest audited financial statements of the Group have been based;
- (ii) if a Subsidiary of the Issuer becomes a member of the Group after the date on which the latest audited financial statements of the Group have been prepared, the net turnover on ordinary activities of that Subsidiary (calculated on a consolidated basis if that Subsidiary itself has Subsidiaries) will be determined from its latest financial statements;
- (iii) the net turnover on ordinary activities of the Group will be determined from its latest audited financial statements; and
- (iv) if a Material Subsidiary disposes of all or (in the opinion of the Trustee) substantially all of its assets to another Subsidiary of the Issuer, it will immediately cease to be a Material Subsidiary and the other Subsidiary (if it is not already) will immediately become a Material Subsidiary and the subsequent financial statements of those Subsidiaries and the Group will be used to determine whether those Subsidiaries are Material Subsidiaries or not.

As provided in the Trust Deed, the Issuer shall give to the Trustee within 14 days of its annual audited financial statements being made available to its shareholders and also within 14 days of a request being made by the Trustee a certificate signed by two members of the Executive Board of the Issuer listing those Subsidiaries which as at the last day of the last financial year of the Issuer or as at the date specified in such request were Material Subsidiaries.

"substantial part", in Conditions 8(d) and (e) above, means 20 per cent. or more of the whole, as reasonably determined by the Trustee. In the case of assets of the Issuer or a Material Subsidiary, this shall be determined by reference to the total assets of the Issuer or the relevant Material Subsidiary, as the case may be, on a consolidated basis. In the case of revenues of the Issuer or a Material Subsidiary, this shall be determined by reference to net turnover on ordinary activities of the Issuer or the relevant Material Subsidiary, as the case may be, on a consolidated basis. In the case of both assets and revenues of the Issuer or a Material Subsidiary, the determination as to whether something is a "substantial part" shall be made by reference to the latest audited financial statements of the Issuer (for the Issuer) or the latest financial statements (audited, if available, and on a consolidated basis if that Subsidiary itself has Subsidiaries) of the Material Subsidiary (for a Material Subsidiary).

9 Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 6 within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

10 Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Paying Agent in Luxembourg subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

11 Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount of or interest on, or to vary the method of calculating the rate of interest on, the Notes, (iii) to change the currency of payment of the Notes or the Coupons, or (iv) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be one or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

(b) Modification and Waiver

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except any modification to the Trust Deed which would have the effect of (1) modifying the maturity of the Notes or the dates on which interest is payable on them or (2) reducing or cancelling the principal amount of, or interest on, or varying the method of calculating the rate of interest on, the Notes or (3) changing the currency of payment of the Notes or the Coupons or (4) modifying the provisions in Schedule 3 to the Trust Deed concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution (as defined in the Trust Deed) or (5) amending the proviso to paragraph 2.10 of Schedule 3 to the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

(c) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of certain other entities in place of the Issuer, or of any previously substituted entity, as principal debtor under the Trust Deed, the Notes and the Coupons. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or Couponholders, to a

change of the law governing the Notes, the Coupons and/or the Trust Deed provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders.

(d) Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

12 Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Notes and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in principal amount of the Notes outstanding, and (b) it shall have been indemnified to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

14 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either (a) having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or (b) upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the "Notes" include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

15 Notices

Notices to Noteholders will be valid if published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*) and (so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require) in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if in the opinion of the Trustee such publication shall not be practicable, in an English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

16 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

17 Governing Law

(a) Governing Law

The Trust Deed, the Notes and the Coupons are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Notes or the Coupons ("Proceedings") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) Agent for Service of Process

The Issuer has appointed an agent in England to receive service of process in any Proceedings in England based on any of the Notes or the Coupons. For so long as any of the Notes are outstanding, the Issuer will maintain an agent in England to receive service of process in any Proceedings in England based on any of the Notes or the Coupons and will notify holders of the Notes of any changes in the identity or address of such agent.

Summary of Provisions relating to the Notes while in Global Form

The Temporary Global Note and the Permanent Global Note in respect of each issue of the Notes each contain provisions which apply to the Notes of the relevant issue while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this document. The following is a summary of certain of those provisions:

1 Exchange

Each Temporary Global Note is exchangeable in whole or in part for interests in a Permanent Global Note on or after a date which is expected to be 15th December, 2003 upon certification as to non-U.S. beneficial ownership in the form set out in such Temporary Global Note. Each Permanent Global Note is exchangeable in whole but not in part (free of charge to the holder) for the definitive Notes described below (i) if the Issuer shall have been notified that both Clearstream, Luxembourg and Euroclear have been closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no alternative clearing system satisfactory to the Trustee is available or (ii) if the Issuer would suffer a disadvantage in respect of the 2010 Notes or the 2013 Notes (as the case may be) as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction referred to in Condition 7 of the 2010 Notes or the 2013 Notes (as the case may be) which would not be suffered were the relevant Notes in definitive form and a certificate to such effect signed by two members of the Executive Board of the Issuer is delivered to the Trustee. Thereupon (in the case of (i) above) the holder may give notice to the Trustee, and (in the case of (ii) above) the Issuer may give notice to the Trustee and the Noteholders, of its intention to exchange the relevant Permanent Global Note for definitive Notes on or after the Exchange Date specified in the notice.

On or after the Exchange Date (as defined below) the holder of a Permanent Global Note may surrender such Permanent Global Note to or to the order of the Principal Paying Agent. In exchange for such Permanent Global Note, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on such Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 Part 1A or Part 1B (as the case may be) to the Trust Deed.

“Exchange Date” means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (i) above, in the cities in which the relevant clearing system is located.

2 Payments

No payment will be made on a Temporary Global Note unless exchange for an interest in a Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Permanent Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the relevant Notes, surrender of the relevant Permanent Global Note to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the relevant Noteholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the Permanent Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of such Notes. Condition 6(e)(iii) and Condition 7(d) of the 2010 Notes and the 2013 Notes will apply to the definitive 2010 Notes and the definitive 2013 Notes only.

3 Notices

So long as the 2010 Notes and/or the 2013 Notes are represented by a Permanent Global Note and such Permanent Global Note is held on behalf of a clearing system, notices to the relevant Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions except that so long as the 2010 Notes and/or the 2013 Notes are listed on

the Luxembourg Stock Exchange and the rules of that Exchange so require, notices in respect of Notes so listed shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*).

4 Prescription

Claims against the Issuer in respect of principal and interest on the 2010 Notes and/or the 2013 Notes while the relevant Notes are represented by a Permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7 of the 2010 Notes and the 2013 Notes).

5 Meetings

The holder of a Permanent Global Note will be treated at any meeting of the relevant Noteholders, as having one vote in respect of each €1,000 in principal amount of the relevant Notes for which such Permanent Global Note may be exchanged.

6 Purchase and Cancellation

Cancellation of any Note required by the Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of the relevant Permanent Global Note.

7 Trustee's Powers

In considering the interests of the 2010 Noteholders and/or the 2013 Noteholders while a Permanent Global Note is held on behalf of a clearing system the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Permanent Global Note and may consider such interests as if such accountholders were the holder of the relevant Permanent Global Note.

Use of Proceeds

The net proceeds of the issue of the 2010 Notes and the 2013 Notes are expected to amount to approximately €497,845,000 and €595,554,000, respectively. The aggregate net proceeds of the Notes will be used by the Issuer to finance the BBAG acquisition (see "Heineken N.V. – Developments during 2003") and for general corporate purposes.

Heineken N.V.

General

Heineken N.V. ("Heineken N.V." or the "Company" and, together with its subsidiaries, the "Heineken Group" or the "Group") is a leading international brewer, operating in approximately 170 countries and employing almost 60,000 people around the world as of 30th June, 2003. Heineken N.V. traces its roots back to 1864, when Mr. Gerard Adriaan Heineken purchased a brewery in Amsterdam. Following this acquisition, Heineken N.V. was incorporated under the laws of The Netherlands on 27th January, 1873.

Heineken N.V. is a public company with limited liability (*naamloze vennootschap*). Its shares were listed on the Amsterdam Stock Exchange (currently Euronext Amsterdam) on 6th January, 1939. It is headquartered in Amsterdam, The Netherlands, and is registered at the Chamber of Commerce of Amsterdam, The Netherlands, under number 33011433. The principal object of Heineken N.V. which is set out in Article 2 of its Articles of Association is the acquisition and alienation of interests and participations in other enterprises, companies and consortiums, the administration and financing thereof, the management of other enterprises and generally everything in connection therewith, all in the broadest sense. Copies of the Articles of Association may be obtained from the office of the Paying Agent in Luxembourg, as more fully set out in Part 7 of "General Information".

Objectives

Heineken N.V. aims to defend and strengthen its global market position and retain its place among the largest brewing groups in the world in terms of beer sales and profitability by leveraging its portfolio of strong brands with Heineken as its leading international premium beer brand. The Company seeks long-term sales and profit growth both organically, by expanding in existing markets, and through acquisitions by entering new markets with attractive growth potential.

The Group's prime objective is to achieve leading market positions in the beer industry and, by leveraging off a successful business platform, to create efficiencies and economies of scale in production, marketing and distribution. Moreover, the Group's strong market presence which it achieves, in part, through the exploitation of its brand portfolio, creates a platform from which the Heineken Group can successfully sell its high margin international premium brand Heineken, its international brand Amstel and its specialty beers. Based on sales volumes of hectolitres, the Group currently has market leadership positions in, among others, The Netherlands, Spain, Italy, Nigeria, Poland and Greece and the number two position in, among others, France.

The Heineken Group focuses its strategy on developing, in those markets where it has operations, a combined portfolio of strong local brands (for example Moretti in Italy, Żywiec in Poland, Cruzcampo in Spain and Tiger in the Asia-Pacific region) and international brands, including its flagship premium brand Heineken, its brand Amstel and its specialty beers, such as Desperados and Murphy's. This, combined with the market leadership position that Heineken N.V. has already achieved in a number of its key markets, creates economies of scale in production, distribution and marketing.

In those markets where a leading market position is not possible or desirable, the Group's strategy is to strengthen its international brands and specialty beers position. In certain markets, such as the USA, the Company pursues this strategy by strengthening its market position specifically as an import product generating high margins. This has enabled the Heineken brand to become the second largest imported brand in the USA in terms of sales volume which exemplifies the strength of the platform and the business.

Finally, the Heineken Group attaches great importance to having a responsible policy on alcohol abuse and good social and environmental policies. This is reflected in the Group's marketing campaigns around the world and its corporate behaviour.

Share Capital and Shareholders

Heineken N.V.

The authorised share capital of Heineken N.V. amounts to EUR 2,500,000,000, divided into 1,250,000,000 ordinary shares with a nominal value of EUR 2.00 each.

The issued share capital of Heineken N.V. amounts to EUR 783,959,350, divided into 391,979,675 ordinary shares with a nominal value of EUR 2.00 each. All issued shares are fully paid up.

The shares in Heineken N.V. are listed on Euronext Amsterdam. Heineken Holding N.V. holds 50.005 per cent. of the shares in Heineken N.V.

Heineken Holding N.V.

The authorised share capital of Heineken Holding N.V. amounts to EUR 1,500,000,000, divided into 747,374,750 ordinary shares A, 2,625,000 ordinary shares B and 250 priority shares, all with a nominal value of EUR 2.00 each.

The issued capital of Heineken Holding N.V. amounts to EUR 392,019,456, divided into 193,384,478 ordinary shares A, 2,625,000 ordinary shares B and 250 priority shares with a nominal value of EUR 2.00 each. All issued shares are fully paid up. The ordinary shares B carry the same rights as the ordinary shares A.

Pursuant to the Dutch Major Holdings in Listed Companies Disclosure Act (*Wet melding zeggenschap in ter beurze genoteerde vennootschappen 1996*), L'Arche Holding S.A., Sion, Switzerland, has disclosed an interest of 50.005 per cent. in Heineken Holding N.V. L'Arche Holding S.A. is a company controlled by the Heineken family. Greenfee B.V. has disclosed an interest of 6.8055 per cent. in Heineken Holding N.V.

Heineken Holding N.V. engages in no activities other than those relating to the ownership of Heineken N.V. (Heineken Holding N.V. does not carry on any operational activities, unlike Heineken N.V. and other companies in the Heineken Group). Heineken N.V. is responsible for the development and implementation of the strategy of the Heineken Group, whereas Heineken Holding N.V. is concerned primarily with safeguarding the continuity, independence and stability of the Heineken Group's activities in the long term.

The net asset values of the shares in Heineken N.V. and the ordinary shares in Heineken Holding N.V. as well as the dividend policies of both companies are identical. The ordinary shares in both companies are listed on Euronext Amsterdam. Options on the ordinary shares in both Heineken N.V. and Heineken Holding N.V. are also listed on Euronext Amsterdam.

Main areas of business

The Heineken Group has the widest global presence of all international brewers, operating in approximately 170 countries worldwide. With total sales of 108.9 million hectolitres in 2002, the Group is also among the largest brewers in the world. The Group produces beer in more than 60 countries through more than 110 of its breweries and also through other brewers under licence. The Group also has a strong export business which is carried out mainly from The Netherlands.

The production and sale of beer represents the Group's main source of income and cash flow. The Group is engaged also in complementary businesses to its manufacturing brewing activities, such as beverage distribution.

The Heineken Group enjoys strong market positions and an efficient cost structure in many countries by combining the production, marketing and sale of the Group's international brands and products (Heineken, Amstel and its specialty beers) with that of a range of prominent local brands. Market leadership positions have been gained by creating and maintaining coherent and comprehensive brand portfolios which offer high added value to the Company's customers and to the consumers of its products.

The Heineken Group has built its international and local market positions by developing and regularly updating its portfolio of strong brands. The Group's principal international brands are Heineken and Amstel. Heineken has the widest global presence of any international beer brand and is the leading brand in Europe. Throughout all of the Company's markets (with the exception of The Netherlands), the quality and image of the Heineken brand enables it to be positioned as a premium product. Amstel, the second largest beer brand in Europe, is

generally positioned as a mid-priced mainstream beer. These international brands are supplemented and supported by national and regional brands and a range of specialty beers, light beers (low-calorie beers) and alcohol-free beers. The Company always looks to position its products as higher value added products and it has very limited presence in the range of low-priced products.

In terms of distribution, the Heineken Group seeks to achieve optimum availability of its products in each market through alliances with independent distributors and/or via the Heineken Group's own beverage wholesalers. The Heineken Group has strong networks of wholesalers in Europe (i.e. The Netherlands, France, Italy, Poland and to a lesser extent, Spain) which, in addition to beer, also supply a range of soft drinks, wines and spirits to the on-trade sector (i.e. restaurants, hotels, bars and cafeterias). The wholesale subsidiary companies specialise in distributing a full range of beverages to the on-premise trade, which enables the Group to forge a direct link with the on-premise outlets.

The Heineken Group also produces some soft drinks, generally where this manufacturing activity complements the distribution of beer.

Innovation is important to the Heineken Group, especially in supporting the competitive position of its Heineken and Amstel brands. In pursuit of its commitment to quality, lower production cost, greater safety and lower environmental impact, the Group is constantly working to improve all the technical processes involved in brewing, packaging and supply chain management. Activities in these areas are coordinated by the Group's research and development centre in The Netherlands. This centre makes its services available to the Heineken Group and its associated breweries across five continents.

The most significant innovation for the Group in 2002 was the David draught beer dispensing system for retail outlets with a relatively low beer turnover. The David system, which uses a 20-litre keg, offers good returns at lower sales volumes than the system based on a 50-litre keg. The patented David dispensing system is user friendly, there is no wastage and no pipework to be cleaned and, once connected, the keg contents remain fresh up to seven times longer than traditional dispensing systems.

Other recent innovations include the introduction of new dispensing systems, advances in quality control and safety monitoring in the brewing manufacturing process and imaginative new packaging designs, such as the aluminium bottle, the keg format can and the PET bottle. Innovation also takes place in the marketing and sales area through the introduction of themed bars, interactive communication with the Company's target groups and new approaches to understand the needs of young adults (for example Heineken's recent Beacon project, which specifically aims at understanding how young adults relate to international brands).

Subsidiaries and Participations

Heineken N.V. is the parent company of the Heineken Group. From a geographic standpoint, Europe accounts for over half of the Group's sales volume. The main profit and cash flow generating markets of the Heineken Group are (in no particular order): The Netherlands, the USA, France, Spain, Italy, Greece, Poland and Nigeria.

The Netherlands

In The Netherlands, the Heineken Group is market leader with a sales volume of 6.3 million hectolitres in 2002. The Heineken Group's main brands in The Netherlands are Heineken, Amstel and Brand. The Company has breweries in Zoeterwoude, 's-Hertogenbosch and Wijlre.

USA

In the USA, the Heineken Group has no local production facilities and all beer is imported from The Netherlands. The Heineken Group had sales volume of 6.2 million hectolitres in 2002. The Heineken Group's main brands in the USA are Heineken and Amstel Light, which are priced at substantial premiums compared to domestic brands.

France

In France, the Heineken Group is the second largest brewer, with a sales volume of 7.5 million hectolitres in 2002. The Heineken Group's main brands in France, in addition to Heineken and Amstel, include a number of the Group's specialty beers (such as Desperados and Affligem) and its local brands (Fischer, Pelforth, Adelscott and "33" Export). The Group's breweries are located in Marseille, Mons-en-Baroeuil, Schiltigheim and St. Omer.

Spain

The Heineken Group is the leader of the Spanish beer market, with a sales volume of 10.2 million hectolitres in 2002. The Group's main brands in Spain are Heineken, Amstel, some of the Group's specialty beers (such as Paulaner), its non-alcohol brand, Buckler, and its local brand Cruzcampo. The Group's breweries are located in Madrid, Valencia, Seville, Jaen and Arano.

Italy

The Heineken Group is the leader in the Italian beer market with a sales volume of 5.7 million hectolitres in 2002. The Group's main brands in Italy are Heineken and its local brands Birra Moretti, Dreher and Ichnusa. The Group's breweries are located in Aosta, Bergamo, Cagliari, Massafra, Messina and Pedavena.

Greece

The Heineken Group is the market leader in Greece with sales volume of 3.7 million hectolitres in 2002. The Heineken Group's main brands sold in Greece are Heineken and Amstel (in several varieties). In addition, the Heineken Group also sells Alfa, a local Greek brand. The Group has breweries in Athens, Patras and Thessalonica.

Poland

The Heineken Group, through its subsidiary Browary Żywiec S.A. (in which 61.8 per cent. of the shares are indirectly owned by Heineken N.V.), was the second largest brewer in Poland with a sales volume of 8.4 million hectolitres in 2002. With the acquisition of BBAG (see "Developments during 2003" below), the Group has achieved the market leader position in Poland. In addition to the Heineken brand, the Heineken Group's main local brands sold in Poland are Żywiec, Warka, Tatra, Specjal and Leżajsk. The Heineken Group has breweries in Żywiec, Elblag, Warka, Leżajsk and Cieszyn.

Nigeria

The Heineken Group, through its subsidiary Nigerian Breweries Plc (in which 54.2 per cent. of the shares are indirectly owned by Heineken N.V.), is the leading brewer in Nigeria, with a sales volume of 4.6 million hectolitres in 2002. Besides Heineken and Amstel, the Heineken Group sells the local brands Malta, Star, Gulder, Maltina and Legend. The Heineken Group's breweries are located in Aba, Ibadan, Kadunu, Lagos, Jjebu Owe and Owe Omamma. In the first half of 2003, the Group opened a new brewery in Enugu, which is expected to have brewing capacity of 3 million hectolitres by year-end.

The following companies are the most significant fully consolidated subsidiaries of Heineken N.V.:

Company	Seat	Percentage interest
Heineken Nederlands Beheer B.V.	Amsterdam (The Netherlands)	100.0
Heineken Brouwerijen B.V.	Amsterdam (The Netherlands)	100.0
Heineken Nederland B.V.	Amsterdam (The Netherlands)	100.0
Heineken International B.V.	Amsterdam (The Netherlands)	100.0
Heineken Technical Services B.V.	Amsterdam (The Netherlands)	100.0
Amstel Brouwerij B.V.	Amsterdam (The Netherlands)	100.0
Amstel Internationaal B.V.	Amsterdam (The Netherlands)	100.0
Vrumona B.V.	Bunnik (The Netherlands)	100.0
Invebra Holland B.V.	Amsterdam (The Netherlands)	100.0
B.V. Beleggingsmaatschappij Limba	Amsterdam (The Netherlands)	100.0
Brand Bierbrouwerij B.V.	Wijlre (The Netherlands)	100.0
Beheer- en Exploitatiemaatschappij	Wijlre (The Netherlands)	100.0
Brand B.V.		
Heineken France S.A.	Paris (France)	100.0
Heineken España S.A.	Seville (Spain)	98.0
Heineken Italia S.p.A.	Pollein (Italy)	100.0
Athenian Brewery S.A.	Athens (Greece)	98.8
Browary Żywiec S.A.	Żywiec (Poland)	61.8
Heineken Ireland Ltd.	Cork (Ireland)	100.0
Amstel Sörgyár Rt. Magyarorszag	Komárom (Hungary)	100.0
Heineken Slovensko, a.s.	Nitra (Slovakia)	100.0
Heineken Slovensko Sladovne, a.s.	Nitra (Slovakia)	100.0
Heineken Switzerland A.G.	Chur (Switzerland)	100.0
Karlovacka Pivovara d.d.	Zagreb (Croatia)	94.4
Mouterij Albert N.V.	Ruisbroek (Belgium)	100.0
Ibecor S.A.	Brussels (Belgium)	100.0
Affligem Brouwerij BDS N.V.	Opwijk (Belgium)	100.0
LLC Heineken Brewery	St. Petersburg (Russia)	100.0
Dinal LLP	Almaty (Kazakhstan)	51.0
Heineken USA Inc.	White Plains (United States)	100.0
Antilliaanse Brouwerij N.V.	Willemstad (Netherlands)	56.8
	Antilles)	
Commonwealth Brewery Ltd.	Nassau (Bahamas)	53.2
Windward & Leeward Brewery Ltd.	Vieux Fort (St. Lucia)	72.7
Cervecerias Barú-Panama, S.A.	Panama City (Panama)	74.5
Nigerian Breweries Plc.	Lagos (Nigeria)	54.2
Al Ahram Beverages Company S.A.E.	Cairo (Egypt)	99.96
Brasserie Almaza s.a.l.	Beirut (Libanon)	67.0
Brasseries, Limonaderies et Malteries	Kinshasa (R.D. Congo)	94.3
'Bralima' S.A.R.L.		
Brasseries et Limonaderies du Rwanda	Kigali (Rwanda)	70.0
'Bralirwa' S.A.		
Brasseries et Limonaderies du Burundi	Bujumbura (Burundi)	59.3
'Brarudi' S.A.		
Brasseries de Bourbon S.A.	St. Denis (Réunion)	85.4
Ghana Breweries Ltd.	Kumasi (Ghana)	75.4
Brasseries du Logone S.A.	Moundou (Chad)	100.0
P.T. Multi Bintang Indonesia Tbk.	Jakarta (Indonesia)	84.5
Getränke-Beteiligungs-AG	Linz (Austria)	82.5

The following companies are the most significant proportionally consolidated participations of Heineken N.V. These companies are proportionally consolidated since control of these companies is exercised jointly and directly by virtue of an agreement with other shareholders:

Company	Seat	Percentage interest
BrauHolding International AG	Munich (Germany)	49.9
Zagorka Brewery A.D.	Stara Zagora (Bulgaria)	48.6
Ariana Brewery A.D.	Sofia (Bulgaria)	48.1
Pivara Skopje A.D.	Skopje (Macedonia)	27.6
Brasseries du Congo S.A.	Brazzaville (Congo)	50.0
Asia Pacific Breweries (Singapore) Pte. Ltd.	Singapore	42.5
Shanghai Asia Pacific Brewery Co. Ltd.	Shanghai (China)	44.9
Hainan Asia Pacific Brewery Ltd.	Haikou (China)	42.5
SP Holdings Ltd.	Port Moresby (Papua New Guinea)	32.1
Vietnam Brewery Ltd.	Ho Chi Minh City (Vietnam)	25.5
Hatay Brewery Ltd.	Hanoi (Vietnam)	42.5
Cambodia Brewery Ltd.	Phnom Penh (Cambodia)	34.0
DB Breweries Ltd.	Auckland (New Zealand)	32.7
Compañía Cervecerías Unidas S.A.	Santiago (Chile)	30.8

Developments during 2003

Chile & Argentina

On 14th January, 2003, Heineken N.V. announced that it had agreed with the Schörghuber Group to acquire the Schörghuber Group's indirect 50 per cent. stake in Inversiones y Rentas, S.A. ("IRSA"), which holds approximately 61.6 per cent. of the shares in the largest Chilean brewer, Compañía Cervecerías Unidas S.A. ("CCU"). At the same time Heineken N.V. agreed with Quilmes Industrial (Quinsa) S.A. ("Quinsa") that it would sell to Quinsa its 15 per cent. stake in Quilmes International (Bermuda) Ltd ("Quilmes"), a holding company with brewery operations in Argentina, Chile, Paraguay, Uruguay and Bolivia. This sale, which was completed in January 2003, will lead to an extraordinary net profit of EUR 71 million for Heineken N.V. in 2003 (and is included in the unaudited financial statements of Heineken N.V. as at and for the six-month period ended 30th June, 2003, as set out on pages F-26-F-30 of "Index to Financial Statements").

The acquisition of the Schörghuber Group's indirect stake in IRSA, which became effective on 17th April, 2003, was an important step for the Heineken Group's and the Heineken brand's position in the southern cone of South America. The right of Quilmes to produce the Heineken brand in Chile and Argentina has been discontinued and granted to CCU, thus securing the presence of the Heineken brand in those markets.

South Africa & Namibia

On 18th March, 2003, Heineken N.V. notified South African Breweries ("SAB") that it had decided to terminate the licensing agreement with SAB for Heineken beer in South Africa. It is important for the Company to manage its own brand in South Africa, which has a large beer market and where the premium-end is expected to grow in the coming years.

On 15th April, 2003, Heineken N.V. and Diageo announced that they had agreed, through Diageo Heineken Namibia B.V., a 50/50 joint venture between Heineken and Diageo, to acquire Interbrew's shareholding (held through Beck's Africa Investment GmbH) of 44.21 per cent. in NBL Investment Holdings Limited ("NBLIH"). NBLIH holds a 50.24 per cent. stake in Namibia Breweries Ltd ("NBL"). In addition, Diageo Heineken Namibia B.V. acquired from Interbrew a direct stake of 6.76 per cent. in NBL. The whole transaction was completed on 23rd July, 2003. As a result, Diageo Heineken Namibia B.V. now has a 28.97 per cent. stake in NBL. NBL started the distribution of Heineken beer, imported from Europe, as of 1st May, 2003 and offers an entry point into the Southern African Development Community (the "SADC") market with dedicated partners. The SADC market comprises South Africa, Namibia,

Mozambique, Botswana, Lesotho, Swaziland, Angola, Democratic Republic of Congo, Malawi, Mauritius, Seychelles, Tanzania, Zambia and Zimbabwe. For the Heineken Group, the distribution network of NBL offers not only good opportunities in the Namibian beer market but also in South Africa.

Croatia

On 1st April, 2003, Heineken N.V. finalized the acquisition of Croatian brewer Karlovacka Pivovara. Heineken N.V. acquired an indirect interest of 68.8 per cent. from Southern Breweries Establishment, a joint venture in which CCU owns 50 per cent. Karlovacka Pivovara is the second largest brewer in Croatia with a sales volume of 820,000 hectolitres of beer in 2002. The brewery has a capacity of 1.3 million hectolitres. The acquisition represents a further strengthening of the Heineken Group's position in Central Europe. Following the acquisition, Heineken N.V. (through a subsidiary) launched a mandatory public offer for the remaining outstanding shares in Karlovacka Pivovara as a result of which Heineken N.V. now indirectly owns 94.42 per cent. of Karlovacka Pivovara.

Central & Eastern Europe / BBAG

On 2nd May, 2003, Heineken N.V. announced that it had reached an agreement with representatives of the shareholders of Getränke-Beteiligungs-AG ("GeBAG") on the acquisition of a majority stake in the Austria-based brewery group BBAG Österreichische Brau-Beteiligungs-Aktiengesellschaft ("BBAG"). BBAG is the leading brewery group in Austria and one of the largest brewery groups in Central Europe with breweries in five countries: Austria, Poland, the Czech Republic, Hungary and Romania. The acquisition will be effected by Heineken N.V. (through a subsidiary) acquiring a majority stake in GeBAG, which holds 70.49 per cent. stake of the shares of BBAG.

Heineken N.V. offered EUR 769 million for 100 per cent. of the GeBAG shares to the GeBAG shareholders. Representatives of the GeBAG shareholders unanimously recommended Heineken N.V.'s offer to the GeBAG shareholders. On 11th June, 2003, Heineken N.V. announced that shareholders holding approximately 80 per cent. of the shares of GeBAG had accepted Heineken N.V.'s offer and would transfer their shares to a subsidiary of Heineken N.V., subject to regulatory approvals. The remaining shares in GeBAG will be acquired by a subsidiary of Heineken N.V. either via the exercise of put options by the current shareholders of GeBAG, or via a call option exercisable by a subsidiary of Heineken N.V. in 2004 if the put options have not been fully exercised by that time.

On 18th July, 2003, Heineken N.V. received the clearance of the European Commission for the acquisition of GeBAG. Subsequently, Heineken also obtained all other necessary regulatory approvals. The acquisition of 79.82 per cent. of the shares of GeBAG was completed on 15th October, 2003. On 30th October, 2003 the first put option has been exercised, as a result of which Heineken N.V.'s participation increased to 82.51 per cent.

Following the completion of the acquisition of the stake in GeBAG, Heineken N.V. (through a subsidiary) will launch a public offer for the outstanding shares of GeBAG's listed subsidiary BBAG and its subsidiary Brau Union AG ("BU"). Heineken N.V. will make offers at EUR 124 per BBAG-share and EUR 127.27 per BU-share. The offers will be made in accordance with the Austrian Takeover Act and are expected to be completed by the first quarter of 2004.

Heineken N.V. will fund the transaction through the use of debt financing, including the issue of the Notes. The acquisition cost of 100 per cent. of the shares of GeBAG, BBAG and BU on the above-mentioned terms will be EUR 1.9bn. On this basis, the transaction value will consist of a cash outlay of approximately EUR 1.5bn and the assumption of approximately EUR 0.4bn of debt. On the assumption that Heineken N.V. will acquire 100 per cent. of GeBAG, BBAG and BU, it estimates that its interest costs will increase (at current interest rates) by approximately EUR 80 million per annum. The actual interest costs will be dependent on the percentage ownership attained and the actual timing of the payments for the various tranches and the interest rates then prevailing.

Heineken N.V. and BBAG will combine all their operations in Central Europe in GeBAG, which will be renamed Brau Union AG. Brau Union AG will be responsible for all operations in 13 Central European countries, namely: Austria, Poland, the Czech Republic, Romania, Hungary, Serbia-Montenegro, Slovakia, Bulgaria, Croatia, Bosnia-Herzegovina, Slovenia, Macedonia and Albania.

The combined business will form a leading brewery group in Central Europe in terms of volume and will be the hub for the future activities of the Heineken Group in the region. Heineken N.V. anticipates that the acquisition will:

enhance the value of the Heineken Group by realising synergies from the integration and restructuring of each partner's activities in Central Europe;

accelerate the growth of Heineken brand volumes in Central Europe; and

improve the Heineken Group's overall European position by significantly expanding and improving its position in the growing Central European market.

The headquarters of the merged business will remain in Austria and it is intended that the Austrian heritage and character will be maintained. With the combination of all operations and with a strong brand portfolio, it is anticipated that Brau Union AG will provide a robust platform for the Heineken Group's international brands in the region, and in particular for the Heineken brand.

On 8th September, 2003, Amstel Sörgyár Rt. Magyarorszag, a Hungarian subsidiary of Heineken N.V., announced a public offer for 15 per cent. of the publicly traded shares in Brau Union Hungária Sörgyárok Rt. (listed on the Hungarian stock exchange). To date, the offer is still subject to the approval of the local authorities (the Financial Supervisory Authority, or PSZAF).

De-listing from Brussels and Luxembourg

On 27th May, 2003, Heineken N.V. announced that it had decided to de-list its ordinary shares from the Luxembourg Stock Exchange and Euronext Brussels due to the limited trading in the shares. Heineken N.V. shares will continue to be listed on Euronext Amsterdam. Following the request of Heineken N.V., the de-listing of the Heineken N.V. shares on Euronext Brussels First Market took place on 30th September, 2003. The de-listing of the shares in Luxembourg took place with immediate effect from 27th May, 2003.

Management Structure/Corporate Governance

An Executive Board, consisting at any time of two or more members, is responsible for the management of Heineken N.V. under the supervision of a Supervisory Board, consisting at any time of three or more members. The members of the Executive Board and the Supervisory Board are appointed and dismissed by the General Meeting of Shareholders subject to binding nominations from the Supervisory Board. Two members of the Supervisory Board resign each year in accordance with a rotation scheme, which is determined annually. Such resigning members are eligible for reappointment.

The General Meeting of Shareholders resolves on all significant corporate matters within Heineken N.V.

Executive Board

The current members of the Executive Board of Heineken N.V. are:

Name (Year of Birth)	Function	Directorships and other significant positions external to the Heineken Group ⁽¹⁾
A. Ruys (1947)	Chairman	Supervisory directorships: - Robeco Groep N.V. - NH Hoteles S.A. - Gtech Holdings Corporation - Tourism Recreation Netherlands Board membership: - International Chamber of Commerce Netherlands
M.J. Bolland (1959)	Member	Honorary Consul of Slovakia in The Netherlands
J.F.M.L. van Boxmeer (1961)	Member	n/a
D.R. Hooft Graafland (1955)	Member	Supervisory directorship: - McGregor Fashion Group N.V.

Note:

(1) Only significant directorships and other positions are listed here.

As part of the BBAG-acquisition, it has been agreed that Mr Karl Büche (the CEO of BBAG) will be nominated for appointment as a member of the Executive Board at the General Meeting of Shareholders in April 2004.

Supervisory Board

The current members of the Supervisory Board of Heineken N.V. are:

Name (Year of Birth)	Function	Directorships and other significant positions external to the Heineken Group ⁽¹⁾
J.M. de Jong (1945)	Chairman Appointed in 2002 Chairman of the Preparatory Committee ⁽²⁾	Supervisory directorships: - Kredietbank S.A. Luxembourgeoise - Dura Vermeer Groep N.V. - Banca Antonveneta SpA - Nutreco Holding N.V. - N.V. Verzekering-Maatschappij "Neerlandia van 1880" - Onderlinge Levensverzekering Maatschappij "'s-Gravenhage" U.A. - Loyens & Loeff (partner)
M. Das (1948)	Appointed in 1994, last reappointed in 2001 Delegated Member ⁽³⁾ Secretary of the Preparatory Committee	- Heineken Holding N.V. (chairman management board)

Name (Year of Birth)	Function	Directorships and other significant positions external to the Heineken Group ⁽¹⁾
H. de Ruiter (1934)	Appointed in 1993, last reappointed in 2001 Chairman of the Audit Committee	Supervisory directorships: - Koninklijke Ahold N.V. ⁽⁴⁾ - Aegon N.V. - N.V. Koninklijke Nederlandsche Petroleum Maatschappij - Wolters Kluwer N.V. - Univar N.V. Other: - Member of Advisory Council of Keyser & McKay Vice-chairman of Citigroup Inc. and Nikko Salomon Smith Barney (Tokyo)
M.R. de Carvalho (1944)	Vice-Chairman Appointed in 1996, last reappointed in 2000 Member of the Preparatory Committee ⁽²⁾	
A.H.J. Risseeuw (1936)	Appointed in 2000 Member of the Audit Committee	Supervisory directorships: - Koninklijke KPN N.V. - Samas-Groep N.V. - AOT N.V. - NPM Capital N.V. - Blokker Holding B.V.
J.M. Hessels (1942)	Appointed in 2001 Member of the Audit Committee	Supervisory directorships: - Euronext N.V. - Laurus N.V. - Amsterdam Schiphol Groep N.V. - Koninklijke Vopak N.V. - Royal Philips Electronics N.V. - Fortis N.V.
C.J.A. van Lede (1942)	Appointed in 2002 Member of the Preparatory Committee ⁽²⁾	Supervisory directorships: - Akzo Nobel N.V. - De Nederlandsche Bank N.V. - Sara Lee Corp. (USA) - Scania AB (Sweden) - Reed Elsevier N.V. - Royal Philips Electronics N.V. Other: - The Netherlands Pensions and Insurance Supervisory Authority (member)

Notes:

(1) Only significant directorships and other positions are listed here.

(2) The Preparatory Committee is responsible for preparing decision making by the Supervisory Board, including decisions relating to the remuneration of the Executive Board.

(3) The Delegated Member is responsible for the regular supervision of the Executive Board.

(4) Mr H. de Ruiter will resign as a supervisory board member of Ahold at the next shareholders' meeting of that company, which is expected to take place in November 2003.

The business address of all of the members of the Supervisory Board and the Executive Board is Tweede Weteringplantsoen 21, 1017 ZD, Amsterdam, The Netherlands.

Management reporting lines

Management responsibility within the Heineken Group is centralised at Heineken N.V.'s Executive Board level. Reporting lines are short; all corporate staff departments and the management of the large operating companies in the Heineken Group report directly into Heineken N.V.'s Executive Board.

On a regular basis, meetings take place between members of the Executive Board, corporate staff directors and managers of the operating companies in the Heineken Group to discuss progress and key issues.

Three year operational plans are prepared annually with targets set by means of key performance indicators (such as EBIT, EBITDA, market shares, volumes by brand, ENP (economic net profit) and ROIC (return on invested capital)).

Reporting takes place on a weekly basis with respect to volumes (for the larger operating companies in the Heineken Group), on a monthly basis with respect to profit and loss accounts and on a quarterly basis also for cash flow, balance sheet items and key performance indicators.

Litigation

Chile

Following the announcement in January 2003 of an acquisition by a subsidiary of Heineken N.V. of an indirect interest of 50 per cent. in IRSA, Anheuser Busch requested the Chilean Securities Authorities (*Superintendencia de Valores y Seguros*, the "SVS") to issue an opinion as to whether the acquisition implied a change of control of CCU and thus triggered an obligation to launch a public tender offer for the remaining CCU shares (for at least the same price as paid to Schörghuber Stiftung & Co. Holding KG). On 15th April, 2003, the SVS ruled that the transaction did not imply a change of control of CCU. Anheuser Busch has subsequently filed a claim against the SVS with the competent Court of Appeal in Chile. The Group has intervened in this appeal to support the SVS. The appeal is still pending.

European Commission

In early 2000, the European Commission started an investigation into alleged anti-competitive practices of Heineken N.V. and its subsidiaries in France, Italy and The Netherlands. To date, a statement of objections in relation to this investigation has not been submitted by the European Commission.

First Half Results 2003

On 10th September, 2003, Heineken N.V. released its unaudited interim financial statements as at and for the six-month period ended 30th June, 2003. These unaudited interim financial statements, which include Heineken N.V.'s unaudited interim financial statements as at and for the six-month period ended 30th June, 2002, are set out in pages F-26-F-30 of "Index to Financial Statements".

Net turnover (excluding excise duties⁽¹⁾) increased by EUR 243 million (6 per cent.) to EUR 4,612 million in the first half of 2003. Organic growth, reflecting improvements in the sales mix, higher selling prices and volume growth, was 5 per cent. in the first half of 2003. First-time consolidations, notably Al Ahram in Egypt, CCU in Chile, Karlsberg in Germany, Karlovacka in Croatia and a number of European beverage wholesalers, also contributed 5 per cent. to the growth in net turnover. This was offset by a 4 per cent. decrease in turnover due to the strength of the euro against the US dollar, the Nigerian naira, the Polish zloty and the Singapore dollar in particular.

Group volume⁽²⁾ increased by 9 per cent. in the first six months of 2003 compared with the corresponding period in 2002, rising to 45.3 million hectolitres. Organic volume growth amounted to 1 per cent. and first-time consolidations increased sales volume by

Notes:

(1) With the introduction of Annual Guideline 270 in The Netherlands with effect from 2003, excise duties are no longer included in net turnover. Excise duties in 2003 and 2002 amount to EUR 267 million and EUR 641 million, respectively. The 2002 figures have been restated for comparison purposes.

(2) Group volume is volume sold by consolidated companies (excluding affiliates) and sales of Heineken beers brewed under licence by third parties.

8 per cent. Substantial organic volume growth was recorded in Nigeria, Spain, Russia, Poland and Italy, but sales were down in France, Greece, the United States, Indonesia and The Netherlands.

Global sales of Heineken beer in the premium segment increased by 3 per cent. in the first six months of 2003, rising to 8.9 million hectolitres. Poland, Italy and Spain accounted for most of this growth. The Heineken brand continued to advance its share of all the main markets. Sales of Amstel beer remained stable overall at 5.1 million hectolitres, with higher sales in Spain, South Africa and Cameroon offset by lower volumes in Greece and France.

Operating profit was 1 per cent. higher in the first half of 2003, rising from EUR 581 million in the first half of 2002 to EUR 588 million. With effect from 2003, goodwill in respect of acquisitions is capitalised and amortised over a maximum of 20 years. Amortisation of goodwill in the first half of 2003 amounted to EUR 5 million. Operating profit excluding amortisation of goodwill was 2 per cent. higher, rising from EUR 581 million to EUR 593 million. Operating profit excluding amortisation of goodwill as a percentage of net turnover decreased from 13.3 per cent. in the first half of 2002 to 12.9 per cent. in the same period in 2003, due largely to first-time consolidations and exchange rate movements.

Organic growth in operating profit for the first half of 2003 (excluding first-time consolidations, amortisation of goodwill, exchange effects and exceptional items) was 7 per cent. higher compared with the same period in 2002.

Marketing and selling expenses as a percentage of net turnover increased from 18.0 per cent. to 18.4 per cent.. Raw material and packaging prices rose by 4 per cent., as did staff costs (on a like-for-like basis). Excluding amortisation of goodwill, depreciation and amortisation were 8 per cent. higher, mainly due to first-time consolidations.

EBITDA (earnings before interest, tax, depreciation and amortisation) increased by EUR 33 million to EUR 875 million in the first half of 2003, whilst EBITA for the same period amounted to EUR 602 million, compared with EUR 585 million in the first half of 2002.

The results of non-consolidated participating interests increased by EUR 75 million to EUR 91 million, mainly reflecting exceptional net income of EUR 71 million from the sale of Heineken N.V.'s 15 per cent. interest in Quilmes, the Argentinian brewing group.

Net interest charges increased from EUR 48 million to EUR 63 million, largely due to the reduction in interest income resulting from the decrease in cash in connection with the funding of acquisitions.

The average tax burden increased slightly in the first half of 2003, from 35.6 per cent. to 36.2 per cent.

Net profit excluding exceptional items and amortisation of goodwill was 1.2 per cent. higher in the first half of 2003, up from EUR 330 million to EUR 334 million. The effect of exchange rate movements on the result was negative. Organic growth in net profit (excluding first-time consolidations, amortisation of goodwill, exchange rate differences and exceptional items) was 6 per cent. Net profit was 21 per cent. higher compared with the first half of 2002, rising by EUR 70 million to EUR 400 million, mainly reflecting the exceptional net income of EUR 71 million from the sale of the interest in Quilmes. Net profit per share increased from EUR 0.84 to EUR 1.02.

Exceptional items in the first half of 2003 included the net book profit of EUR 71 million realised on the sale of the 15 per cent. interest in Quilmes.

A provision estimated at EUR 70 million before tax will be formed in the second half of 2003 in connection with reorganisation exercises in The Netherlands. The reorganisation of the Group's various operations in The Netherlands will be phased in over a two year period and is expected to result in 450 job losses. The reorganisation will focus on improving efficiency and reducing costs.

Operating cash flow for the first six months of 2003 amounted to EUR 706 million, compared to EUR 619 million in the first half of 2002. The increase reflected higher depreciation and amortisation charges and lower payments charged to provisions.

A net EUR 380 million was invested in tangible fixed assets in the first half of 2003, compared with EUR 335 million in the first half of 2002. Investments in a new brewery in Nigeria and in companies included in the consolidation for the first time accounted for most

of this increase. A total of EUR 599 million was spent on consolidated participating interests, in particular the acquisition of a 30.8 per cent. interest in CCU in Chile via the IRSA joint venture, a 22.5 per cent. interest in Karlsberg in Germany via its BrauHolding International AG joint venture, a 68 per cent. interest (which has to date been increased to 94.4 per cent.) in Karlovacka in Croatia and the acquisition of several European beverage wholesalers.

Shareholders' equity increased by EUR 335 million in the first half of 2003, reflecting the balance of the net profit of EUR 400 million and revaluations and exchange differences of EUR 65 million. Shareholders' equity per share amounted to EUR 7.34 as at 30th June, 2003 (EUR 6.49 as at 31st December, 2002). Under new regulations, with effect from 1st January, 2003, dividends declared after the balance sheet date are no longer shown as liabilities in the balance sheet. On the same basis, shareholders' equity per share as at 31st December, 2002 amounted to EUR 6.89.

Interest-bearing debt increased from EUR 1,811 million as at 30th June, 2002 to EUR 2,533 million as at 30th June, 2003 and the net debt position on those dates was EUR 906 million and EUR 1,894 million, respectively.

International Financial Reporting Standards (IFRS)

The European Commission has stipulated that all listed companies in the European Union member states are required to publish their consolidated annual accounts using IFRS as from 1st January, 2005. Heineken N.V. has begun preparations for the implementation of IFRS, which does differ in certain material aspects from the Dutch generally accepted accounting principles as applied by Heineken N.V. Three of the principal areas of difference, which Heineken N.V. has identified, are described below.

Heineken N.V. is considering the implementation of Dutch accounting standard RL 271 (which relates to pensions, and is similar to the corresponding IFRS accounting standard, IAS 19) in its financial statements for the year ending 31st December, 2003. This will lead to a one-off charge to shareholders' equity and is expected to lead to a higher yearly pension charge in the profit and loss account. An important difference with regard to the calculation of the pension liabilities will be, among other things, the inclusion of all future salary increases and the expected indexation of salaries and pensions. There will be no effect on the Group's cash flows as a result of the implementation of RL 271 or IAS 19.

Implementation of IFRS may also lead to a change in the manner in which Heineken N.V. accounts for tangible fixed assets. Tangible fixed assets are currently recorded in Heineken N.V.'s balance sheet at replacement cost less accumulated depreciation. Heineken N.V. is considering, when it implements IFRS, the use of a reconstructed historical cost as the basis for asset valuation. If used, this will lead to a one-off charge against shareholders' equity and a decrease in Heineken N.V.'s depreciation costs (which will have a positive impact on its profit and loss account); there will be no effect on cash flows.

In addition, implementation of IFRS may also lead to a change in the manner in which Heineken N.V. accounts for hedging instruments. Financial instruments are used by the Group in the normal course of business to hedge the effects on results of short-term fluctuations in exchange rates and interest rates. Financial instruments are not marked to fair market value under Dutch generally accepted accounting principles as applied by Heineken N.V. Under IFRS, all financial instruments are recognised as on-balance sheet items. If these instruments qualify for hedge accounting, then changes in their fair value are recognised in equity with no effect on cash flow. Changes in the fair value of financial instruments which do not qualify for hedge accounting are recognised immediately in the profit and loss account.

Heineken N.V. is not yet at a stage where it is able to quantify with certainty the impact these changes will have, which in any event will depend on circumstances at the time that the Company starts to apply IFRS.

Capitalisation and Indebtedness of Heineken N.V.

The following table sets forth the unaudited consolidated capitalisation and indebtedness of the Issuer as at 30th June, 2003, unadjusted to reflect the issue of the Notes:

	(As at 30th June, 2003)
	(€ millions)
Authorised share capital	
1,250,000,000 shares of EUR 2 each.....	2,500
Shareholders' equity	
Issued share capital 391,979,675 shares of EUR 2 each	784
Reserves.....	2,094
Minority interests	450
Group equity	3,328
Indebtedness	
Borrowings due within one year	787
Borrowings due after one year	1,486
Other indebtedness.....	260
Total indebtedness	2,533
Total capitalisation and indebtedness	5,861
Contingent liabilities ⁽¹⁾	955

Note:

(1) As at 31st August, 2003.

On 5th September, 2003, Heineken N.V. entered into a Bridge Facility Agreement for up to EUR 1.4 billion with Citibank, Barclays, Credit Suisse First Boston and JPMorgan. The Bridge Facility expires on 31st December, 2003. The purpose of the facility is to finance the acquisition of GeBAG (see "Heineken N.V. – Development during 2003"), to (re-)finance other acquisitions conducted in 2003, to refinance existing debt, to make a loan or other form of payment of up to EUR 160 million to Heineken N.V.'s pension fund and for general corporate purposes. As at the date of this Offering Circular, Heineken N.V. had drawn an amount of approximately EUR 1,050 million under this Bridge Facility. The remaining financing requirement for the acquisition of GeBAG is expected to be funded by means of a syndicated revolving credit facility.

Since 30th June, 2003, there has been no change in Heineken N.V.'s authorised and issued share capital and, save as disclosed above, there has been no material change in the consolidated capitalisation or indebtedness or contingent liabilities of Heineken N.V. since 30th June, 2003.

Netherlands Taxation

The following summary of Netherlands taxation does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to acquire, hold, redeem or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities and commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers as to the tax consequences, under the tax laws of The Netherlands and each country of which they are residents, of a purchase of Notes including, without limitation, the consequences of receipt of interest and sale or redemption of the Notes or any interest therein.

General

The following summary describes the principal Dutch tax consequences of the acquisition, holding, redemption and disposal of Notes, which term, for the purpose of this summary, includes Coupons. This summary does not purport to be a comprehensive description of all Dutch tax considerations that may be relevant to a decision to acquire, to hold, and to dispose of the Notes. Each prospective Noteholder should consult a professional adviser with respect to the tax consequences of an investment in the Notes. The discussion of certain Dutch taxes set forth below is included for general information purposes only.

This summary is based on Dutch tax legislation, published case law, treaties, rules, regulations and similar documentation, in force as of the date of this Offering Circular, without prejudice to any amendments introduced at a later date and implemented with retroactive effect.

This summary does not address Dutch tax consequences of a Noteholder who holds a substantial interest (*aanmerkelijk belang*) in the Issuer (which term for the purpose of this summary includes any entity substituted for the Issuer pursuant to Condition 11), within the meaning of Section 4.3 of the Income Tax Act 2001. Generally speaking, a Noteholder holds a substantial interest in the Issuer, if such Noteholder, alone or together with his or her partner (statutory defined term) or certain other related persons, directly or indirectly, holds (i) an interest of 5 per cent. or more of the total issued capital of the Issuer or of 5 per cent. or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer.

For the purpose of the principal Dutch tax consequences described herein, it is assumed that the Issuer is a resident of The Netherlands for Dutch tax purposes.

Withholding Tax

No Dutch withholding tax is due upon payments on the Notes, provided that the Notes do not in fact have the function of equity of the Issuer within the meaning of Article 10(1)(d) of the Corporate Income Tax Act 1969.

Corporate Income Tax and Individual Income Tax

Residents of The Netherlands

If the Noteholder is subject to Dutch corporate income tax and the Notes are attributable to its (deemed) business assets, income derived from the Notes and gains realised upon the redemption and disposal of the Notes are generally taxable in The Netherlands.

If the Noteholder is an individual, resident or deemed to be resident of The Netherlands for Dutch tax purposes (including the individual Noteholder who has opted to be taxed as a resident of The Netherlands), the income derived from the Notes and the gains realised upon the redemption and disposal of the Notes are taxable at the progressive rates of the Income Tax Act 2001, if:

- (i) the Noteholder has an enterprise or an interest in an enterprise, to which enterprise the Notes are attributable; or
- (ii) such income or gains qualify as "income from miscellaneous activities" (*resultaat uit overige werkzaamheden*) within the meaning of Section 3.4 of the Income Tax Act 2001, which include activities with respect to the Notes that exceed "regular, active portfolio management" (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the individual Noteholder, the actual income derived from the Notes and the actual gains realised with respect to the Notes will not as such be taxable. Instead, such Noteholder will be taxed at a flat rate of 30 per cent. on deemed income from "savings and investments" (*sparen en beleggen*) within the meaning of Section 5.1 of the Income Tax Act 2001. This deemed income amounts to 4 per cent. of the average of the individual's "yield basis" (*rendementsgrondslag*) within the meaning of article 5.3 of the Income Tax Act 2001 at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar as the average exceeds a certain threshold. The fair market value of the Notes will be included in the individual's yield basis.

Non-residents of The Netherlands

A Noteholder that is not a resident nor deemed to be a resident of The Netherlands for Dutch tax purposes (nor, if he or she is an individual, has opted to be taxed as a resident of The Netherlands) is not taxable in respect of income derived from the Notes and gains realised upon the redemption and disposal of the Notes, unless:

- (i) the Noteholder has an enterprise or an interest in an enterprise, that is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands to which Dutch permanent establishment or permanent representative the Notes are attributable; or
- (ii) the Noteholder is entitled to a share in the profits of an enterprise that is effectively managed in The Netherlands, other than by way of securities or through an employment contract, and to which enterprise the Notes are attributable; or
- (iii) the Noteholder is an individual and such income or gains qualify as "income from miscellaneous activities" (*resultaat uit overige werkzaamheden*) in The Netherlands within the meaning of Section 3.4 of the Income Act 2001, which include activities in The Netherlands with respect to the Notes that exceed "regular, active portfolio management" (*normaal, actief vermogensbeheer*).

Gift, Estate or Inheritance Taxes

Residents of The Netherlands

Generally, gift and inheritance taxes will be due in The Netherlands in respect of the acquisition of the Notes by way of a gift, or on the death of, a Noteholder who is a resident or deemed to be a resident of The Netherlands for the purposes of Dutch gift and inheritance tax at the time of the gift or his or her death.

An individual of Dutch nationality is deemed to be a resident of The Netherlands for the purposes of Dutch gift and inheritance tax, if he or she has been resident in The Netherlands during the ten years preceding the gift or his or her death. An individual of any other nationality is deemed to be a resident of The Netherlands for the purposes of Dutch gift and inheritance tax only if he or she had been residing in The Netherlands at any time during the twelve months preceding the time of gift.

Non-residents of The Netherlands

No gift or inheritance taxes will arise in The Netherlands in respect of the acquisition of the Notes by way of gift by, or as a result of the death of, a Noteholder who is neither a resident nor deemed to be a resident of The Netherlands for the purposes of Dutch gift and inheritance tax, unless:

- (i) such Noteholder at the time of the gift has or at the time of his or her death had an enterprise or an interest in an enterprise that is or was, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands and to which Dutch permanent establishment or permanent representative the Notes are or were attributable; or
- (ii) the Notes are or were attributable to the assets of an enterprise that is effectively managed in The Netherlands and the donor is or the deceased was entitled to a share in the profits of that enterprise, at the time of the gift or at the time of his or her death, other than by way of securities or through an employment contract; or

(iii) in the case of a gift of the Notes by an individual who at the date of the gift was neither a resident nor deemed to be a resident of The Netherlands, such individual dies within 180 days after the date of the gift, while at the time of his or her death, being a resident or deemed to be a resident of The Netherlands.

Treaties

Treaties may limit the Dutch sovereignty to levy gift and inheritance tax.

Other Taxes and Duties

No Dutch VAT, capital duty, registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty, will be due in The Netherlands by a Noteholder in respect of or in connection with the subscription, issue, placement, allotment or delivery of the Notes.

EU Directive on the Taxation of Savings Income

On 3rd June, 2003, the European Council of Economics and Finance Ministers agreed on proposals under which Member States will be required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to or for the benefit of an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg and Austria will instead be required to operate a withholding tax system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). The proposals are anticipated to take effect from 1st January, 2005.

Subscription and Sale

Barclays Bank PLC, Citigroup Global Markets Limited, Credit Suisse First Boston (Europe) Limited, and J.P. Morgan Securities Ltd. (the "Joint Lead Managers") and ABN AMRO Bank N.V., CCF, ING Belgium S.A./N.V. and Société Générale (together with the Joint Lead Managers, the "Managers") have, pursuant to a Subscription Agreement dated 3rd November, 2003, jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe (i) the 2010 Notes at 101.444 per cent. of their principal amount and (ii) the 2013 Notes at 101.259 per cent. of their principal amount. The Issuer has agreed to pay to the Managers (i) a selling commission of 1.55 per cent., and a combined management and underwriting commission of 0.325 per cent., of the principal amount of the 2010 Notes and (ii) a selling commission of 1.625 per cent., and a combined management and underwriting commission of 0.375 per cent. of the principal amount in respect of the 2013 Notes. In addition, the Issuer has agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the relevant Notes and the Closing Date of the relevant issue (as defined in the Subscription Agreement) within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the relevant Notes, an offer or sale of such Notes within the United States by a dealer that is not participating in such offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented, warranted and agreed that:

(i) it has not offered or sold and, prior to the expiry of a period of six months from the issue date of the relevant Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

The Netherlands

The Notes are being issued under the euro-securities exemption pursuant to Article 6 of the Exemption Regulation of 21st December, 1995 (*Vrijstellingregeling Wet toezicht effectenverkeer 1995*), as amended, of The Netherlands Securities Market Supervision Act 1995 (*Wet toezicht effectenverkeer 1995*) and accordingly each Manager has represented and agreed that it has not publicly promoted (whether electronically or otherwise) and will not publicly promote (whether electronically or otherwise) the offer or sale of the Notes (including any rights representing an interest in a Temporary Global Note or a Permanent Global Note) by conducting a generalised advertising or cold-calling campaign anywhere in the world.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") pursuant to Italian securities legislation and, accordingly, each Manager has represented and agreed that it has not offered, and will not offer, any Notes in the Republic of Italy ("Italy") in a solicitation to the public (*sollecitazione all'investimento*) and, therefore, that Notes shall only be offered in Italy to "professional investors", as defined under Articles 25 and 31, paragraph 2, of CONSOB Regulation No. 11522 of 1st July, 1998 ("Regulation No. 11522"), as amended, or pursuant to another exemption from the requirements set forth by Articles 94 et seq. of Legislative Decree No. 58 of 24th February, 1998 ("Legislative Decree No. 58") and CONSOB Regulation No. 11971 of 14th May, 1999 ("Regulation No. 11971") and shall in any event be effected in accordance with all Italian securities, tax and exchange controls and other applicable laws and regulations.

Accordingly, each Manager has represented and agreed that it will not offer the Notes and that it will not distribute or make available in Italy either this Offering Circular or any other material relating to the Notes, unless such offer of Notes or distribution or availability of copies of this Offering Circular or any other material relating to the Notes in Italy is:

- (i) made by an investment firm, a bank or a financial intermediary permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1st September, 1993 (the "Banking Law"), Legislative Decree No. 58, Regulation No. 11522, Regulation No. 11971 and any other applicable laws and regulations;
- (ii) in compliance with Article 129 of the Banking Law and the implementing instructions of the Bank of Italy, pursuant to which the issue or offer of securities in Italy is subject to prior notification to the Bank of Italy, unless an exemption, depending *inter alia* on the amount of the issue and the features of the securities, applies; and
- (iii) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

General

Each Manager has severally acknowledged that no representation has been made by the Issuer or any Manager that any action has been or will be taken in any jurisdiction by the Issuer or any Manager that would permit a public offering of the Notes, or possession or distribution of this Offering Circular or any other offering material, in any country or jurisdiction where action for that purpose is required. Each Manager will comply to the best of its knowledge and belief in all material respects with all applicable securities laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular or any other offering material.

General Information

1. The Notes have been accepted for clearance through Clearstream, Luxembourg and Euroclear. The International Securities Identification Number for the 2010 Notes is XS0179266597 and the Common Code is 017926659. The International Securities Identification Number for the 2013 Notes is XS0179266753 and the Common Code is 017926675.
2. In connection with the application to list the Notes on the Luxembourg Stock Exchange, a legal notice relating to the issue of the Notes and copies of the constitutional documents of the Issuer will be deposited with the Register of Commerce and Companies in Luxembourg (*Registre de Commerce et des Sociétés à Luxembourg*) where such documents may be examined and copies obtained. So long as any Notes of either issue are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange shall so require, the Issuer will maintain a paying agent in Luxembourg for such issue.
3. The Issuer has obtained all necessary consents, approvals and authorisations in The Netherlands in connection with the issue and performance of the Notes. The issue of the Notes was authorised by resolutions of the Executive Board and Supervisory Board of the Issuer passed on 16th October, 2003 and 19th June, 2003, respectively.
4. Except as disclosed in this Offering Circular, there has been no significant adverse change in the financial or trading position of the Issuer or of the Group since 31st December, 2002.
5. Except as disclosed in this Offering Circular, neither the Issuer nor any member of the Group is involved in any litigation or arbitration proceedings which may have or have had in the 12 months preceding the date of this Offering Circular, a significant effect on the financial position of the Issuer or the Group.
6. The Notes and Coupons will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
7. Copies of (i) the audited financial statements of the Issuer as at and for the years ended 31st December, 2001 and 2002; (ii) the unaudited interim consolidated financial statements of the Issuer as at and for the six month periods ended 30th June, 2002 and 2003; (iii) the latest annual report and audited financial statements of the Issuer and the latest unaudited interim consolidated financial statements of the Issuer and (iv) copies of the Articles of Association of the Issuer and the Trust Deed and the Paying Agency Agreement may be obtained free of charge at the specified office of the Paying Agent in Luxembourg during normal business hours, so long as any of the Notes is outstanding.

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Auditor's Report

Introduction

We have audited the 2002 financial statements of Heineken N.V., Amsterdam, as included on pages F-2 to F-25 of this report. The financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31st December, 2002 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9, Book 2, of the Netherlands Civil Code.

Amsterdam, 25th February, 2003

KPMG Accountants N.V.

Consolidated Balance Sheet

after appropriation of profit

	31st December, 2002	31st December, 2001
<i>in millions of euros</i>		
Assets		
<i>Fixed assets</i>		
Intangible fixed assets.....	39	13
Tangible fixed assets	4,094	3,592
Financial fixed assets	835	531
	<hr/> 4,968	<hr/> 4,136
<i>Current assets</i>		
Stocks.....	765	692
Receivables.....	1,270	1,192
Securities	98	29
Cash	680	1,146
	<hr/> 2,813	<hr/> 3,059
	<hr/> 7,781	<hr/> 7,195
Equity and liabilities		
<i>Group equity</i>		
Shareholders' equity.....	2,543	2,758
Minority interests in other group companies..	393	381
	<hr/> 2,936	<hr/> 3,139
<i>Provisions</i>	981	1,024
<i>Liabilities</i>		
Long-term borrowings	1,215	797
Current liabilities	2,649	2,235
	<hr/> 3,864	<hr/> 3,032
	<hr/> 7,781	<hr/> 7,195

Consolidated Profit and Loss Account

	2002	2001*
<i>in millions of euros</i>		
Net turnover	10,293	9,333
Raw materials, consumables and services	5,558	5,089
Excise duties	1,282	1,226
Staff costs	1,642	1,417
Amortisation/depreciation and value adjustments	529	476
Total operating expenses	9,011	8,208
Operating profit	1,282	1,125
Results of non-consolidated participating interests	48	45
Interest	(109)	(71)
Profit before tax	1,221	1,099
Taxation	(364)	(327)
Group profit after tax	857	772
Minority interests	(62)	(57)
Net profit on ordinary activities	795	715
Extraordinary result after tax	—	52
Net profit	795	767
Number of shares in issue	391,979,675	391,979,675
Net profit per share on ordinary activities	2.03	1.82

Consolidated Cash Flow Statement

	2002	2001
	<i>in millions of euros</i>	
Cash flow from operating activities		
Operating profit	1,282	1,125
Results of non-consolidated participating interests	48	45
Amortisation/depreciation and value adjustments	529	476
Movements in provisions	(8)	(32)
Movements in working capital	(223)	(42)
<i>Cash flow from operations</i>	<u>1,628</u>	<u>1,572</u>
Interest paid and received	(103)	(74)
Taxation paid on profits	(341)	(333)
<i>Cash flow from operating activities</i>	<u>1,184</u>	<u>1,165</u>
Dividends paid	<u>(187)</u>	<u>(168)</u>
<i>Cash flow from operating activities less dividends paid</i>	<u>997</u>	<u>997</u>
Cash flow from investing activities		
Intangible fixed assets	(35)	(17)
Tangible fixed assets	(696)	(578)
Consolidated participating interests	(799)	(148)
Non-consolidated participating interests	(423)	(74)
Extraordinary result on participating interests disposed of	—	52
Other financial fixed assets	(20)	(18)
	<u>(1,973)</u>	<u>(783)</u>
Cash flow from financing activities		
Long-term borrowings	484	86
Repayment of long-term borrowings	(56)	(182)
Share issue by group companies	(1)	57
	<u>427</u>	<u>(39)</u>
Net cash flow	<u>(549)</u>	<u>175</u>
Other cash movements		
Changes in the consolidation	(88)	99
Exchange differences	(36)	(14)
Movement in net cash	<u>(673)</u>	<u>260</u>
<i>The net cash position is made up of</i>		
Cash	680	1,146
Securities	98	29
Bank overdrafts	(573)	(297)
Position as at 31st December	<u>205</u>	<u>878</u>

Notes to the Consolidated Balance Sheet, Profit and Loss Account and Cash Flow Statement for 2002

General

The financial statements and the report of the Executive Board have been prepared in accordance with the provisions of Part 9, Book 2, of the Netherlands Civil Code.

There were a number of changes in the scope of the consolidation during the year, the following being the more significant of these with regard to the financial statements.

The 49.9% participating interest in BrauHolding International, in Germany, has been proportionally consolidated with effect from 1st January, 2002. In 2001, this participating interest was carried at net asset value. Bravo International in Russia has been fully consolidated with effect from 1st January, 2002. In addition, Al Ahram in Egypt, Almaza in Lebanon and Barú in Panama have been included in the consolidation with effect from 1st October, 2002. There was also a certain amount of expansion of existing interests and a number of beverage wholesalers were acquired. These changes in the consolidation led to an increase in net turnover of €468 million. The acquisitions also resulted in a goodwill charge to equity of €778 million.

From 2002 part of the costs of temporary point-of-sales activities were reclassified as marketing and selling expenses, whereas previously they were deducted from net turnover. To facilitate comparison, both net turnover and marketing and selling expenses in 2001 have been increased by €170 million.

The financial information relating to Heineken N.V. has been included in the consolidated balance sheet and profit and loss account. The abridged presentation permitted by Section 402, Part 9, Book 2, of the Netherlands Civil Code has accordingly been used for the Heineken N.V. profit and loss account.

The amounts disclosed in the notes are in millions of euros unless otherwise indicated.

Consolidation

Heineken N.V. and the subsidiaries with which it forms a group are fully consolidated in the consolidated balance sheet and profit and loss account, with minority interests in group equity and group profits shown separately.

Proportional consolidation is applied in the case of companies in which the Heineken group has a direct interest and exercises a controlling influence on management decisions in partnership with other shareholders.

In the analysis of movements in various assets and liabilities, disclosures of 'changes in the consolidation' relate to increases or decreases in the group's interests in consolidated companies.

Foreign currency

Hedging transactions to limit exchange risks are entered into only in respect of actual amounts receivable and payable and highly probable future cash flows in foreign currencies. The instruments used are forward contracts and options. Before such contracts are entered into, inward and outward cash flows in a particular currency are netted off at group level as far as possible. Where foreign currency balance sheet positions have been hedged, they are translated at the exchange rate of the hedge. Recognition of results arising from hedging operations relating to future foreign currency cash flows is deferred until the relevant cash flows are accounted for. Other foreign currency transactions in the profit and loss account are recognised at spot rates unless forward contracts have been entered into in connection with these transactions, in which case the forward rate applies.

The financial statements of non-eurozone companies are translated into euros. Assets and liabilities are translated at exchange rates on the balance sheet date. Profit and loss account items are translated at the average monthly exchange rates. The difference between the net profit based on average exchange rates and the net profit based on the exchange rates as at balance sheet date is accounted for in the revaluation reserve. The profit and loss accounts of companies in hyperinflation countries are translated at exchange rates prevailing on the balance sheet date.

Differences in book value raise on translation into euros of the opening balance of the shareholders' equity of the non-eurozone consolidated companies plus intra-group long-term loans granted to these companies. These differences are treated as revaluations and are credited

or debited directly to group equity, with due allowance for taxation. Other differences due to exchange rate movements are accounted for directly in the profit and loss account.

Valuation of assets and liabilities

Intangible fixed assets

Goodwill, the difference between the price paid for participating interests and their valuation according to Heineken accounting policies, is charged to shareholders' equity where the group exercises at least a significant influence on management decisions. In the case of acquisition of beverage wholesalers, the purchase price is almost entirely determined by the customer base and, that being the case, it is treated as goodwill.

When the relevant legal requirements are changed, goodwill will be capitalised and amortised over the expected economic life of the assets concerned.

Other intangible fixed assets are capitalised and amortised by the straight-line method over three years. If the net realisable value of intangible fixed assets is less than the carrying amount, a diminution in value is applied. Costs of internally developed brands, patents and licences and research and development are expensed. Brands, patents and licences purchased with acquisitions are treated as part of the goodwill paid.

Tangible fixed assets

Except for land, which is not depreciated, tangible fixed assets are stated at replacement cost less accumulated depreciation. The following average useful lives are used for depreciation purposes:

Buildings	30-40 years
Plant and equipment	10-30 years
Other fixed assets	5-10 years

The replacement cost is based on appraisals by internal and external experts, taking into account technical and economic developments. Other factors taken into account include the experience gained in the construction of breweries throughout the world.

Grants received in respect of investments in tangible fixed assets are deducted from the amount of the investment.

Projects under construction are included at cost.

Financial fixed assets

Non-consolidated participating interests where the group has a significant influence are stated at the Heineken share of the net asset value, which is arrived at as far as possible on the basis of the Heineken accounting policies. Other non-consolidated participating interests are stated at cost less any necessary provisions.

Loans to non-consolidated companies and other financial fixed assets are carried at face value, less provisions for credit risks.

Impairment of assets

Regular assessments are made for any indications that intangible and tangible fixed assets might be impaired. If any such indications exist, the net realisable value of the assets concerned is determined. If the net realisable value of an asset is less than its book value, the difference is deducted from the carrying amount as an impairment loss and charged to the profit and loss account.

Current assets

Stocks bought in from third parties are stated at replacement cost, arrived at on the basis of prices from current purchase contracts and latest prices as at balance sheet date. Finished products and work in progress are stated at manufactured cost based on replacement cost and taking into account the production stage reached. Stocks of spare parts are depreciated on a straight-line basis taking account of obsolescence. If the recoverable amount or net realisable value of stocks is less than their replacement cost, provisions are made in respect of the difference. Advance payments on stocks are included at face value.

Receivables are carried at face value less a provision for credit risks and less the amount of deposits on returnable packaging.

Securities are carried at the lower of historical cost and quoted price, or estimated market value in the case of unlisted securities.

Cash is included at face value.

Revaluations

Differences in carrying amounts due to revelations are credited or debited to group equity, less an amount in respect of deferred tax liabilities where applicable.

Provisions

The provision for deferred tax liabilities is formed in respect of timing differences between the balance sheet for reporting purposes and the recognition of assets and liabilities for tax purposes as well as taxation on profit distributions borne by the group. The liabilities are calculated at the standard tax rates on balance sheet date and are stated at face value. Deferred tax assets are netted off against deferred tax liabilities of the same kind over matching periods. A net deferred tax asset is not recognised unless future realisation is reasonably certain.

The provisions for pension liabilities and similar schemes are calculated at net present value according to actuarial principles based on current pay levels. Full provision is made for pension liabilities in respect of accrued benefit rights. Prior-service liabilities resulting from improvements in remuneration packages and pension plans are added to the provision for pension liabilities and charged directly to the result.

Provisions connected with reorganisation plans are calculated at the net present value of the benefit commitments in connection with early retirement, relocation and redundancy schemes. Where applicable, the expected degree of employee participation in the schemes concerned is taken into account.

Liabilities

Long-term borrowings and current liabilities are stated at face value.

Determination of results

Income and expenses are accounted for in the profit and loss account at the time of supply of the relevant goods or services.

Net turnover means the proceeds from sales of products and services supplied to third parties, net of sales taxes and customer discounts.

Raw materials and consumables are stated at replacement cost in the profit and loss account.

Excise duties are stated at the actual amounts payable.

Depreciation charges based on replacement cost are calculated on a straight-line basis according to the estimated useful lives of the assets concerned.

The results of non-consolidated participating interests consist of dividends received during the year from companies carried at cost and Heineken's share of the net profits of companies carried at net asset value. The share of the results of companies carried at net asset value is calculated as far as possible in accordance with group accounting policies for the determination of results, taking account of taxation and minority interests.

Interest expenses are allocated to the periods to which they relate. Results arising from operations involving interest rate hedging instruments are also accounted for as interest. Such instruments are used to hedge the risk of a reduction in interest income on surplus funds temporarily invested in bank deposits due to falling interest rates and higher interest charges on interest-bearing liabilities due to interest rate rises. Interest rate hedging instruments are not used without a corresponding underlying position.

Taxation on profits is calculated on the profit shown in the financial statements by applying the standard tax rates, taking into account tax payable by the group on profit distributions by participating interests and applicable tax facilities. Differences between the amount thus calculated and the tax actually payable for the year are accounted for in the provision for deferred liabilities.

Notes to the Consolidated Balance Sheet

Intangible fixed assets

With effect from 2001, investments in major ICT projects and technical innovations satisfying the applicable criteria have been capitalised and amortised over three years. In 2002, an amount of €35 million (2001: €17 million) was capitalised and an amount of €10 million (2001: €4 million) was amortised.

Tangible fixed assets	Total	Land and buildings	Plant and equipment	Other fixed assets	Projects under construction
Position at 1st January, 2002.....	3,592	1,135	1,500	716	241
Changes in the consolidation.....	378	137	149	77	15
Investments less disposals.....	696	40	264	182	210
Completed projects.....	—	28	142	69	(239)
Exchange differences.....	(144)	(37)	(60)	(32)	(15)
Revaluation.....	53	9	40	4	—
Depreciation and value adjustments.....	(481)	(62)	(218)	(201)	—
Position at 31st December, 2002.	<u>4,094</u>	<u>1,250</u>	<u>1,817</u>	<u>815</u>	<u>212</u>
<i>This book value is made up as follows:</i>					
Replacement cost.....	9,897	2,790	4,781	2,114	212
Accumulated depreciation.....	(5,803)	(1,540)	(2,964)	(1,299)	—
	<u>4,094</u>	<u>1,250</u>	<u>1,817</u>	<u>815</u>	<u>212</u>
The aggregate amount of revaluations included in the book value as at 31st December, 2002 is.....	622	237	355	30	—

Other fixed assets includes vehicles, office equipment and returnable packaging. Projects under construction also includes advance payments on tangible fixed assets on order. With effect from 2002, investment grants have been deducted from the cost of the tangible fixed assets concerned.

Financial fixed assets

	Total	Non-consolidated participating interests	Other financial fixed assets
		Shares	Loans
Position as at 1st January, 2002.....	531	182	1
Changes in the consolidation	31	(26)	7
Additions/loans granted.....	601	433	1
Disposals/loan repayments	(158)	(10)	(6)
Revaluation	(7)	(6)	(1)
Goodwill.....	(182)	(182)	—
Other value adjustments.....	(1)	(1)	—
Share in net profit.....	26	26	—
Dividends received.....	(6)	(6)	—
Position as at 31st December, 2002.....	835	410	2
	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>

Other financial fixed assets includes €295 million (2001: €270 million) in respect of loans to customers and €22 million (2001: €30 million) in respect of deferred tax assets.

	2002	2001
Stocks		
Raw materials	112	118
Work in progress	58	46
Finished products.....	184	167
Goods for resale	125	110
Non-returnable packaging.....	72	65
Other stocks	159	138
Advance payments on stocks.....	55	48
	<hr/>	<hr/>
	<hr/>	<hr/>
	765	692
Receivables		
<i>Amounts falling due within one year:</i>		
Trade debtors.....	1,111	1,070
Packaging deposits	(266)	(256)
	<hr/>	<hr/>
	<hr/>	<hr/>
Non-consolidated participating interests.....	845	814
Other amounts receivable.....	44	57
Prepayments and accrued income	221	171
	<hr/>	<hr/>
	<hr/>	<hr/>
160	150	
	<hr/>	<hr/>
	<hr/>	<hr/>
1,270	1,192	
	<hr/>	<hr/>
	<hr/>	<hr/>
Securities		
Listed securities.....	83	16
Unlisted securities.....	15	13
	<hr/>	<hr/>
	<hr/>	<hr/>
98	29	
	<hr/>	<hr/>
	<hr/>	<hr/>
Cash		
Cash in hand and at bank.....	324	362
Short-term cash deposits.....	356	784
	<hr/>	<hr/>
	<hr/>	<hr/>
680	1,146	
	<hr/>	<hr/>
	<hr/>	<hr/>

Total cash not freely disposable amounts to €121 million, mainly relating to letters of credit.

	2002	2001
Shareholders' equity		
Position as at 1st January.....	2,758	2,396
Exchange differences.....	(107)	16
Revaluation	32	56
Goodwill.....	(778)	(320)
Net profit for the year	795	767
Dividend for the year	(157)	(157)
Position as at 31st December.....	<u>2,543</u>	<u>2,758</u>

For an analysis of shareholders' equity, reference is made to the balance sheet of Heineken N.V. as at 31st December, 2002 on page 66.

	2002	2001
Minority interests		
Position as at 1st January.....	381	124
Changes in the consolidation	25	156
Exchange differences.....	(55)	—
Revaluation	12	5
Minority interests in group profit	62	57
Dividends payable to minority shareholders ...	(31)	(20)
Share issue.....	(1)	59
Position as at 31st December.....	<u>393</u>	<u>381</u>

Provisions

	Deferred tax liabilities	Pension liabilities	Other provisions	Total
<i>The movements were:</i>				
Position as at 1st January, 2002.....	357	338	329	1,024
Changes in the consolidation	27	21	3	51
Revaluation/exchange differences.....	(7)	(4)	(3)	(14)
Added/released	(3)	96	5	98
Utilised	—	(33)	(73)	(106)
Other movements.....	7	(66)	(13)	(72)
Position as at 31st December, 2002.....	<u>381</u>	<u>352</u>	<u>248</u>	<u>981</u>

The provision for pension liabilities relates to pensions and annuities which have not been insured with third parties. With effect from 2002, the provisions for early retirement and other schemes under which people are laid off with pension-like arrangements have been included in this item. In 2002 additional pension charges amounted to €70 million, although half of this amount could be set off against existing provisions for staff costs. The average rate of interest used in calculating the net present value of the provision for pension liabilities, based on current applicable interest rates in the countries concerned, is 4% (2001: 4%). The other provisions comprise reorganisation provisions, provisions formed for receivables from participating interests, for contracts of suretyship provided and for current lawsuits. Additions due to planned and announced restructuring programmes are charged to the profit and loss account, with the exception of restructuring programmes relating to recently acquired companies, which are taken into account in the calculation of goodwill. €939 million of the provisions (2001: €933 million) has a term in excess of one year.

	2002		2001	
	Total	More than 5 years	Total	More than 5 years
Long-term borrowings				
<i>Amounts falling due after more than one year related to:</i>				
Loans from credit institutions, in EUR, average effective interest rate 5.2%	337	110	264	150
Loans from credit institutions, in PLN, average effective interest rate 3.62% (2001: 15.8%)	1	—	61	—
Loans from credit institutions, in EUR, average effective interest rate 4.0% (2001: 5.0%)	162	—	16	—
Loans from credit institutions, in EUR, average effective interest rate 4.3% (2001: 5.0%)	427	—	278	278
Private loan, in EGP, interest rate 11.9%	37	37	—	—
Private loan, in EUR, interest rate 5.8%	68	—	68	68
Other private loans, in various currencies, average interest rate 5.2% (2001: 5.45%)	118	20	72	16
Other loans, interest-free.....	65	26	38	21
	1,215	193	797	533
	=====	=====	=====	=====

Security in the form of mortgages totalling €116 million (2001: €113 million) has been provided in respect of the other private loans.

	2002		2001	
	Total	More than 5 years	Total	More than 5 years
Current liabilities				
<i>Amounts falling due within one year relate to:</i>				
Repayment commitments on long-term borrowings in 2003	205	32		
Bank overdrafts	573	297		
Suppliers.....	629	620		
Taxation and social security contributions	322	335		
Dividend	105	107		
Short-term deposits	261	241		
Amounts owed to non-consolidated participating interests	1	3		
Other creditors.....	250	242		
Accruals and deferred income.....	303	358		
	2,649		2,235	
	=====		=====	

Tangible fixed assets totalling €140 million (2001: €205 million) have been pledged to the authorities in a number of countries as security for the payment of taxation, particularly excise duties and import duties.

	2002	2001
Off-balance-sheet commitments		
Tenancy and operating leases.....	48	56
Capital expenditure commitments, unless already included in tangible fixed assets.....	53	84
Long-term raw material purchase contracts	176	186
Declarations of joint and severral liability	398	286
Other off-balance-sheet commitments	29	12
Loan to Stichting Heineken Pensioenfonds.....	150	—

In 2003, a subordinated loan of €150 million will be granted to Stichting Heineken Pensioenfonds to satisfy the more stringent minimum reserves requirements of the Pensions and Insurance Supervisory Board in the Netherlands.

	2002	2001
Financial instruments		
<i>Contract value as at 31st December</i>		
Currency hedging instruments in US dollars.....	904	1,321
Currency hedging instruments in other currencies.....	114	206
Interest-hedging instruments	1,029	925

Financial Instruments are used in the normal course of business to hedge the effects on results of fluctuations in exchange rates and interest rates. The most important foreign currency inflow is denominated in US dollars and is generated by export activities. The expected net cash flow in US dollars, which amounts to around USD 760 million per annum, is hedged well in advance by means of a combination of forward contracts and options. This policy reduces the volatility of export sales proceeds and results due to short-term fluctuations in the value of the US dollar against the euro and delays the impact of long-term fluctuations on results. The financial instruments used to hedge foreign exchange fluctuations, with a term of longer than one year, amount to €190 million. As far as possible, temporary cash surpluses are held centrally and invested in bank deposits in euros with maximum terms of one year. Approximately 60% of the risk of reduction in interest income on these deposits due to a fall in the interest rate or an increase in interest charges due to a rise in the interest rate on interest-bearing liabilities is hedged with interest rate instruments. These interest-hedging instruments include interest rate swaps, forward rate agreements and caps and floors. The interest-hedging instruments with a term of more than one year amount to €1,005 million. As at 31st December, 2002, the aggregate market value of the various financial instruments used amounted to €83 million. Currency and interest rate risk management is governed by a stringently defined policy and strict rules. Only a limited number of counterparties are used, all with excellent credit ratings. The activities are closely monitored, independently of implementation.

Notes to the Consolidated Profit and Loss Account

Information by geographical area

As almost the entire net turnover of the group is accounted for by just one product group, namely beer, the financial information is segmented by geographical area only. The remaining activities are not reported on a segmented basis. The following four regions are distinguished: Europe, Western Hemisphere, Africa/Middle East and Asia/Pacific. Since nearly all export production facilities are located in Europe, the results of these activities are reported under Europe. The results and assets, analysed by region, are presented below.

Results

	Europe (incl. exports)		Western Hemisphere		Africa/Middle East		Asia/Pacific		Eliminations		Consolidated	
	2002	2001*	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001*
Net turnover												
Third-party sales proceeds	7,488	6,824	1,372	1,176	795	747	471	465	—	—	10,126	9,212
Interregional sales proceeds	1,276	1,127	—	—	—	—	—	—	(1,276)	(1,127)	—	—
Total sales proceeds	8,764	7,951	1,372	1,176	795	747	471	465	(1,276)	(1,127)	10,126	9,212
Proceeds from services	156	126	1	—	40	29	5	7	(35)	(41)	167	121
Net turnover	8,920	8,077	1,373	1,176	835	776	476	472	(1,311)	(1,168)	10,293	9,333
Excise duty	889	831	131	107	120	144	142	144	—	—	1,282	1,226
Operating profit	996	881	70	55	169	129	47	60	—	—	1,282	1,125
Results of non-consolidated participating interests.....	12	6	23	20	6	5	7	14	—	—	48	45
Interest											(109)	(71)
Taxation											(364)	(327)
Minority interests											(62)	(57)
Net profit on ordinary activities.....											795	715
Extraordinary result after tax											—	52
Net profit											795	767
											=====	=====

Balance sheet

	Europe (incl. exports)		Western Hemisphere		Africa/Middle East		Asia/Pacific		Consolidated	
	2002	2001*	2002	2001	2002	2001	2002	2001	2002	2001*
Operating assets.....	5,280	4,726	328	308	1,027	768	361	397	6,996	6,199
Non-consolidated participating interests	36	53	331	87	25	23	18	20	410	183
Total assets	5,316	4,779	659	395	1,052	791	379	417	7,406	6,382
Invested cash									375	813
Total assets as per balance sheet									7,781	7,195
Total provisions and liabilities	3,651	3,207	334	236	729	469	131	144	4,845	4,056
Total liabilities as per balance sheet									4,845	4,056
Group equity									2,936	3,139
Investments in intangible fixed assets	34	17	1	—	—	—	—	—	35	17
Investments in tangible fixed assets	461	442	10	17	208	103	17	16	696	578
Amortisation of intangible fixed assets.....	10	4	—	—	—	—	—	—	10	4
Depreciation of and value adjustments to tangible fixed assets	420	403	10	10	33	35	18	17	481	465

* The 2001 figures have been restated for comparison purposes.

Raw materials, consumables and services

	2002	2001*
Raw materials	525	507
Packaging	949	873
Goods for resale	1,080	978
Marketing and selling expenses	1,585	1,451
Transport costs	402	357
Energy and water	147	138
Repair and maintenance	185	161
Other expenses	685	624
	<hr/>	<hr/>
	5,558	5,089
	<hr/>	<hr/>

The movement in work in progress and finished products (increase of €29 million, excluding revaluations and changes in the consolidation) is included in the appropriate component of production costs, i.e. raw materials, packaging materials, excise duties and, with regard to the fixed cost element of stocks, other expenses.

* The 2001 figures have been restated for comparison purposes.

Staff costs

	2002	2001*
Salaries and wages	1,069	994
Pension costs	111	41
Other social security costs	275	207
Other staff costs	193	187
	<hr/>	<hr/>
	1,648	1,429
Staff costs capitalised in connection with production of tangible fixed assets for use by the group	(6)	(12)
	<hr/>	<hr/>
	1,642	1,417
	<hr/>	<hr/>

Other staff costs includes amounts added to other provisions in respect of reorganisations.

Number of employees

	2002	2001*
<i>The average number of employees was:</i>		
Netherlands	5,527	5,620
Rest of Europe	22,440	20,646
Western Hemisphere	1,451	839
Africa/Middle East	10,462	6,700
Asia/Pacific	1,377	1,308
	<hr/>	<hr/>
Heineken N.V. and full consolidated participating interests	41,257	35,113
Rest of Europe	2,877	947
Africa/Middle East	631	537
Asia/Pacific	3,472	3,428
	<hr/>	<hr/>
Proportionally consolidated participating interests	6,980	4,912
	<hr/>	<hr/>
Heineken N.V. and consolidated participating interests	48,237	40,025

* The 2001 figures have been restated for comparison purposes.

Amortisation/depreciation and value adjustments

	2002	2001*
Depreciation of tangible fixed assets.....	476	444
Other value adjustments to tangible fixed assets	5	21
Amortisation of intangible fixed assets	10	4
	<hr/>	<hr/>
	491	469
Value adjustments to other assets.....	38	7
	<hr/>	<hr/>
	529	476
	<hr/>	<hr/>

Other value adjustments to tangible fixed assets include the balance of reductions in the book values of production assets to their net realisable value and reversals of exceptional losses from impairment of these assets. The value adjustments to other assets relate mainly to provisions for stocks of finished products and spares held by operating companies.

* The 2001 figures have been restated for comparison purposes.

Results of non-consolidated participating interests

	2002	2001
Share in net result of participating interest carried at net asset value.....	15	17
Dividends received from participating interests carried at cost	33	28
	<hr/>	<hr/>
	48	45
Interest		
Interest paid.....	(146)	(118)
Interest received on cash deposits etc.....	37	47
	<hr/>	<hr/>
	(109)	(71)
	<hr/>	<hr/>

Taxation

The taxation amounts to 31.0% (2001: 31.0%) of the profit before tax, excluding the results of non-consolidated participating interests.

Taxation	(364)	(327)
----------------	-------	-------

The main components of the taxation charge are:

Profit before taxation excluding the results of non-consolidated participating interests	1,173	1,054
Taxation charge at the statutory tax rate in the Netherlands	34.5%	35.0%
Effect of tax rates outside the Netherlands....	(0.9)%	(0.5)%
Non-allowable expenses.....	1.7%	1.6%
Utilisation of tax losses carried forward	(1.2)%	(2.6)%
Tax losses not recognised.....	(0.1)%	1.4%
Underprovided in prior years	(0.8)%	(0.9)%
Tax incentives and other differences	(2.2)%	(3.0)%
	<hr/>	<hr/>
Effective tax burden	31.0%	327
	<hr/>	<hr/>

Notes to the Consolidated Profit and Loss Account

	2002
Tax losses	
As at 31st December, 2002, the group had tax losses totalling €134 million, expiring as follows:	
2003	20
2004	29
2005	21
2006	12
2007	21
Later than 2007 but not indefinite	31
	<hr/>
	134
<hr/>	

An amount of €22 million of these tax losses has been recognised as a deferred tax asset and included in financial fixed assets. Owing to the uncertainty regarding the ability to realise other tax losses, they have not been recognised.

	2002	2001
Extraordinary result after tax		
Extraordinary result after tax	—	52
	<hr/>	<hr/>

The extraordinary result after tax in 2001 relates to the book profit of €35.5 million on the disposal of the 2% interest in the Spanish hotel group NH Hoteles SA and an exceptional cash dividend of €16.3 million distributed by Whitbread Plc, following the disposal of its Pubs & Bars Division.

Notes to the Consolidated Cash Flow Statement

The consolidated cash flow statement has been drawn up using the indirect method. The various consolidated profit and loss account and balance sheet items have been adjusted for changes which have no effect on the receipts and payments during the year. Working capital comprises stocks, receivables and current liabilities (excluding bank overdrafts and repayment commitments on long-term borrowings in 2003). The cash flow from investing activities relates to the net amount of investments and disposals. The net cash position consists of cash in hand and at bank, securities and bank overdrafts.

	Provisions	Long-term borrowings	Repayment commitments
Position as at 1st January, 2002	1,024	797	32
Revaluation/exchange differences	(14)	(11)	(1)
Changes in the consolidation	51	81	11
Other non-cash-flow movements.....	(72)	(136)	220
Cash flow movements.....	(8)	484	(56)
Position as at 31st December, 2002	981	1,215	206
Working capital			
Position as at 1st January, 2002		(22)	
Movements in balance sheet items in connection with dividends, interest and taxation.....		(2)	
Revaluation/exchange differences		(49)	
Changes in the consolidation		57	
Other non-cash flow movements.....		(42)	
Cash flow movements.....		223	
Position as at 31st December, 2002		165	

Participating Interests

of significance for the true and fair view required by law

A devaluation of joint and several liability pursuant to the provisions of Section 403, Part 9, Book 2, of the Netherlands Civil Code has been issued with respect to the legal entities established in the Netherlands marked with a ● below.

Fully consolidated participating interests		% interest
● Heineken Nederlands Beheer B.V.	Amsterdam	100.0
● Heineken Brouwerijen B.V.	Amsterdam	100.0
● Heineken Nederland B.V.	Amsterdam	100.0
● Heineken Internationaal B.V.	Amsterdam	100.0
● Heineken Technical Services B.V.	Amsterdam	100.0
● Amstel Brouwerij B.V.	Amsterdam	100.0
● Amstel International B.V.	Amsterdam	100.0
● Vrumona B.V.	Bunnik	100.0
● Invebra Holland B.V.	Amsterdam	100.0
● Brouwerij de Ridder B.V.	Maastricht	100.0
● B.V. Beleggingsmaatschappij Limba	Amsterdam	100.0
● Brand Bierbrouwerij B.V.	Wijlre	100.0
● Beheer- en Exploitatiemaatschappij Brand B.V.	Wijlre	100.0
Sogebra S.A.	Paris (France)	100.0
Heineken España S.A.	Seville (Spain)	97.8
Heineken Italia S.p.A.	Pollein (Italy)	100.0
Athenian Brewery S.A.	Athens (Greece)	98.8
Grupa Żywiec S.A.	Żywiec (Poland)	61.8
Heineken Ireland Ltd*	Cork (Ireland)	100.0
Amstel Brewery Hungary Inc.	Komárom (Hungary)	100.0
Heineken Slovensko A.S.	Nitra (Slovakia)	91.6
Heineken Switzerland A.G.	Chur (Switzerland)	100.0
Mouterij Albert N.V.	Ruisbroek (Belgium)	100.0
Ibecor S.A.	Brussels (Belgium)	100.0
Affligem Brouwerij BDS N.V.	Opwijk (Belgium)	100.0
Bravo International	St. Petersburg (Russia)	100.0
Dinal LLP	Almaty (Kazakhstan)	51.0
Heineken USA Inc.	White Plains (United States)	100.0
Antilliaanse Brouwerij N.V.	Willemstad (Netherlands Antilles)	56.8
Commonwealth Brewery Ltd.	Nassau (Bahamas)	53.2
Windward & Leeward Brewery Ltd.	Vieux Fort (St. Lucia)	72.7
Nigerian Breweries Plc.	Lagos (Nigeria)	54.2
Al Ahram Beverages Company	Cairo (Egypt)	98.7
Brasseries, Limonaderies et Malteries 'Bralima' S.A.R.L.	Kinshasa (R. D. Congo)	94.3
Brasseries et Limonaderies du Rwanda 'Bralirwa' S.A.	Kigali (Rwanda)	70.0
Brasseries et Limonaderies du Burundi 'Brarudi' S.A.	Bujumbura (Burundi)	59.3
Brasseries de Bourbon S.A.	St. Denis (Réunion)	85.4
Ghana Breweries Ltd.	Kumasi (Ghana)	75.6
Brasseries du Logone S.A.	Moundou (Chad)	100.0
P.T. Multi Bintang Indonesia Tbk	Jakarta (Indonesia)	84.5

*In accordance with the provisions of Section 17 of the Republic of Ireland Companies (Amendment) Act 1986, Heineken N.V. has given irrevocable guarantees for the financial year from 1st January, 2002 to 31st December, 2002 in respect of the liabilities, as referred to in Section 5(c) of that Act, of the subsidiary companies Heineken Ireland and Heineken Ireland Sales Limited.

Proportionally consolidated participating interests

The companies listed below are proportionally consolidated because control of these companies is exercised jointly and directly by virtue of an agreement with the other shareholders.

	% interest
BrauHolding International AG	49.9
Zagorka Brewery A.D.	48.0
Ariana Brewery A.D.	47.5
Pivara Skopje A.D.	27.3
Brasseries du Congo S.A.	50.0
Asia Pacific Breweries (Singapore) Pte. Ltd.	42.5
Shanghai Asia Pacific Brewery Co. Ltd.	44.9
Hainan Asia Pacific Brewery Ltd.	42.5
SP Holdings Ltd.	32.1
Vietnam Brewery Ltd.	25.5
Cambodia Brewery Ltd.	34.0
DB Group Ltd.	32.7
Non-consolidated participating interests carried at net asset value	
Guinnes Anchor Berhad	10.8
Thai Asia Pacific Brewery Co. Ltd.	14.9
Florida Bebidas S.A.	25.0
Other non-consolidated participating interests carried at cost	
Quilmes International (Bermuda) Ltd.	15.0
Cervejarias Kaiser Brasil S.A.	20.0

Balance Sheet of Heineken N.V.

after proposed appropriation of profit in millions of euros

	31st December, 2002	31st December, 2001
Assets		
<i>Fixed assets</i>		
Financial fixed assets	2,550	2,390
<i>Current assets</i>		
Receivables.....	2	12
Cash	216	585
	218	597
	2,768	2,987
Equity and liabilities		
<i>Shareholders' equity</i>		
Issued share capital.....	784	784
General reserve	1,759	1,974
	2,543	2,758
<i>Liabilities</i>		
Long-term borrowings	68	68
Current liabilities	157	161
	225	229
	2,768	2,987

Profit and Loss Account of Heineken N.V.

	2002	2001
<i>in millions of euro</i>		
Net profit of group companies.....	792	736
Other revenues and expenses.....	3	31
Net profit according to the consolidated profit and loss account	795	767

Notes to the Balance Sheet and Profit and Loss Account of Heineken N.V. for 2002

General

The amounts disclosed in the notes are in millions of euros unless otherwise indicated. The aggregate amounts referred to in Section 383, subsection 1, Part 9, Book 2, of the Netherlands Civil Code, in respect of the remuneration, pensions etc. of existing and former members of the Executive Board and of existing and former members of the Supervisory Board disbursed by the company were as follows:

	2002	2001
Executive Board members	7.5	5.5
Supervisory Board members	0.3	0.3

Remuneration

The remuneration of the members of the Executive Board comprises a fixed component and a variable component, made up of an annual profit-sharing bonus and a long-term bonus. The profit-sharing bonus is determined individually by the Supervisory Board. The long-term bonus is linked to the issue of bonus shares or recapitalisation by Heineken N.V., which, in the past, has occurred on average once every three years.

Pensions

The pensions of the Executive Board members are administered by the Heineken Pension Fund. In 2002, €68,000 (2001: €125,000) was charged to the company in respect of pension contributions.

Shares

As at 31st December, 2002, the members of the Executive Board did not hold any of the company's shares, convertible bonds or options rights. One of the Executive Board members held 632 shares of Heineken Holding N.V. as at 31st December, 2002.

Supervisory Board

As at 31st December, 2002, the Supervisory Board members did not hold any of the company's shares, convertible bonds or options rights. Two Supervisory Board members together held 6,975 shares of Heineken Holding N.V. as at 31st December, 2002.

The individual members of the Supervisory Board received the following remuneration:

	2002	2001
<i>in thousands of euros</i>		
J.M. de Jong ¹	31	—
M. Das	38	29
J. Loudon	38	29
H. de Ruiter	38	29
M.R. de Carvalho	38	29
A.H.J. Risseeuw	38	21
J.M. Hessels	38	21
C.J.A. van Lede ¹	26	—
R. Hazelhoff ²	14	34
A. Maas ²	12	29
L. van Vollenhoven ²	12	29

1 Appointed 25th April, 2002.

2 Retired 25th April, 2002.

Executive Board remuneration

	Fixed		Annual bonus		Long-term bonus		Pension plan		Total	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	<i>in thousands of euros</i>									
A. Ruys.....	506	432	426	367	—	681	—	—	932	1,480
M.J. Bolland.....	358	239	277	185	—	—	—	—	635	424
J.F.M.L. van Boxmeer..	358	239	277	185	—	—	—	—	635	424
D.R. Hooft Graafland ¹	239	—	185	—	—	—	—	—	424	—
S.W.W. Lubsen ²	358	358	412	412	—	514	1,856	—	2,626	1,284
K. Vuursteen ³	181	543	152	455	1,000	845	804	—	2,137	1,843

1 Remuneration since appointment as member of the Executive Board on 2nd May, 2002.

2 Retired on 31st December, 2002.

3 Retired on 25th April, 2002.

Accounting policies for the valuation of assets and liabilities and for the determination of results

Shares in group companies are carried at net asset value calculated in accordance with the accounting policies for the valuation of assets and liabilities stated on page 50 et seq. Amounts receivable from group companies are stated at face value. Also stated at face value are other amounts receivable, cash, long-term borrowings and current liabilities, Goodwill, being the difference between the value as calculated in accordance with the stated accounting policies and the price paid on acquisition of group companies, is taken to the general reserve. Positive differences are credited to the revaluation reserve. Any difference in value of a group company between the beginning and end of the year which does not relate to changes in the paid-up share capital, results and dividends of that company is credited or debited to the revaluation reserve or, if this is insufficient, to the general reserve.

The profit and loss account has been prepared in accordance with the accounting policies stated on page 51.

Financial fixed assets

	Group companies		
	Total	Shares	Receivables
Position as at 1st January, 2002	2,390	714	1,676
Revaluation	(853)	(853)	—
Net profit of group companies.....	792	792	—
Dividend payments by group companies	(362)	(362)	—
Other movements	583	—	583
Position as at 31st December, 2002	2,550	291	2,259

	2002	2001
Receivables		
Amounts receivable.....	2	12
The amounts receivable fall due within one year		
Cash		
Short-term cash deposits	216	585
Issued capital		
Position as at 1st January	784	711
Recapitalisation charged to the general reserve	—	73
Position as at 31st December	784	784
	<hr/>	<hr/>

The issued share capital comprises 391,979,675 shares of €2.00 nominal value and the authorised share capital is €2.5 billion.

	2002	2001
General reserve		
Position as at 1st January	1,974	1,685
Revaluation.....	(853)	(248)
Net profit for the year.....	795	767
Dividend for the year.....	(157)	(157)
Recapitalisation	—	(73)
Position as at 31st December	1,759	1,974
	<hr/>	<hr/>

	Total	More than 5 years	Total	More than 5 years
Long-term borrowings				
<i>Amounts falling due after more than one year relate to:</i>				
Private loan, in EUR, interest rate 5.84%, redeemable 2nd June, 2006.....	68	—	68	—
	<hr/>	<hr/>	<hr/>	<hr/>
	68	—	68	—
	<hr/>	<hr/>	<hr/>	<hr/>
Current Liabilities				
<i>Amounts falling due within one year relate to:</i>				
Taxation	59	63		
Dividend	94	94		
Other creditors.....	4	4		
	<hr/>	<hr/>	<hr/>	<hr/>
	157	161		
	<hr/>	<hr/>	<hr/>	<hr/>

	Third parties	Group companies	Third parties	Group companies
Off-balance-sheet commitments				
Declarations of joint and several liability	—	780	—	880

*Amsterdam, 25th February,
2003*

Supervisory Board
De jong de Carvalho
Das Risseeuw
Loudon Hessels
De Ruiter Van Lede

Executive Board
Ruys
Bolland
Van Boxmeer
Hooft Graafland

**Unaudited Interim Consolidated Financial Statements of the Issuer
as at and for the six-month period ended 30th June, 2003**

Heineken N.V.

Consolidated profit and loss account 1st January – 30th June*

	2003	2002
	<i>in millions of euros</i>	
Net turnover	4,612	4,369
Raw materials, consumables and services	2,892	2,738
Staff costs	845	789
Amortisation/depreciation and value adjustments.....	287	261
Total operating expenses	4,024	3,788
Operating profit	588	581
Results of non-consolidated participating interests.....	91	16
Interest	(63)	(48)
Profit on ordinary operations before tax	616	549
Taxation	(190)	(190)
Group profit on ordinary operations after tax	426	359
Minority interests	(26)	(29)
Net profit	400	330
Net profit (excluding exceptional items and amortisation of goodwill)	334	330

* The 2002 figures have been restated for comparison purposes.
Excise duties are no longer included in net turnover.
The figures are unaudited.

Segment information by region*

	1st half 2003	1st half 2002	Full year 2002
<i>in millions of euros</i>			
Sales proceeds			
Europe (including exports)	3,968	3,816	7,768
Western Hemisphere	614	598	1,348
Africa/Middle East	363	327	675
Asia/Pacific	163	162	329
Eliminations	(595)	(615)	(1,276)
Total sales proceeds.....	4,513	4,288	8,844
Proceeds from services.....	99	81	167
Net turnover.....	4,612	4,369	9,011
 Operating profit			
Europe (including exports)	460	442	996
Western Hemisphere	22	30	70
Africa/Middle East	81	85	169
Asia/Pacific	25	24	47
Total operating profit	588	581	1,282
 Total assets			
Europe (including exports)	6,402	5,747	5,316
Western Hemisphere	1,092	589	659
Africa/Middle East	1,014	890	1,052
Asia/Pacific	360	404	379
Invested cash	8,868	7,630	7,406
Total assets as per balance sheet.....	8,972	7,914	7,781

* The 2002 figures have been restated for comparison purposes.

Excise duties are no longer included in net turnover.

The figures are unaudited.

Consolidated balance sheet*

	30th June, 2003	30th June, 2002	31st December, 2002
<i>in millions of euros</i>			
Assets			
Fixed assets			
Intangible fixed assets.....	408	21	39
Tangible fixed assets	4,385	3,815	4,094
Financial fixed assets.....	850	777	835
	<hr/>	<hr/>	<hr/>
	5,643	4,613	4,968
Current assets			
Stocks	912	792	765
Receivables.....	1,778	1,604	1,270
Cash and securities	639	905	778
	<hr/>	<hr/>	<hr/>
	3,329	3,301	2,813
	<hr/>	<hr/>	<hr/>
	8,972	7,914	7,781
	<hr/>	<hr/>	<hr/>
Equity and liabilities			
Group equity			
Shareholders' equity	2,878	2,678	2,543
Minority interests	450	371	393
	<hr/>	<hr/>	<hr/>
	3,328	3,049	2,936
Provisions.....	958	963	981
Liabilities			
Long-term borrowings	1,529	1,039	1,215
Current liabilities.....	3,157	2,863	2,649
	<hr/>	<hr/>	<hr/>
	4,686	3,902	3,864
	<hr/>	<hr/>	<hr/>
	8,972	7,914	7,781
	<hr/>	<hr/>	<hr/>

* Unaudited.

Movements in shareholders' equity 1st January – 30th June*

	2003	2002
<i>in millions of euros</i>		
Position as at 1st January	2,543	2,758
Revaluations/exchange rate movements	(65)	(68)
Goodwill	—	(279)
Net profit for first half-year	400	330
Dividend.....	—	(63)
Position as at 30th June.....	2,878	2,678

* Unaudited.

Abridged consolidated cash flow statement 1st January – 30th June*

	2003	2002
<i>in millions of euros</i>		
Cash flow from operating activities	706	619
Interest paid and received	(55)	(34)
Taxation paid on profits	<u>(136)</u>	<u>(144)</u>
Cash flow from operating activities	515	441
Dividends paid	<u>(136)</u>	<u>(105)</u>
Cash flow from operating activities less dividends paid	379	336
Cash flow from investing activities		
Intangible fixed assets.....	(8)	(12)
Tangible fixed assets	(380)	(335)
Consolidated participating interests	(599)	(399)
Non-consolidated participating interests	22	(212)
Result on participating interests disposed of ..	71	—
Other financial fixed assets.....	<u>(31)</u>	<u>(13)</u>
	(925)	(971)
Cash flow from financing activities	232	334
Net cash flow	<u>(314)</u>	<u>(301)</u>
Other cash movements:		
Changes in the consolidation	71	(18)
Exchange differences.....	<u>11</u>	<u>(29)</u>
Movement in net cash.....	<u>(232)</u>	<u>(348)</u>
	<hr/>	<hr/>
	31st	December,
	30th June, 2003	2002
<i>in millions of euros</i>		
The net cash position is made up of:		
Cash and securities	639	778
Bank overdrafts	<u>(666)</u>	<u>(573)</u>
	<hr/>	<hr/>
	(27)	205
	<hr/>	<hr/>

* Unaudited.

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