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BASE PROSPECTUS

HEINEKEN N.V.

(*incorporated with limited liability in the Netherlands*)

€10,000,000,000
Euro Medium Term Note Programme

Under this €10,000,000,000 Euro Medium Term Note Programme (the "**Programme**"), Heineken N.V. (the "**Issuer**" or "**Heineken**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below).

This Base Prospectus has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**") as a base prospectus issued in compliance with Directive 2003/71/EC (as amended) (the "**Prospectus Directive**") and relevant implementing measures in Luxembourg for the purpose of giving information with regard to the issue of Notes under the Programme during the period of twelve months from the date hereof. The CSSF is the Luxembourg competent authority for the purposes of the Prospectus Directive and relevant implementing measures in Luxembourg. The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Luxembourg law dated 10 July 2005 on prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) as amended by the Luxembourg law dated 3 July 2012 (the "**Prospectus Act 2005**").

Applications have been made for such Notes to be admitted during the period of twelve months from the date hereof to listing on the Official List of the Luxembourg Stock Exchange and to trading on the regulated market of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**").

The Programme also permits Notes to be issued that will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or that may be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer and the relevant Dealer(s).

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes will be issued in bearer form and are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" on pages 28 to 38 below.

Notes issued under the Programme may be rated or unrated. Where a Tranche (as defined herein) of Notes is rated, its rating will be specified in the applicable Final Terms along with confirmation of whether or not such rating will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended) (the "**CRA Regulation**"). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") will appear on its website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning credit rating agency.

Arranger

Credit Suisse

Dealers

ABN AMRO	**Barclays**
BNP PARIBAS	**Citigroup**
Credit Suisse	**HSBC**
ING Commercial Banking	**J.P. Morgan**

7 March 2013

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IMPORTANT NOTICES

This Base Prospectus constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

Each Tranche of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as completed by a document specific to such Tranche called final terms (the "**Final Terms**"). This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes, must be read and construed together with the relevant Final Terms.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer in connection with the Programme or any Notes and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Trustee or any Dealer.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to any Notes, see "*Subscription and Sale*". In particular, the Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes will be issued in bearer form and are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S and by the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") and by U.S. Treasury regulations promulgated thereunder) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Trustee, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

The maximum aggregate nominal amount of Notes outstanding at any one time under the Programme will not exceed €10,000,000,000 (and, for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement (as defined under "*Subscription and Sale*"))). The maximum aggregate nominal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement.

IMPORTANT INFORMATION RELATING TO NON-EXEMPT OFFERS OF NOTES

Restrictions on Non-exempt offers of Notes in Relevant Member States

Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a "**Non-exempt Offer**". This Base Prospectus has been prepared on a basis that permits Non-exempt Offers of Notes. However, any person making or intending to make a Non-exempt Offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") may only do so if this Base Prospectus has been approved by the competent authority in that Relevant Member State (or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State) and published in accordance with the Prospectus Directive, provided that the Issuer has consented to the use of this Base Prospectus in connection with such offer as provided under "*Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)*" below and the conditions attached to that consent are complied with by the person making the Non-exempt Offer of such Notes.

Save as provided above, neither the Issuer nor any Dealer has authorised, nor does any of them authorise, the making of any Non-exempt Offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)

In the context of a Non-exempt Offer of such Notes, the Issuer accepts responsibility, in the jurisdictions to which the consent to use the Base Prospectus extends, for the content of this Base Prospectus under Article 6 of the Prospectus Directive in relation to any person (an "**Investor**") who acquires any Notes in a Non-exempt Offer made by any person to whom the Issuer has given consent to the use of this Base Prospectus (an "**Authorised Offeror**") in that connection, provided that the conditions attached to that consent are complied with by the Authorised Offeror. The consent and conditions attached to it are set out under "*Consent*" and "*Common Conditions to Consent*" below.

None of the Issuer and any Dealer makes any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Non-exempt Offer and none of the Issuer and any Dealer has any responsibility or liability for the actions of that Authorised Offeror.

Save as provided below, neither the Issuer nor any Dealer has authorised the making of any Non-exempt Offer by any offeror and the Issuer has not consented to the use of this Base Prospectus by any other person in connection with any Non-exempt Offer of Notes. Any Non-exempt Offer made without the consent of the Issuer is unauthorised and neither the Issuer nor any Dealer accepts any responsibility or liability for the actions of the persons making any such unauthorised offer. If, in the context of a Non-exempt Offer, an Investor is offered Notes by a person which is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for this Base Prospectus for the purposes of Article 6 of the Prospectus Directive in the context of the Non-exempt Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents it should take legal advice.

Consent

In connection with each Tranche of Notes and subject to the conditions set out below under "*Common Conditions to Consent*":

(a) the Issuer consents to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of such Notes by the relevant Dealer and by:

(i) any financial intermediary named as an Initial Authorised Offeror in the applicable Final Terms; and

(ii) any financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the Issuer's website (www.heinekeninternational.com) and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer;

(b) if (and only if) Part B of the applicable Final Terms specifies "General Consent" as being applicable, the Issuer hereby offers to grant its consent to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of Notes by any financial intermediary which satisfies the following conditions:

(i) it is authorised to make such offers under applicable legislation implementing the Markets in Financial Instruments Directive (Directive 2004/39/EC); and

(ii) it accepts such offer by publishing on its website the following statement (with the information in square brackets completed with the relevant information):

"*We, [insert legal name of financial intermediary], refer to the [insert title of relevant Notes] (the "**Notes**") described in the Final Terms dated [insert date] (the "**Final Terms**") published by Heineken N.V. (the "**Issuer**"). We hereby accept the offer by the Issuer of its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Base Prospectus, and we are using the Base Prospectus accordingly."*

The "**Authorised Offeror Terms**" are that the relevant financial intermediary:

(A) will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer and the relevant Dealer that it will, at all times in connection with the relevant Non-exempt Offer:

I. act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules**") from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Notes by any person and disclosure to any potential Investor, and will immediately inform the Issuer and the relevant Dealer if at any time such financial intermediary becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;

II. comply with the restrictions set out under "*Subscription and Sale*" in this Base Prospectus which would apply as if it were a Dealer;

III. ensure that any fee (and any other commissions or benefits of any kind) received or paid by that financial intermediary in relation to the offer or sale of the Notes does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;

IV. hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes under the Rules;

V. comply with applicable anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any Notes by the Investor), and will not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the application monies;

VI. retain Investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested, make such records available to the relevant Dealer, the Issuer or directly to the appropriate authorities with jurisdiction over the Issuer and/or the relevant Dealer in order to enable the Issuer and/or the relevant Dealer to comply with anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules applying to the Issuer and/or the relevant Dealer;

VII. ensure that no holder of Notes or potential Investor in Notes shall become an indirect or direct client of the Issuer or the relevant Dealer for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;

VIII. co-operate with the Issuer and the relevant Dealer in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (VI) above) upon written request from the Issuer or the relevant Dealer as is available to such financial intermediary or which is within its power and control from time to time, together with such further assistance as is reasonably requested by the Issuer or the relevant Dealer:

(i) in connection with any request or investigation by any regulator in relation to the Notes, the Issuer or the relevant Dealer; and/or

(ii) in connection with any complaints received by the Issuer and/or the relevant Dealer relating to the Issuer and/or the relevant Dealer or another Authorised Offeror including, without limitation, complaints as defined in rules published by any regulator of competent jurisdiction from time to time; and/or

(iii) which the Issuer or the relevant Dealer may reasonably require from time to time in relation to the Notes and/or as to allow the Issuer or the relevant Dealer fully to comply with its own legal, tax and regulatory requirements,

in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process;

IX. during the primary distribution period of the Notes: (i) only sell the Notes at the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Dealer); (ii) only sell the Notes for settlement on the Issue Date specified in the relevant Final Terms; (iii) not appoint any sub-distributors (unless otherwise agreed with the relevant Dealer); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Notes (unless otherwise agreed with the relevant Dealer); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Dealer;

X. either (i) obtain from each potential Investor an executed application for the Notes, or (ii) keep a record of all requests such financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Notes on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;

XI. ensure that it does not, directly or indirectly, cause the Issuer or the relevant Dealer to breach any Rule or subject the Issuer or the relevant Dealer to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;

XII. comply with the conditions to the consent referred to under "*Common Conditions to Consent*" below and any further requirements relevant to the Non-exempt Offer as specified in the applicable Final Terms;

XIII. make available to each potential Investor in the Notes the Base Prospectus (as supplemented as at the relevant time, if applicable), the applicable Final Terms and any applicable information booklet provided by the Issuer for such purpose, and not convey or publish any information that is not contained in or entirely consistent with the Base Prospectus; and

XIV. if it conveys or publishes any communication (other than the Base Prospectus or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purposes of the relevant Non-exempt Offer) in connection with the relevant Non-exempt Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that none of the Issuer and the relevant Dealer accepts any responsibility for such communication and (C) does not, without the prior written consent of the Issuer or the relevant Dealer (as applicable), use the legal or publicity names of the Issuer or the relevant Dealer or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant Notes on the basis set out in the Base Prospectus;

(B) agrees and undertakes to indemnify each of the Issuer and the relevant Dealer (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer or the relevant Dealer; and

(C) agrees and accepts that:

I. the contract between the Issuer and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer's offer to use the Base Prospectus with its consent in connection with the relevant Non-exempt Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of

or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;

II. subject to (IV) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Authorised Offeror Contract (including any dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) (a "**Dispute**") and the Issuer and the financial intermediary submit to the exclusive jurisdiction of the English courts;

III. for the purposes of (C)(II) and (IV), the Issuer and the financial intermediary waive any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any dispute;

IV. this paragraph (IV) is for the benefit of the Issuer and each relevant Dealer. To the extent allowed by law, the Issuer and each relevant Dealer may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions; and

V. each relevant Dealer will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for their benefit, including the agreements, representations, warranties, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

Any Offeror falling within (b) above who meets all of the conditions set out in (b) and the other conditions stated in "*Common Conditions to Consent*" below and who wishes to use this Base Prospectus in connection with a Non-exempt Offer is required, for the duration of the relevant Offer Period, to publish on its website the statement (duly completed) specified at paragraph (b)(ii) above.

Common Conditions to Consent

The conditions to the Issuer's consent are (in addition to the conditions described in paragraph (b) above if Part B of the applicable Final Terms specifies "*General Consent*" as being applicable) that such consent:

(i) is only valid during the Offer Period specified in the applicable Final Terms;

(ii) only extends to the use of this Base Prospectus to make Non-exempt Offers of the relevant Tranche of Notes in Austria, Belgium, Germany, The Netherlands and the United Kingdom, as specified in the applicable Final Terms; and

(iii) the consent is subject to any other conditions set out in Part B of the applicable Final Terms.

The only Relevant Member States which may, in respect of any Tranche of Notes, be specified in the applicable Final Terms (if any Relevant Member States are so specified) as indicated in (ii) above, will be Austria, Belgium, Germany, The Netherlands and the United Kingdom, and accordingly each Tranche of Notes may only be offered to Investors as part of a Non-exempt Offer in Austria, Belgium, Germany, The Netherlands and the United Kingdom, as specified in the applicable Final Terms, or otherwise in circumstances in which no obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

Arrangements Between Investors and Authorised Offerors

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH

INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE NON-EXEMPT OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE AUTHORISED OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION. NONE OF THE ISSUER AND ANY DEALER (EXCEPT WHERE SUCH DEALER IS THE RELEVANT AUTHORISED OFFEROR) HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**EUR**" or "**euro**" are to the single currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended, references to "**£**" and "**Pounds sterling**" are to the lawful currency of the United Kingdom, references to "**U.S. dollars**", "**U.S.$**" and "**USD**" are to the lawful currency of the United States of America and references to "**CHF**" and "**Swiss Francs**" are to the lawful currency of Switzerland.

In this Base Prospectus, references to websites or uniform resource locators (URLs) are inactive textual references and are included for information purposes only. The contents of any such website or URL shall not form part of, or be deemed to be incorporated by reference into, this Base Prospectus.

This Base Prospectus contains information sourced from third parties, where indicated with references to third party sources herein. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager(s) (or persons acting on behalf of the Stabilising Manager(s)) in accordance with all applicable laws and rules.

SUMMARY OF THE PROGRAMME

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for these types of securities and this type of issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in this summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of "Not Applicable".

Section A – Introduction and Warnings		
Element	**Title**	
A.1	Introduction	**This summary should be read as an introduction to the Base Prospectus. Any decision to invest in the Notes should be based on consideration of the Base Prospectus as a whole by the investor. Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the relevant Member State, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation hereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in the Notes.**
A.2	Consent	Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a "Non-exempt Offer". [Not Applicable; the Notes are issued in denominations of less than €100,000 (or its equivalent in any other currency) but will be offered pursuant to one or more exemptions from the obligation under the Prospectus Directive to publish a prospectus. There will be no Non-exempt Offer of the Notes.] [*Consent:* Subject to the conditions set out below, the Issuer consents to the use of this Base Prospectus in connection with a Non-exempt Offer of Notes by the Managers[, [*names of specific financial intermediaries listed in final terms*,] [and] [each financial intermediary whose name is published on the Issuer's website (www.heinekeninternational.com) and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer] [and any financial intermediary which is authorised to make such offers under applicable legislation implementing the Markets in Financial Instruments Directive (Directive 2004/39/EC) and publishes on its website the following statement (with the information in square brackets being completed with the relevant information):

		"*We, [insert legal name of financial intermediary], refer to the [insert title of relevant Notes] (the "**Notes**") described in the Final Terms dated [insert date] (the "**Final Terms**) published by Heineken N.V. (the "**Issuer**"). We hereby accept the offer by the Issuer of its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Base Prospectus, and we are using the Base Prospectus accordingly."*] (each an "**Authorised Offeror**"). *Offer period:* The Issuer's consent referred to above is given for Non-exempt Offers of Notes during [*offer period for the issue to be specified here*] (the "**Offer Period**"). *Conditions to consent:* The conditions to the Issuer's consent [(in addition to the conditions referred to above)] are that such consent (a) is only valid during the Offer Period; (b) only extends to the use of the Base Prospectus to make Non-exempt Offers of the relevant Tranche of Notes in [*specify each relevant Member State in which the particular Tranche of Notes can be offered*] and (c) [*specify any other conditions applicable to the Non-exempt Offer of the particular Tranche, as set out in the Final Terms*]. **AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE INVESTOR MUST LOOK TO THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE AUTHORISED OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION.]**

Section B – Issuer		
Element	**Title**	
B.1	Legal and commercial name of the Issuer	Heineken N.V. (the "**Issuer**" or "**Heineken**")
B.2	Domicile/legal form/legislation/country of incorporation	The Issuer is a public company with limited liability (*naamloze vennootschap*) incorporated and domiciled in the Netherlands and operating under the laws of the Netherlands.
B.4b	Trends affecting the Issuer and its industry	Not Applicable. There are no particular trends affecting the Issuer and the industries in which it operates.
B.5	Description of the Group	The Issuer is the parent company of the Heineken Group. The Heineken Group is a leading international brewer, operating in 178 countries.

B.9	Profit forecasts or estimates	Not Applicable. The Issuer has not made any profit forecasts or estimates.
B.10	Audit report qualifications	Not Applicable. There are no qualifications in the audit reports to the 2011 financial statements and the 2012 financial statements of the Issuer.
B.12	Selected historical key financial information	The table below shows Heineken's full year key figures for the financial years ending 31 December 2012 and 31 December 2011.

Key Financial Figures	***2012****	***2011*****
(In millions of EUR)		
Income Statement Data		
Revenue	18,383	17,123
EBIT (beia)	2,912	2,697
EBIT (beia) margin***	15.8%	15.8%
Net interest expense****	489	424
Net profit	2,949	1,430
Balance Sheet Data		
Cash and cash equivalents	1,037	813
Total assets	35,979	27,127
Net interest bearing debt	12,311	8,355
Total equity	12,762	10,092

Notes:

* 2012 figures are derived from Heineken's 2012 consolidated financial statements.

** 2011 figures are derived from Heineken's 2011 consolidated financial statements.

*** The EBIT (beia) margins have been calculated by dividing EBIT (beia) by revenue.

**** Net interest expense: interest income less interest expense.

Statements of no significant or material adverse change

Since 31 December 2012, there has been no material adverse change in the prospects of the Issuer and no significant change in the financial or trading position of the Heineken Group.

B.13	Recent events relevant to solvency	Not Applicable. There have been no recent events particular to the Issuer which are to a material extent relevant to an evaluation of the Issuer's solvency.
B.14	Description of the Group and dependence upon other Group entities	See Element B.5 for the Heineken Group and the Issuer's position within the Heineken Group. The Issuer is the parent company of the Heineken Group. Not Applicable. The Issuer is not dependent upon other entities within the Heineken Group.

B.15	Issuer's principal activities	Heineken has the widest global presence[1] of all brewers, operating in 178 countries worldwide. With total consolidated beer volume of 171.7 million hectolitres in 2012, the Issuer is also among the largest brewers in the world.[2] The Issuer produces beer in over 70 countries through more than 160 breweries and also through other brewers under licence. The Issuer also has a strong export business, which is carried out mainly from the Netherlands, Mexico and Singapore. The production and sale of beer represents the Issuer's main source of income and cash flow. The Issuer is also engaged in complementary businesses to its manufacturing brewing activities, such as beverage distribution and the production of cider, soft drinks and other alcohol products. Heineken enjoys strong market positions and an efficient cost structure in many countries by combining the production, marketing and sale of the Issuer's international brands and products with that of a range of prominent local beer brands. The international brands (Heineken, Desperados, Sol, Amstel and Strongbow) are supplemented and supported by national and regional brands, and a range of speciality beers, light beers (low-calorie beers) and alcohol-free beers. Market leading positions have been built by developing a cohesive portfolio of strong brands, which offer high added value for the Issuer's customers and consumers. The Issuer's principal international brand is Heineken but the Group brews and sells more than 250 beers and ciders including Amstel, Anchor, Biere Larue, Bintang, Birra Moretti, Cruzcampo, Dos Equis, Foster's, Newcastle Brown Ale, Ochota, Primus, Sagres, Sol, Star, Tecate, Tiger, Zlaty Bazant and Żywiec. The Issuer's leading joint venture brands include Cristal and Kingfisher. In addition to the global beer portfolio, Heineken is also the world's biggest cider maker with brands such as Strongbow, Bulmers and Strongbow Gold.
B.16	Controlling persons	Heineken Holding N.V. holds 50.005 per cent. of the Heineken N.V. issued shares. On 31 December 2012, L'Arche Green N.V. held 51.083 per cent. of the Heineken Holding N.V. shares. The Heineken family holds 88.55 per cent. of L'Arche Green N.V. The remaining 11.45 per cent. of L'Arche Green N.V. is held by the Hoyer family. Mrs. de Carvalho-Heineken also owns a direct 0.03 per cent. stake in Heineken Holding N.V.
B.17	Credit ratings	The Issuer has long-term credit ratings of Baa1 by Moody's Investors Service Ltd ("**Moody's**") and BBB+ by Standard & Poor's Credit Market Services France SAS ("**Standard & Poor's**"). Each of Moody's and Standard & Poor's is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). As such, each of Moody's and Standard & Poor's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. [The Notes [have been]/[are expected to be] rated [ ] by [ ]. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.]

[1] Based on Plato Logic Ltd, World Beer Report (8 October 2012 edition)
[2] Based on Plato Logic Ltd, World Beer Report (8 October 2012 edition)

Section C – Securities		
Element	**Title**	
C.1	Description of type and class of the Notes, including any security identification number	The Notes described in this section are debt securities with a denomination of less than €100,000 (or its equivalent in any other currency). The Notes may be Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or a combination of the foregoing. The Notes are [£/€/U.S.$/SGD/JPY/[*other*]] [ ] [[ ] per cent./Floating Rate/Zero Coupon] Notes due [ ]. The International Securities Identification Number (ISIN) is [ ]. The Common Code is [ ].
C.2	Currency of the Notes	Subject to compliance with all applicable legal and/or regulatory and/or central bank requirements, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer at the time of issue. The currency of this Series of Notes is [Pounds Sterling ("**£**")/Euro ("**€**")/U.S. dollars ("**U.S.$**")/Singapore dollars ("**SGD**")/Japanese Yen ("**JPY**")/[*other*] ([ ])].
C.5	Restrictions on the free transferability of the Notes	Not Applicable. There are no restrictions on the free transferability of the Notes.
C.8	Description of the rights attached to the Notes, including ranking and limitations to those rights	***Trust Deed:*** The Notes will be constituted by a trust deed (such trust deed as amended and/or supplemented and/or restated from time to time, the "**Trust Deed**") dated 7 March 2013 made between the Issuer and BNP Paribas Trust Corporation UK Limited (the "**Trustee**") as trustee for the holders of the Notes. The Trustee will have certain rights as described below and no Noteholder or holder of any interest coupon shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing. ***Covenants:*** ***Negative Pledge***: The Notes have the benefit of a negative pledge provision in respect of Relevant Debt of the Issuer and any subsidiary of the Issuer or any guarantee of or indemnity in respect of any such Relevant Debt. "**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. The negative pledge shall not prohibit the creation of any Permitted Security Interest.

***Limitation on Subsidiary Indebtedness**:* The Issuer has covenanted not to 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.

"**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;

(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,

subject to certain exclusions.

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

		Events of default: The terms of the Notes will contain, amongst others, the following events of default: (a) default in payment of any principal or interest due in respect of the Notes, continuing for a specified period of time; (b) non-performance by the Issuer or non-compliance with any of its other obligations under the conditions of the Notes or the Trust Deed, in certain cases continuing for a specified period of time; (c) a cross default provision in respect of indebtedness of the Issuer or any Material Subsidiary for or in respect of moneys borrowed, subject to an aggregate threshold of €100,000,000 or, if greater, 0.5 per cent. of Total Group Assets (as defined above), or their equivalent in any other currency; (d) certain events relating to enforcement of security or other legal process against the whole or a substantial part of the undertaking, assets or revenues of the Issuer or any Material Subsidiary, continuing for a specified period of time; and (e) events relating to the insolvency or winding up of the Issuer or any Material Subsidiary, provided that, in the case of the happening of any event other than that described in (a) above, the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders. "**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 Heineken Group. "**substantial part**" means 20 per cent. or more of the whole, as reasonably determined by the Trustee. ***Status and Ranking of the Notes:*** The Notes shall be issued on an unsubordinated basis. The Notes will constitute (subject to the provisions of the negative pledge described above) 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 shall, save for such exceptions as may be provided by applicable legislation (and subject to the negative pledge as aforesaid), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations. ***Meetings:*** The terms of the Notes will contain provisions for calling meetings of holders of such Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. ***Governing law:*** English law

C.9	Interest/redemption/ yield/representation of noteholders	See Element C.8 for the rights attached to the Notes, ranking and limitations. ***Interest:*** Notes may or may not bear interest. Interest-bearing Notes will either bear interest payable at a fixed rate or a floating rate. [The Notes bear interest from [their date of issue/[ ]] at the fixed rate of [ ] per cent. per annum. Interest will be paid [annually] in arrear on [ ] in each year. The first interest payment will be made on [ ].] [The Notes bear interest from [their date of issue/[ ]] at floating rates calculated by reference to [*specify reference rate for Notes being issued*] [plus/minus] a margin of [ ] per cent. Interest will be paid [quarterly/semi-annually] in arrear on [ ] and [ ] in each year, subject to adjustment for non-business days. The first interest payment will be made on [ ].] [The Notes do not bear any interest [and will be offered and sold at a discount to their nominal amount].] ***Redemption:*** The terms under which Notes may be redeemed (including the maturity date and the price at which they will be redeemed on the maturity date as well as any provisions relating to early redemption) will be agreed between the Issuer and the relevant Dealer at the time of issue of the relevant Notes. Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on [ ] at [par/[ ] per cent. of their nominal amount]. The Notes may be redeemed early for tax reasons [or [*specify any other early redemption option applicable to the Notes being issued such as the change of control put option*]] at [*specify the early redemption price and any maximum or minimum redemption amounts, applicable to the Notes being issued*]. ***Indication of yield:*** [Indication of yield: [ ] per cent per annum.]/[Not Applicable] ***Representative of the Noteholders:*** The Issuer has appointed BNP Paribas Trust Corporation UK Limited to act as Trustee for the holders of Notes pursuant to the terms of the Trust Deed. The Trustee may, without the consent of Noteholders, (i) agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or the Trust Deed or (ii) determine that any event of default or potential event of default shall not be treated as such or (iii) agree to the substitution of another company as principal debtor under any Notes in place of the Issuer in the circumstances described in Condition 14. In connection with the exercise by it of any of its trusts, powers, authorities and discretions, the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof.

C.10	Derivative component in interest payment	See Element C.9. Not Applicable. Payments of interest on the Notes shall not involve any derivative component.
C.11	Regulated market	Notes issued under the Programme may be admitted to trading on the Luxembourg Stock Exchange or such other stock exchange or market specified below, or may be issued without being admitted to trading on any stock exchange or market. [Application [has been] [is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the [regulated market] of the [Luxembourg Stock Exchange][ ]]/[Not Applicable. The Notes will not be admitted to trading on any stock exchange or market.]
C.15	How the value of the investment is affected by the underlying instrument	Not Applicable. Payments on the Notes shall not involve any derivative component. There will be no underlying instrument.
C.16	Expiration/maturity date of the derivative securities – the exercise date/final reference date	Not Applicable. Payments on the Notes shall not involve any derivative component. There will be no exercise date or final reference date.
C.17	Settlement procedure of the derivative securities	Not Applicable. Payments on the Notes shall not involve any derivative component. Therefore, there will be no need for a settlement procedure.
C.18	How the return on the derivative securities takes place	Not Applicable. Payments on the Notes shall not involve any derivative component.
C.19	Exercise price / final reference price of the underlying	Not Applicable. Payments on the Notes shall not involve any derivative component. There is no such price on the underlying as there is no underlying.
C.20	The type of underlying and where information on the underlying can be found	Not Applicable. Payments on the Notes shall not involve any derivative component as there is no underlying.
C.21	Regulated market	Notes issued under the Programme may be admitted to trading on the Luxembourg Stock Exchange or such other stock exchange or market specified below, or may be issued without being admitted to trading on any stock exchange or market. [Application [has been] [is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the [regulated market] of the [Luxembourg Stock Exchange][ ]]/[Not Applicable. The Notes will not be admitted to trading on any stock exchange or market.]

Section D – Risks		
Element	**Title**	
D.2	Key risks specific to the Issuer	In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified a number of factors which could materially adversely affect its business and ability to make payments due under the Notes. These factors include: • Heineken is reliant on the reputation of its brands and the protection of its intellectual property rights. • Negative societal perceptions of alcohol could lead to a decrease in brand equity and sales of Heineken's products. • Decreases in beer consumption in favour of other beverage categories could have an adverse effect on Heineken's business, financial condition and/or results of operations. • Heineken may be impacted by changes in the availability or price of raw materials, water and other input costs. • Heineken is dependent on its senior management and may fail to attract, develop and retain talented staff with the required capabilities. • Heineken is subject to risks generally associated with companies that operate in a global environment, which could have an adverse effect on its growth and financial performance. • Heineken is exposed to economic and political instability in developing countries. • Heineken is exposed to the risks and effects of economic recession and to falls in per-capita income, which could adversely affect the demand for its products. • Heineken's reorganisation projects could temporarily reduce its operational effectiveness. • Heineken operates in highly competitive markets and industry consolidation could place Heineken at a competitive disadvantage to its competitors. • Heineken may not be able to successfully carry out further acquisitions or to integrate acquired businesses with its existing businesses. • Disruption in Heineken's product supply and supply chains could impact its sales and financial performance in its export markets.

		• Heineken is reliant on its information technology to conduct its business in the different regions in which it operates. • Heineken faces risks resulting from its joint ventures and other strategic partnerships and it may be unable to influence such joint ventures and strategic partnerships. • Natural and other disasters could have an adverse effect on Heineken's business, financial condition and/or results of operations. • Heineken is exposed to fluctuations in exchange rates. • Heineken is exposed to interest rate risk on its floating rate indebtedness. • Heineken's future capital needs may require that it seeks debt financing, refinancing or additional equity funding, which may not be available or may be materially more expensive. • Heineken faces defined benefit pension obligations in some of the countries in which it operates. • The jurisdictions in which Heineken operates may adopt regulations or changes in tax and excise costs that could increase Heineken's costs and liabilities and/or limit its business activities. • Heineken is exposed to antitrust and competition laws in certain jurisdictions and the risk of changes in such laws or in the interpretation and enforcement of existing antitrust and competition laws. • Heineken has exposure to litigation risk.
D.3	Key risks specific to the Notes	There are also risks associated with the Notes, including a range of risks relating to the structure of the Notes, market risks and risks relating to Notes generally. The Notes may not be a suitable investment for all investors. In particular, investors should consider the following risks: [there may be no or only a limited secondary market in the Notes;] [the value of an investor's investment may be adversely affected by exchange rate movements where the Notes are not denominated in the investor's own currency;] [any credit rating assigned to the Notes or the Issuer may not adequately reflect all the risks associated with an investment in the Notes;] [changes in interest rates will affect the value of Notes which bear interest at a fixed rate;] [an optional redemption feature is likely to limit the secondary market value of the Notes such that the secondary market value of such Notes will not rise substantially above the price at which they can be redeemed;] [Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates;] [investors who purchase Notes in denominations that are not an integral multiple of the Specified Denomination may be adversely affected if definitive Notes are subsequently required to be issued;] the fact that the conditions of the Notes may be modified without the consent of the holders in certain circumstances; the Issuer may in certain circumstances be substituted for another company as principal debtor under the Notes; the holder may not

		receive payment of the full amounts due in respect of the Notes as a result of amounts being withheld by the Issuer in order to comply with applicable law; [and] investors are exposed to the risk of changes in law or regulation affecting the value of Notes held by them.
D.6	Risk warning	See Element D.3 for the key risks that are specific to the Notes. **[*WARNING: INVESTORS IN THE NOTES MAY LOSE THE VALUE OF THEIR ENTIRE INVESTMENT OR PART OF IT.*]** [Not Applicable]

Section E – Offer		
Element	**Title**	
E.2b	Reasons for the offer and use of proceeds	The reasons for each offer of Notes will be to raise debt, the net proceeds from which will be applied by the Issuer for its general corporate purposes, which include making a profit, and for other particular uses, as determined by the Issuer. [The net proceeds from the issue of the Notes will be applied by the Issuer for its general corporate purposes, which include making a profit [and [ ]].]
E.3	Terms and conditions of the offer	The terms and conditions of each offer of Notes will be determined by agreement between the Issuer and the relevant Dealer(s) at the time of issue. [Not Applicable. The Notes are in denominations of less than €100,000 (or its equivalent in any other currency) but will be offered pursuant to one or more exemptions from the obligation under the Prospectus Directive to publish a prospectus. There will be no Non-exempt Offer of the Notes.] [Under the Programme, the Notes may be offered to the public in a Non-exempt Offer in [*specify member states of the European Economic Area*]. The terms and conditions of each offer of Notes will be determined by agreement between the Issuer and the relevant Dealers at the time of issue and specified in the applicable Final Terms. An Investor intending to acquire or acquiring any Notes in a Non-exempt Offer from an Authorised Offeror will do so, and offers and sales of such Notes to an Investor by such Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocations and settlement arrangements.]

		[An offer of the Notes may be made by the Managers [, [*insert names of financial intermediaries receiving consent (specific consent)*] (the "**Initial Authorised Offerors**")] [and any additional financial intermediaries who have or obtain the Issuer's consent to use the Base Prospectus in connection with the Non-exempt Offer and who are identified on the Issuer's website at www.heinekeninternational.com as an Authorised Offeror] (together, being persons to whom the issuer has given consent, the "**Authorised Offerors**") other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s) from those identified under "Important Information Relating to Non-exempt Offers of Notes" in the Base Prospectus as being the Member States where the issuer intends to make Non-exempt Offers, which must therefore be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)*] (the "**Public Offer Jurisdictions**") during the period from [*specify date*] until [*specify date or a formula such as "the Issue Date" or "the date which falls [ ] Business Days thereafter"*] (the "**Offer Period**"). Offer Price: [Issue Price]/[Not Applicable]/[ ] Conditions to which the offer is subject: [Not Applicable]/[ ] Description of the application process: [Not Applicable]/[ ] Details of the minimum and/or maximum amount of application: [Not Applicable]/[ ] Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable]/[ ] Details of the method and time limits for paying up and delivering the Notes: [Not Applicable]/[ ] Manner in and date on which results of the offer are to be made public: [Not Applicable]/[ ] Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable]/[ ] Whether tranche(s) have been reserved for certain countries: [Not Applicable]/[ ] Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not Applicable]/[ ]

		Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable]/[ ] Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [None/[ ]/The Authorised Offerors identified above]
E.4	A description of any interest that is material to the issue/offer including conflicting interests	The relevant Dealers may be paid fees in relation to any issue of Notes under the Programme. Any such Dealer and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business. [The [Dealers/Managers] will be paid aggregate commissions equal to [ ] per cent of the nominal amount of the Notes.] [Other than as mentioned above,[and save for [ ],] so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer, including conflicting interests.]
E.7	Estimated expenses charged to the investor by the Issuer or the Offeror	It is not anticipated that the Issuer will charge any expenses to investors in connection with any issue of Notes. Other Offerors may, however, charge expenses to investors. Such expenses (if any) will be determined on a case by case basis but would be expected to be in the range of between 1 per cent and 7 per cent of the nominal amount of the Notes to be purchased by the relevant investor. [Not Applicable. No expenses are being charged to investors by the Issuer or, as far as the Issuer is aware, by any Offeror.] [No expenses are being charged to investors by the Issuer. However, expenses may be charged by an Offeror in the range of between [ ] per cent and [ ] per cent of the nominal amount of the Notes to be purchased by the relevant investor.] [The following expenses are being charged to investors by the Issuer: [ ].]

OVERVIEW OF THE PROGRAMME

Words and expressions defined in "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this overview.

Issuer:	Heineken N.V.
Arranger:	Credit Suisse Securities (Europe) Limited.
Dealers:	ABN AMRO Bank N.V. Barclays Bank PLC BNP Paribas Citigroup Global Markets Limited Credit Suisse Securities (Europe) Limited HSBC Bank plc ING Bank N.V. J.P. Morgan Securities plc and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Trustee:	BNP Paribas Trust Corporation UK Limited.
Issuing and Principal Paying Agent:	BNP Paribas Securities Services, Luxembourg Branch.
Paying Agent:	BNP Paribas Securities Services, London Branch.
Listing and Trading:	Applications have been made for Notes to be admitted during the period of twelve months after the date hereof to listing on the Official List of the Luxembourg Stock Exchange and to trading on the regulated market of the Luxembourg Stock Exchange. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer and the relevant Dealer(s).
Clearing Systems:	Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.
Initial Programme Amount:	Up to €10,000,000,000 (or its equivalent in other currencies) aggregate nominal amount of Notes outstanding at any one time.
Issuance in Series:	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.

Forms of Notes: Notes will be issued in bearer form.

Each Tranche of Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note will be deposited on or around the relevant issue date with (i) if the Global Notes are intended to be issued in new global note ("**NGN**") form, as stated in the relevant Final Terms, a common safekeeper for Euroclear and Clearstream, Luxembourg or (ii) if the Global Notes are not intended to be issued in NGN form, a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Each Temporary Global Note will be exchangeable for, as specified in the relevant Final Terms, either a Permanent Global Note or Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Currencies: Notes may be denominated in euro, U.S. dollars, Pounds sterling, Swiss Francs, Singapore dollars or Japanese Yen or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.

Status of the Notes: The Notes will 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 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.

Issue Price: Notes may be issued at any price. The price and nominal amount of the Notes of any Tranche will be determined by the Issuer and the relevant Dealer(s) at the time of issue thereof in accordance with then prevailing market conditions.

Maturities: Any maturity as may be agreed between the Issuer and the relevant Dealer, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom,

such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only 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 who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer.

Redemption: Notes may be redeemable at par or at such other Final Redemption Amount as may be specified in the relevant Final Terms.

Optional Redemption: Notes may be redeemed before their stated maturity at the option of (i) the Issuer (either in whole or in part) if Issuer Call is specified as applicable in the relevant Final Terms, and/or (ii) the Noteholders if Investor Put is specified as applicable in the relevant Final Terms, in each case to the extent (if at all) specified in the relevant Final Terms.

In addition, if Change of Control Put is specified as applicable in the relevant Final Terms, the Notes may be redeemed before their stated maturity at the option of the Noteholders in the circumstances described in Condition 6.4(b).

Tax Redemption: Except as described in "Optional Redemption" above, early redemption will only be permitted for tax reasons as described in Condition 6.2.

Interest: Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or a combination thereof.

Denominations: The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Covenants: The Notes will have the benefit of a negative pledge as described in Condition 3(a) and a covenant relating to limits on subsidiary indebtedness as described in Condition 3(b).

Cross-Default: The Notes will have the benefit of a cross-default as described in Condition 9.1(c).

Taxation:	All payments in respect of Notes will be made free and clear of withholding taxes of the Netherlands unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 7) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.
Rating:	The rating of certain Series of Notes to be issued under the Programme will be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) will be disclosed in the Final Terms. The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") will appear on its website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation.
Governing Law:	English law.
Selling Restrictions:	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the United Kingdom, France, the Netherlands, Singapore and Japan, see "*Subscription and Sale*" below.

RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Base Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Notes.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme

Heineken is reliant on the reputation of its brands and the protection of its intellectual property rights.

As "Heineken" is both the name of the Heineken Group and its most valuable brand, reputation management is of utmost importance to Heineken. Heineken enjoys a positive corporate reputation and its operating companies are well respected in their countries and regions. Constant management attention is directed towards enhancing Heineken's social, environmental and financial reputation. The Heineken brand, and also its other global brands (Amstel, Sol, Strongbow and Desperados) are, along with its people, its most valuable assets and one of the key elements in Heineken's growth strategy. Anything that adversely affects consumer and stakeholder confidence in its brands and, in particular, the Heineken brand could have an adverse effect on its business, financial condition and/or results of operations. Also, if Heineken fails to ensure the relevance and attractiveness of its brands, in particular the Heineken brand, and the enhancement of brand marketing, this could also have an adverse effect on its business, financial condition and/or results of operations.

Product recall, product liability and/or general safety, health and environmental issues, including the discovery of contaminants in Heineken's beverage products, or unethical or irresponsible behaviour by Heineken or Heineken's employees could damage its reputation, brand image, sales and revenues. Additionally, poor quality or integrity of Heineken's products may result in health hazards, reputational damage, lower volumes and financial claims. Any damage to Heineken's brand or reputation could have an adverse effect on its business, financial condition and/or results of operations, even if the negative publicity is factually inaccurate or unfounded. In addition, Heineken may not be able to use the opportunities afforded by social media to manage any related risks (e.g. legal drinking age restrictions, reputation, IT or information security). Heineken may not be able to control information or respond in a timely manner. Social media may also work as an accelerator of other risks.

Heineken has invested considerable effort in protecting its brands, including the registration of trademarks and domain names. If Heineken is unable to protect its intellectual property, any infringement or misappropriation could have an adverse effect on its business, financial condition and/or results of operations and/or its ability to develop its business.

Negative societal perceptions of alcohol could lead to a decrease in brand equity and sales of Heineken's products.

In recent years, there has been increased media, social and political criticism directed at the alcoholic beverage industry, particularly in the United States, the United Kingdom and Russia. An increasingly

negative perception in society towards alcohol could prompt legislators to implement restrictive measures such as limitations on advertising, distribution and sales and increased government tax and may cause consumption trends to shift away from beer to non-alcoholic beverages. Such negative publicity, restrictive measures and potential change in consumption trends could lead to a decrease in brand equity and sales of Heineken's products, which, in turn, could have an adverse effect on Heineken's business, financial condition and/or results of operations.

Decreases in beer consumption in favour of other beverage categories could have an adverse effect on Heineken's business, financial condition and/or results of operations.

Heineken is exposed to mature markets where the attractiveness of the beer category is being challenged by other beverage categories and could result in a lower demand for beer as a result of consumption trends shifting in favour of other beverages. Furthermore, Heineken competes against alternative beverages on the basis of factors over which Heineken has little or no control and that may result in fluctuations in demand for Heineken's products. Such factors include variation and perceptions in health consciousness, changes in prevailing economic conditions, changes in the demographic make-up of target consumers, changing social trends and attitudes regarding alcoholic beverages and changes in consumer preferences for beverages. In these markets, the on-trade channel (i.e., restaurants, hotels, bars and cafeterias) is also under pressure, which may exert negative pricing pressure on Heineken's products in response to such on-trade channel pressure. Any decrease in the demand for Heineken's beer in favour of alternative beverages or decreases in Heineken's product pricing margins on the basis of factors over which Heineken has little or no control could have an adverse effect on Heineken's business, financial condition and/or results of operations.

Heineken may be impacted by changes in the availability or price of raw materials, water and other input costs.

The supply and price of raw materials used to produce Heineken's products can be affected by a number of factors beyond its control, including the level of crop production around the world, export demand, government regulations and legislation affecting agriculture, adverse weather conditions, currency fluctuations, economic factors affecting growth decisions, various plant diseases and pests. Water availability is also of utmost concern as Heineken requires access to significant water resources to continue its operations. As such, Heineken cannot predict the future availability or prices of the products and materials required for its products or guarantee that its water supply will not be subject to stoppages, scarcity or other interruptions. The markets in the relevant commodities may continue to experience price increases or suffer from disruptions in supply. Heineken uses, amongst other inputs, barley, grain, hops, glass and aluminium for producing and packaging its products. These raw and non-returnable packaging materials collectively accounted for about 26 per cent. of Heineken's total operating costs in 2012. Heineken's financial condition is therefore exposed to fluctuations in the prices and the availability of these raw and packaging materials as well as continuity in its water supply. Other input costs, including transportation and energy, have also risen in recent years. Although the prices of some commodities (such as barley, grain, hops, aluminium and energy) have decreased compared with the peak levels reached in mid-2008, they remain very volatile. In addition, changes in packaging mixes continue to pressure input costs. Although Heineken generally leverages this risk by making use of flexible contracts and active hedging, volatility in input costs may have an adverse effect on its operating costs and its net profit if Heineken cannot recapture these price increases through its sales to customers or sufficiently protect itself through its hedging strategies.

In addition, there is a trend of consolidation among suppliers, in particular suppliers of glass bottles and cans. As a result, Heineken is dependent on fewer suppliers for its supplies and as such is exposed to the risk that these suppliers cannot meet Heineken's supply needs and/or may increase the price of available supplies. Any shortage of, change in price of, or supply disruptions to, any of the raw and/or packaging materials or discontinuity to Heineken's water supply may have an adverse effect on its business, financial condition and/or results of operations.

Heineken is dependent on its senior management and may fail to attract, develop and retain talented staff with the required capabilities.

In order to develop, support and market is products, Heineken must hire and retain skilled employees with particular expertise. Failure to maintain this capacity at a high level or maintain its effective organisation leadership process could jeopardise its growth potential.

In addition, various aspects of the Heineken's business depend on the continuing services and skills of key individuals, in particular, its senior management and executive directors. Heineken has entered into employment contracts and taken other steps to encourage the retention of these individuals, and to identify and retain additional personnel, but if one or more of these key individuals retire or are unable or unwilling to continue in their present positions, Heineken may not be able to replace them easily or at all and its business, financial condition and/or results of operations could be adversely affected if certain key individuals either cease to be employed by Heineken or their services cease to be available to Heineken.

Heineken is subject to risks generally associated with companies that operate in a global environment, which could have an adverse effect on its growth and financial performance.

Heineken's operations are subject to risks inherent in multinational operations. These risks include, among others, compliance with a variety of local regulations and laws, changes in tax laws and the interpretations of those laws, fluctuation in currency values, sudden changes in foreign currency exchange controls, discriminatory and conflicting fiscal policies, difficulties enforcing intellectual property and contractual rights in certain jurisdictions, greater risk of uncollectable accounts and longer collection cycles, effective and immediate implementation of control environment processes across Heineken's diverse operations and imposition of more or new tariffs, quotas, trade barriers and/or similar restrictions in the various jurisdictions in which Heineken operates.

Moreover, political and economic changes or volatility, geopolitical regional conflicts, terrorist activity, political unrest, civil strife, acts of war, public corruption and other economic or political uncertainties, including economic and political uncertainty in the European Economic Area due to the Eurozone financial crisis, could exacerbate the aforementioned risks and interrupt and have an adverse effect on Heineken's business operations. All of these factors could result in increased costs or decreased revenues and could have an adverse effect on Heineken's business, financial condition and/or results of operations.

Heineken is exposed to economic and political instability in developing countries.

Heineken's operations in developing countries expose it to the domestic environment and stability or instability of these countries. Heineken is exposed to numerous risks including potential political and economic uncertainty, crime and lack of law enforcement, public and private sector corruption, political insurrection, civil strife, external interference, potential exchange rate depreciation, risk of hyperinflation, nationalisation or expropriation, weak economic institutions (such as protection of rights of investors, entrepreneurs or property rights), insufficient expenditure on public goods such as infrastructure and changing terms of trade and government policies. These risks could have an adverse effect on Heineken's business, financial condition and/or results of operations if they result in increased costs, interrupted operations and/or difficulties in extracting profit from these countries. In particular, Latin America, Africa and the Middle East and Asia are important developing regions for Heineken's business due to volume growth driven by economic growth in these regions. As such, political and economic instability and unrest in these regions in particular, and other regions in which Heineken is active, could have an adverse effect on Heineken's business, financial condition and/or results of operations.

Additionally, the economies of developing countries are often affected by developments in other emerging market countries, and, accordingly, adverse changes in developing markets elsewhere in the world could have an adverse effect on the markets in which Heineken operates which, in turn, could have an adverse effect on Heineken's business, financial condition and/or results of operations.

Heineken is exposed to the risks and effects of economic recession and to falls in per-capita income, which could adversely affect the demand for its products.

Heineken is exposed to the effects of global recession and a recession in one or more of its key markets, including Western, Central and Eastern Europe as a result of the Eurozone financial crisis, including lower revenue and reduced income. For the beer business, recession may adversely affect demand, and therefore sales volumes and the prices that can be achieved for beer in the relevant markets. Changes in the economic environment following the global economic downturn have impacted Heineken's regular business activities and performance, in particular in the on-premise segment / on-trade channel (i.e., restaurants, hotels, bars and cafeterias). The level of beer consumption in a country is typically positively correlated to the general income level of that country. As such, lower income levels and lower customer solvency resulting from the global economic downturn may further negatively impact the demand for beer and result in lower prices, lower sales and increased credit risk, negatively impacting Heineken's business, financial condition and/or results of operations. The global economic downturn may also change consumers' behaviour due to an increase in discount brands and retailers following the economic downturn. To remain competitive, Heineken must continue to compete effectively in relation to, among other factors, pricing, quality and reliability. Any such increase in competition or changes in the competitive landscape in which Heineken operates could result in increased pricing pressures, which could, in turn, have an adverse effect on its business, financial condition and/or results of operations as well as impact its ability to maintain or increase its market share. Turbulence in financial markets may have an impact on, *inter alia*, the value of Heineken's investments, financial instruments including derivatives and pensions (shortfalls).

Heineken's reorganisation projects could temporarily reduce its operational effectiveness.

Heineken is currently undertaking numerous reorganisation projects including, for example, the centralisation of back office activities, the centralisation of its procurement activities, the possible closure of breweries and other rightsizing and downsizing activities. Its supply chain, wholesale business and support functions in Europe and the Americas have been impacted the most. As such, there is a risk that production quality and supply continuity could be affected due to temporary disruptions, which, in turn, could have an adverse effect on Heineken's business, financial condition and/or results of operations as well as its brand reputation.

Heineken operates in highly competitive markets and industry consolidation could place Heineken at a competitive disadvantage to its competitors.

Globally, brewers compete mainly on the basis of brand image, price, customer service, distribution networks and quality. While globally the beer industry is not highly concentrated, in many of the countries in which Heineken has operations, two or three brewers account for a very large proportion of the market and smaller local brewers make up the balance. Consolidation has significantly increased the capital base and geographic reach of Heineken's competitors in some of the markets in which they operate, as well as increasing the cost of competition, and competition is expected to increase further as the trend towards consolidation among companies in the beer industry continues.

Further consolidation in the beer sector may result in a competitive disadvantage for Heineken, if Heineken is unable or unwilling to respond appropriately to such industry changes. If Heineken's competitors become larger resulting from mergers and/or acquisition activity, they may be able to obtain a better negotiation position with retailers, distributors and suppliers. This can put pressure on Heineken's existing distribution and supply chain channels. Larger companies can also generate cost advantages with respect to advertising costs as economies of scale can be realised. These competitive disadvantages could lead to Heineken experiencing higher costs relative to the costs of its competitors and thus to relatively higher prices, which could reduce demand for its products, which, in turn, could have an adverse effect on its business, financial condition and/or results of operations.

Heineken may not be able to successfully carry out further acquisitions or to integrate acquired businesses with its existing businesses.

In pursuit of further expansion, Heineken seeks to strike a balance between organic and acquired growth. Heineken undertakes acquisitions only if it identifies suitable businesses to acquire on acceptable terms.

When considering an acquisition, Heineken makes certain estimates as to economic, market and other conditions, including estimates relating to the value or potential value of the business to be acquired and the potential return on investment. Such estimates may prove to be incorrect, rendering its acquisition unsuccessful which could have an adverse effect on its business, financial condition and/or results of operations. In recent years, Heineken has been very acquisitive with various acquisitions in emerging markets. Heineken's largest acquisitions in recent years were the acquisitions of Scottish & Newcastle in 2008, FEMSA Cerveza in 2010 and Asia Pacific Breweries in 2012. Furthermore, in any acquisition, Heineken is faced with different cultures, business principles and political, economic and social environments. This may affect corporate values, image and quality standards. It may also impact the realisation of long-term business plans, including synergy objectives, underlying the value of newly acquired companies. Such business integration issues could have an adverse effect on Heineken's business, financial condition and/or results of operations.

Disruption in Heineken's product supply and supply chains could impact its sales and financial performance in its export markets.

Disruption of supply of Heineken's products could affect sales and its market share in certain countries in which it operates. Additionally, the loss or temporary discontinuity of supply chains from any of its suppliers without sufficient time to develop an alternative source could result in delays in shipments, expose Heineken to increased costs and place it at a relative disadvantage to its competitors. Disruption of supply and/or discontinuity of supply chains could result from increased competition, industry consolidation, the termination of (or material change to) arrangements with suppliers, disagreements with suppliers as to payment or other terms or the failure of a supplier to meet Heineken's contractual obligations or otherwise deliver materials consistent with current usage. Factors that are hard to predict or beyond its control, like adverse weather conditions, natural disasters, flooding, fire, terrorist attacks, generalised labour unrest or health pandemics, could also damage or disrupt Heineken's supply and supply chains. In particular, the supply of beer products from the Netherlands to export markets such as the United States of America is important to Heineken's business. Discontinuity of supply from the Netherlands could adversely impact its sales and financial performance in its various export markets, including the United States of America. Such discontinuity in Heineken's product supply and supply chains could have an adverse effect on its business, financial condition and/or results of operations.

Heineken is reliant on its information technology to conduct its business in the different regions in which it operates.

Heineken's worldwide operations are increasingly reliant on information systems and information technology platforms (collectively, "**IT**") to maintain and improve its operational efficiency. IT processes and infrastructure are to a large extent centralised and outsourced to professional outsourcing partners. Although Heineken takes preventive measures to protect and secure its information systems, its information systems may be vulnerable to different operational and security challenges including telecommunications failures, interruptions, security breaches and other types of interference. Heineken has a strict information security policy to ensure confidentiality, integrity and availability of information and to guarantee IT control. The increased centralisation of its IT systems also allows central enforcement of security measures across its operating companies, but also magnifies the impact of any security incident. Any interruptions, failures or breach in the security infrastructure of its IT systems could have an adverse effect on its ability to compete with competitors and harm its reputation as well as disrupt its business, thereby having an adverse effect on its business, financial condition and/or results of operations.

Heineken faces risks resulting from its joint ventures and other strategic partnerships and it may be unable to influence such joint ventures and strategic partnerships.

Heineken has undertaken economic activity with other parties in the market in the form of joint ventures and strategic partnerships. As Heineken generally does not have a majority of the shares and voting rights in these entities, decisions taken by its joint venture and strategic partnership entities may not be fully harmonised with Heineken's strategic objectives. Decisions made and actions taken may not be optimal for Heineken's business, or may not promote its business and strategic objectives, and may therefore result in

lower revenue and lower profit margins from such joint ventures and strategic partnerships which, in turn, could have an adverse effect on Heineken's business, financial condition and/or results of operations.

While its joint venture and strategic partnerships are generally of a long-term nature, such alliances can usually be terminated early under certain circumstances. Termination of, or any material change to, Heineken's relationship with these third parties could adversely affect growth opportunities and have an adverse effect on its business, financial condition and/or results of operation.

Natural and other disasters could have an adverse effect on Heineken's business, financial condition and/or results of operations.

Heineken's business and operating results could be negatively impacted by natural disasters or other social or technical disruptions, such as earthquakes, hurricanes, flooding, fire, power loss, loss of water supply, telecommunications and IT system failures, political instability, civil strife, military conflict and uncertainties arising from terrorist attacks, including a global economic slowdown, the economic consequences of any military action and associated political instability in any of the countries where Heineken operates. Any such natural or other disasters could have an adverse effect on Heineken's business, financial condition and/or results of operations.

Heineken is exposed to fluctuations in exchange rates.

Heineken operates internationally and its reporting currency is the Euro. As a result of its international operations, fluctuations in exchange rates of foreign currencies relative to the Euro could have an adverse effect on its business, financial condition and/or results of operations. Additionally, exchange rates between the Euro and other currencies may be significantly more volatile than they have been in the past as a result of the Eurozone financial crisis. Heineken is particularly exposed to currency fluctuations in the US Dollar, Mexican Peso, Nigerian Naira, Polish Zloty and British Pound as well as certain Asian currencies (in particular, the Vietnamese Dong). Fluctuations in these currencies relative to the Euro could have an adverse effect on Heineken's business, financial condition and/or results of operations.

Heineken is exposed to interest rate risk on its floating rate indebtedness.

Heineken is partly financed with floating rate debt. As the reference interest rate on this debt can fluctuate, it is exposed to interest rate risk. Higher interest rates may result in higher interest costs which could have an adverse effect on Heineken's business, financial condition and/or results of operations.

Heineken's future capital needs may require that it seeks debt financing, refinancing or additional equity funding, which may not be available or may be materially more expensive.

From time to time, Heineken may be required to raise additional funds for its future capital needs or to refinance its current funding through public or private financing, strategic relationships or other arrangements. However, due to current economic uncertainty and recent crises in the global financial markets, there can be no assurance that the funding, if needed, will be available on attractive terms, or at all. Furthermore, any additional financing arrangements may be dilutive to shareholders, and debt financing, if available, may involve restrictive covenants. In addition, debt financing, refinancing or additional equity funding may be materially more expensive due to the lack of liquidity in the market and the general lack of confidence in the equity markets. Heineken's failure to raise capital when needed could have an adverse effect on its business, financial condition and/or results of operations.

Heineken faces defined benefit pension obligations in some of the countries in which it operates.

In some of the countries in which Heineken operates (mainly the United Kingdom and the Netherlands), Heineken is obliged to make contributions to a number of defined benefit plans that provide pension benefits for employees upon retirement. The contractual and regulatory arrangements with some of these pension funds are such that in case of shortfalls, no one-off payments are required but the annual cash contributions would increase going forward, thereby increasing the potential cash outflow obligation over a longer period of time which could have an adverse effect on Heineken's business, financial condition and/or results of

operations. The accounting impact of pensions under IFRS on Heineken's financial results may also differ materially from the cash impact.

The jurisdictions in which Heineken operates may adopt regulations or changes in tax and excise costs that could increase Heineken's costs and liabilities and/or limit its business activities.

Heineken's business is regulated by the European Union and other national and local government entities. These regulations govern many parts of its operations, including brewing, bottling, branding, marketing and advertising, transportation, distributor relationships and sales. Other regulations governing taxation, environmental impact and labour relations also affect Heineken's operations. Various legislative authorities in those countries in which Heineken operates consider proposals from time to time to impose additional regulations, excise and other taxes or fees on the production or sale of alcoholic beverages, including beer. Legislative authorities frequently impose such measures in times of slow or negative economic growth, as a means to raise revenue and in response to increased negative societal perceptions towards alcohol and the alcohol beverage industry. Changes in such regulations and duties could have an adverse effect on Heineken's business, financial condition and/or results of operations. Further, there can be no assurance that Heineken will not incur material costs or liabilities in connection with its compliance with current applicable regulatory requirements or that such regulations will not interfere with, restrict or affect its businesses which, in turn, could have an adverse effect on its business, financial condition and/or results of operations.

Heineken may be subject to claims that it has not complied with existing laws and regulations, which could result in fines and penalties or loss of operating licences. Heineken is also routinely subject to new or modified laws and regulations with which it must comply in order to avoid claims, fines and other penalties, which could have an adverse effect on its business, financial condition and/or results of operations.

Heineken is exposed to antitrust and competition laws in certain jurisdictions and the risk of changes in such laws or in the interpretation and enforcement of existing antitrust and competition laws.

Heineken is subject to antitrust and competition laws in the jurisdictions in which it operates. Consequently, Heineken may be subject to regulatory scrutiny in certain of these jurisdictions. There can be no assurance that the introduction of new competition laws in the jurisdictions in which Heineken operates, the interpretation of existing antitrust or competition laws or the enforcement of existing antitrust or competition laws, or any agreements with antitrust or competition authorities, against Heineken or its subsidiaries, will not have an adverse effect on Heineken's business, financial condition and/or results of operations.

Heineken has exposure to litigation risk.

Companies in the alcoholic beverage industry are, from time to time, exposed to litigation relating to alcohol advertising, alcohol abuse programmes or health and societal consequences from the excessive consumption of alcohol and to litigation related to product liability issues, including the discovery of contaminants in beverage products. Further, increasing restrictions over alcoholic beverages increases the risk of non-compliance, which increases the likelihood of litigation claims. Additionally, more supervision by regulators and the growing litigation claim culture of the general public may potentially increase the impact of non-compliance and the risks of litigation, both financially and on the business reputation of the Heineken Group. Any such litigation could have an adverse effect on Heineken's business, financial condition and/or results of operations.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including Notes where the currency for principal or interest payments is different from the currency in which such investor's financial activities are principally denominated and Notes for which the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;

(iv) understands thoroughly the terms of the relevant Notes and is familiar with the behaviour of financial markets; and

(v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Issuer has the right to convert the interest rate on any Notes from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing market rates.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

The Terms and Conditions of the Notes contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, (i) agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or the Trust Deed or (ii) determine that any Event of Default or potential Event of Default shall not be treated as such or (iii) agree to the substitution of another company as principal debtor under any Notes in place of the Issuer in the circumstances described in Condition 14.

The Notes may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross up payments and this would result in holders receiving less interest than expected and could significantly adversely affect their return on the Notes: EU Savings Directive

Under EC Council Directive 2003/48/EC (the "**Directive**") on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect to provide information in accordance with the Directive) to operate a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories (including Switzerland) have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

The value of the Notes could be adversely affected by a change in English law or administrative practice

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes and any such change could materially adversely impact the value of any Notes affected by it.

Investors who purchase Notes in denominations that are not an integral multiple of the Specified Denomination may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a Definitive Note (as defined under "*Forms of the Notes*" below) in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If Definitive Notes are issued, holders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Issuer or the ratings assigned to Notes already issued under the Programme. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

INFORMATION INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the CSSF shall be incorporated by reference in, and form part of, this Base Prospectus:

(a) the audited annual consolidated financial statements of the Issuer in respect of the financial year ended 31 December 2011, prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU, shall be deemed to be incorporated by reference in, and to form part of, this Base Prospectus, including the information set out at the following pages of the Issuer's Annual Report 2011:

	2011
Consolidated Income Statement	page 67
Consolidated Statement of Comprehensive Income	page 68
Consolidated Statement of Financial Position	page 69
Consolidated Statement of Cash Flows	pages 70-71
Consolidated Statement of Changes in Equity	pages 72-73
Notes to the Consolidated Financial Statements	pages 74-141
Independent Auditor's Report on the Consolidated Financial Statements	page 152

(b) the section "*Terms and Conditions of the Notes*" from the following base prospectuses relating to the Programme: (i) Base Prospectus dated 8 September 2008 (pages 21-46 inclusive); (ii) Base Prospectus dated 8 September 2009 (pages 24-52 inclusive); (iii) Base Prospectus dated 13 September 2010 (pages 25-53 inclusive); and (iv) Base Prospectus dated 7 March 2012 (pages 27-57 inclusive).

Any information incorporated by reference pursuant to paragraph (a) above that is not referred to in the cross-reference list is considered additional information and is not required by the relevant schedules of Commission Regulation (EC) No 809/2004.

Copies of the documents specified above as containing information incorporated by reference in this Base Prospectus are available from the website of the Luxembourg Stock Exchange (www.bourse.lu) and, upon request, free of charge, from the registered office of the Issuer and the specified offices of the Paying Agents for the time being in Luxembourg and London. Any information contained in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is covered elsewhere in this Base Prospectus.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in euro, U.S. dollars, Pounds sterling or Swiss Francs or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. An issue of Notes under the Programme may have any maturity as may be agreed between the Issuer and the relevant Dealer, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer(s) prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed upon, or incorporated by reference into, the Notes, as completed by the relevant Final Terms endorsed upon, or attached to, such Notes.

The maximum aggregate nominal amount of Notes outstanding at any one time under the Programme will not exceed €10,000,000,000 (and, for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)).

FORMS OF THE NOTES

Each Tranche of Notes will initially be in the form of either a temporary global note in bearer form (a "**Temporary Global Note**"), without interest coupons, or a permanent global note in bearer form (a "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") will:

(i) if the Global Notes are intended to be issued in new global note ("**NGN**") form, as stated in the relevant Final Terms, be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**"); and

(ii) if the Global Notes are not intended to be issued in NGN form, be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Where the Global Notes issued in respect of any Tranche are in NGN form, the relevant Final Terms will also indicate whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The common safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the applicable Final Terms.

The relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date (the "**Exchange Date**") of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments due on or after the Exchange Date will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and, in the case of a NGN, effectuated, to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the nominal amount of the Permanent Global Note in accordance with its terms against:

(i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Agent at its specified office; and

(ii) receipt by the Agent of a certificate or certificates of non-U.S. beneficial ownership.

The nominal amount of the Permanent Global Note shall be equal to the aggregate of the nominal amounts specified in the certificates of non-U.S. beneficial ownership; *provided, however, that* in no circumstances shall the nominal amount of the Permanent Global Note exceed the initial nominal amount of the Temporary Global Note.

The Permanent Global Note will be exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**"):

(i) if so specified in the relevant Final Terms, at the option of the Issuer (exercisable at any time) or at the request of the bearer, on the expiry of such period of notice as may be specified in the relevant Final Terms; or

(ii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then (a) if both Euroclear and Clearstream, Luxembourg and any other relevant clearing system are 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 chosen by the Issuer and notified to the Trustee is available, or (b) if any of the circumstances described in Condition 9 as an Event of Default occurs and is continuing, or (c) at the option of the Issuer, if the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes not in global form.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate nominal amount equal to the nominal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Agent, in the case of (i) above, on and after the expiry of the relevant notice period and, in the case of (ii) above, within 30 days of the bearer requesting exchange following the occurrence of an event described in (ii)(a) or (b) and 30 days after notice is given by the Issuer, in the case of (ii)(c).

The exchange at the option of the Issuer/at the request of the bearer option referred to in (i) above should not be expressed to be applicable if the Specified Denomination of the Notes comprises a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date (the "**Exchange Date**") of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments due on or after the Exchange Date will be made under the Temporary Global Note unless exchange for Definitive Notes is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate nominal amount equal to the nominal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the presentation and, in the case of final exchange, surrender of the Temporary Global Note to or to the order of the Agent.

In relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes, such Notes should not be issued in denominations comprising a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules nor the TEFRA D Rules are applicable and specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

(i) if so specified in the relevant Final Terms, at the option of the Issuer (exercisable at any time) or at the request of the bearer, on the expiry of such period of notice as may be specified in the relevant Final Terms; or

(ii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then (a) if both Euroclear and Clearstream, Luxembourg and any other relevant clearing system are 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 chosen by the Issuer and notified to the Trustee is available, or (b) if any of the circumstances described in Condition 9 as an Event of Default occurs and is continuing, or (c) at the option of the Issuer, if the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes not in global form.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate nominal amount equal to the nominal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Agent, in the case of (i) above, on and after the expiry of the relevant notice period and, in the case of (ii) above, within 30 days of the bearer requesting exchange following the occurrence of an event described in (ii)(a) or (b) and 30 days after notice is given by the Issuer, in the case of (ii)(c).

Legend concerning United States persons

In the case of any Tranche of Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"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."

Issuer-ICSDs Agreement

In respect of Notes represented by a Global Note issued in NGN form, the nominal amount of such Notes shall be the aggregate amount from time to time entered in the records of both Euroclear and Clearstream, Luxembourg (the "**ICSDs**"). The records of the ICSDs shall be conclusive evidence of the nominal amount of such Notes and a statement issued by Euroclear and/or Clearstream, Luxembourg shall be conclusive evidence of the records of such parties at that time.

The Issuer has entered or will enter into an agreement with the ICSDs in respect of any Notes issued in NGN form that the Issuer may request be made eligible for settlement with the ICSDs (the "**Issuer-ICSDs Agreement**"). The Issuer-ICSDs Agreement provides that the ICSDs will, in respect of any such Notes, *inter alia*, maintain records of their respective portion of the issue outstanding amount and will, upon the Issuer's request, produce a statement for the Issuer's use showing the total nominal amount of its customer holding of such Notes as of a specified date.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note.

This Note is one of a Series (as defined below) of Notes issued by Heineken N.V. (the "**Issuer**") constituted by an amended and restated Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") dated 7 March 2013 made between the Issuer and BNP Paribas Trust Corporation UK Limited (the "**Trustee**", which expression shall include any successor as Trustee).

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

(a) in relation to any Notes represented by a global Note (a "**Global Note**"), units of each Specified Denomination in the Specified Currency;

(b) any Global Note; and

(c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 7 March 2013 and made between the Issuer, the Trustee, BNP Paribas Securities Services, Luxembourg Branch as issuing and principal paying agent and agent bank (the "**Agent**", which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents).

Interest-bearing definitive Notes have interest coupons ("**Coupons**") and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the "**Conditions**"). References to the "**applicable Final Terms**" are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

The Trustee acts for the benefit of the holders for the time being of the Notes (the "**Noteholders**", which expression shall, in relation to any Notes represented by a Global Note, be construed as provided below) and the holders of the Coupons (the "**Couponholders**", which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee being at 55 Moorgate, London EC2R 6PA and at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer and of the Agent and copies may be obtained from those offices

save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under Directive 2003/71/EC (as amended) (the "**Prospectus Directive**"), the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the "**Specified Currency**") and in the denomination(s) (the "**Specified Denomination(s)**") specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer, the Paying Agents and the Trustee will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes and shall not be liable for so treating such bearer but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents and the Trustee as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, any Paying Agent and the Trustee as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits,

be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Agent and the Trustee.

2. STATUS OF THE NOTES

The Notes and any relative 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 any relative 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 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 and any relative Coupons and the Trust Deed in respect thereof, (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.

"**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 of the Issuer after the date on which agreement is reached to issue the first Tranche of the Notes, where such Security Interest was created prior to the date on which such an entity becomes a Subsidiary of the Issuer, but only if (A) such Security Interest was not created in contemplation of such entity becoming a Subsidiary of the Issuer and (B) the amount thereby secured has not been increased in contemplation of, or since the date of, such entity becoming a Subsidiary of the Issuer;

(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 in any other currency (as determined by the Trustee in accordance with the Trust Deed).

"**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;

(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 the Maturity Date 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 annual financial statements or (if more recently prepared and published) its then latest unaudited interim financial statements.

4. INTEREST

4.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or

(B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

(a) if "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(b) if "**30/360**" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

4.2 Interest on Floating Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, "**Business Day**" means a day which is both:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the applicable Final Terms; and

(b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET2 System**") is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

(A) the Floating Rate Option is as specified in the applicable Final Terms;

(B) the Designated Maturity is a period specified in the applicable Final Terms; and

(C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate specified in the applicable Final Terms which appears or appear, as the case may be, on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

For the purposes of these Conditions:

"**Interest Determination Date**" shall mean the date specified as such in the Final Terms or if none is so specified:

(i) if the Reference Rate is the London interbank offered rate ("**LIBOR**") (other than Sterling or Euro LIBOR), the second London business day prior to the start of each Interest Period;

(ii) if the Reference Rate is Sterling LIBOR, the first day of each Interest Period;

(iii) if the Reference Rate is Euro LIBOR or the Euro-zone interbank offered rate ("**EURIBOR**"), the second day on which the TARGET2 System is open prior to the start of each Interest Period;

(iv) if the Reference Rate is the Singapore interbank offered rate ("**SIBOR**"), the second Singapore business day prior to the start of each Interest Period; or

(v) if the Reference Rate is the Tokyo interbank offered rate ("**TIBOR**"), the second Tokyo business day prior to the start of each Interest Period.

"**Margin**" shall have the meaning specified in the applicable Final Terms.

"**Reference Rate**" shall mean (i) LIBOR, (ii) EURIBOR, (iii) SIBOR, or (iv) TIBOR, in each case for the relevant currency and for the relevant period, as specified in the applicable Final Terms.

"**Relevant Financial Centre**" shall mean (i) London, in the case of a determination of LIBOR, (ii) Brussels, in the case of a determination of EURIBOR, (iii) Singapore, in the case of a determination of SIBOR, or (iv) Tokyo, in the case of a determination of TIBOR, as specified in the applicable Final Terms.

"**Relevant Screen Page**" shall mean the screen page specified in the applicable Final Terms.

"**Relevant Time**" shall mean (i) in the case of LIBOR, 11.00 a.m., (ii) in the case of EURIBOR, 11.00 a.m., (iii) in the case of SIBOR, 11.00 a.m., or (iv) in the case of TIBOR, 11.00 a.m., in each case in the Relevant Financial Centre, or such other time as specified in the applicable Final Terms.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Agent will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or

(B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

(i) if "**Actual/Actual (ISDA)**" or "**Actual/Actual**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30; and

(vii) if "**30E/360 (ISDA)**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Interest Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(e) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(f) Determination or Calculation by Trustee

If for any reason at any relevant time the Agent defaults in its obligation to determine the Rate of Interest or in its obligation to calculate any Interest Amount in accordance with subparagraph (b)(i) or subparagraph (b)(ii) above, as the case may be, and in each case in accordance with paragraph (d) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in

all the circumstances and each such determination or calculation shall be deemed to have been made by and be binding on the Agent.

(g) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2 shall (in the absence of manifest error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders and Couponholders and (subject as aforesaid) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

5. PAYMENTS

5.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

(b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

5.2 Presentation of definitive Notes and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing

which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum 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 relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

5.3 Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note, where applicable, against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

5.4 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

5.5 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 8) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(i) in the case of Notes in definitive form only, the relevant place of presentation;

(ii) each Additional Financial Centre specified in the applicable Final Terms; and

(b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

5.6 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 7 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.5); and

(f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

6. REDEMPTION AND PURCHASE

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

6.2 Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

(a) on the occasion of the next payment due under the Notes, the Issuer 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 therein or thereof 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 the date on which agreement is reached to issue the first Tranche of the Notes; and

(b) 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 Condition, the Issuer shall deliver to the Trustee a certificate signed by any member of the Executive Board of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the obligation referred to in (a) cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the condition precedent set out in (b) above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given:

(a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 13; and

(b) not less than 15 days before the giving of the notice referred to in (a) above, notice to the Trustee and to the Agent;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of

a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least five days prior to the Selection Date.

6.4 Redemption at the option of the Noteholders (Investor Put)

(a) Redemption at the option of the Noteholders (other than a Change of Control Put)

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition 6.4(a) accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 6.4(a) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 9, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.4(a).

(b) Change of Control Put

If Change of Control Put is specified as being applicable in the applicable Final Terms, this Condition 6.4(b) shall apply.

(i) Subject to Condition 6.4(b)(vi) below, a "**Put Event**" will be deemed to occur if:

(A) any Person or group of Persons acting in concert gains control of the Issuer ("**Change of Control**"); and

(B) on the date (the "**Relevant Announcement Date**") that is the earlier of (i) the date of the first public announcement of the relevant Change of Control; and (ii) the date of the earliest Relevant Potential Change of Control Announcement (if any), the Notes carry from any Rating Agency:

(1) an investment grade credit rating (*Baa3/BBB–, or equivalent, or better*), and such rating from any Rating Agency is within the Change of Control Period either downgraded to a non-investment grade credit rating (*Ba1/BB+, or equivalent, or worse*) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated, in either case, to an investment grade credit rating by such Rating Agency; or

(2) a non-investment grade credit rating (*Ba1/BB+, or equivalent, or worse*), and such rating from any Rating Agency is within the Change of Control Period downgraded by one or more notches (*for illustration, Ba1/BB+ to Ba2/BB being one notch*) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated, in either case, to its earlier credit rating or better by such Rating Agency, or

(3) no credit rating, and no Rating Agency assigns within the Change of Control Period an investment grade credit rating to the Notes,

provided that if on the Relevant Announcement Date the Notes carry a credit rating from more than one Rating Agency, at least one of which is investment grade, then sub-paragraph (1) will apply to the exclusion of sub-paragraph (2), such that any change in a non-investment grade credit rating from another Rating Agency shall be disregarded for the purposes of Condition 6.4(b); and

(C) in making the relevant decision referred to in (B)(1) or (2) above (if applicable), the relevant Rating Agency announces publicly or confirms in writing to the Issuer and the Trustee that such decision resulted, in whole or in part, from the occurrence of the Change of Control (whether or not the Change of Control shall have occurred at the time such decision is made) or the Relevant Potential Change of Control Announcement.

(ii) If a Put Event occurs (unless the Issuer has given notice under Condition 6.2), each Noteholder shall have the option to require the Issuer to redeem or, at the Issuer's option, purchase (or propose the purchase of) that Note on the Put Date (as defined below) at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the date of redemption. Such option (the "**Put Option**") shall operate as set out in this Condition 6.4(b).

(iii) Promptly upon the Issuer becoming aware that a Put Event has occurred the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall (subject in each case to being indemnified and/or provided with security to its satisfaction), give notice (a "**Put Event Notice**") to the Noteholders in accordance with Condition 13 specifying the nature of the Put Event and the procedure for exercising the Put Option.

(iv) To exercise the Put Option, the holder of this Note must, if it is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the "**Put Period**") of not less than 30 and not more than 60 days after a Put Event Notice is given, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Change of Control Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition 6.4(b) accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Change of Control Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the Put Option, the holder of this Note must, within the Put Period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

The Paying Agent to which such Note and Change of Control Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the date which is 7 days after the expiration of the Put Period (the "**Put Date**") by transfer to that bank account and, in every other case, on or after the Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent.

Any Change of Control Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 6.4(b) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 9, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.4(b). Receipts issued pursuant to this Condition 6.4(b) shall be treated as if they were Notes. The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Put Date unless previously redeemed and cancelled or purchased.

If 80 per cent. or more in nominal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 6.4(b), the Issuer may, on not less than 30 and not more than 60 days' notice to the Noteholders given within 30 days after the Put Date, redeem or purchase (or procure the purchase of), at its option, the remaining Notes as a whole at their principal amount together with interest accrued to but excluding the date of redemption or purchase.

If the rating designations employed by Moody's or S&P are changed from those which are described in paragraph (i) above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine, with the agreement of the Trustee (not to be unreasonably withheld or delayed), the rating designations of Moody's or S&P or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's or S&P and paragraph (i) shall be read accordingly.

(v) The Trustee is under no obligation to ascertain whether a Put Event has occurred and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Put Event has occurred.

(vi) A Change of Control shall not apply to the acquisition of control by family members or successors by inheritance of the current ultimate owner of the Issuer or by companies owned by such family members or successors by inheritance or by trusts of which they are beneficiaries and no Put Event shall be deemed to have occurred in such circumstances.

(vii) For the purpose of this Condition 6.4(b):

"**acting in concert**" means acting together pursuant to an agreement or understanding (whether formal or informal);

"**Change of Control Period**" means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration);

"**control**" means the acquisition of or right or option to acquire:

(i) beneficial ownership (directly or indirectly) of more than 50 per cent. of the issued share capital (or voting power) of the Issuer; or

(ii) beneficial ownership (directly or indirectly) of the right to control the composition of the majority of the board of directors of the Issuer or the majority of its voting rights, in each case, whether through the ownership of voting capital or by contract;

"**Optional Redemption Amount**" shall mean the amount specified as such in the applicable Final Terms;

"**Person**" means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organisation, or a government or agency or political subdivision thereof;

"**Rating Agency**" means Moody's Investors Service, Inc. ("**Moody's**") or Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**"), or their respective successors or any rating agency (a "**Substituted Rating Agency**") substituted for any of them by the Issuer from time to time with the agreement of the Trustee (not to be unreasonably withheld or delayed); and

"**Relevant Potential Change of Control Announcement**" means any formal public announcement or statement by the Issuer, any actual or potential bidder or any adviser thereto relating to any potential Change of Control where within 90 days following the date of such announcement or statement, a Change of Control occurs.

6.5 Early Redemption Amounts

For the purpose of Condition 6.2 above and Condition 9, each Note will be redeemed at its Early Redemption Amount calculated as follows:

(a) in the case of a Note other than a Zero Coupon Note, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or

(b) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = RP \times (1 + AY)^y$$

where:

"**RP**" means the Reference Price;

"**AY**" means the Accrual Yield expressed as a decimal; and

"**y**" is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

6.6 Purchases

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

6.7 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.6 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

6.8 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, 6.2, 6.3 or 6.4 above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.5(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 13.

7. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Netherlands unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

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

(b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.5); or

(c) where such withholding or deduction is imposed on a payment to an individual or a residual entity (within the meaning of the European Council Directive 2003/48/EC) and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or several agreements concluded by the State of Luxembourg with several dependent or associated territories, or is based on similar measures adopted by a number of non-EU countries such as Switzerland, or pursuant to the law of 23 December 2005, as amended by the law of 17 July 2008, with respect to Luxembourg resident individuals; or

(d) presented for payment by or on behalf of a holder 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) 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.

As used herein, "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

8. PRESCRIPTION

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 or any Talon which would be void pursuant to Condition 5.2.

9. EVENTS OF DEFAULT AND ENFORCEMENT

9.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or provided with security to its satisfaction), (but in the case of the happening of any of the events described in paragraphs (b) to (h) inclusive below, only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice in writing to the Issuer that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each an "**Event of Default**") shall occur and be continuing:

(a) *Non-Payment*

if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 7 days in the case of principal and 15 days in the case of interest; or

(b) *Breach of Other Obligations*

if the Issuer does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed in respect thereof 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*

if (i) any other present or future indebtedness of the Issuer or any of its Material Subsidiaries for or in respect of moneys borrowed 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 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 undischarged equals or exceeds (x) €100,000,000 or, if greater, (y) 0.5 per cent. of Total Group Assets, or their equivalent in any other currency (as determined by the Trustee in accordance with the Trust Deed); or

(d) *Enforcement Proceedings*

if 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 assets or revenues of the Issuer or any of its Material Subsidiaries and is not discharged or stayed within 30 days; or

(e) *Security Enforced*

if 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

if (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 of 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

if 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

if 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).

For the purposes of the Conditions:

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

"**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 any member 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 9.1(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).

"**Total Group Assets**" shall have the meaning ascribed to such term in Condition 3.

9.2 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or provided with security 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 so to do within a reasonable period and the failure shall be continuing.

10. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

11. PAYING AGENTS

The names of the initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

(a) there will at all times be an Agent;

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

(c) there will, save where it may from time to time be otherwise agreed with the Trustee that it is unduly onerous or not current market practice at the relevant time to do so, at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

12. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

13. NOTICES

All notices regarding the Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London or (b) if and for so long as the Notes are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website (www.bourse.lu). It is expected that any such publication in a newspaper will be made in the *Financial Times* in London or the *Luxemburger Wort* or the *Tageblatt* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than 75 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

In addition, a resolution in writing signed by or on behalf of not less than 90 per cent. of the Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed (other than in respect of Reserved Matters (as defined in the Trust Deed)), or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error. Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders except to

the extent already provided for in Condition 7 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 7 pursuant to the Trust Deed.

The Trustee shall, without the consent of the Noteholders or Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed of a Successor in Business (as defined in the Trust Deed) subject to certain conditions in the Trust Deed being complied with.

The Trustee may, without the consent of the Noteholders or Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed of another company, being a Subsidiary of the Issuer or a Holding Company (as defined in the Trust Deed) of the Issuer, subject to (a) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (b) certain other conditions set out in the Trust Deed being complied with.

No Noteholder or Couponholder shall, in connection with any substitution, be entitled to claim any indemnification or payment in respect of any tax consequence thereof for such Noteholder or Couponholder, as the case may be, except to the extent provided for in Condition 7 (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Trust Deed).

15. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified to its satisfaction and to be paid its costs and expenses in priority to the claims of the Noteholders.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of its Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of its Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

16. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 Governing law

The Trust Deed, the Agency Agreement, the Notes and the Coupons and any non-contractual obligations arising therefrom or in connection therewith shall be governed by, and construed in accordance with, English law.

18.2 Submission to jurisdiction

The Issuer irrevocably agrees, for the benefit of the Trustee, the Noteholders and the Couponholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes and/or the Coupons (including a dispute relating to any non-contractual obligations arising therefrom or in connection therewith) and accordingly submits to the exclusive jurisdiction of the English courts.

The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee, the Noteholders and the Couponholders may take any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Trust Deed, the Notes and the Coupons (including any Proceedings relating to any non-contractual obligations arising therefrom or in connection therewith) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

18.3 Appointment of process agent

The Issuer has appointed an agent for service of process in respect of any Proceedings, and undertakes to maintain a person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes.

FORMS OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of less than €100,000 (or its equivalent in another currency).

[*Date*]

HEINEKEN N.V.

(*incorporated with limited liability in the Netherlands*)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €10,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 7 March 2013 [as supplemented by the supplement[s] to it dated [*date*] [and [*date*]]] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on Heineken N.V. (the "**Issuer**") and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. A summary of the Notes (which comprises the summary in the Base Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Base Prospectus [and the supplement[s] dated [*date*] [and [*date*]]] [has] [have] been published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and copies may be obtained, during normal business hours, from [*address*].]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated [*original date*] which are incorporated by reference in the Base Prospectus dated 7 March 2013 (the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus [as supplemented by the supplement[s] to it dated [*date*] [and [*date*]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, including the Conditions incorporated by reference in the Base Prospectus. Full information on Heineken N.V. (the "**Issuer**") and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. A summary of the Notes (which comprises the summary in the Base Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Base Prospectus [and the supplement[s] dated [*date*] [and [*date*]]] [has] [have] been published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and copies may be obtained, during normal business hours, from [*address*].]

1.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below, which is expected to occur on or about [*date*]] [Not Applicable]
2.	Specified Currency or Currencies:		[ ]
3.	Aggregate Nominal Amount:		

	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
4.	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*]]
5.	(a)	Specified Denomination(s):	[ ]
	(b)	Calculation Amount:	[ ]
6.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable]
7.	Maturity Date:		[*Fixed rate – specify date*/*Floating rate* – Interest Payment Date falling in or nearest to [*specify date*]]
8.	Interest Basis:		[[ ] per cent. Fixed Rate] [[*Reference Rate*] +/- [ ] per cent. Floating Rate] [Zero Coupon] (further particulars specified below)
9.	Redemption/Payment Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ] per cent. of their nominal amount
10.	Change of Interest Basis or Redemption/Payment Basis:		[ ]/[Not Applicable]
11.	Put/Call Options:		[Investor Put] [Change of Control Put] [Issuer Call] [(further particulars specified below)] [Not Applicable]
12.	Date [Board] approval for issuance of Notes obtained:		[ ]/[Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13.	Fixed Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Rate(s) of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[ ] [and [ ]] in each year up to and including the Maturity Date
	(c)	Fixed Coupon Amount(s): (*Applicable to Notes in definitive form*)	[ ] per Calculation Amount

(d)	Broken Amount(s): (*Applicable to Notes in definitive form*)	[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]]/[Not Applicable]
(e)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)]
(f)	Determination Date(s):	[[ ] in each year]/[Not Applicable]
14.	Floating Rate Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
(c)	Additional Business Centre(s):	[ ]/[Not Applicable]
(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[ ]/[Not Applicable]
(f)	Screen Rate Determination:	[Applicable/Not Applicable]
	• Reference Rate, Relevant Time and Relevant Financial Centre:	Reference Rate: [ ] month [*currency*] [LIBOR/EURIBOR/SIBOR/TIBOR/[ ]] Relevant Time: [[ ] in the Relevant Financial Centre Relevant Financial Centre: [London/Brussels/ Singapore/Tokyo/[ ]]
	• Interest Determination Date(s):	[ ]
	• Relevant Screen Page:	[ ]
(g)	ISDA Determination:	[Applicable/Not Applicable]
	• Floating Rate Option:	[ ]
	• Designated Maturity:	[ ]
	• Reset Date:	[ ]
(h)	Margin(s):	[+/-] [ ] per cent. per annum

(i)	Minimum Rate of Interest:	[[ ] per cent. per annum]/[Not Applicable]
(j)	Maximum Rate of Interest:	[[ ] per cent. per annum]/[Not Applicable]
(k)	Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]

15. Zero Coupon Note Provisions — [Applicable/Not Applicable]
(*If not applicable, delete the remaining subparagraphs of this paragraph*)

(a)	Accrual Yield:	[ ] per cent. per annum
(b)	Reference Price:	[ ]
(c)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

16. Issuer Call: — [Applicable/Not Applicable]
(*If not applicable, delete the remaining subparagraphs of this paragraph*)

(a)	Optional Redemption Date(s):	[ ]
(b)	Optional Redemption Amount:	[ ] per Calculation Amount
(c)	If redeemable in part:	
(i)	Minimum Redemption Amount:	[[ ] per Calculation Amount]/[Not Applicable]
(ii)	Maximum Redemption Amount:	[[ ] per Calculation Amount]/[Not Applicable]
(d)	Notice period (if other than as set out in the Conditions):	[ ]/[Not Applicable]

17. Investor Put: — [Applicable/Not Applicable]
(*If not applicable, delete the remaining subparagraphs of this paragraph*)

(a)	Optional Redemption Date(s):	[ ]
(b)	Optional Redemption Amount:	[ ] per Calculation Amount
(c)	Notice period (if other than as set out in the Conditions):	[ ]/[Not Applicable]

18.	Change of Control Put:	[Applicable/Not Applicable]
	Optional Redemption Amount:	[ ] per Calculation Amount
19.	Final Redemption Amount:	[ ] per Calculation Amount
20.	Early Redemption Amount payable on redemption for taxation reasons or on event of default:	[ ] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21.	Form of the Notes:	
	(a) Form:	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [at the option of the Issuer exercisable at any time or at the request of the bearer on the expiry of [ ] days' notice]/[in the limited circumstances described in the Permanent Global Note]] [Temporary Global Note exchangeable for Definitive Notes] [Permanent Global Note exchangeable for Definitive Notes [at the option of the Issuer exercisable at any time or at the request of the bearer on the expiry of [ ] days' notice]/[in the limited circumstances described in the Permanent Global Note]] [Definitive Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or another institution for the purpose of their immobilisation in accordance with article 4 of the Belgian law of 14 December 2005 on the abolition of securities in bearer form.] (*Consider including this wording if the Notes are being offered in Belgium*)
	(b) New Global Note:	[Yes]/[No]
22.	Additional Financial Centre(s):	[ ]/[Not Applicable]
23.	Talons for future Coupons to be attached to Definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

Signed on behalf of Heineken N.V.:

By: ....
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING:

Listing and admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from [ ].] [Not Applicable]

2. RATINGS:

Ratings:	[Not Applicable] / [The Notes to be issued have been rated [ ] by [ ]] [[ ] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). As such [ ] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.] [[ ] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). [ ] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.] [[ ] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). The ratings have been endorsed by [ ] in accordance with the CRA Regulation. [ ] is established in the European Union and registered under the CRA Regulation. As such [ ] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.] [The European Securities Markets Authority has indicated that ratings issued in [Japan/ Australia/ the USA/ Canada/ Hong Kong/ Singapore/ Argentina/ Mexico] which have been endorsed by [ ] may be used in the EU by the relevant market participants.]

[[ ] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"), but it [is]/[has applied to be] certified in accordance with the CRA Regulation [[[EITHER:] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation] [[OR:] although notification of the corresponding certification decision has not yet been provided by the European Securities and Markets Authority and [ ] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

[[ ] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority and [ ] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]

[[ ] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). However, the application for registration under the CRA Regulation of [ ], which is established in the European Union, disclosed the intention to endorse credit ratings of [ ] [, although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority and [ ] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].] The European Securities Markets Authority has indicated that ratings issued in [Japan/ Australia/ the USA/ Canada/ Hong Kong/ Singapore/ Argentina/ Mexico] which have been endorsed by [ ] may be used in the EU by the relevant market participants.]

[*Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider*]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE:

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or

commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]/[ ]/[Not Applicable]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES:

(i)	Reasons for the offer:	[ ]
(ii)	Estimated net proceeds:	[ ]
(iii)	Estimated total expenses:	[ ]

5. YIELD: *(Fixed Rate Notes only)*

Indication of yield:	[ ]/[Not Applicable]

6. HISTORIC INTEREST RATES: (*Floating Rate Notes only*)

[Details of historic [LIBOR/EURIBOR/SIBOR/TIBOR] rates can be obtained from [Reuters].]/[Not Applicable]

7. OPERATIONAL INFORMATION:

(i)	ISIN Code:	[ ]
(ii)	Common Code:	[ ]
(iii)	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme (together with the address of each such clearing system) and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(iv)	Names and addresses of additional Paying Agent(s) (if any):	[ ]/[Not Applicable]
(v)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such

recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

8. DISTRIBUTION:

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated, names and addresses of Managers and underwriting commitments:	[ ]/[Not Applicable]
(iii)	Date of Subscription Agreement:	[ ]/[Not Applicable]
(iv)	Stabilising Manager(s) (if any):	[ ]/[Not Applicable]
(v)	If non-syndicated, name and address of relevant Dealer:	[ ]/[Not Applicable]
(vi)	Total commission and concession:	[[ ] per cent. of the Aggregate Nominal Amount]/ [Not Applicable]
(vii)	U.S. selling restrictions:	[TEFRA D Rules/TEFRA C Rules/TEFRA not applicable]
(viii)	Non-exempt Offer:	[Not Applicable] [An offer of the Notes may be made by the Managers [, [*insert names of financial intermediaries receiving consent (specific consent)*] (the "**Initial Authorised Offerors**")] [and any additional financial intermediaries who have or obtain the Issuer's consent to use the Base Prospectus in connection with the Non-exempt Offer and who are identified on the Issuer's website at www.heinekeninternational.com as an Authorised Offeror] (together, being persons to whom the issuer has given consent, the "**Authorised Offerors**") other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s) from those identified in the inside cover as being the Member States where the issuer intends to make Non-exempt Offers, which must therefore be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)*] (the "**Public Offer Jurisdictions**") during the period from [*specify date*] until [*specify date or a formula such as "the Issue Date" or "the date which falls [ ] Business Days thereafter"*] (the "**Offer Period**"). See further paragraph 9 below.
	General Consent:	[Not Applicable]/[Applicable]
	Other conditions to consent:	[Not Applicable] [*Add here any other conditions to which the consent given is subject*]

9. TERMS AND CONDITIONS OF THE OFFER:

Offer Price:	[Issue Price/Not Applicable/*specify*]
Conditions to which the offer is subject:	[Not Applicable/*give details*]
Offer Period:	See paragraph 8(viii) above.
Description of the application process:	[Not Applicable/*give details*]
Details of the minimum and/or maximum amount of application:	[Not Applicable/*give details*]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/*give details*]
Details of the method and time limits for paying up and delivering the Notes:	[Not Applicable/*give details*]
Manner in and date on which results of the offer are to be made public:	[Not Applicable/*give details*]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/*give details*]
Whether tranche(s) have been reserved for certain countries:	[Not Applicable/*give details*]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable/*give details*]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable/*give details*]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:	[None/*give details*/The Authorised Offerors identified in paragraph 8 above]

10. THIRD PARTY INFORMATION:

[[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

ANNEX TO THE FINAL TERMS – SUMMARY OF THE ISSUE

[*Base Prospectus summary to be inserted and the options given as placeholders in the summary to be completed in respect of the Notes being issued.*]

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least €100,000 (or its equivalent in another currency).

[*Date*]

HEINEKEN N.V.

(*incorporated with limited liability in the Netherlands*)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €10,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 7 March 2013 [as supplemented by the supplement[s] to it dated [*date*] [and [*date*]]] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on Heineken N.V. (the "**Issuer**") and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement[s] dated [*date*] [and [*date*]]] [has] [have] been published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and copies may be obtained, during normal business hours, from [*address*].]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated [*original date*] which are incorporated by reference in the Base Prospectus dated 7 March 2013 (the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus [as supplemented by the supplement[s] to it dated [*date*] [and [*date*]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, including the Conditions incorporated by reference in the Base Prospectus. Full information on Heineken N.V. (the "**Issuer**") and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement[s] dated [*date*] [and [*date*]]] [has] [have] been published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and copies may be obtained, during normal business hours, from [*address*].]

1.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below, which is expected to occur on or about [*date*]] [Not Applicable]
2.		Specified Currency or Currencies:	[ ]
3.		Aggregate Nominal Amount:	
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]

4.	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*]]
5.	(a)	Specified Denomination(s):	[ ]
	(b)	Calculation Amount:	[ ]
6.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable]
7.	Maturity Date:		[*Fixed rate – specify date*/*Floating rate* – Interest Payment Date falling in or nearest to [*specify date*]]
8.	Interest Basis:		[[ ] per cent. Fixed Rate] [[*Reference Rate*] +/- [ ] per cent. Floating Rate] [Zero Coupon] [(further particulars specified below)]
9.	Redemption/Payment Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ] per cent. of their nominal amount
10.	Change of Interest Basis or Redemption/Payment Basis:		[ ]/[Not Applicable]
11.	Put/Call Options:		[Investor Put] [Change of Control Put] [Issuer Call] [(further particulars specified below)] [Not Applicable]
12.	Date [Board] approval for issuance of Notes obtained:		[ ]/[Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13.	Fixed Rate Note Provisions		[Applicable/Not Applicable] (*If* not *applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Rate(s) of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[ ] [and [ ]] in each year up to and including the Maturity Date
	(c)	Fixed Coupon Amount(s): (*Applicable to Notes in definitive form*)	[ ] per Calculation Amount

	(d)	Broken Amount(s): (*Applicable to Notes in definitive form*)	[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]]/[Not Applicable]
	(e)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)]
	(f)	Determination Date(s):	[[ ] in each year]/[Not Applicable]
14.	Floating Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
	(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(c)	Additional Business Centre(s):	[ ]/[Not Applicable]
	(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
	(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[ ]/[Not Applicable]
	(f)	Screen Rate Determination:	[Applicable/Not Applicable]
		• Reference Rate, Relevant Time and Relevant Financial Centre:	Reference Rate: [ ] month [*currency*] [LIBOR/EURIBOR/SIBOR/TIBOR/[ ]] Relevant Time: [[ ] in the Relevant Financial Centre Relevant Financial Centre: [London/Brussels/ Singapore/Tokyo/[ ]]
		• Interest Determination Date(s):	[ ]
		• Relevant Screen Page:	[ ]
	(g)	ISDA Determination:	[Applicable/Not Applicable]
		• Floating Rate Option:	[ ]
		• Designated Maturity:	[ ]
		• Reset Date:	[ ]
	(h)	Margin(s):	[+/-] [ ] per cent. per annum

(i)	Minimum Rate of Interest:	[[ ] per cent. per annum]/[Not Applicable]
(j)	Maximum Rate of Interest:	[[ ] per cent. per annum]/[Not Applicable]
(k)	Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]

15.	Zero Coupon Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Accrual Yield:	[ ] per cent. per annum
(b)	Reference Price:	[ ]
(c)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

16.	Issuer Call:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Optional Redemption Date(s):	[ ]
(b)	Optional Redemption Amount:	[ ] per Calculation Amount
(c)	If redeemable in part:	
(i)	Minimum Redemption Amount:	[[ ] per Calculation Amount]/[Not Applicable]
(ii)	Maximum Redemption Amount:	[[ ] per Calculation Amount]/[Not Applicable]
(d)	Notice period (if other than as set out in the Conditions):	[ ]/[Not Applicable]
17.	Investor Put:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Optional Redemption Date(s):	[ ]
(b)	Optional Redemption Amount:	[ ] per Calculation Amount
(c)	Notice period (if other than as set out in the Conditions):	[ ]/[Not Applicable]

18.	Change of Control Put:	[Applicable/Not Applicable]
	Optional Redemption Amount:	[ ] per Calculation Amount
19.	Final Redemption Amount:	[ ] per Calculation Amount
20.	Early Redemption Amount payable on redemption for taxation reasons or on event of default:	[ ] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21.	Form of Notes:	
	(a) Form:	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [at the option of the Issuer exercisable at any time or at the request of the bearer on the expiry of [ ] days' notice]/[in the limited circumstances described in the Permanent Global Note]] [Temporary Global Note exchangeable for Definitive Notes] [Permanent Global Note exchangeable for Definitive Notes [at the option of the Issuer exercisable at any time or at the request of the bearer on the expiry of [ ] days' notice]/[in the limited circumstances described in the Permanent Global Note]] [Definitive Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or another institution for the purpose of their immobilisation in accordance with article 4 of the Belgian law of 14 December 2005 on the abolition of securities in bearer form.] (*Consider including this wording if the Notes are being offered in Belgium*)
	(b) New Global Note:	[Yes]/[No]
22.	Additional Financial Centre(s):	[ ]/[Not Applicable]
23.	Talons for future Coupons to be attached to Definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

Signed on behalf of Heineken N.V.:

By: ....
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING:

(i)	Listing and admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from [ ].] [Not Applicable]
(ii)	Estimate of total expenses related to admission to trading:	[ ]

2. RATINGS:

Ratings:	[Not Applicable] / [The Notes to be issued have been rated [ ] by [ ]] [[ ] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). As such [ ] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.] [[ ] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). [ ] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.] [[ ] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). The ratings have been endorsed by [ ] in accordance with the CRA Regulation. [ ] is established in the European Union and registered under the CRA Regulation. As such [ ] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.] [The European Securities Markets Authority has indicated that ratings issued in [Japan/ Australia/ the USA/ Canada/ Hong Kong/ Singapore/ Argentina/ Mexico] which have been endorsed by [ ] may be used in the EU by the relevant market participants.]

[[ ] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"), but it [is]/[has applied to be] certified in accordance with the CRA Regulation [[[EITHER:] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation] [[OR:] although notification of the corresponding certification decision has not yet been provided by the European Securities and Markets Authority and [ ] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

[[ ] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority and [ ] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]

[[ ] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). However, the application for registration under the CRA Regulation of [ ], which is established in the European Union, disclosed the intention to endorse credit ratings of [ ] [, although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority and [ ] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].] The European Securities Markets Authority has indicated that ratings issued in [Japan/ Australia/ the USA/ Canada/ Hong Kong/ Singapore/ Argentina/ Mexico] which have been endorsed by [ ] may be used in the EU by the relevant market participants.]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE:

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]/[ ]/[Not Applicable]

4. **YIELD:** (*Fixed Rate Notes only*)

Indication of yield:	[ ]/[Not Applicable]

5. **OPERATIONAL INFORMATION:**

(i)	ISIN Code:	[ ]
(ii)	Common Code:	[ ]
(iii)	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme (together with the address of each such clearing system) and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(iv)	Names and addresses of additional Paying Agent(s) (if any):	[ ]/[Not Applicable]
(v)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

6. **DISTRIBUTION:**

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated, names of Managers:	[ ]/[Not Applicable]
(iii)	Date of Subscription Agreement:	[ ]/[Not Applicable]
(iv)	Stabilising Manager(s) (if any):	[ ]/[Not Applicable]

(v)	If non-syndicated, name and address of relevant Dealer:	[ ]/[Not Applicable]
(vi)	U.S. selling restrictions:	[TEFRA D Rules/TEFRA C Rules/TEFRA not applicable]

7. THIRD PARTY INFORMATION:

[[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

HEINEKEN N.V.

Group business description

Heineken N.V. ("**Heineken**" or the "**Company**" and, together with its subsidiaries, the "**Heineken Group**" or the "**Group**") is a leading international brewer, operating in 178 countries. Heineken traces its roots back to 1864, when Mr. Gerard Adriaan Heineken purchased a brewery in Amsterdam. Following this acquisition, Heineken was incorporated under the laws of the Netherlands on 27 January 1873.

Heineken is a public company with limited liability (*naamloze vennootschap*). The Company is domiciled in the Netherlands and operates under the laws of the Netherlands. Heineken's subsidiaries, where applicable, operate under the laws of the various jurisdictions in which they carry on business.

Heineken's shares were listed for the first time on the Amsterdam Stock Exchange (NYSE Euronext in Amsterdam) on 6 January 1939. The Company is headquartered in Amsterdam, the Netherlands, and is registered at the Chamber of Commerce of Amsterdam, the Netherlands, under number 33011433. The Company's registered office address is Tweede Weteringplantsoen 21, 1017 ZD, Amsterdam, the Netherlands. The Company's telephone number is: +31 20 523 92 39. The Company's internet address is: http://www.theheinekencompany.com.

The principal object of the Company, which is set out in Article 2 of its Articles of Association, is to participate in and manage other enterprises, companies and consortiums, the financing thereof and to provide security for debts of group companies and everything connected therewith, all in the broadest sense.

Company, Mission, Strategy and Goals

Heineken is the world's most international brewer and the world's third largest brewer by volume.[1] The brand that bears the founder's family name – Heineken – is available in almost every country of the world. Heineken's mission statement is to be a proud, independent global brewer committed to surprise and excite consumers everywhere.

Heineken's key focus is driving the growth of its brands and improving its financial performance by ensuring that all directly controlled operations and partnerships create value. The Company is also focused on enabling its employees to use their potential and building a true performance-based culture by offering training to employees and improving the organisation.

Heineken aims for sustainable growth and to be a leading brewer in each of the markets in which it operates and to have the world's most prominent brand portfolio. The Heineken brand plays an important part in this. Heineken also establishes broad leadership by innovation and by acquiring strong brands, which are combined into a new, larger portfolio. This results in economies of scale for both local beers and the Heineken brand. If a premium segment does not yet exist in a certain market, Heineken devotes all its energy to develop such segment. Heineken aims at achieving strong number one or number two positions in the markets where it chooses to operate.

Heineken has long-term credit ratings of Baa1 and BBB+ from Moody's Investors Service Ltd ("**Moody's**") and Standard & Poor's Credit Market Services France SAS ("**Standard & Poor's**"), respectively.[2]

Heineken aims to maintain a conservative financial profile, has a clear focus on cash generation and targets a Net Debt / EBITDA (beia) ratio below 2.5 times. The development of this ratio after the acquisitions of Scottish & Newcastle in 2008 and FEMSA Cerveza in 2010 was in line with this policy. After giving effect to the acquisition of Asia Pacific Breweries ("**APB**") in November 2012, Heineken is committed to returning to a Net Debt / EBITDA (beia) ratio of below 2.5 times by year-end 2014.

[1] Based on Plato Logic Ltd, World Beer Report (8 October 2012 edition)
[2] See "Glossary" below for a description of the meaning of the ratings

Heineken's goal is to grow its business in a sustainable and consistent manner, while constantly improving profitability. Heineken abides by a number of governing business principles, and has three core values: Respect, Enjoyment and Passion for Quality.

Recent Developments

Acquisition of Asia Pacific Breweries

On 15 November 2012, Heineken took control of APB and Asia Pacific Investment Private Limited ("**APIPL**") after completing the acquisition of Fraser and Neave, Limited's ("**F&N**") entire (direct and indirect) stake in APB and F&N's interest in the non-APB assets held by APIPL. Heineken also acquired further shares of APB through market purchases and a mandatory general offer (the "**MGO**") for all of the remaining outstanding shares of APB that were not under its control and also exercised a right of compulsory acquisition of the remaining APB shares under Singapore regulations. APB is now a wholly-owned subsidiary of Heineken and has been delisted from the Singapore Exchange as of 22 February 2013.

The acquisition of APB significantly increases Heineken's direct exposure to emerging markets, whilst providing it with the broadest emerging market footprint of any brewer. APB has a strong and widespread presence across South East Asia and the Pacific Islands, a dynamic region of over 600 million people with favourable demographics, strong economic development and a fast growing beer market. In China, APIPL aims to leverage its global market leadership in the premium segment through further developing and capturing the significant value potential of the rapidly growing international premium segment.

Heineken believes the APB acquisition is in line with its strategy to expand its presence in emerging markets and follows other transactions in recent years that have included the acquisition of the brewing operations of Fomento Económico Mexicano S.A.B. de C.V. ("**FEMSA**") in Mexico and Brazil, the partnership with United Breweries Limited ("**UBL**") in India and acquisitions and capacity investments in Africa.

Heineken believes the APB acquisition will strengthen its platform and provide opportunities for future growth in economies that have experienced population growth and that it will give Heineken increased access to a number of important markets, including Cambodia, China, Indonesia, Malaysia, New Zealand, Papua New Guinea, Singapore, Thailand and Vietnam. The APB acquisition will also provide opportunities for Heineken to grow the international premium segment with the Heineken brand in the Asia Pacific region and to capture the developing international premium segment in China through a long-term investment approach.

Additionally, Heineken believes the APB acquisition will enable Heineken to develop the Tiger brand internationally and strengthen Heineken's brand portfolio with APB's other strong regional and local brands such as ABC, Anchor, Baron's, Bintang, Larue, SP and Tui.

The aggregate consideration for the additional 58.1 per cent. in APB and the non-APB assets held by APIPL is S$8.1 billion (€5.2 billion). Heineken has largely funded the aggregate consideration through the proceeds of various bond issues and also partly by drawings under existing credit facilities. The resulting average acquisition financing cost is approximately 2.3 per cent. per annum.

All existing Heineken operations in Asia will be integrated within the APB organisation to create a single regional platform.

Business Overview

Heineken has the widest global presence[1] of all brewers, operating in 178 countries worldwide. With total consolidated beer volume of 171.7 million hectolitres in 2012, the Company is also among the largest brewers in the world.[2] The Company produces beer in over 70 countries through more than 160 breweries and also through other brewers under licence. The Company also has a strong export business, which is carried out mainly from the Netherlands, Mexico and Singapore. The production and sale of beer represents

[1] Based on Plato Logic Ltd, World Beer Report (8 October 2012 edition)
[2] Based on Plato Logic Ltd, World Beer Report (8 October 2012 edition)

the Company's main source of income and cash flow. The Company is also engaged in complementary businesses to its manufacturing brewing activities, such as beverage distribution and the production of cider, soft drinks and other alcohol products. Heineken enjoys strong market positions and an efficient cost structure in many countries by combining the production, marketing and sale of the Company's international brands and products with that of a range of prominent local beer brands. The international brands (Heineken, Desperados, Sol, Amstel and Strongbow) are supplemented and supported by national and regional brands, and a range of speciality beers, light beers (low-calorie beers) and alcohol-free beers. Market leading positions have been built by developing a cohesive portfolio of strong brands, which offer high added value for the Company's customers and consumers. The Company's principal international brand is Heineken but the Group brews and sells more than 250 beers and ciders including Amstel, Anchor, Biere Larue, Bintang, Birra Moretti, Cruzcampo, Dos Equis, Foster's, Newcastle Brown Ale, Ochota, Primus, Sagres, Sol, Star, Tecate, Tiger, Zlaty Bazant and Zywiec. The Company's leading joint venture brands include Cristal and Kingfisher. In addition to the global beer portfolio, Heineken is also the world's biggest cider maker with brands such as Strongbow, Bulmers and Strongbow Gold.

The Heineken brand has the widest global presence of any beer brand and is the leading brand in Europe.[1] Throughout all of the Company's international markets, the quality and image of the Heineken brand enables it to be positioned as a premium product. The Company always looks to position its products at the higher added value end of the marketplace and it has limited presence in the range of low-priced products.

In terms of distribution, Heineken seeks to achieve optimum availability of its products in each market through alliances with independent distributors and/or via Heineken's own beverage wholesalers. Heineken has strong networks of owned wholesalers in Europe (i.e. the Netherlands, France, Italy, Poland, Austria and, to a lesser extent, Spain, Switzerland and Ireland), which also supply (in addition to beer) a range of soft drinks, wines and spirits to the on-trade channel (i.e. restaurants, hotels, bars and cafeterias). The wholesale subsidiary companies specialise in distributing a full range of beverages which enables the Company to forge a direct link with the on-premises outlets. Heineken also produces soft drinks, generally where this manufacturing activity complements the production and distribution of its beers. Innovation in products and draught systems is supporting the competitive position of the corporate brands. In pursuit of its commitment to quality, sustainability, lower production cost, greater safety and lower environmental impact, the Company is constantly working to improve all the technical processes involved in brewing, packaging and supply chain management. Activities in these areas are co-ordinated by the Company's research and development centre in the Netherlands. This centre makes its services available to Heineken and its associated breweries across six continents.

Finally, the Heineken Group attaches great importance to having a policy on alcohol abuse and good social and environmental policies. This is reflected in the Group's marketing campaigns around the world (http://www.enjoyheinekenresponsibly.com) and its corporate behaviour.

Total Cost Management 2 Programme

Following the successful completion of the Total Cost Management programme in 2011, Heineken has introduced a new group wide cost saving programme, Total Cost Management 2 ("**TCM2**") covering the period 2012-2014. Having originally intended to implement cost savings of up to €500 million, Heineken believes it will realise up to €525 million of cost savings under TCM2. The increase of €25 million reflects identified cost synergies under the acquisition of APB and APIPL.

TCM2 realised €196 million of pre-tax cost savings in its first year. Supply chain and global support functions have contributed 60 per cent. and 21 per cent., respectively, of realised cost savings. On a regional basis, Europe contributed 62 per cent. of savings. Reduced fixed costs represent approximately two thirds of total realised savings mainly across supply chain, commerce, wholesale and global support functions. The balance of variable cost savings has been achieved primarily in product related spend areas and logistics expense. Pre-tax exceptional costs related to TCM2 in the period were €97 million.

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[1] Based on Plato Logic Ltd, World Beer Report (8 October 2012 edition)

Global Business Services ("GBS")

GBS was established following a review by Heineken of its business model to better leverage its increased global scale. GBS was created to achieve the most effective and efficient delivery of purchasing, business process and technology services across the Company and to explore opportunities to centralise financial transactional services.

GBS has been a key component of the TCM2 programme, focusing on leveraging Heineken's global scale in purchasing as well as improving the quality and efficiency of financial transactional services in Europe. During 2012, UK, Romania, France, Ireland and Hungary successfully transitioned to the Heineken Global Shared Services Centre ("**HGSS**") in Kraków, Poland. HGSS currently employs 200 people, with further scalability intended to accommodate the planned roll-out. During the first half of 2013, the transition of a further four operating companies to HGSS is planned. The establishment of the Heineken Global Procurement Company ("**HGP**") contributed significantly to cost savings across both product and non-product related spend areas.

Additionally, HGP provided service expertise to many operating companies, successfully leveraging the Company's enhanced scale with key suppliers. These initiatives are believed to generate substantial recurring cost savings for Heineken.

Focus for 2013 and beyond

The goal of Heineken is to grow the business in a sustainable and consistent manner, while constantly improving profitability. The global economic downturn may pose challenges for Heineken and it is not over yet. It may therefore continue to negatively impact consumer confidence and spending.

Heineken is focused on five business priorities:

- Grow the Heineken brand

  The Heineken® brand is a key strategic asset and is the undisputed leader in the international premium segment. Heineken® has consistently outperformed the overall beer market and the international premium segment over the past several years. Heineken aims to appeal to consumers with effective global marketing platforms, such as the current 'Open Your World' campaign. Heineken continues to explore opportunities to introduce the Heineken® brand in new markets in response to a growing consumer demand for high quality, premium beer brands around the world.

- Consumer-inspired, customer-oriented and brand-led

  Heineken is committed to being part of the conversation with consumers and recognised as the preferred partner for its customers. Heineken has more than 250 international, regional, local and speciality beer and other beverages, meeting a diverse range of consumer tastes and preferences. Heineken is investing in the expansion of its global brands including Desperados, Strongbow Gold, Amstel and Sol and increasing the rate of innovation to drive top-line growth. Strong customer management capabilities and world class in-store execution enables Heineken to create value for its customers and drive long-term business success.

- Capture the opportunity in emerging markets

  Heineken has transformed its emerging market presence in recent years through a clear acquisition strategy, strong organic growth and joint venture partnerships. The acquisition of APB in November 2012 gives Heineken direct access to a number of important beer markets in South East Asia and the Pacific Islands and China. In Africa, Heineken has operations in 20 countries and exports to virtually all countries on the continent. Heineken has strengthened its emerging market footprint in the Americas following the earlier expansion into Mexico and Brazil. Heineken continues to target future profit growth through exploiting the enormous potential offered in emerging markets.

- Leverage the benefits of Heineken's global scale

  As the world's most international brewer, Heineken is investing in new business initiatives aimed at better leveraging the scale of its global operations across commerce, supply chain, purchasing, human resources and finance. GBS, the opening of HGSS in Kraków and the establishment of HGP in the Netherlands are recent examples of this. These initiatives will enable Heineken to deliver high quality services to the business, while also delivering operational cost efficiencies.

- Drive personal leadership

  Heineken employs approximately 85,000 people in 71 countries. As the business grows in scale and complexity, people are a main source of competitive advantage. Heineken requires its people to think globally, work collaboratively together and to inspire and develop. Speaking a common language and building capabilities – from marketing and sales to finance and human resources – Heineken is harnessing the power of a geographically diverse team.

Regional Business Overview

Heineken divides its global operations into six geographic segments: Western Europe, Central and Eastern Europe, the Americas, Africa and the Middle East, Asia Pacific and Head Office. In 2012, Europe accounted for 53 per cent. of the Group's consolidated beer volume. The Company has a good spread in source of profit generation and cash flow and over 50 per cent. of its revenue and profits comes from its main 10 operational companies. The largest operational company is in Mexico, contributing over 10 per cent. of Group revenue. The main profit generating markets of the Heineken Group are (in alphabetical order): France, Ireland, Mexico, Nigeria, Poland, Slovakia, Spain, the Netherlands, the United Kingdom and the United States of America (USA).

The overview of revenue, EBIT (beia) and consolidated beer volume (see "*Glossary*") per regional business segment is shown below.

Geographical segments

(*Full year figures*)	*2012**	*2011***
Revenue		
(In millions of EUR)		
Western Europe	7,785	7,752
Central and Eastern Europe	3,280	3,229
The Americas	4,523	4,029
Africa and the Middle East	2,639	2,223
Asia Pacific	527	216
Head Office / Eliminations	-371	-326
	18,383	**17,123**
EBIT (beia)		
(In millions of EUR)		
Western Europe	964	962
Central and Eastern Europe	349	346
The Americas	748	655
Africa and the Middle East	652	570
Asia Pacific	267	176
Head Office / Eliminations	-68	-12
	2,912	**2,697**

(*Full year figures*)	*2012**	*2011***
Consolidated beer volume (mhl)		
	(unaudited)	*(unaudited)*
Western Europe	44.3	45.4
Central and Eastern Europe	47.3	45.4
The Americas	53.1	50.5
Africa and the Middle East	23.3	22.0
Asia Pacific	3.7	1.3
	171.7	**164.6**

* With effect from 1 January 2013, Heineken has adopted the amended IAS19 in its accounting policies. Had this policy change been introduced from 1 January 2012, this would have led to an estimated increase in total pension costs of €99 million in 2012. Previously, the interest expense on the net pension liability was reported within personnel expenses. With effect from 1 January 2013, Heineken will report the interest expense on its net pension liability in the 'Other net finance income/ (expenses)' line of the income statement. Had this change been introduced from 1 January 2012, this would have led to an estimated pre-tax increase in Heineken's 2012 'Other net finance income/ (expenses)' line of €68 million and an increase in personnel expenses, resulting in a reduction in group EBIT (beia)) of €31 million. The new accounting standard will be applied retrospectively and accordingly, Heineken will restate 2012 financials in its 2013 results.

** In 2011, Heineken changed its accounting policy with respect to employee benefits, to align its accounting to the new IAS19. At the same time, Heineken reallocated certain management costs from the regions to Head Office, reflecting a change in the Company's operating framework from regional to global reporting lines. In addition, the acquired packaging operations of FEMSA were transferred from The Americas region to Head Office. As a result of these changes, Heineken restated its Full Year 2010 financial results as published in the Half Year report released on 24 August 2011. A copy of this report can be found on the Company's website at the following link: www.heinekeninternational.com/24082011heinekennvhalfyearresults2011english.aspx.

Worldwide beer consumption is forecasted to grow by 2 per cent. to 3 per cent. annually until 2020.[1] Underlying growth forecasts for the different regions vary substantially. In mature markets (e.g. Western Europe, USA, Australia, New Zealand and Japan), the overall growth rate is forecast to be close to zero or low single digit.[2] In emerging regions (Central and Eastern Europe, Latin America, Asia and Africa), beer consumption is growing at the solid rate of 2 per cent. to 4 per cent. per annum.[3]

Western Europe

Group beer volume declined organically by 2 per cent. during 2012. Beer markets in the region were adversely impacted by challenging economic conditions, rising VAT and beer excise rates in several markets and declining consumer spending in on-premise channels. Despite these challenges, regional volume performance was resilient, contributing to share gains in the UK, France, Ireland and Belgium and stable market share in the Netherlands. In December 2012, the French government approved a 160 per cent. increase in the beer excise tax rate, effective from 1 January 2013. The effect of stock building in France in the fourth quarter of 2012 (ahead of the planned excise duty increase), is estimated to have increased regional group beer volume by 0.5 per cent. in 2012. There was a corresponding 0.5 per cent. negative impact to 2012 regional beer volumes following the planned withdrawal of a product in the high-promotion discounter channel in Finland.

Revenue on an organic basis was in line with the 2011 results as the benefit of higher pricing and improved sales mix offset lower volumes. EBIT (beia) includes a €57 million positive contribution from the first-time consolidation of Galaxy pubs. The appreciation of the British pound added a 1 per cent. positive currency impact. On an organic basis, the decline in EBIT (beia) primarily reflects higher input costs and an adverse trade channel mix. Profit grew in the UK, Italy and Ireland and was lower in the Netherlands, France, Spain, Portugal and Finland.

Beer volume in the UK outperformed a declining market in 2012. Foster's extended its mainstream beer leadership in the off-premise channel, whilst the Heineken® brand grew strongly, benefiting from premium

[1] Based on Plato Logic Ltd, World Beer Report (8 October 2012 edition)
[2] Based on Plato Logic Ltd, World Beer Report (8 October 2012 edition)
[3] Based on Plato Logic Ltd, World Beer Report (8 October 2012 edition)

brand building activities including the London 2012 Olympic Games and the James Bond ‘Skyfall’ partnership. Gains in the off-premise channel mostly offset reduced consumption in the on-premise channel, due to poor summer weather and the challenging economic environment. 2012 saw the launch of both new Strongbow packaging and Strongbow Pear alongside continued growth of Bulmers, but overall cider volumes declined in low single digits. Business performance was further supported by continued growth of Foster's Gold and Desperados as well as the consolidation of the Galaxy Pub Estate.

Domestic beer volume in France grew in the mid-single digits in 2012 versus 2011, including the benefit of inventory stock build by retailers ahead of the planned excise duty increase from 1 January 2013. Excluding this positive impact, volume would have been in line with the prior year. Heineken again outperformed the market, resulting in volume and value market share leadership in the country. Excluding the impact of stock building, the key brands of Heineken®, Pelforth and Desperados all grew in 2012.

Volume in Spain declined by low-single digits in 2012 as compared to 2011. The effect of rising unemployment and government austerity measures (including a higher VAT rate in on-premise outlets) continued to impede consumer confidence and erode household incomes, leading to lower volume in on-premise outlets. Volume in off-premise outlets was stable despite growth in private label brands and a consumer shift towards the discounter channel. The challenging economic circumstances contributed to a mid-single digit volume decline in the fourth quarter of 2012. Various innovations including Amstel Extra, Sol and Desperados were successfully introduced during the year.

Volume of domestic beer sold in Italy in 2012 was in line with the prior year. This volume performance reflects declining consumer confidence and price increases taken ahead of competition. Volume of Birra Moretti remained broadly stable, while slight growth of the Heineken® brand contributed to further share gains in the premium segment.

Volume in the Netherlands declined in the low-single digits in 2012 as compared to 2011, in line with the beer market. A VAT increase from October 2012 and declining consumer confidence adversely impacted spending in on-premise channels, with increased demand for lower priced beer brands in the off-premise channel. A reorganisation of the wholesale operations in the fourth quarter of 2012 is believed to have led to improved sales effectiveness and operating efficiencies.

Central and Eastern Europe

In 2012, Group beer volume grew 3.8 per cent. organically, led by solid gains across most markets in the region, partly offset by lower volume in Greece and at the BHI joint venture operation in Germany.

Organic revenue increased 3.9 per cent. as compared to the prior year, reflecting higher volume and a slight improvement in revenue per hectolitre. The depreciation of local currencies (i.e. Russian rouble, Belarusian rouble and the Romanian lei) versus the euro reporting currency limited reported revenue growth to 1.6 per cent. On an organic basis, EBIT (beia) increased by 0.9 per cent. versus the 2011 results, as higher revenue was partly offset by substantially higher input costs and increased fixed costs. Profit was higher in Russia, Austria and Romania and lower in Poland and Greece.

Despite an accelerated shift toward the off-trade channel, the implementation of selected price increases across the region resulted in improved revenue per hectolitre and a marked recovery in profitability in the second half of 2012. Heineken remains committed to driving continued value growth in the region, particularly in markets with strong positions. This will be achieved through a renewed strategic focus on pricing, brand equity building and leveraging regional scale across innovation and commercial capabilities.

Volume in Russia grew in the low-double digits at the end of 2012 (based on Russian beer production data). Volume growth was led by the Heineken®, Amstel Premium Pilsener, Okskoye and Three Bears brands. The new ‘Radler’ flavour brand extensions for Zlaty Bazant and Doctor Diesel also contributed to the strong volume performance in Russia.

Volume in Poland increased in the low-single digits in 2012, resulting in stable market share. This growth was led by the higher margin Desperados and Paulaner brands, as well as Tatra and Warka, whilst volume

of Zywiec was stable. Consumer confidence remains low, contributing to a continued consumer shift from traditional trade towards the discounter channel. Innovations such as Warka Radler and Desperados Red were a success in 2012.

In Greece, the effect of a weak economic backdrop was compounded by the implementation of new austerity measures and rising unemployment. This impacted consumer purchasing power and resulted in a decline in 2012. The economy segment continued to grow, contributing to strong growth of the Alfa brand, whilst volumes of the Heineken® and Amstel brands were lower.

Volume in Austria increased in the low-single digits in a broadly flat market in 2012, underpinned by solid gains in the off-premise channel. Gösser and Zipfer grew volume and share, owing to the successful launch of 'Radler' brand extensions. Additionally, Heineken® and Desperados enjoyed solid growth, improving overall sales mix.

Volume in Romania grew by high-single digits in 2012, confirming market leadership in both volume and value terms. The key strategic national brands of Bucegi and Ciuc, as well as the global brands Heineken® and Amstel all grew volume and value in the double digits.

The Americas

In 2012, Group beer volume grew organically by 3.5 per cent., reflecting higher volume in the US, Mexico, Brazil, the Caribbean, and a stable performance at Compañía Cervecerías Unidas S.A. ("**CCU**"), the joint venture business in Chile and Argentina. Adjusting for the higher rate of shipments growth (versus depletions) in the US, group beer volume grew organically by 3.1 per cent.

Revenue grew 12 per cent. in 2012, including a positive contribution from the first-time consolidation of Brasserie Nationale d'Haiti ("**Brana**") and a favourable net currency impact following the appreciation of the Mexican peso and US dollar, slightly offset by depreciation of the Brazilian real. On an organic basis, revenue grew 8.2 per cent. led by higher volume, strong price and sales mix in Mexico and Brazil and improved pricing in the US. EBIT (beia) includes a positive contribution from the first-time consolidation of Brana with favourable currency movements. On an organic basis, EBIT (beia) grew 7.9 per cent., as higher revenue was partly offset by increased input costs. Profit grew substantially in Mexico and was also higher in Brazil and the Caribbean and Canada. Profit remained broadly stable in the US market.

In Mexico, successful execution of the Company's value growth strategy and a supportive economic environment contributed to strong profit growth in 2012. Investment in new marketing campaigns, the renewal of packaging for the Sol and Indio brands and strong performances of the Tecate and Dos Equis brands contributed to mid-single digit volume growth. Increased outlet distribution and strong activation supported solid growth of the Heineken® brand.

In Brazil, group beer volume grew in the low-single digits in 2012, outperforming beer market growth. Volume of the Kaiser and Bavaria brands was in line with the prior year, while the Heineken® brand grew by over 40 per cent., gaining further market share in the international premium segment.

In the US, depletions (sales to retailers) increased by 2.2 per cent. in 2012 in a broadly stable beer market, resulting in market share gains. This volume performance reflects an improved trend for the Heineken® brand, accelerated growth of the Mexican brand portfolio and successful innovation. The success of the global 'Open Your World' campaign, underpinned by strong activation of the James Bond 'Skyfall' sponsorship drove higher Heineken® brand equity. Dos Equis Lager, one of the fastest growing import beers in the US, grew 25 per cent., with Tecate Light also growing strongly.

Africa and the Middle East

In 2012, Group beer volume increased 5.6 per cent., including a 1.6 per cent. positive consolidation impact related to the acquired Ethiopian breweries. Organic volume grew 4 per cent. with growth in all key markets with the exception of the Democratic Republic of Congo where volumes were adversely impacted by volatility

in parts of the country. The Heineken® brand achieved strong growth of 16 per cent., reaching 3.5 million hectolitres, primarily driven by growth in Nigeria, Algeria, Tunisia and South Africa.

Organic revenue grew by 12 per cent. in 2012, reflecting both the solid volume performance as well as the benefit of strong pricing and favourable sales mix from premium brand growth and innovation. On a reported basis, revenue grew 19 per cent., including a positive consolidation impact of 1.2 per cent. related to the acquisition in Ethiopia and favourable foreign exchange impact of 5.2 per cent., primarily reflecting appreciation of the Nigerian naira and the Congolese franc.

EBIT (beia) grew 9.8 per cent. organically in 2012 as higher revenue was partially offset by increased input costs and higher depreciation charges following investment in new brewing capacity in several markets. Profit grew strongly in Nigeria, Egypt, Burundi, Rwanda, whilst profit was lower in the Democratic Republic of Congo and South Africa.

In Nigeria, volume grew in the low single digits in 2012, led by growth of the Heineken®, Maltina, 33 Export and Star brands. An increase in consumer price inflation reduced purchasing power and contributed to slower beer market growth in 2012. However, increased product availability, investment in new capacity and strong marketing and sales execution contributed to higher market share.

Whilst some social unrest continues in Egypt, volume rebounded strongly in 2012, reflecting a partial recovery in tourism and an improved performance of non-alcoholic beverages.

The Brandhouse joint venture operation in South Africa continued to outperform the market, with an improved volume performance in the second half of the year driving a mid-single digit growth versus the prior year. This performance was led by the Windhoek, Heineken® and Strongbow brands. Upgraded packaging and the introduction of a new marketing campaign in the fourth quarter of 2012 resulted in a trend improvement for the Amstel brand and improved brand equity.

Asia Pacific

Reported financials reflect the first time consolidation of APB and APIPL from 15 November 2012. Prior to consolidation, APB and APIPL financials were reflected in Heineken's EBIT (beia) as share of profit from associates and joint ventures, with a 3-month delay. Since 15 November 2012, Heineken no longer reports the results of APB and APIPL with a delay. Heineken's share of net profit of APB and APIPL from 15 August 2012 to 14 November 2012 (the "**3-month catch up period**") is reported as a pre-tax exceptional item in the 'Other Income' line. For comparison purposes, the EBIT (beia) organic growth calculation is based on 12 months of APB and APIPL share of net profit, assuming Heineken's joint venture share of 41.9 per cent. of APB and 50 per cent. of APIPL from the beginning of the year is maintained. This includes corrections for accounting changes and fair value adjustments. The 3-month catch up period is excluded from the calculation of organic volume and EBIT (beia) growth.

As compared to the prior year, Group beer volume grew organically by 6.2 per cent. in 2012, reflecting solid volume growth in Vietnam, Indonesia, South Korea and Heineken's UBL joint venture operation in India.

Strong reported revenue growth primarily reflects a first time consolidation impact related to the acquired operations of APB and APIPL (+€287 million) and a small positive currency benefit (+€17 million). Higher consolidated volume and solid pricing in Taiwan, Hong Kong and Australia drove solid organic revenue growth in 2012.

EBIT (beia), on a reported basis, grew by 52 per cent. in 2012, reflecting a positive first time net consolidation impact of €83 million for APB and APIPL and a favourable currency impact. EBIT (beia) declined organically by 0.9 per cent., reflecting a net impairment of €11 million in 2012 related to Heineken's share of an investment in Jiangsu Dafuhao Breweries in China and a €19 million gain on the disposal of Heineken's share in Kingway Brewery Holdings Limited in China in 2011.

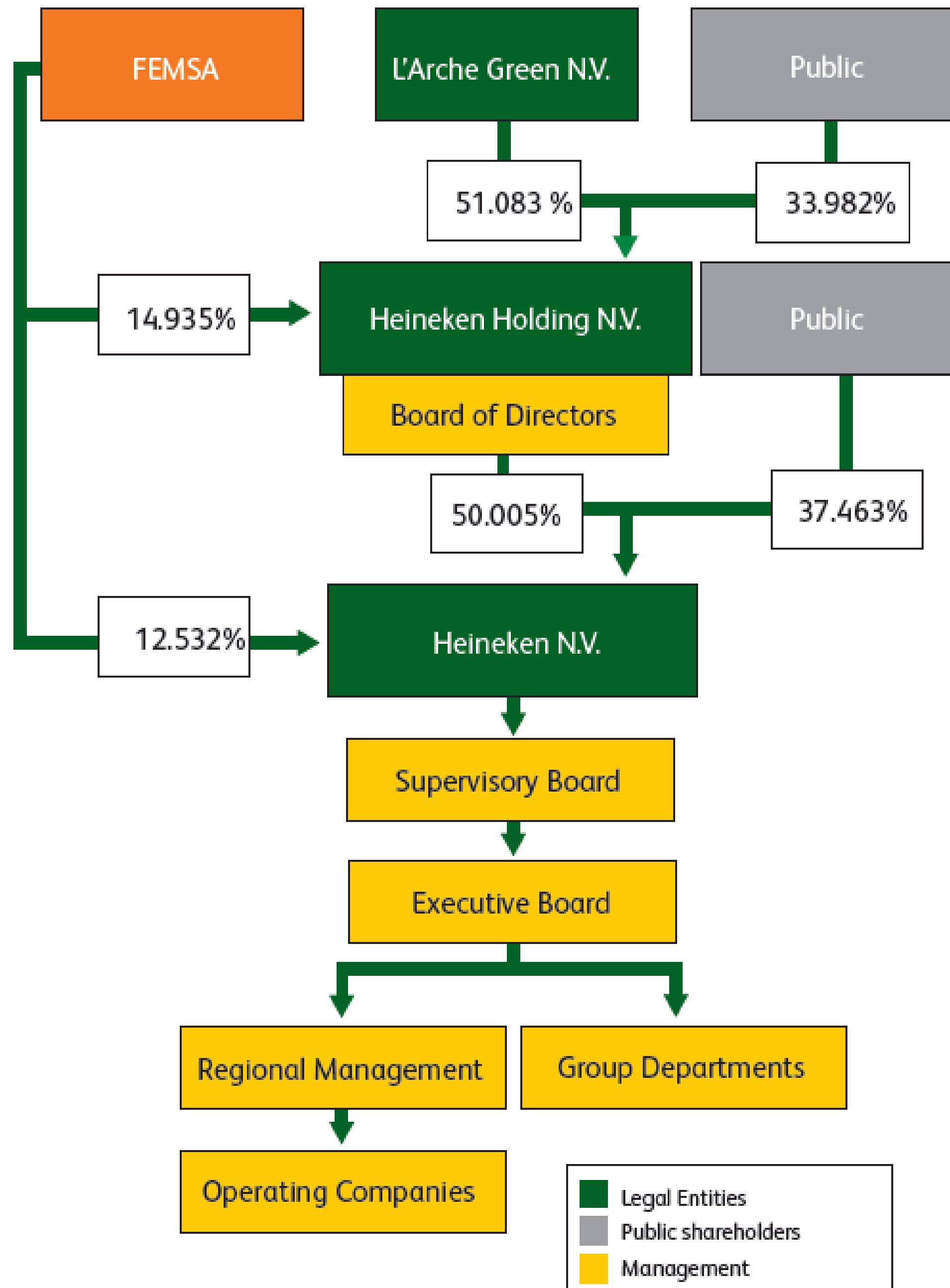
Volume of APB and APIPL increased 6.7 per cent. in 2012 versus 2011, driven by strong growth in Vietnam, Indonesia and the export business. Tiger brand volume increased 32 per cent. driven by solid growth in

Vietnam, China and export markets. In China, volume grew 27 per cent., led by growth of the Tiger and Heineken® brands in the international premium segment.

Volume in UBL, the Company's joint venture in India, increased 6 per cent. in 2012, driven by the continued success of the Kingfisher brand family. Heineken's share of net profit of UBL increased by 20 per cent. largely due to strong pricing, lower bottle costs and reduced interest costs.

Organisational Structure

The organisational and ownership structure of Heineken Holding N.V. and the Company is outlined in the following chart.



Together, FEMSA's shares in Heineken Holding N.V. and in Heineken N.V. represent a 20 per cent. economic interest in the Heineken Group.

Heineken N.V. is the parent company of the Heineken Group. The following companies are the most significant fully consolidated subsidiaries of Heineken as of 31 December 2012:

Company	*Country of incorporation*	*Percentage interest*
Heineken Nederlands Beheer B.V.	The Netherlands	100.0
Heineken Brouwerijen B.V.	The Netherlands	100.0
Heineken CEE Investments B.V.	The Netherlands	100.0
Heineken Nederland B.V.	The Netherlands	100.0
Heineken International B.V.	The Netherlands	100.0
Heineken Supply Chain B.V.	The Netherlands	100.0
Heineken Global Procurement B.V.	The Netherlands	100.0
Amstel Brouwerij B.V.	The Netherlands	100.0
Amstel Internationaal B.V.	The Netherlands	100.0
Vrumona B.V.	The Netherlands	100.0
Invebra Holland B.V.	The Netherlands	100.0
B.V. Beleggingsmaatschappij Limba	The Netherlands	100.0
Brand Bierbrouwerij B.V.	The Netherlands	100.0
Heineken CEE Holdings B.V.	The Netherlands	100.0
Brasinvest B.V.	The Netherlands	100.0
Heineken Beer Systems B.V.	The Netherlands	100.0
Heineken Asia Pacific B.V.	The Netherlands	100.0
Central Europe Beverages B.V.	The Netherlands	100.0
Tango s.a.r.l.	Algeria	100.0
Brau Union AG	Austria	100.0
Brau Union Österreich AG	Austria	100.0
Commonwealth Brewery Ltd.	Bahamas	75.0
FCJSC Heineken Breweries	Belarus	100.0
OJSC, Rechitsapivo	Belarus	96.4
Ibecor S.A.	Belgium	100.0
Mouterij Albert N.V.	Belgium	100.0
N.V. Brouwerijen Alken-Maes Brasseries S.A.	Belgium	99.9
Cervejarias Kaiser Brasil S.A.	Brazil	100.0
Brasseries et Limonaderies du Burundi ‘Brarudi’ S.A.	Burundi	59.3
Cambodia Brewery Ltd.	Cambodia	79.0
Guangzhou Asia Pacific Brewery Co. Ltd	China	99.3
Hainan Asia Pacific Brewery Co. Ltd.	China	99.3
Shanghai Asia Pacific Brewery Co. Ltd.	China	99.3
Karlovacka Pivovara d.o.o.	Croatia	100.0
Heineken Ceská republika a.s.	Czech Republic	100.0
Brasseries, Limonaderies et Malteries ‘Bralima’ S.A.R.L.	D.R. Congo	95.0
Al Ahram Beverages Company S.A.E.	Egypt	99.9
Bedele Brewery	Ethiopia	100.0
Harar Brewery	Ethiopia	100.0
Oy Hartwall Ab.	Finland	100.0
Heineken France S.A.S.	France	100.0
Athenian Brewery S.A.	Greece	98.8
Brasserie Nationale d’ Haiti	Haiti	94.8

Heineken Hungária Sorgyárak Zrt.	Hungary	100.0
PT Multi Bintang Indonesia Tbk.	Indonesia	86.4
Heineken Ireland Ltd.	Ireland	100.0
Heineken Italia S.p.A.	Italy	100.0
Lao Asia Pacific Breweries Ltd.	Laos	67.1
Brasserie Almaza S.A.L.	Lebanon	67.0
Heineken Antilles Guyane FWI - Brasserie Lorraine S.A.S.	Martinique	100.0
Cuauhtémoc Moctezuma Holding, S.A. de C.V.	Mexico	100.0
Fabricas Monterrey, S.A. de C.V.	Mexico	100.0
Silices de Veracruz, S.A. de C.V.	Mexico	100.0
MCS Asia Pacific Brewery LLC.	Mongolia	54.3
Grande Brasserie de Nouvelle – Calédonie S.A.	New Calédonia	86.3
DB Breweries Ltd.	New Zealand	98.7
DB South Island Brewery Ltd.	New Zealand	54.3
Consolidated Breweries Ltd.	Nigeria	53.6
Nigerian Breweries Plc.	Nigeria	54.1
Cervecerias Baru-Panama S.A.	Panama	74.9
South Pacific Brewery Ltd.	Papua New Guinea	75.4
Grupa Zywiec S.A.	Poland	61.9
Sociedade Central de Cervejas et Bebidas S.A.	Portugal	98.7
Brasseries de Bourbon S.A.	Réunion	85.7
Heineken Romania S.A.	Romania	98.4
LLC Heineken Breweries	Russia	100.0
Brasseries et Limonaderies du Rwanda ‘Bralirwa’ S.A.	Rwanda	75.0
United Serbian Breweries EUC LLC	Serbia	100.0
United Serbian Breweries Zajecarsko JSC	Serbia	73.0
Sierra Leone Brewery Ltd.	Sierra Leone	83.1
Asia Pacific Breweries (Singapore) Pte. Ltd.	Singapore	98.7
Asia Pacific Breweries Ltd.	Singapore	98.7
Asia Pacific Investments Pte. Ltd.	Singapore	100.0
Heineken Slovensko a.s.	Slovakia	100.0
Solomon Breweries Ltd.	Solomon Islands	96.4
Heineken España S.A.	Spain	98.7
Asia Pacific Breweries (Lanka) Ltd.	Sri Lanka	59.2
Windward & Leeward Brewery Ltd.	St Lucia	72.7
Surinaamse Brouwerij N.V.	Surinam	76.2
Heineken Switzerland AG	Switzerland	100.0
Société Nouvelle de Brasserie S.A. ‘Sonobra’	Tunisia	49.9
Société Nouvelle des Boissons Gazeuses S.A. (‘SNBG’)	Tunisia	74.5
Heineken UK Ltd.	United Kingdom	100.0
Heineken USA Inc.	United States	100.0
Asia Pacific Breweries (Hanoi) Ltd.	Vietnam	98.7
VBL Da Nang Co. Ltd.	Vietnam	59.2
VBL Quang Nam Ltd	Vietnam	47.4
VBL Tien Giang Ltd.	Vietnam	59.2
Vietnam Brewery Ltd.	Vietnam	59.2

Developments in 2012

Other acquisitions and dispositions

In the first quarter of 2012, Heineken completed its acquisition of Brasserie Nationale d'Haiti, increasing its ownership from 22.5 per cent. to 95 per cent. The transaction was funded by existing resources.

In the second quarter of 2012, Heineken sold its 9.3 per cent. minority shareholding in Cervecería Nacional Dominicana S.A. ("**CND**") in the Dominican Republic for U.S.$237 million to AmBev Brasil Bebidas S.A. ("**AmBev Brasil**"), a closely-held subsidiary of Companhia de Bebidas das Américas—AmBev. Through this transaction, Heineken monetised its minority investment, in line with the price to be paid by AmBev Brasil for the acquisition of a 41.76 per cent. stake in CND from the controlling family of the Dominican brewer. Heineken realised a pre-tax exceptional book gain of approximately €175 million in connection with the transaction.

In the third quarter of 2012, Heineken completed its acquisition of Stassen S.A. ("**Stassen**"), an international cider innovator located in Aubel, Belgium. In addition to its strong research and development capabilities and facilities, the acquisition of Stassen provides Heineken with cider making capacity in continental Europe.

In December 2012, Heineken and Efes Breweries International (EBI) agreed to unwind their partnerships in Kazakhstan and Serbia, resulting in a net consideration for Heineken of U.S.$161 million and full ownership of the Serbian operations. Under the agreement, Heineken agreed to sell its 28 per cent. stake in Efes Kazakhstan to EBI and acquire EBI's 28 per cent. stake in Central Europe Beverages B.V., the holding company for the Serbian operations, thereby obtaining full ownership. The transaction related to the Serbian operations closed on 27 December 2012, while the Kazakhstan disposal was completed on 8 January 2013.

On 17 December 2012, Heineken announced the sale of its wholly-owned subsidiary Pago International GmbH to Eckes-Granini Group. The transaction closed on 15 February 2013.

On 9 January 2013, Heineken entered into a conditional share transfer agreement whereby Nantong Fuhao Alcohol Co. Ltd. purchased Heineken's 49 per cent. stake in Jiangsu Dafuhao Breweries Co. Ltd for U.S.$24.5 million. The transaction closed on 15 January 2013 when the funds were received in full.

Financing activity in 2012

For the first time in the Company's 148 year history, Heineken was assigned public credit ratings on 7 March 2012. Heineken received solid investment grade ratings by Moody's (Baa1) and Standard & Poor's (BBB+). The assignment of the credit ratings has allowed the Company to further diversify its funding base.

On 19 March 2012, Heineken issued €1.35 billion of notes under its EMTN Programme comprising of €850 million of 7-year notes with a coupon of 2.50 per cent. and €500 million of 12-year notes with a coupon of 3.50 per cent. On 3 April 2012, Heineken issued U.S.$750 million of 10-year 144A/Reg S US notes with a coupon of 3.40 per cent. On 2 August 2012, Heineken issued €1.75 billion of notes under its EMTN Programme, consisting of 8-year notes for a principal amount of €1 billion with a coupon of 2.125 per cent. and 13-year notes for a principal amount of €750 million with a coupon of 2.875 per cent. On 3 October 2012, Heineken successfully priced 144A/Reg S US notes for a principal amount of U.S.$3.25 billion. This comprised U.S.$500 million of 3-year notes at a coupon of 0.80 per cent., U.S.$1.25 billion of 5-year notes at a coupon of 1.40 per cent., U.S.$1 billion of 10.5-year notes at a coupon of 2.75 per cent. and U.S.$500 million of 30-year notes at a coupon of 4.00 per cent.

The proceeds of the notes have been mainly used for the financing of the acquisition of APB and APIPL and the repayment of debt facilities. The issues have enabled Heineken to further improve the currency and maturity profile of its long-term debt.

Information and Communication Technology ("IT")

Heineken's worldwide operations are highly dependent on the availability and integrity of its (common) information systems. IT processes and infrastructures are to a large extent centralised and outsourced to professional outsourcing partners. Structured IT risk monitoring processes are in place, which includes clear agreements on assurance from IT outsourcing partners. The harmonisation, centralisation and outsourcing of IT has a positive impact on the overall control environment.

Material Contracts

Heineken has not entered into any material contracts which are not in the ordinary course of Heineken's business, and which could result in any Group member being under an obligation or entitlement that is material to Heineken's ability to meet its obligations to the Noteholders.

Share Capital and Shareholders

Heineken N.V.

The authorised share capital of the Company amounts to €2,500,000,000, divided into 1,562,500,000 ordinary shares with a nominal value of €1.60 each. In 2012, the average trading volumes of Heineken shares was 811,248 shares. The issued share capital of the Company is divided into 576,002,613 ordinary shares with a nominal value of €1.60 each. All issued shares are fully paid up. The ordinary shares in the Company are listed on NYSE Euronext in Amsterdam. In December 2012, the Company established a sponsored 'Level 1' American Depositary Receipt (ADR) programme in order to facilitate the trading of Heineken stock in the US.

Pursuant to the Financial Markets Supervision Act (*Wet op het financieel toezicht*) and the Decree on Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions (*Besluit melding zeggenschap en kapitaalbelang in uitgevende instellingen*), the Financial Markets Authority has been notified about the following substantial shareholdings regarding Heineken N.V.:

– Mrs. C.L. de Carvalho-Heineken (indirectly 50.005 per cent.; the direct 50.005 per cent. shareholder is Heineken Holding N.V.)

– Voting Trust FEMSA (indirectly 10.14 per cent.; the direct 10.14 per cent. shareholder is CB Equity LLP); as at 31 December 2012 CB Equity LLP holds 12.53 per cent.

– Massachusetts Financial Services Company (a capital interest of 2.12 per cent. and a voting interest of 5.00 per cent. of which 2.94 per cent. is held directly and 2.06 per cent. is held indirectly)

Heineken Holding N.V.

The ordinary shares of Heineken Holding N.V. are listed on NYSE Euronext in Amsterdam and a sponsored 'Level 1' ADR programme was established in the US in December 2012. In 2012, the average daily trading volume of Heineken Holding N.V. shares was 169,956 shares. The issued share capital of the Company consists of 288,030,168 ordinary shares with a nominal value of €1.60 each and 250 priority shares of €2.00 nominal value. Heineken Holding N.V. engages in no activities other than those relating to the ownership of the Company. Heineken Holding N.V. does not carry out any operational activities, unlike the Company and other companies in the Heineken Group.

The Company is responsible for the development and implementation of the strategy of Heineken, whereas Heineken Holding N.V. is concerned primarily with safeguarding the continuity, independence and stability of Heineken's activities in the long term.

The net asset values of the shares in the Company and the ordinary shares in Heineken Holding N.V. as well as the dividend policies of both companies are identical. Pursuant to the Dutch Financial Markets Supervision Act (*Wet op het Financieel Toezicht*) and the Decree on Disclosure of Major Holdings and

Capital Interests in Securities-Issuing Institutions (*Besluit melding zeggenschap en kapitaalbelang in uitgevende instellingen*), the Financial Markets Authority has been notified about the following substantial shareholdings regarding Heineken Holding N.V.:

– L'Arche Green N.V. has disclosed an interest of 51.08 per cent. in Heineken Holding N.V.

– CB Equity LLP has disclosed an interest of 14.94 per cent. in Heineken Holding N.V.

Management Structure

An Executive Board, consisting at any time of two or more members, is responsible for the management of Heineken 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 by the General Meeting of Shareholders subject to non-binding nominations from the Supervisory Board. Members of the Supervisory Board are appointed for a maximum period of four years. A retiring member of the Supervisory Board may only be re-appointed twice. This restriction does not apply to: (i) relations by blood or affinity of Mr. A.H. Heineken, former chairman of the Executive Board; and (ii) persons that are also members of the Board of Directors of Heineken Holding N.V. The General Meeting of Shareholders resolves on all significant corporate matters within Heineken.

On 8 February 2013, Heineken announced changes to its top management structure and the composition of its Executive Committee.

With effect from 1 April 2013, the role of Chief Commercial Officer will cease to exist and the marketing and sales elements of the role will be split. Alexis Nasard, currently Chief Commercial Officer, has been appointed President Western Europe & Chief Marketing Officer. Didier Debrosse, currently Regional President Western Europe, will take up the role of Managing Director Heineken Brasil. Alongside responsibility for Western European operating companies, Mr. Nasard will also retain direct responsibility for the Heineken® brand and Innovation.

Jan Derck van Karnebeek, currently Regional President Central and Eastern Europe, has been appointed President Central and Eastern Europe & Chief Sales Officer. In this role, Mr. van Karnebeek will assume additional responsibility for global sales capability building and planning.

Stefan Orlowski, currently Managing Director Heineken UK, will re-join the Heineken Executive Committee and succeed John Nicolson as President Americas when Mr. Nicholson retires in July 2013.

Roland Pirmez, CEO of APB will retain this role and combine it with that of President Asia Pacific. Mr. Pirmez will join the Executive Committee. Theo de Rond will step down as President Asia Pacific.

Executive Board

The current members of the Executive Board of Heineken are:

Name (Year of Birth)	*Function/responsibilities*	*Directorships in Dutch stock listed companies and other significant positions external to the Heineken Group*[(1)]
J.F.M.L. van Boxmeer (1961)	Chairman/CEO	Board member at Mondeléz USA
D.R. Hooft Graafland (1955)	Member/CFO	Board member at Wolters Kluwer N.V.

Supervisory Board

The current members of the Supervisory Board of Heineken are:

Name (Year of Birth)	*Function/responsibilities*	*Directorships in Dutch stock listed companies and other significant positions external to the Heineken Group*[(1)]
C.J.A. van Lede (1942)	Chairman Appointed in 2002, last reappointed in 2010 Will step down as member and Chairman on 25 April 2013 Chairman of the Preparatory Committee, Chairman of the Selection & Appointment Committee, Member of the Remuneration Committee	Supervisory directorships: – Royal Philips Electronics N.V. – D.E. Master Blenders 1753 N.V. Other: – Air Liquide S.A. – Air France/KLM – Senior Advisor Europe JP Morgan Plc (London)
J.A. Fernández Carbajal (1954)	Vice-Chairman Appointed in 2010 Chairman of the Americas Committee, Member of the Preparatory Committee, Member of the Selection & Appointment Committee	Chairman and CEO of FEMSA Other: – Heineken Holding N.V. – Chairman of the Board of Coca-Cola Femsa – Chairman of the Board of Tecnólogico de Monterrey – Chairman of the Fundacion Femsa – Grupo financiero BBVA Bancomer – Televisa Xignux – Airolíneas Volaris – Industrias Peñoles
J.M. de Jong (1945)	Appointed in 2002, last reappointed in 2010 Chairman of the Audit Committee	Supervisory directorships: – Nutreco N.V. – AON Groep Nederland B.V. – Theodoor Gilissen Bankiers N.V. Other: – CRH plc (Ireland) – Kredietbank S.A. Luxembourgeoise – Onderlinge Levensverz-Mij "'s-Gravenhage" U.A.

Name (Year of Birth)	*Function/responsibilities*	*Directorships in Dutch stock listed companies and other significant positions external to the Heineken Group*[(1)]
M. Das (1948)	Appointed in 1994, last reappointed in 2009 Delegated Member[(2)] Will resign by rotation from the Supervisory Board on 25 April 2013, however is eligible for re-appointment for a period of 4 years. A non-binding nomination for the re-appointment will be submitted to the Annual General Meeting of Shareholders Chairman of the Remuneration Committee, Member of the Preparatory Committee, Member of the Selection & Appointment Committee	Other positions: – Heineken Holding N.V. (chairman of board of directors) – Greenfee B.V. (chairman) – L'Arche Green N.V. (chairman) – Stichting Administratiekantoor Priores – LAC B.V.
M.R. de Carvalho (1944)	Appointed in 1996, last reappointed in 2011 Member of the Preparatory Committee, Member of the Selection & Appointment Committee, Member of the Remuneration Committee, Member of the Americas Committee	Other positions: – L'Arche Green N.V.
G.J. Wijers (1951)	Appointed in 2012, will be appointed Chairman on 25 April 2013 Member of the Audit Committee	Supervisory directorships: – AFC Ajax N.V. (chairman) Other: – Royal Dutch Shell Plc (deputy-chairman) – Natuurmonumenten (chairman) – Concertgebouw N.V.
A.M. Fentener van Vlissingen (1961)	Appointed in 2006; last reappointed in 2010 Member of the Remuneration Committee, Member of the Selection & Appointment Committee	Supervisory directorships: – SHV Holdings N.V. (chairman) – De Nederlandsche Bank N.V. – University Medical Centre Utrecht Other: – Lhoist

Name (Year of Birth)	*Function/responsibilities*	*Directorships in Dutch stock listed companies and other significant positions external to the Heineken Group*[1]
M.E. Minnick (1959)	Appointed in 2008, last reappointed in 2012 Member of the Americas Committee	Partner in Lion Capital LLP
V.C.O.B.J. Navarre (1958)	Appointed in 2009 Will resign by rotation from the Supervisory Board on 25 April 2013, however is eligible for re-appointment for a period of 4 years. A non-binding nomination for the re-appointment will be submitted to the Annual General Meeting of Shareholders Member of the Audit Committee	President and CEO of LVMH Wines & Spirits Group
J.G. Astaburuaga Sanjinés (1959)	Appointed in 2010 Member of the Audit Committee	CFO of FEMSA Other: Coca Cola Femsa

Notes:

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

(2) *Appointed by the General Meeting as Delegated Member. The Supervisory Board intends to effect a more intensive supervision and advice and more regular consultation with the Executive Board by having a delegated member.*

Heineken announced on 22 January 2013 that it will propose to the Annual General Meeting (AGM) of Shareholders on 25 April 2013 that Mr. Henk Scheffers be appointed a member of the Supervisory Board of Heineken N.V. If approved, Mr. Scheffers will join the Audit Committee.

Mr. Scheffers, 65, is a Dutch citizen and was until 2007 CFO and member of the Board of Directors of SHV Holdings. Prior to that, from 1993 to 1999, he was a member of the Board of Directors of Leaseplan Corporation. Mr. Scheffers started his career as Control Project Leader at Deloitte (1966-1974). In 1974 he joined Royal Bunge as Internal Auditor. After becoming the European Controller he was appointed President of Royal Bunge in 1982, a position he held until 1993. Mr. Scheffers is a chartered accountant and holds the following supervisory board seats (or non-executive seats) in large Dutch entities: Aalberts Industries N.V. (Chairman), Royal BAM Group N.V. (Vice-Chairman), AON Groep Nederland B.V., Royal FrieslandCampina N.V. His other positions are at Flint Holding N.V. (Vice-Chairman) and Investment Committee of NPM Capital N.V. (Chairman)

Subject to approval of the AGM on 25 April 2013, the composition of the Supervisory Board of Heineken N.V. will then be as follows:

- Hans Wijers (Chairman)
- José Antonio Fernández Carbajal (Vice–Chairman)
- Maarten Das (Delegated Member)
- Michel de Carvalho
- Jan Maarten de Jong
- Annemiek Fentener van Vlissingen

- Mary Minnick
- Christophe Navarre
- Javier Astaburuaga Sanjinés
- Henk Scheffers

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.

Heineken is not aware of any potential conflicts of interest between the duties to Heineken of the persons listed as members of the Executive Board or the Supervisory Board above and their private interests or other duties.

Corporate Governance

The Company endorses the principles of the Code of December 2008 ("**Code 2008**"), an amendment of the Code of December 2003 and applies virtually all best practice provisions. In particular, the structure of Heineken, and specifically the relationship between Heineken Holding N.V. and the Company, prevents the Company from applying a small number of best practice provisions.

The Annual General Meeting of 22 April 2010 discussed the Company's departure from the Code 2008. The following best practice provisions, are not (fully) applied or applied with an explanation:

II The Executive Board

II.2 Remuneration

II.2.8 The remuneration in the event of dismissal may not exceed one year's salary (the 'fixed' remuneration component). If the maximum of one year's salary would be manifestly unreasonable for a member of the Executive Board who is dismissed during his first term of office, such board member shall be eligible for severance pay not exceeding twice the annual salary.

Heineken will apply this best practice provision. For the present members of the Executive Board, in view of their long term in service (over 25 years) the limitation of the severance payment to a maximum of one year will only apply in case of dismissal for cause.

III Supervisory Board

III.2 Independence

III.2.1 All Supervisory Board members, with the exception of not more than one person, shall be independent within the meaning of best practice provision III.2.2.

Five members of the Supervisory Board do not meet the applicable criteria (see III 2.2 (a), (c) and (e)). However, the Supervisory Board has ascertained that these five members in fact act critically and independently.

III.2.2 A Supervisory Board member shall be deemed to be independent if the following criteria of dependence do not apply to him. These criteria are that the Supervisory Board member concerned or his wife, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree as defined under Dutch law:

(a) has been an employee or member of the management board of the company (including associated companies as referred to in section 5:48 of the Financial Supervision Act (Wet op het financieel toezicht/Wft) in the five years prior to the appointment;

Mr. De Jong was, prior to his appointment in 2002, a member of the Board of Directors of Heineken Holding N.V. for one year.

(c) *has had an important business relationship with the company, or a company associated with it, in the year prior to the appointment. This includes the case where the Supervisory Board member, or the firm of which he is a shareholder, partner, associate or adviser, has acted as adviser to the company (consultant, external auditor, civil notary and lawyer) and the case where the supervisory board member is a management board member or an employee of any bank with which the company has a lasting and significant relationship;*

Mr. Das was a partner in a law firm, which advised Heineken N.V. the year before his appointment in 1994.

Mr. Fernandez is the CEO and Mr. Astaburuaga is the CFO of FEMSA, which had an important relationship with Heineken USA concerning the sale and distribution by Heineken USA of FEMSA Cerveza's beer brands in the United States of America at the time of the acquisition of FEMSA Cerveza by Heineken.

(e) *holds at least ten per cent. of the shares in the company (including the shares held by natural persons or legal entities which cooperate with him under an express or tacit, oral or written agreement);*

Mr. de Carvalho is married to Mrs. de Carvalho-Heineken. Mrs. de Carvalho indirectly holds more than 10 per cent of the shares in Heineken N.V.

III.2.3 The report of the Supervisory Board shall state that, in the Board's view, best practice provision III.2.1 has been fulfilled, and shall also state which Supervisory Board member is not considered to be independent, if any.

The report of the Supervisory Board will state that five members of the Supervisory Board do not meet the criteria of III.2.2 ((a), (c) and (e)) and that the Supervisory Board has ascertained that these five members in fact act critically and independently.

III.3 Expertise and composition

III.3.5 A person may be appointed to the Supervisory Board for a maximum of three 4-year terms.

Given the structure of the Heineken Group, the maximum appointment period will not be applied to members who are related by blood or marriage to Mr. A.H. Heineken (former chairman of the Executive Board), or who are members of the Board of Directors of Heineken Holding N.V. For all other members Heineken applies the best practice provision.

III.4 The Chairman of the Supervisory Board and the Company Secretary

III.4.1 The Chairman of the Supervisory Board shall ensure that:

(a) *the Supervisory Board members follow their induction and education or training programme;*

(b) *the Supervisory Board members receive in good time all information which is necessary for the proper performance of their duties;*

(c) *there is sufficient time for consultation and decision-making by the Supervisory Board;*

(d) *the committees of the Supervisory Board function properly;*

(e) *the performance of the Executive Board members and Supervisory Board members is assessed at least once a year;*

(f) *the Supervisory Board elects a Vice-Chairman; and*

(g) the Supervisory Board has proper contact with the Executive Board and the Works Council (or Central Works Council).

Heineken applies this best practice provision, with the exception of a part of criterion (g) contact with the Central Works Council. This relates to the structure of the Group. The Central Works Council operates on the level of Heineken Nederlands Beheer B.V., a subsidiary with a separate Supervisory Board.

III.5 Composition and role of three key committees of the Supervisory Board

III.5.1 The Supervisory Board shall draw up terms of reference for each committee. The terms of reference shall indicate the role and responsibility of the committee concerned, its composition and the manner in which it discharges its duties. The terms of reference may provide that a maximum of one member of each committee may not be independent within the meaning of best practice provision III.2.2. The terms of reference and the composition of the committees shall be posted on the company's website.

The regulations of the Audit Committee, the Remuneration Committee and the Selection & Appointment Committee permit that more than one committee member is not independent within the meaning of best practice provision III.2.2.

III.5.11 The Remuneration Committee may not be chaired by the Chairman of the Supervisory Board or by a former member of the Executive Board of the company, or by a Supervisory Board member who is a member of the management board of another listed company.

Given the structure of the Heineken Group and the character of the Board of Directors of Heineken Holding N.V., Heineken will not apply this best practice provision to the extent that the Remuneration Committee can be chaired by a Supervisory Board member who is also a member of the Board of Directors of Heineken Holding N.V. Currently the Remuneration Committee is chaired by Mr. Das, Chairman of the Board of Directors of Heineken Holding N.V.

III.6 Conflicts of interest

III.6.6 A delegated Supervisory Board member is a Supervisory Board member who has a special duty. The delegation may not extend beyond the duties of the Supervisory Board itself and may not include the management of the company. It may entail more intensive supervision and advice and more regular consultation with the Executive Board.

The delegation shall be of a temporary nature only. The delegation may not detract from the role and power of the Supervisory Board. The delegated Supervisory Board member remains a member of the Supervisory Board.

As regulated in the Articles of Association of Heineken N.V., the delegated Supervisory Board member, a position currently held by Mr. Das (Chairman of the Board of Directors of Heineken Holding N.V.), is consistent with this best practice provision, except insofar that the position is not temporary and is held for the term for which the member concerned is appointed by the General Meeting of Heineken N.V. Heineken considers that, as regulated by the Articles of Association of Heineken N.V., the post of delegated Supervisory Board member, which has been in existence since 1952, befits the structure of the Heineken Group.

Other best practice provisions, which are not applied, relate to the fact that these principles and/or best practice provisions are not applicable to the Company:

II.2.4 (Remuneration Options), II.2.6 (Remuneration Option Exercise Price) and II.2.7 (Modification Option Exercise Price): the Company does not grant options on shares.

III.8 (One-tier Management Structure): the Company does not have a one-tier management structure.

IV.1.2 (Voting Rights Attached to Financing Preference Shares): the Company has no financing preference shares.

IV.2 (Depository Receipts for Shares): the Company has no depository receipts of shares, nor a trust office.

IV.3.11 (Survey of Existing or Potential Takeover Measures): the Company has no anti-takeover measures.

IV.4 (Responsibility of Shareholders): this principle and best practice provision relates to shareholders.

V.3.3 (Recommendation Internal Audit Function): the Company has an internal audit function.

The Comply or Explain report is also available at www.theheinekencompany.com. The Dutch corporate Governance Code can be downloaded at www.commissiecorporategovernance.nl.

Committees of the Supervisory Board

The Supervisory Board has five committees, namely the Preparatory Committee, the Audit Committee, the Remuneration Committee, the Selection and Appointment Committee and the Americas Committee.

The function of these committees is to prepare the Supervisory Board to make decisions. The Supervisory Board has drawn up regulations for each committee, which indicate the role and responsibility of the committee concerned, its composition and the manner in which it discharges its duties. These regulations are available on www.theheinekencompany.com.

Preparatory Committee

The Preparatory Committee is responsible for preparing the Supervisory Board to make decisions on matters not handled by any of the other committees, such as in relation to acquisitions and investments.

Audit Committee

The Audit Committee may not be chaired by the Chairman of the Supervisory Board or by a former member of the Executive Board. At least one member of the Audit committee must be a financial expert with relevant knowledge and experience of financial administration and accounting for listed companies or other large legal entities.

The Audit Committee focuses on supervising the activities of the Executive Board with respect to (i) the operation of the internal risk management and control systems, including the enforcement of the relevant primary and secondary legislation and supervising the operation of codes of conduct, (ii) the provision of financial information by the Company, (iii) compliance with recommendations and observations of internal and external auditors, (iv) the role and functioning of the internal audit function, (v) the policy of the Company on tax planning, (vi) relations with the external auditor, including, in particular, his independence, remuneration and any non-audit services for the Company, (vii) the financing of the Company and (viii) the applications of information and communication technology.

The Audit Committee acts as the principal contact for the external auditor if they discover irregularities in the content of the financial reporting.

The Audit Committee meets with the external auditor as often as it considers necessary, but at least once a year, without the Executive Board members being present.

Remuneration Committee

The Remuneration Committee may not be chaired by the chairman of the Supervisory Board or by a former member of the Executive Board or by a Supervisory Board member who is a member of the management board of another listed company. However, given the structure of Heineken and the character of the board of directors of Heineken Holding N.V., the Remuneration Committee may be chaired by a Supervisory Board

member who is a member of the board of directors of Heineken Holding N.V. (as currently is the case with Mr. M. Das).

No more than one member of the Remuneration Committee may be a member of the management board of another Dutch listed company.

The Remuneration Committee, *inter alia*, makes a proposal to the Supervisory Board in respect of the remuneration policy to be pursued and the remuneration of the individual members of the Executive Board for adoption by the Supervisory Board.

Selection and Appointment Committee

The Selection and Appointment Committee, inter alia, (i) draws up selection criteria and appointment procedures for Supervisory Board members and Executive Board members, (ii) periodically assesses the size and composition of the Supervisory Board and the Executive Board, and makes a proposal for a composition profile of the Supervisory Board, (iii) periodically assesses the functioning of individual Supervisory Board members and Executive Board members and reports on this to the Supervisory Board, (iv) makes proposals for appointments and reappointments and (v) supervises the policy of the Executive Board on the selection criteria and appointment procedures for senior management.

Americas Committee

The Americas Committee oversees the strategic direction of the business of the Americas Region and reviews and evaluates performance, organisation and management in the Americas Region.

Management reporting lines

Management responsibility within the Heineken Group is centralised at Heineken's Executive Board level. The two members of the Executive Board, together with the five Regional Presidents and four Group Directors form the Executive Committee. The Executive Committee supports the development of policies and ensures the alignment and implementation of key priorities and strategies across the organisation.

Three-year operational plans are prepared annually with targets set by means of, for example, key performance indicators (such as revenue growth, gross profit growth, EBIT, FOCF (see "*Glossary*"), market shares and volumes by brand.

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, cash flow and balance sheet items. Other key performance indicators are reported upon on a quarterly basis.

SELECTED FINANCIAL INFORMATION

The table below shows Heineken's full year key figures for the financial years ending 31 December 2012 and 31 December 2011.

Key Financial Figures	***2012****	***2011*****
(In millions of EUR)		
Income Statement Data		
Revenue	18,383	17,123
EBIT (beia)	2,912	2,697
EBIT (beia) margin***	15.8%	15.8%
Net interest expense****	489	424
Net profit	2,949	1,430
Balance Sheet Data		
Cash and cash equivalents	1,037	813
Total assets	35,979	27,127
Net interest bearing debt	12,311	8,355
Total equity	12,762	10,092

Notes:

* 2012 figures are derived from Heineken's 2012 consolidated financial statements.

** 2011 figures are derived from Heineken's 2011 consolidated financial statements.

*** The EBIT (beia) margins have been calculated by dividing EBIT (beia) by revenue.

**** Net interest expense: interest income less interest expense.

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date. The information contained within this section is limited to taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

NETHERLANDS TAXATION

General

The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes, but does not purport to be a comprehensive description of all Netherlands tax considerations in relation thereto. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Notes.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Base Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

(i) investment institutions (*fiscale beleggingsinstellingen*);

(ii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax;

(iii) holders of Notes holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Notes of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds, or is deemed to hold (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;

(iv) entities which are a resident of Aruba, Curacao or Sint Maarten that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba, to which permanent establishment or permanent representative the Notes are attributable;

(v) persons to whom the Notes and the income from the Notes are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Netherlands income tax Act 2001 (*Wet inkomstenbelasting 2001*) and the Netherlands gift and inheritance tax Act (*Successiewet 1956*); and

(vi) holders of Notes which are not considered the beneficial owner (*uiteindelijk gerechtigde*) of such Notes or of the benefits derived from or realised in respect of such Notes.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

Withholding Tax

All payments made by the Issuer under the Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein provided that the Notes do not in fact function as equity of the Issuer within the meaning of article 10, paragraph 1, under d of the Netherlands corporate income tax act 1969 (*Wet op de vennootschapsbelasting 1969*).

Corporate and Individual Income Tax

(a) Residents of the Netherlands

If a holder is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands corporate income tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Notes are attributable, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are generally taxable in the Netherlands (at up to a maximum rate of 25 per cent.).

If an individual is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands individual income tax purposes (including an individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 52 per cent.) under the Netherlands income tax act 2001 (*Wet inkomstenbelasting 2001*), if:

(i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Notes are attributable; or

(ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which includes activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) above applies, an individual that holds the Notes must determine taxable income with regard to the Notes on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments has been fixed at a rate of 4 per cent. of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a certain threshold. The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Notes will be included as an asset in the individual's yield basis. The 4 per cent. deemed return on income from savings and investments is taxed at a rate of 30 per cent.

(b) Non-residents of the Netherlands

If a person is not a resident of the Netherlands nor is deemed to be a resident of the Netherlands for Netherlands corporate or individual income tax purposes (nor has opted to be taxed as a resident of the Netherlands for individual income tax purposes), such person is not liable to Netherlands income tax in respect of income derived from the Notes and gains realised upon the settlement, redemption or disposal of the Notes, unless:

(i) the person is not an individual and such person (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) is (other than by way of securities) entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

This income is subject to Netherlands corporate income tax at up to a maximum rate of 25 per cent.

(ii) the person is an individual and such person (1) 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 permanent establishment or permanent representative the Notes are attributable, or (2) realises income or gains with respect to the Notes that qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in the Netherlands, which activities include the performance of activities in the Netherlands with respect to the Notes which exceed regular, active portfolio management (*normaal, actief vermogensbeheer*), or (3) is (other than by way of securities) entitled to a share in the profits of an enterprise which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

Income derived from the Notes as specified under (1) and (2) by an individual is subject to individual income tax at up to a maximum rate of 52 per cent. Income derived from a share in the profits of an enterprise as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on income from savings and investments (as described above under "Residents of the Netherlands"). The fair market value of the share in the profits of the enterprise (which includes the Notes) will be part of the individual's Netherlands yield basis.

Gift and Inheritance Tax

(a) Residents of the Netherlands

Generally, gift tax (*schenkbelasting*) or inheritance tax (*erfbelasting*) will be due in the Netherlands in respect of the acquisition of the Notes by way of a gift by, or on behalf of, or on the death of, a holder that is a resident or deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax act 1956 (*Successiewet 1956*) at the time of the gift or his or her death. A gift made under a condition precedent is for purposes of the Netherlands gift and inheritance tax act 1956 deemed to be made at the time the condition precedent is fulfilled and is subject to Netherlands gift and inheritance tax if the donor is, or is deemed to be resident of the Netherlands at that time.

A holder of Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax act 1956 if he or she has been resident in the Netherlands and dies or makes a gift within ten years after leaving the Netherlands. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax act 1956 if he or she has been resident in the Netherlands and makes a gift within a twelve months period after leaving the Netherlands. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

(b) 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 a gift by, or as a result of, the death of a holder that is neither a resident nor deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax act 1956. However, gift and inheritance tax will be due in the case of a gift of the Notes by, or on behalf of, a holder who at the date of the gift was neither a resident nor deemed to be a resident of the Netherlands for purposes of the Netherlands gift and inheritance tax act 1956, but such holder dies

within 180 days after the date of the gift, and at the time of his or her death is a resident or deemed to be a resident of the Netherlands for purposes of the Netherlands gift and inheritance tax act 1956. A gift made under a condition precedent is deemed to be a made at the time the condition precedent is fulfilled.

Value Added Tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Notes or in respect of a cash payment made under the Notes, or in respect of a transfer of Notes.

Other Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Notes.

LUXEMBOURG TAXATION

The following summary is of a general nature and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature refers to Luxembourg tax law and/or concepts only.

Withholding Tax

(i) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005, as amended (the "**Laws**"), there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "**Territories**"), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws will be subject to a withholding tax at a rate of 35 per cent.

(ii) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the "**Law**"), there is no withholding tax on payments of principal, premium or interest

made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent.

AUSTRIA TAXATION

This section on taxation contains a brief summary of the Issuer's understanding with regard to certain important principles which are of significance in connection with the purchase, holding or sale of the Notes in the Republic of Austria. This summary does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations which may be of relevance for certain potential investors. The following comments are rather of a general nature and included herein solely for information purposes. These comments are not intended to be, nor should they be construed to be, legal or tax advice. This summary furthermore only refers to investors which are subject to unlimited (corporate) income tax liability in Austria. It is based on the currently valid tax legislation, case law and regulations of the tax authorities, as well as their respective interpretation, all of which may be amended from time to time. Such amendments may possibly also be effected with retroactive effect and may negatively impact on the tax consequences described.

It is recommended that potential purchasers of the Notes consult with their legal and tax advisers as to the tax consequences of the purchase, holding or sale of the Notes. Tax risks resulting from the Notes (in particular from a potential qualification as a foreign investment fund within the meaning of sec. 188 of the Austrian Investment Funds Act 2011 (Investmentfondsgesetz 2011)) shall in any case be borne by the purchaser. For the purposes of the following it is assumed that the Notes are legally and factually offered to an indefinite number of persons.

General

Individuals having a permanent domicile (*Wohnsitz*) and/or their habitual abode (*gewöhnlicher Aufenthalt*) in Austria are subject to income tax (*Einkommensteuer*) in Austria on their worldwide income (unlimited income tax liability; *unbeschränkte Einkommensteuerpflicht*). Individuals having neither a permanent domicile nor their habitual abode in Austria are subject to income tax only on income from certain Austrian sources (limited income tax liability; *beschränkte Einkommensteuerpflicht*).

Corporations having their place of effective management (*Ort der Geschäftsleitung*) and/or their legal seat (*Sitz*) in Austria are subject to corporate income tax (*Körperschaftsteuer*) in Austria on their worldwide income (unlimited corporate income tax liability; *unbeschränkte Körperschaftsteuerpflicht*). Corporations having neither their place of effective management nor their legal seat in Austria are subject to corporate income tax only on income from certain Austrian sources (limited corporate income tax liability; *beschränkte Körperschaftsteuerpflicht*).

Both in case of unlimited and limited (corporate) income tax liability Austria's right to tax may be restricted by double taxation treaties.

Income taxation of the Notes

Pursuant to sec. 27(1) of the Austrian Income Tax Act (*Einkommensteuergesetz*), the term investment income (*Einkünfte aus Kapitalvermögen*) comprises:

- income from the letting of capital (*Einkünfte aus der Überlassung von Kapital*) pursuant to sec. 27(2) of the Austrian Income Tax Act, including dividends and interest;

- income from realised increases in value (*Einkünfte aus realisierten Wertsteigerungen*) pursuant to sec. 27(3) of the Austrian Income Tax Act, including gains from the sale, redemption and other realisation of assets that lead to income from the letting of capital, zero coupon bonds and also broken-period interest; and

- income from derivatives (*Einkünfte aus Derivaten*) pursuant to sec. 27(4) of the Austrian Income Tax Act, including cash settlements, option premiums received and income from the sale or other realisation of forward contracts like options, futures and swaps and other derivatives such as index certificates.

Also the withdrawal of the Notes from a bank deposit (*Depotentnahme*) and circumstances leading to Austria's loss of taxation right regarding the Notes *vis-à-vis* other countries, e.g. a relocation from Austria (*Wegzug*), are in general deemed to constitute a sale (*cf.* sec. 27(6)(1) of the Austrian Income Tax Act).

Individuals subject to unlimited income tax liability in Austria holding the Notes as a non-business asset are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. In case of investment income with an Austrian nexus (*inländische Einkünfte aus Kapitalvermögen*), basically meaning income that is paid by an Austrian paying agent (*auszahlende Stelle*) or an Austrian custodian agent (*depotführende Stelle*), the income is subject to a withholding tax of 25 per cent.; no additional income tax is levied over and above the amount of tax withheld (final taxation pursuant to sec. 97(1) of the Austrian Income Tax Act). In case of investment income without an Austrian nexus, the income must be included in the income tax return and is subject to a flat income tax rate of 25 per cent. In both cases upon application the option exists to tax all income subject to the tax rate of 25 per cent. at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act). Pursuant to sec. 27(8) of the Austrian Income Tax Act, losses from investment income may not be offset with other types of income. Negative income subject to the flat tax rate of 25 per cent. may not be offset with income subject to the progressive income tax rate (this equally applies in case of an exercise of the option to regular taxation). Further, an offsetting of losses from realised increases in value and from derivatives in the form of securities with (i) interest and other claims against credit institutions and (ii) income from Austrian or foreign private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) is not permissible.

Individuals subject to unlimited income tax liability in Austria holding the Notes as a business asset are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. In case of investment income with an Austrian nexus (as described above) the income is subject to a withholding tax of 25 per cent. While this withholding tax has the effect of final taxation for income from the letting of capital, income from realised increases in value and income from derivatives must on the other hand be included in the income tax return (nevertheless flat income tax rate of 25 per cent.). In case of investment income without an Austrian nexus, the income must always be included in the income tax return (flat income tax rate of 25 per cent.). In both cases upon application the option exists to tax all income subject to the tax rate of 25 per cent. at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act). Pursuant to sec. 6(2)(c) of the Austrian Income Tax Act, depreciations to the lower fair market value and losses from the sale, redemption and other realisation of financial assets and derivatives in the sense of sec. 27(3) and (4) of the Austrian Income Tax Act, which are subject to the special tax rate of 25 per cent., are primarily to be offset against income from realised increases in value of such financial assets and derivatives and with appreciations in value of such assets; only half of the remaining negative difference may be offset against other types of income (and carried forward).

Corporations subject to unlimited corporate income tax liability in Austria are subject to corporate income tax on interest from the Notes at a rate of 25 per cent. In case of investment income with an Austrian nexus (as described above) the income is subject to a withholding tax of 25 per cent., which can be credited against the corporate income tax liability. However, under the conditions set forth in sec. 94(5) of the Austrian Income Tax Act no withholding tax is levied in the first place. Income from the sale of the Notes is subject to corporate income tax of 25 per cent. Losses from the sale of the Notes can be offset against other income (and carried forward).

Private foundations pursuant to the Austrian Private Foundations Act fulfilling the prerequisites contained in sec. 13(3) and (6) of the Austrian Corporate Income Tax Act and holding the Notes as a non-business asset are subject to interim taxation at a rate of 25 per cent. on interest income, income from realised increases in value and income from derivatives in the form of securities. Interim tax does not fall due insofar as distributions subject to withholding tax are made to beneficiaries in the tax period. In case of investment income with an Austrian nexus (as described above) the income is in general subject to a withholding tax of 25 per cent., which can be credited against the tax falling due. Under the conditions set forth in sec. 94(12) of the Austrian Income Tax Act no withholding tax is levied.

Pursuant to sec. 93(6) of the Austrian Income Tax Act, the Austrian custodian agent is obliged to automatically offset negative investment income against positive investment income, taking into account all of a taxpayer's bank deposits with the custodian agent. If negative and at the same time or later positive income is earned, then the negative income is to be offset against the positive income. If positive and later negative income is earned, then the withholding tax on the positive income is to be refunded, with such refund being limited with 25 per cent. of the negative income. In certain cases, the offsetting is not permissible. The custodian agent has to issue a written confirmation on the offsetting of losses for each bank deposit.

Pursuant to sec. 188 of the Austrian Investment Funds Act 2011, a foreign investment fund is defined as any assets subject to a foreign jurisdiction which, irrespective of the legal form they are organized in, are invested according to the principle of risk-spreading on the basis either of a statute, of the entity's articles or of customary exercise. Certain collective investment vehicles investing in real estate are exempted. It should be noted that the Austrian tax authorities have commented upon the distinction between index certificates of foreign issuers on the one hand and foreign investment funds on the other hand in the Investment Fund Regulations (*Investmentfondsrichtlinien*). Pursuant to these, no foreign investment fund may be assumed if for the purposes of the issuance no predominant actual purchase of the underlying assets by the issuer or a trustee of the issuer, if any, is made and no actively managed assets exist. Directly held bonds shall not be considered as foreign investment funds if the performance of the bonds depends on an index, notwithstanding the fact of whether the index is a well-known one, an individually constructed "fixed" index or an index which is changeable at any time.

EU withholding tax

Sec. 1 of the Austrian EU Withholding Tax Act (*EU-Quellensteuergesetz*) – which transforms into national law the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments – provides that interest payments paid or credited by an Austrian paying agent to a beneficial owner who is an individual resident in another EU member state (or in certain dependent or associated territories) are subject to a withholding tax of 35 per cent. if no exception from such withholding applies. Sec. 10 of the Austrian EU Withholding Tax Act provides for an exemption from withholding tax where the beneficial owner presents to the paying agent a certificate drawn up in his/her name by the competent authority of his/her member state of residence for tax purposes, indicating the name, address and tax or other identification number or, failing such, the date and place of birth of the beneficial owner, the name and address of the paying agent, and the account number of the beneficial owner or, where there is none, the identification of the security; such certificate shall be valid for a period not exceeding three years.

Regarding the issue of whether also index certificates are subject to the EU withholding tax, the Austrian tax authorities distinguish between index certificates with and without a capital guarantee, a capital guarantee being the promise of repayment of a minimum amount of the capital invested or the promise of the payment of interest. The exact tax treatment of index certificates furthermore depends on their underlying.

Tax treaty between Austria and Switzerland

On 1 January 2013 the Treaty between the Republic of Austria and the Swiss Confederation on Cooperation in the Areas of Taxation and Capital Markets entered into force. The treaty provides that a Swiss paying agent has to withhold a withholding tax with the effect of final taxation corresponding to the Austrian income tax, amounting to 25 per cent., on income and capital gains from assets booked with an account or deposit of such Swiss paying agent, if the relevant holder of such assets (i.e. in general individuals on their own

behalf and as beneficial owners of domiciliary companies) is tax resident in Austria. The following income and capital gains are subject to the withholding tax: interest income, dividends and capital gains. The treaty, however, does not apply to interest covered by the Agreement between the European Community and the Swiss Confederation providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments. The taxpayer can opt for voluntary disclosure instead of the withholding tax by expressly authorising the Swiss paying agent to disclose to the competent Austrian authority the income and capital gains; these subsequently have to be included in the income tax return.

Austrian inheritance and gift tax

Austria does not levy inheritance or gift tax.

However, it should be noted that certain gratuitous transfers of assets to (Austrian or foreign) private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) are subject to foundation tax (*Stiftungseingangssteuer*) pursuant to the Austrian Foundation Tax Act (*Stiftungseingangssteuergesetz*). Such tax is triggered if the transferor and/or the transferee at the time of transfer have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Certain exemptions apply in case of a transfer *mortis causa*, in particular for bank deposits, publicly placed bonds and portfolio shares (*i.e.*, less than 1 per cent.). The tax basis is the fair market value of the assets transferred minus any debts, calculated at the time of transfer. The tax rate is in general 2.5 per cent., with a higher rate of 25 per cent. applying in special cases.

In addition, a special notification obligation exists for gifts of money, receivables, shares in corporations, participations in partnerships, businesses, movable tangible assets and intangibles. The notification obligation applies if the donor and/or the donee have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Not all gifts are covered by the notification obligation: In case of gifts to certain related parties, a threshold of €50,000 per year applies; in all other cases, a notification is obligatory if the value of gifts made exceeds an amount of €15,000 during a period of five years. Furthermore, gratuitous transfers to foundations falling under the Austrian Foundation Tax Act described above are also exempt from the notification obligation. Intentional violation of the notification obligation may lead to the levying of fines of up to 10 per cent. of the fair market value of the assets transferred.

Further, it should be noted that gratuitous transfers of the Notes may trigger income tax on the level of the transferor pursuant to sec. 27(6)(1) of the Austrian Income Tax Act (see above).

BELGIUM TAXATION

The following description is only a summary of current Belgian tax law which can change over time. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular holder of the Notes including tax considerations that arise from rules of general application or that are generally assumed to be known to holders of the Notes. It is not intended to be, nor should it be construed as, legal or tax advice. Prospective holders of the Notes who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than Belgium should seek their own professional advice.

Withholding Tax and Income Tax

Tax rules applicable to individuals resident in Belgium

Individuals who are Belgian residents for tax purposes, i.e. who are subject to Belgian personal income tax (*Personenbelasting / Impôt des personnes physiques*) and who hold the Notes as a private investment, are subject to the following tax treatment in Belgium with respect to the Notes. Other tax rules apply to Belgian resident individuals who do not hold the Notes as a private investment.

In accordance with Belgian tax law, the following amounts are classified as "interest": (i) periodic interest income; (ii) amounts paid by the Issuer in excess of the issue price (whether or not on the maturity date); and

(iii) if the Notes qualify as “fixed income securities” (within the meaning of article 2, §1, 8° of the Belgian Income Tax Code), in case of a realisation of the Notes between two interest payment dates, the pro rata of accrued interest corresponding to the detention period. Fixed income securities are defined as bonds, specific debt certificates issued by banks (*kasbon / bon de caisse*) and other similar securities, including securities where income is capitalised or securities which do not generate a periodic payment of income but are issued with a discount corresponding to the capitalised interest up to the maturity date of the security.

Payments of interest on the Notes made through an intermediary established in Belgium will in principle be subject to a 25 per cent. withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). The Belgian withholding tax constitutes the final tax for Belgian resident individuals. This means that they do not have to declare the interest obtained on the Notes in their personal income tax return, provided that Belgian withholding tax was levied on the interest payments.

If the interest is paid without the intervention of an intermediary established in Belgium, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the individual's personal income tax return and will in principle be taxed at a flat rate of 25 per cent.

Capital gains realised on a transfer of the Notes are in principle tax exempt, unless the capital gains are realised outside the scope of the management of the individual's private estate or unless the capital gains qualify as interest (as defined above). Capital losses are in principle not tax deductible.

Belgian resident companies

Corporations that are Belgian residents for tax purposes, i.e. that are subject to Belgian corporate income tax (*Vennootschapsbelasting / Impôt des sociétés*), are subject to the following tax treatment in Belgium with respect to the Notes.

Interest derived by Belgian corporate investors on the Notes (on an accrual basis) and capital gains realised on the Notes will in principle be subject to Belgian corporate income tax of 33.99 per cent. If non-Belgian withholding tax has been levied on the interest, a foreign tax credit will be applied on the Belgian tax due. The foreign tax credit is determined by reference to a fraction where the numerator is equal to the rate of the foreign tax with a maximum of 15 and the denominator is equal to 100 minus the amount of the numerator (with a number of additional limitations). Capital losses are in principle deductible.

Interest payments on the Notes (except Zero Coupon Notes) made through an intermediary established in Belgium to Belgian corporate investors will in principle be subject to a 25 per cent. withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). However, an exemption can apply provided that certain formalities are fulfilled. Any Belgian withholding tax that has been levied is creditable and refundable in accordance with the applicable legal provisions.

Belgian legal entities

Legal entities that are Belgian residents for tax purposes, i.e. that are subject to Belgian legal entities' tax (*Rechtspersonenbelasting / Impôt des personnes morales*), are subject to the following tax treatment in Belgium with respect to the Notes.

Payments of interest (as defined above in the section “*Tax rules applicable to individuals resident in Belgium*”) on the Notes made through an intermediary established in Belgium will in principle be subject to a 25 per cent. withholding tax in Belgium and no further legal entities' tax will be due on the interest.

However, if the interest is paid without the intervention of an intermediary established in Belgium and without the deduction of Belgian withholding tax, the legal entity itself is required to declare and pay the 25 per cent. withholding tax to the Belgian tax authorities.

Capital gains realised on the sale of the Notes are in principle tax exempt, except to the extent the capital gain qualifies as interest (as defined above). Capital losses are in principle not tax deductible.

Organization for Financing Pensions

Belgian pension fund entities that have the form of an Organization for Financing Pensions (OFP) are subject to Belgian corporate income tax (*Vennootschapsbelasting / Impôt des sociétés*). OFPs are subject to the following tax treatment in Belgium with respect to the Notes.

Interest derived by OFPs on the Notes and capital gains realised on the Notes will in principle not be subject to Belgian corporate income tax. Capital losses are in principle not tax deductible.

Any Belgian withholding tax that has been levied is creditable and refundable in accordance with the applicable legal provisions.

Belgian non-residents

Individuals, companies and legal entities that are not Belgian residents for tax purposes, i.e. that are subject to Belgian non-resident income tax (*Belasting van niet-inwoners / Impôt des non-résidents*), are subject to the following tax treatment in Belgium with respect to the Notes.

Payments of interest on the Notes made to a non-resident investors through an intermediary established in Belgium will, in principle, be subject to a 25 per cent. withholding tax, unless a reduced rate or an exemption applies on the basis that the investor is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit. If the interest is not collected through an intermediary established in Belgium, no Belgian withholding tax is due.

Non-resident investors who have not allocated the Notes to a Belgian permanent establishment can also obtain Belgian withholding tax exemption for interest on the Notes paid through a Belgian credit institution, a Belgian stock market company or a Belgian recognised clearing or settlement institution, provided that they deliver an affidavit to such institution or company confirming that: (i) they are non-residents, (ii) the Notes are held in full ownership or in usufruct; and (iii) the Notes are not allocated to the exercise of a professional activity in Belgium. No other Belgian income tax will be due by these investors.

Non-resident investors who have allocated the Notes to the exercise of a professional activity in Belgium through a permanent establishment are subject to the same tax rules as Belgian resident companies (see above).

Tax on stock exchange transactions

The issue of the Notes (primary market) is not subject to the Belgian tax on stock exchange transactions (*Taks op de beursverrichtingen* / *Taxe sur les opérations de bourse*). The transfer for consideration of Notes (secondary market) is subject to the tax on stock exchange transactions if executed in Belgium through a professional intermediary. The tax is generally due at a rate of 0.09 per cent. on each transfer and acquisition of the Notes separately, with a maximum of €650.00 per party and per transaction, and is collected by the professional intermediary.

However, this tax will not be payable by exempt persons acting for their own account, including investors who are not Belgian residents provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status, and certain Belgian institutional investors as defined in Article 126.1 2° of the Code of miscellaneous duties and taxes (*Code des droits et taxes divers / Wetboek diverse rechten en taksen*).

GERMANY TAXATION

At present, there is no legal obligation for the Issuer to deduct or withhold any German withholding tax (*Quellensteuer*) from payments of interest, principal and gains from the disposition, redemption or settlement of the Notes or on any ongoing payments to the Noteholders.

However, a German branch of a German or non-German bank (*Kreditinstitut*) or financial services institution (*Finanzdienstleistungsinstitut*), a German securities trading company (*Wertpapierhandelsunternehmen*) or a German securities trading bank (*Wertpapierhandelsbank*) (each a "**Disbursing Agent**", *auszahlende Stelle*) may be obliged to withhold German withholding taxes on ongoing payments, on repayments of capital and on gains from the disposition, redemption or settlement of the Notes or an interest coupon.

Where Notes are not kept in a custodian account with a Disbursing Agent and interest or proceeds from the disposal, assignment or redemption of a Note or an interest coupon are paid by a Disbursing Agent, withholding tax generally may also apply.

Further, income, accrued interest and capital gains derived from the Notes can be subject to German personal or corporate income tax (*Einkommensteuer, Körperschaftsteuer*) plus solidarity surcharge (*Solidaritätszuschlag*) and, if applicable, church tax (*Kirchensteuer*) thereon and, if the Notes form part of a German trade or business, also subject to German trade tax (*Gewerbesteuer*). However, special limitations with regard to the deductibility of capital losses from the disposition, redemption or settlement of the Notes may apply.

All tax implications can be subject to alteration due to future law changes¸ possibly with retroactive or retrospective effect.

Prospective investors of the Notes are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of the Notes, including the effect of any state, local or church taxes, under the tax laws of Germany and each country of which they are resident or whose tax laws apply to them for other reasons.

UNITED KINGDOM TAXATION

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue and Customs ("HMRC") practice relating only to United Kingdom withholding tax treatment of payments of principal and interest in respect of Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax.

Noteholders may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder. HMRC also has power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Notes which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to or receives such amounts for the benefit of another person, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of amounts payable on the redemption of deeply discounted securities where such amounts are paid on or before 5 April 2014. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Noteholder is resident for tax purposes.

EU SAVINGS DIRECTIVE

Under EC Council Directive 2003/48/EC (the "**Directive**") on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual

resident or certain limited types of entity established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect to provide information in accordance with the Directive) to operate a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories (including Switzerland) have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of ABN AMRO Bank N.V., Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, HSBC Bank plc, ING Bank N.V. and J.P. Morgan Securities plc (together, the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, the Dealers are set out in an amended and restated Dealer Agreement dated 7 March 2013 (such Dealer Agreement as modified and/or supplemented and/or restated from time to time, the "**Dealer Agreement**") and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

United States of America: *Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms*.

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

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. Treasury regulations. Terms used in this paragraph have the meanings given to them by the Code and U.S. Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver 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 and the completion of the distribution of the Notes comprising the relevant Tranche, as determined and certified to the Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto 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 Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a "**Relevant Member State**"), each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and

including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable, and the Issuer has consented in writing to its use for the purposes of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, that:

(a) ***No deposit-taking:*** in relation to any Notes having a maturity of less than one year:

 (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

 (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:

  (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

  (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

 where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) ***Financial promotion:*** 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 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

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

France

Each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has only made and will only make an offer of Notes to the public in France in the period beginning (i) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers* ("**AMF**"), on the date of such publication, or (ii) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented Directive 2003/71/EC (as amended), on or after the date of notification of such approval to the AMF, and ending at the latest on the date which is 12 months after the date of approval of the base prospectus, all in accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF; or

(b) it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

Selling Restrictions Addressing Additional Laws of the Netherlands

Zero Coupon Notes (as defined below) in definitive form of the Issuer may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member firm of NYSE Euronext in Amsterdam in full compliance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Zero Coupon Note in global form, or (b) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (d) in respect of the transfer and acceptance of such Zero Coupon Notes within, from or into the Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Note in global form) of any particular Series are issued outside the Netherlands and are not distributed into the Netherlands in the course of initial distribution or immediately thereafter. In the event that the Dutch Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with. As used herein, "**Zero Coupon Notes**" are Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore, and the Notes will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the "**Securities and Futures Act**"). Accordingly, the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act or to any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor;

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes pursuant to an offer under Section 275 of the Securities and Futures Act except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act; or

(ii) where no consideration is or will be given for the transfer; or

(iii) where the transfer is by operation of law; or

(iv) pursuant to Section 276(7) of the Securities and Futures Act or Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations; or

(v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the "**FIEA**") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, that it has complied and will comply, to the best of its knowledge and belief, in all material respects, with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the preceding paragraph.

GENERAL INFORMATION

1. Listing and Admission to Trading

Application has been made for Notes issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange.

However, Notes may be issued which will not be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system, or which will be admitted to listing, trading and/or quotation on such listing authority, stock exchange and/or quotation system as the Issuer and the relevant Dealer(s) may agree.

2. Authorisation

The establishment and the update of the Programme was authorised by resolutions of the Executive Board of the Issuer passed on 25 August 2008, 28 February 2012 and 4 March 2013 and resolutions of the Supervisory Board of the Issuer passed on 4 September 2008 and 23 August 2011. The increase of the size of the Programme to €10,000,000,000 was authorised by resolutions of the Executive Board of the Issuer passed on 28 February 2012. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

3. Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had, during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer or the Heineken Group.

4. Significant/Material Change

Since 31 December 2012, there has been no material adverse change in the prospects of the Issuer and no significant change in the financial or trading position of the Heineken Group.

5. Auditors

The consolidated financial statements of the Issuer for the financial years ended 31 December 2011 and 31 December 2012 have been audited without qualification by KPMG Accountants N.V., Laan van Langerhuize 1, 1186 DS Amstelveen, the Netherlands, independent accountants. Each audit partner of KPMG Accountants N.V. is a member of the Royal Dutch Institute of Chartered Accountants (*Koninklijk Nederlands Instituut voor Registeraccountants*).

6. Documents on Display

Copies of the following documents (together with English translations thereof) may be inspected during normal business hours at the specified offices of the Paying Agents for the time being in Luxembourg and London for 12 months from the date of this Base Prospectus:

(a) the constitutional documents of the Issuer;

(b) the audited annual consolidated financial statements of the Issuer for the financial years ended 31 December 2011 and 31 December 2012;

(c) the Agency Agreement;

(d) the Trust Deed (which contains the forms of the Notes in global and definitive form);

(e) the Programme Manual;

(f) the Issuer-ICSDs Agreement; and

(g) this Base Prospectus, any supplement to this Base Prospectus, each document incorporated by reference in this Base Prospectus from time to time and each Final Terms (save that Final Terms relating to Notes which are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospective Directive will only be available for inspection by a holder of such Notes and such holder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of Notes and identity).

In addition, copies of this Base Prospectus, any supplement to this Base Prospectus, each document incorporated by reference in this Base Prospectus from time to time and each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market will also be available on the website of the Luxembourg Stock Exchange (www.bourse.lu).

7. Pricing

The price and nominal amount of the Notes of any Tranche to be issued will be determined by the Issuer and the relevant Dealer(s) at the time of issue thereof in accordance with then prevailing market conditions.

8. Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Series will be specified in the relevant Final Terms relating thereto. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

9. Passporting

The Issuer may, on or after the date of this Base Prospectus, make applications for one or more certificates of approval under Article 18 of the Prospectus Directive as implemented in Luxembourg to be issued by the CSSF to the competent authority in any host Member State.

10. Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

11. Yield

The yield for any particular Series of Notes will be specified in the applicable Final Terms and will be calculated on the basis of the compound annual rate of return if the relevant Notes were to be purchased at the Issue Price on the Issue Date and held to maturity. Set out below is an example

formula for the purposes of calculating the yield of Fixed Rate Notes. The Final Terms in respect of any Floating Rate Notes will not include any indication of yield.

$$IssuePrice = \frac{Coupon}{m} * \frac{1 - \left[\frac{1}{\left(1 + \frac{Yield}{m}\right)^{n*m}} \right]}{\frac{Yield}{m}} + \left[FinalRedemptionAmount * \left[\frac{1}{\left(1 + \frac{Yield}{m}\right)^{n*m}} \right] \right]$$

Where:

"**Coupon**" means the annual coupon as specified in the applicable Final Terms;

"**Yield**" means the annual yield to maturity;

"**m**" means the number of interest payments in a year; and

"**n**" means the number of years to maturity.

Set out below is a worked example illustrating how the yield on a Series of Fixed Rate Notes could be calculated on the basis of the above formula. It is provided for purposes of illustration only and should not be taken as an indication of prediction of the yield for any Series of Notes; it is intended merely to illustrate the way which the above formula could be applied.

Where:

m = 2

n = 6

Coupon = 3.875%

Issue Price = 99.392%

Final Redemption Amount = 100%

$$99.392 = \frac{3.875}{2} * \frac{1 - \left[\frac{1}{\left(1 + \frac{Yield}{2}\right)^{6*2}} \right]}{\frac{Yield}{2}} + \left[100 * \frac{1}{\left(1 + \frac{Yield}{2}\right)^{6*2}} \right]$$

Yield = 3.99% (calculated by iteration)

The yield specified in the applicable Final Terms in respect of a Series of Notes will not be an indication of future yield.

GLOSSARY

Definitions of terms and phrases used in this Base Prospectus

Baa1	Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such possess certain speculative characteristics. The modifier "1" indicates that the obligation ranks in the higher end of its generic rating category.
BBB+	An obligor rated BBB has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. The modifier "+" shows an obligor's relative standing within its rating category.
Beia	Before exceptional items and amortisation of acquisition related intangible assets.
EBIT	Earnings before interest and taxes and net finance expenses. EBIT includes Heineken's share in net profit of associates and joint ventures.
EBITDA	Earnings before interest and taxes and net finance expenses before depreciation and amortisation.
Fixed costs	Fixed costs include personnel costs, depreciation and amortisation, repair and maintenance costs, energy and water, and other fixed costs. Exceptional items are excluded from these costs.
Free operating cash flow (FOCF)	This represents the total of cash flow from operating activities, and cash flow from operational investing activities.
Net profit	Profit after deduction of non-controlling interests (profit attributable to equity holders of the Company).
Net debt	Non-current and current interest-bearing loans and borrowings and bank overdrafts less investments held for trading and cash.
Net debt/EBITDA (beia) ratio	The ratio is based on a twelve month rolling calculation for EBITDA (beia).
Organic growth	Growth excluding the effect of foreign currency translational effects, consolidation changes, exceptional items, amortisation of acquisition related intangible assets.
Organic volume growth	Increase in volume, excluding the effect of the first time consolidation of acquisitions.
Profit	Total profit of the Group before deduction of non-controlling interests.
®	All brand names mentioned herein, including those brand names not marked by an ®, represent registered trademarks and are legally protected.

Region A region is defined as Heineken's managerial classification of countries into geographical units.

Revenue Net realised sales proceeds in Euros.

Top-line growth Growth in net revenue.

Volume *Consolidated beer volume*

100 per cent. of beer volume produced and sold by fully consolidated companies (excluding the beer volume brewed and sold by joint venture companies).

Group beer volume

100 per cent. of beer volume produced and sold by fully consolidated companies and joint venture companies as well as the volume of Heineken's brands produced and sold under licence by third parties.

Heineken® volume

The Group beer volume of the Heineken® brand.

Heineken® volume in premium segment

The Group beer volume of the Heineken® brand in the premium segment (Heineken® volume in the Netherlands is excluded).

Total consolidated volume

Volume produced and sold by fully consolidated companies (including beer, cider, soft drinks and other beverages), volume of third party products and volume of Heineken's brands produced and sold under licence by third parties.

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*'EBIT, EBITDA, EBIT (beia) and net profit (beia)' are not financial measures calculated in accordance with IFRS. Accordingly, it should not be considered as an alternative to 'results from operation activities' or 'profits' as indicators of Heineken's performance. However, Heineken believes that 'EBIT, EBITDA, EBIT (beia) and net profit (beia)' are measures commonly used by investors and as such useful for disclosure. The presentation on these financial measures may not be comparable to similarly titled measures reported by other companies due to differences in the ways the measures are calculated.

FINANCIAL STATEMENTS

Consolidated financial statements of Heineken N.V. for the year ended 31 December 2012

	F-Page
Consolidated Income Statement	F-1
Consolidated Statement of Comprehensive Income	F-2
Consolidated Statement of Financial Position	F-3
Consolidated Statement of Cash Flows	F-4 to F-5
Consolidated Statement of Changes in Equity	F-6 to F-7
Notes to the Consolidated Financial Statements	F-8 to F-76
Independent Auditor's Report including opinion with respect to the 2012 consolidated financial statements of Heineken N.V.	F-87

The consolidated financial statements of Heineken N.V. have been derived from the statutory financial statements of Heineken N.V. for the year ended 31 December 2012 dated 12 February 2013 as included in the 2012 Annual Report. The 2012 financial statements have not yet been adopted by the General Meeting of shareholders of Heineken N.V. The adoption of the 2012 financial statements is scheduled on the agenda of the next Annual General Meeting of Shareholders on 25 April 2013.

KPMG Accountants N.V. has issued an Independent Auditor's Report on the statutory financial statements of Heineken N.V. for the year ended 31 December 2012 on 12 February 2013, including an unqualified opinion with respect to the consolidated financial statements. This Auditor's Report is included on F-87. For the purposes of this Base Prospectus, the parts of the Independent Auditor's Report relating to the consolidated financial statements only, as included on F-1 to F-76, are applicable.

Financial statements

Consolidated Income Statement

For the year ended 31 December In millions of EUR	Note	2012	2011
Revenue	5	**18,383**	17,123
Other income	8	**1,510**	64
Raw materials, consumables and services	9	(11,849)	(10,966)
Personnel expenses	10	(3,037)	(2,838)
Amortisation, depreciation and impairments	11	(1,316)	(1,168)
Total expenses		**(16,202)**	(14,972)
Results from operating activities		**3,691**	2,215
Interest income	12	62	70
Interest expenses	12	(551)	(494)
Other net finance income/(expenses)	12	219	(6)
Net finance expenses		**(270)**	(430)
Share of profit of associates and joint ventures and impairments thereof (net of income tax)	16	213	240
Profit before income tax		**3,634**	2,025
Income tax expense	13	(525)	(465)
Profit		**3,109**	1,560
Attributable to:			
Equity holders of the Company (net profit)		2,949	1,430
Non-controlling interests		160	130
Profit		**3,109**	1,560
Weighted average number of shares – basic	23	575,022,338	585,100,381
Weighted average number of shares – diluted	23	576,002,613	586,277,702
Basic earnings per share (EUR)	23	5.13	2.44
Diluted earnings per share (EUR)	23	5.12	2.44

Consolidated Statement of Comprehensive Income

	Note	2012	2011
For the year ended 31 December			
In millions of EUR			
Profit		**3,109**	1,560
Other comprehensive income:			
Foreign currency translation differences for foreign operations	24	45	(493)
Effective portion of change in fair value of cash flow hedges	24	14	(21)
Effective portion of cash flow hedges transferred to profit or loss	24	41	(11)
Ineffective portion of cash flow hedges (transferred to profit or loss)	24	–	–
Net change in fair value available-for-sale investments	24	135	71
Net change in fair value available-for-sale investments transferred to profit or loss	24	(148)	(1)
Actuarial gains and losses	24/28	(439)	(93)
Share of other comprehensive income of associates/joint ventures	24	(1)	(5)
Other comprehensive income, net of tax	24	**(353)**	(553)
Total comprehensive income		**2,756**	1,007
Attributable to:			
Equity holders of the Company		2,608	884
Non-controlling interests		148	123
Total comprehensive income		**2,756**	1,007

Consolidated Statement of Financial Position

As at 31 December In millions of EUR	Note	2012	2011
Assets			
Property, plant & equipment	14	8,792	7,860
Intangible assets	15	17,725	10,835
Investments in associates and joint ventures	16	1,950	1,764
Other investments and receivables	17	1,099	1,129
Advances to customers	32	312	357
Deferred tax assets	18	564	474
Total non-current assets		**30,442**	22,419
Inventories	19	1,596	1,352
Other investments	17	11	14
Trade and other receivables	20	2,537	2,260
Prepayments and accrued income		232	170
Cash and cash equivalents	21	1,037	813
Assets classified as held for sale	7	124	99
Total current assets		**5,537**	4,708
Total assets		**35,979**	27,127
Equity			
Share capital		922	922
Share premium		2,701	2,701
Reserves		365	498
Allotted Share Delivery Instrument		–	–
Retained earnings		7,703	5,653
Equity attributable to equity holders of the Company		**11,691**	9,774
Non-controlling interests	6/22	1,071	318
Total equity	22	**12,762**	10,092
Liabilities			
Loans and borrowings	25	11,437	8,199
Tax liabilities		140	160
Employee benefits	28	1,632	1,174
Provisions	30	418	449
Deferred tax liabilities	18	1,790	894
Total non-current liabilities		**15,417**	10,876
Bank overdrafts	21	191	207
Loans and borrowings	25	1,863	981
Trade and other payables	31	5,273	4,624
Tax liabilities		305	207
Provisions	30	129	140
Liabilities classified as held for sale	7	39	–
Total current liabilities		**7,800**	6,159
Total liabilities		**23,217**	17,035
Total equity and liabilities		**35,979**	27,127

Consolidated Statement of Cash Flows

For the year ended 31 December In millions of EUR	Note	2012	2011
Operating activities			
Profit		3,109	1,560
Adjustments for:			
Amortisation, depreciation and impairments	11	1,316	1,168
Net interest expenses	12	489	424
Gain on sale of property, plant & equipment, intangible assets and subsidiaries, joint ventures and associates	8	(1,510)	(64)
Investment income and share of profit and impairments of associates and joint ventures and dividend income on AFS and HFT investments		(238)	(252)
Income tax expenses	13	525	465
Other non-cash items		(110)	244
Cash flow from operations before changes in working capital and provisions		**3,581**	3,545
Change in inventories		(52)	(145)
Change in trade and other receivables		(64)	(21)
Change in trade and other payables		217	417
Total change in working capital		**101**	251
Change in provisions and employee benefits		(164)	(76)
Cash flow from operations		**3,518**	3,720
Interest paid		(490)	(485)
Interest received		82	65
Dividends received		184	137
Income taxes paid		(599)	(526)
Cash flow related to interest, dividend and income tax		**(823)**	(809)
Cash flow from operating activities		**2,695**	2,911
Investing activities			
Proceeds from sale of property, plant & equipment and intangible assets		131	101
Purchase of property, plant & equipment	14	(1,170)	(800)
Purchase of intangible assets	15	(78)	(56)
Loans issued to customers and other investments		(143)	(127)
Repayment on loans to customers		50	64
Cash flow (used in)/from operational investing activities		**(1,210)**	(818)
Free operating cash flow		**1,485**	2,093
Acquisition of subsidiaries, net of cash acquired	6	(3,311)	(806)
Acquisition/additions of associates, joint ventures and other investments	6	(1,246)	(166)
Disposal of subsidiaries, net of cash disposed of		–	(9)
Disposal of associates, joint ventures and other investments		142	44
Cash flow (used in)/from acquisitions and disposals		**(4,415)**	(937)
Cash flow (used in)/from investing activities		**(5,625)**	(1,755)

For the year ended 31 December 2012 In millions of EUR	Note	2012	2011
Financing activities			
Proceeds from loans and borrowings		6,837	1,782
Repayment of loans and borrowings		(2,928)	(1,587)
Dividends paid		(604)	(580)
Purchase own shares		–	(687)
Acquisition of non-controlling interests		(252)	(11)
Disposal of interests without a change in control		–	43
Other		3	6
Cash flow (used in)/from financing activities		**3,056**	(1,034)
Net cash flow		**126**	122
Cash and cash equivalents as at 1 January		606	478
Effect of movements in exchange rates		114	6
Cash and cash equivalents as at 31 December	21	**846**	606

Consolidated Statement of Changes in Equity

In millions of EUR	Note	Share capital	Share Premium	Translation reserve	Hedging reserve	Fair value reserve	Other legal reserves	Reserve for own shares	ASDI	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2011		922	2,701	(93)	(27)	90	899	(55)	666	4,829	9,932	288	10,220
Other comprehensive income	12/24	–	–	(482)	(42)	69	–	–	–	(91)	(546)	(7)	(553)
Profit		–	–	–	–	–	253	–	–	1,177	1,430	130	1,560
Total comprehensive income		–	–	(482)	(42)	69	253	–	–	1,086	884	123	1,007
Transfer to retained earnings		–	–	–	–	–	(126)	–	–	126	–	–	–
Dividends to shareholders		–	–	–	–	–	–	–	–	(474)	(474)	(97)	(571)
Purchase/reissuance own/non-controlling shares		–	–	–	–	–	–	(687)	–	–	(687)	(1)	(688)
Allotted Share Delivery Instrument		–	–	–	–	–	–	694	(666)	(28)	–	–	–
Own shares delivered		–	–	–	–	–	–	5	–	(5)	–	–	–
Share-based payments		–	–	–	–	–	–	–	–	11	11	–	11
Share purchase mandate		–	–	–	–	–	–	–	–	96	96	–	96
Acquisition of non-controlling interests without a change in control		–	–	–	–	–	–	–	–	(21)	(21)	(1)	(22)
Disposal of interests without a change in control		–	–	–	–	–	–	–	–	33	33	6	39
Balance as at 31 December 2011		922	2,701	(575)	(69)	159	1,026	(43)	–	5,653	9,774	318	10,092

In millions of EUR	Note	Share capital	Share Premium	Translation reserve	Hedging reserve	Fair value reserve	Other legal reserves	Reserve for own shares	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2012		922	2,701	(575)	(69)	159	1,026	(43)	5,653	9,774	318	10,092
Other comprehensive income	12/24	–	–	48	58	(9)	4	–	(442)	(341)	(12)	(353)
Profit		–	–	–	–	–	222	–	2,727	2,949	160	3,109
Total comprehensive income		**–**	**–**	**48**	**58**	**(9)**	**226**	**–**	**2,285**	**2,608**	**148**	**2,756**
Transfer to retained earnings		–	–	–	–	–	(473)	–	473	–	–	–
Dividends to shareholders		–	–	–	–	–	–	–	(494)	(494)	(110)	(604)
Purchase/reissuance own/non-controlling shares		–	–	–	–	–	–	–	–	–	–	–
Own shares delivered		–	–	–	–	–	–	17	(17)	–	–	–
Share-based payments		–	–	–	–	–	–	–	15	15	–	15
Share purchase mandate		–	–	–	–	–	–	–	–	–	–	–
Acquisition of non-controlling interests without a change in control		–	–	–	–	–	–	–	(212)	(212)	715	503
Disposal of interests without a change in control		–	–	–	–	–	–	–	–	–	–	–
Balance as at 31 December 2012		**922**	**2,701**	**(527)**	**(11)**	**150**	**779**	**(26)**	**7,703**	**11,691**	**1,071**	**12,762**

Notes to the Consolidated Financial Statements

1. Reporting entity

Heineken N.V. (the 'Company') is a company domiciled in the Netherlands. The address of the Company's registered office is Tweede Weteringplantsoen 21, Amsterdam. The consolidated financial statements of the Company as at and for the year ended 31 December 2012 comprise the Company, its subsidiaries (together referred to as 'HEINEKEN' or the 'Group' and individually as 'HEINEKEN' entities) and HEINEKEN's interest in jointly controlled entities and associates.

A summary of the main subsidiaries, jointly controlled entities and associates is included in note 36 and 16 respectively. The APIPL/APB acquisition has been included in the consolidated financial statements from 15 November 2012.

HEINEKEN is primarily involved in the brewing and selling of beer.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. All standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) effective year-end 2012 have been adopted by the EU, except that the EU carved out certain hedge accounting provisions of IAS 39. The Company does not utilise this carve-out permitted by the EU, as it is not applicable. Consequently, the accounting policies applied by the Company also comply fully with IFRS as issued by the IASB.

The consolidated financial statements have been prepared by the Executive Board of the Company and authorised for issue on 12 February 2013 and will be submitted for adoption to the Annual General Meeting of Shareholders on 25 April 2013.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis unless otherwise indicated.

The methods used to measure fair values are discussed further in note 3 and 4.

(c) Functional and presentation currency

These consolidated financial statements are presented in euro, which is the Company's functional currency. All financial information presented in Euro has been rounded to the nearest million unless stated otherwise.

(d) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about assumptions and estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in the following notes:

Note 6 Acquisitions and disposals of subsidiaries and non-controlling interests
Note 15 Intangible assets
Note 16 Investments in associates and joint ventures
Note 17 Other investments and receivables
Note 18 Deferred tax assets and liabilities
Note 28 Employee benefits
Note 29 Share-based payments – Long-Term Variable award (LTV)
Note 30 Provisions
Note 32 Financial risk management and financial instruments
Note 34 Contingencies.

(e) Changes in accounting policies

There were no changes made to the HEINEKEN accounting policies in 2012, the changes in standards and interpretations effective from 1 January 2012 had no significant impact on the company.

3. Significant accounting policies

General

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by HEINEKEN entities.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred plus the fair value of any previously-held equity interest in the acquiree and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent considerations are recognised in profit or loss.

(ii) Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

3. Significant accounting policies continued

(iii) Subsidiaries

Subsidiaries are entities controlled by HEINEKEN. Control exists when HEINEKEN has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by HEINEKEN. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iv) Special Purpose Entities (SPEs)

An SPE is consolidated if, based on an evaluation of the substance of its relationship with HEINEKEN and the SPEs risks and rewards, HEINEKEN concludes that it controls the SPE. SPEs controlled by HEINEKEN were established under terms that impose strict limitations on the decision-making powers of the SPEs management and that result in HEINEKEN receiving the majority of the benefits related to the SPEs operations and net assets, being exposed to the majority of risks incident to the SPEs activities, and retaining the majority of the residual or ownership risks related to the SPEs or their assets.

(v) Loss of control

Upon the loss of control, HEINEKEN derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If HEINEKEN retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(vi) Investments in associates and joint ventures

Investments in associates are those entities in which HEINEKEN has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 per cent of the voting power of another entity. Joint ventures are those entities over whose activities HEINEKEN has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and joint ventures are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include HEINEKEN's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of HEINEKEN, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When HEINEKEN's share of losses exceeds the carrying amount of the associate, including any long-term investments, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that HEINEKEN has an obligation or has made a payment on behalf of the associate or joint venture.

(vii) Transactions eliminated on consolidation

Intra-HEINEKEN balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-HEINEKEN transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted associates and JVs are eliminated against the investment to the extent of HEINEKEN's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of HEINEKEN entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss arising on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale (equity) investments and foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment, which are recognised in other comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at cost remain translated into the functional currency at historical exchange rates.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euro at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to euro at exchange rates approximating the exchange rates ruling at the dates of the transactions. Group entities, with a functional currency being the currency of a hyperinflationary economy, first restate their financial statements in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies (see 'Reporting in hyperinflationary economies' below). The related income, costs and balance sheet amounts are translated at the foreign exchange rate ruling at the balance sheet date.

Foreign currency differences are recognised in other comprehensive income and are presented within equity in the translation reserve. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When HEINEKEN disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When HEINEKEN disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the translation reserve.

3. Significant accounting policies continued

The following exchange rates, for the most important countries in which HEINEKEN has operations, were used while preparing these consolidated financial statements:

In EUR	Year-end 2012	Year-end 2011	Average 2012	Average 2011
BRL	0.3699	0.4139	0.3987	0.4298
GBP	1.2253	1.1972	1.2332	1.1522
MXN	0.0582	0.0554	0.0592	0.0578
NGN	0.0049	0.0049	0.0050	0.0047
PLN	0.2455	0.2243	0.2390	0.2427
RUB	0.0248	0.0239	0.0250	0.0245
SGD	0.6207	0.5946	0.6229	0.5718
VND in 1,000	0.0364	0.0367	0.0373	0.0348
USD	0.7579	0.7729	0.7783	0.7184

(iii) Reporting in hyperinflationary economies

When the economy of a country in which we operate is deemed hyperinflationary and the functional currency of a Group entity is the currency of that hyperinflationary economy, the financial statements of such Group entities are adjusted so that they are stated in terms of the measuring unit current at the end of the reporting period. This involves restatement of income and expenses to reflect changes in the general price index from the start of the reporting period and, restatement of non-monetary items in the balance sheet, such as P, P & E to reflect current purchasing power as at the period end using a general price index from the date when they were first recognised. Comparative amounts are not adjusted. Any differences arising were recorded in equity on adoption.

(iv) Hedge of net investments in foreign operations

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective and regardless of whether the net investment is held directly or through an intermediate parent. These differences are presented within equity in the translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged part of a net investment is disposed of, the relevant amount in the translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

(c) Non-derivative financial instruments

(i) General

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described hereafter.

If HEINEKEN has a legal right to offset financial assets with financial liabilities and if HEINEKEN intends either to settle on a net basis or to realise the asset and settle the liability simultaneously then financial assets and liabilities are presented in the statement of financial position as a net amount.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts form an integral part of HEINEKEN's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting policies for interest income, interest expenses and other net finance income and expenses are discussed in note 3r.

(ii) Held-to-maturity investments

If HEINEKEN has the positive intent and ability to hold debt securities to maturity, they are classified as held-to-maturity. Debt securities are loans and long-term receivables and are measured at amortised cost using the effective interest method, less any impairment losses. Investments held-to-maturity are recognised or derecognised on the day they are transferred to or by HEINEKEN.

(iii) Available-for-sale investments
HEINEKEN's investments in equity securities and certain debt securities are classified as available-for-sale. Subsequent to initial recognition, they are measured at fair value and changes therein – other than impairment losses (see note 3i(i)), and foreign currency differences on available-for-sale monetary items (see note 3b(i)) – are recognised in other comprehensive income and presented within equity in the fair value reserve. When these investments are derecognised, the relevant cumulative gain or loss in the fair value reserve is transferred to profit or loss.

Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the profit or loss. Available-for-sale investments are recognised or derecognised by HEINEKEN on the date it commits to purchase or sell the investments.

(iv) Investments at fair value through profit or loss
An investment is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if HEINEKEN manages such investments and makes purchase and sale decisions based on their fair value in accordance with HEINEKEN's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred.

Investments at fair value through profit or loss are measured at fair value, with changes therein recognised in profit or loss as part of the other net finance income/(expenses). Investments at fair value through profit and loss are recognised or derecognised by HEINEKEN on the date it commits to purchase or sell the investments.

(v) Other
Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses. Included in non-derivative financial instruments are advances to customers. Subsequently, the advances are amortised over the term of the contract as a reduction of revenue.

(d) Derivative financial instruments (including hedge accounting)

(i) General
HEINEKEN uses derivatives in the ordinary course of business in order to manage market risks. Generally HEINEKEN seeks to apply hedge accounting in order to minimise the effects of foreign currency, interest rate or commodity price fluctuations in profit or loss.

Derivatives that can be used are interest rate swaps, forward rate agreements, caps and floors, commodity swaps, spot and forward exchange contracts and options. Transactions are entered into with a limited number of counterparties with strong credit ratings. Foreign currency, interest rate and commodity hedging operations are governed by internal policies and rules approved and monitored by the Executive Board.

Derivative financial instruments are recognised initially at fair value, with attributable transaction costs recognised in profit or loss as incurred. Derivatives for which hedge accounting is not applied are accounted for as instruments at fair value through profit or loss. When derivatives qualify for hedge accounting, subsequent measurement is at fair value, and changes therein accounted for as described in 3b(iv), 3d(ii) and 3d(iii).

(ii) Cash flow hedges
Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised in other comprehensive income and presented in the hedging reserve within equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued and the cumulative unrealised gain or loss previously recognised in other comprehensive income and presented in the hedging reserve in equity, is recognised in profit or loss immediately, or when a hedging instrument is terminated, but the hedged transaction still is expected to occur, the cumulative gain or loss at that point remains in other comprehensive income and is recognised in accordance with the above-mentioned policy when the transaction occurs. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in other comprehensive income is transferred to the same line of profit or loss in the same period that the hedged item affects profit or loss.

3. Significant accounting policies continued

(iii) Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in profit or loss. The hedged item also is stated at fair value in respect of the risk being hedged; the gain or loss attributable to the hedged risk is recognised in profit or loss and adjusts the carrying amount of the hedged item.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(iv) Separable embedded derivatives

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. Changes in the fair value of separable embedded derivatives are recognised immediately in profit or loss.

(e) Share capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(ii) Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effects recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares.

When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase inequity, and the resulting surplus or deficit on the transaction is transferred to or from retained earnings.

(iii) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(f) Property, Plant and Equipment (P, P & E)

(i) Owned assets

Items of P, P & E are measured at cost less government grants received (refer (q)), accumulated depreciation (refer (iv)) and accumulated impairment losses (3i(ii)).

Cost comprises the initial purchase price increased with expenditures that are directly attributable to the acquisition of the asset (like transports and non-recoverable taxes). The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use (like an appropriate proportion of production overheads), and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition or construction of qualifying assets are capitalised as part of the cost of that asset. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of P, P & E.

Spare parts that are acquired as part of an equipment purchase and only to be used in connection with this specific equipment are capitalised and amortised as part of the equipment. For example, purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. In all other cases spare parts are carried as inventory and recognised in the income statement as consumed. Where an item of P, P & E comprises major components having different useful lives, they are accounted for as separate items (major components) of P, P & E.

Returnable bottles and kegs in circulation are recorded within P, P & E and a corresponding liability is recorded in respect of the obligation to repay the customers' deposits. Deposits paid by customers for returnable items are reflected in the consolidated statement of financial position within current liabilities.

(ii) Leased assets
Leases in terms of which HEINEKEN assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition P, P & E acquired by way of finance lease is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease. Lease payments are apportioned between the outstanding liability and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Other leases are operating leases and are not recognised in HEINEKEN's statement of financial position. Payments made under operating leases are charged to profit or loss on a straight-line basis over the term of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(iii) Subsequent expenditure
The cost of replacing a part of an item of P, P & E is recognised in the carrying amount of the item or recognised as a separate asset, as appropriate, if it is probable that the future economic benefits embodied within the part will flow to HEINEKEN and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of P, P & E are recognised in profit or loss when incurred.

(iv) Depreciation
Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Land except for financial leases on land over the contractual period, is not depreciated as it is deemed to have an infinite life. Depreciation on other P, P & E is charged to profit or loss on a straight-line basis over the estimated useful lives of items of P, P & E, and major components that are accounted for separately, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Assets under construction are not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonable certain that HEINEKEN will obtain ownership by the end of the lease term. The estimated useful lives for the current and comparative years are as follows:

- Buildings 30 – 40 years
- Plant and equipment 10 – 30 years
- Other fixed assets 3 – 10 years

Where parts of an item of P, P & E have different useful lives, they are accounted for as separate items of P, P & E.

The depreciation methods, residual value as well as the useful lives are reassessed, and adjusted if appropriate, at each financial year-end.

(v) Gains and losses on sale
Net gains on sale of items of P, P & E are presented in profit or loss as other income. Net losses on sale are included in depreciation. Net gains and losses are recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing management involvement with the P, P & E.

(g) Intangible assets

(i) Goodwill
Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the cost of the acquisition over HEINEKEN's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill arising on the acquisition of associates and joint ventures is included in the carrying amount of the associate, respectively the joint ventures. In respect of acquisitions prior to 1 October 2003, goodwill is included on the basis of deemed cost, being the amount recorded under previous GAAP. Goodwill on acquisitions purchased before 1 January 2003 has been deducted from equity.

3. Significant accounting policies continued

Goodwill arising on the acquisition of a non-controlling interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of exchange.

Goodwill is measured at cost less accumulated impairment losses (refer accounting policy 3i(ii)). Goodwill is allocated to individual or groups of cash-generating units (CGUs) for the purpose of impairment testing and is tested annually for impairment. Negative goodwill is recognised directly in profit or loss as other income.

(ii) Brands

Brands acquired, separately or as part of a business combination, are capitalised if they meet the definition of an intangible asset and the recognition criteria are satisfied.

Strategic brands are well-known international/local brands with a strong market position and an established brand name. Strategic brands are amortised on an individual basis over the estimated useful life of the brand. Other brands are amortised on a portfolio basis per country.

(iii) Customer-related, contract-based intangibles and reacquired rights

Customer-related and contract-based intangibles are capitalised if they meet the definition of an intangible asset and the recognition criteria are satisfied. If the amounts are not material these are included in the brand valuation. The relationship between brands and customer-related intangibles is carefully considered so that brands and customer-related intangibles are not both recognised on the basis of the same cash flows.

Reacquired rights are identifiable intangible assets recognised in an acquisition that represent the right an acquirer previously has granted to the acquiree to use one or more of the acquirer's recognised or unrecognised assets.

Customer-related and contract-based intangibles acquired as part of a business combination are valued at fair value. Customer-related and contract-based intangibles acquired separately are measured at cost.

Customer-related, contract-based intangibles and reacquired rights are amortised over the remaining useful life of the customer relationships or the period of the contractual arrangements.

(iv) Software, research and development and other intangible assets

Purchased software is measured at cost less accumulated amortisation (refer (vi)) and impairment losses (refer accounting policy 3i(ii)). Expenditure on internally developed software is capitalised when the expenditure qualifies as development activities, otherwise it is recognised in profit or loss when incurred.

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products, software and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and HEINEKEN intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation (refer (vi)) and accumulated impairment losses (refer accounting policy 3i(ii)).

Other intangible assets that are acquired by HEINEKEN and have finite useful lives, are measured at cost less accumulated amortisation (refer (vi)) and impairment losses (refer accounting policy 3i(ii)). Expenditure on internally generated goodwill and brands is recognised in profit or loss when incurred.

(v) Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed when incurred.

(vi) Amortisation
Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Intangible assets with a finite life are amortised on a straight-line basis over their estimated useful lives, other than goodwill, from the date they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

■ Strategic brands	40 – 50 years
■ Other brands	15 – 25 years
■ Customer-related and contract-based intangibles	5 – 20 years
■ Reacquired rights	3 – 12 years
■ Software	3 – 7 years
■ Capitalised development costs	3 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(vii) Gains and losses on sale
Net gains on sale of intangible assets are presented in profit or loss as other income. Net losses on sale are included in amortisation. Net gains and losses are recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing management involvement with the intangible assets.

(h) Inventories

(i) General
Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(ii) Finished products and work in progress
Finished products and work in progress are measured at manufacturing cost based on weighted averages and takes into account the production stage reached. Costs include an appropriate share of direct production overheads based on normal operating capacity.

(iii) Other inventories and spare parts
The cost of other inventories is based on weighted averages. Spare parts are valued at the lower of cost and net realisable value. Value reductions and usage of parts are charged to profit or loss. Spare parts that are acquired as part of an equipment purchase and only to be used in connection with this specific equipment are initially capitalised and depreciated as part of the equipment.

3. Significant accounting policies continued

(i) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in other comprehensive income and presented in the fair value reserve in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of HEINEKEN's non-financial assets, other than inventories (refer accounting policy (h) and deferred tax assets (refer accounting policy (s)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or CGU is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'CGU').

For the purpose of impairment testing, goodwill acquired in a business combination, is allocated to each of the acquirer's CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored on regional, sub regional or country level depending on the characteristics of the acquisition, the synergies to be achieved and the level of integration.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate and joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate and joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

(j) Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee defined benefit plan assets, which continue to be measured in accordance with HEINEKEN's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and P, P & E once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale or distribution.

(k) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan (pension plan) under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employee renders the service are discounted to their present value.

3. Significant accounting policies continued

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan (pension plan) that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

HEINEKEN's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any defined benefit plan assets are deducted. The discount rate is the yield at balance sheet date on AA-rated bonds that have maturity dates approximating the terms of HEINEKEN's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculations are performed annually by qualified actuaries using the projected unit credit method. When the calculation results in a benefit to HEINEKEN, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

HEINEKEN recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

(iii) Other long-term employee benefits

HEINEKEN's net obligation in respect of long-term employee benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at balance sheet date on high-quality credit-rated bonds that have maturity dates approximating the terms of HEINEKEN's obligations. The obligation is calculated using the projected unit credit method. Any actuarial gains and losses are recognised in other comprehensive income in the period in which they arise.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

Termination benefits are recognised as an expense when HEINEKEN is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised if HEINEKEN has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

(v) Share-based payment plan (LTV)
As from 1 January 2005 HEINEKEN established a share plan for the Executive Board and as from 1 January 2006 HEINEKEN also established a share plan for senior management (see note 29).

The grant date fair value of the share rights granted is recognised as personnel expenses with a corresponding increase in equity (equity-settled), over the period that the employees become unconditionally entitled to the share rights. The costs of the share plan for both the Executive Board and senior management members are spread evenly over the performance period.

At each balance sheet date, HEINEKEN revises its estimates of the number of share rights that are expected to vest, for the 100 per cent internal performance conditions of the share plans 2010-2012, 2011-2013 and 2012-2014 of the senior management members and the Executive Board. It recognises the impact of the revision of original estimates – only applicable for internal performance conditions, if any, in profit or loss, with a corresponding adjustment to equity.

(vi) Matching share entitlement
As from 21 April 2011 HEINEKEN established a matching share entitlement for the Executive Board. The grant date fair value of the matching shares is recognised as personnel expenses in the income statement as it is deemed an equity settled incentive.

(vii) Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term benefits if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(l) Provisions

(i) General
A provision is recognised if, as a result of a past event, HEINEKEN has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenditures to be expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as part of the net finance expenses.

(ii) Restructuring
A provision for restructuring is recognised when HEINEKEN has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating losses are not provided for. The provision includes the benefit commitments in connection with early retirement and redundancy schemes.

(iii) Onerous contracts
A provision for onerous contracts is recognised when the expected benefits to be derived by HEINEKEN from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, HEINEKEN recognises any impairment loss on the assets associated with that contract.

(iv) Other
The other provisions, not being provisions for restructuring or onerous contracts, consist mainly of surety and guarantees, litigation and claims and environmental provisions.

3. Significant accounting policies continued

(m) Loans and borrowings

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Loans and borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Loans and borrowings included in a fair value hedge are stated at fair value in respect of the risk being hedged.

Loans and borrowings for which the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date, are classified as non-current liabilities.

(n) Revenue

(i) Products sold

Revenue from the sale of products in the ordinary course of business is measured at the fair value of the consideration received or receivable, net of sales tax, excise duties, returns, customer discounts and other sales-related discounts. Revenue from the sale of products is recognised in profit or loss when the amount of revenue can be measured reliably, the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of products can be estimated reliably, and there is no continuing management involvement with the products.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Other revenue

Other revenues are proceeds from royalties, rental income, pub management services and technical services to third parties, net of sales tax. Royalties are recognised in profit or loss on an accrual basis in accordance with the substance of the relevant agreement. Rental income, pub management services and technical services are recognised in profit or loss when the services have been delivered.

(o) Other income

Other income are gains from sale of P, P & E, intangible assets and (interests in) subsidiaries, joint ventures and associates, net of sales tax. They are recognised in profit or loss when ownership has been transferred to the buyer.

(p) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

(ii) Finance lease payments

Minimum lease payments under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(q) Government grants

Government grants are recognised at their fair value when it is reasonably assured that HEINEKEN will comply with the conditions attaching to them and the grants will be received.

Government grants relating to P, P & E are deducted from the carrying amount of the asset.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(r) Interest income, interest expenses and other net finance income and expenses

Interest income and expenses are recognised as they accrue in profit or loss, using the effective interest method unless collectability is in doubt.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Other net finance income and expenses comprises dividend income, gains and losses on the disposal of available-for-sale investments, changes in the fair value of investments designated at fair value through profit or loss and held for trading investments, changes in fair value of hedging instruments that are recognised in profit or loss, unwinding of the discount on provisions and impairment losses recognised on investments. Dividend income is recognised in the income statement on the date that HEINEKEN's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Foreign currency gains and losses are reported on a net basis in the other net finance income and expenses.

(s) Income tax

Income tax comprises current and deferred tax. Current tax and deferred tax are recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected income tax payable or receivable in respect of taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to income tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. Significant accounting policies continued

(iii) Tax exposures

In determining the amount of current and deferred income tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the income tax expense in the period that such a determination is made.

(t) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is represented as if the operation had been discontinued from the start of the comparative year.

(u) Earnings per share

HEINEKEN presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period including the weighted average of outstanding ASDI, adjusted for the weighted average of own shares purchased in the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding including weighted average of outstanding ASDI, adjusted for the weighted average of own shares purchased in the year, for the effects of all dilutive potential ordinary shares, which comprise share rights granted to employees.

(v) Cash flow statement

The cash flow statement is prepared using the indirect method. Changes in balance sheet items that have not resulted in cash flows such as translation differences, fair value changes, equity-settled share-based payments and other non-cash items, have been eliminated for the purpose of preparing this statement. Assets and liabilities acquired as part of a business combination are included in investing activities (net of cash acquired). Dividends paid to ordinary shareholders are included in financing activities. Dividends received are classified as operating activities. Interest paid is also included in operating activities.

(w) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Board, who is considered to be the Group's chief operating decision maker. An operating segment is a component of HEINEKEN that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of HEINEKEN's other components. All operating segments' operating results are reviewed regularly by the Executive Board to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Segment results, assets and liabilities that are reported to the Executive Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated result items comprise net finance expenses and income tax expenses. Unallocated assets comprise current other investments and cash call deposits.

Segment capital expenditure is the total cost incurred during the period to acquire P, P & E, and intangible assets other than goodwill.

(x) Emission rights

Emission rights are related to the emission of CO_2, which relates to the production of energy. These rights are freely tradable. Bought emission rights and liabilities due to production of CO_2 are measured at cost, including any directly attributable expenditure. Emission rights received for free are also recorded at cost, i.e. with a zero value.

(y) Recently issued IFRS

(i) Standards effective in 2012 and reflected in these consolidated financial statements

Standards and interpretations effective from 1 January 2012 did not have a significant impact on the Company.

(ii) New relevant standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Company are set out below, however HEINEKEN does not expect these changes to have a significant effect on the consolidated financial statements.

- IAS 19 Employee Benefits was amended. The standard is effective for annual periods beginning on or after 1 January 2013 and was endorsed by the EU. HEINEKEN has evaluated the impact of the applicability of this new standard. The prescribed calculation method to determine the return on net assets would result in an estimated increase in total pension costs of EUR99 million for 2012. This amount represents the variance between expected return on net assets and the prescribed application of the discount rate. Previously, total pension costs were reported within personnel expenses. With effect from 1 January 2013 HEINEKEN will present the interest expense on its net pension liability, an estimated EUR60 million, in Other net finance income and expenses.
- IFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting. The standard is effective for annual periods beginning on or after 1 January 2015, but has not yet been endorsed by the EU. HEINEKEN is in the process of evaluating the impact of the applicability of the new standard.
- IFRS 10 Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This IFRS supersedes IAS 27 Consolidated and separate financial statements and SIC-12 Consolidation – Special purpose entities and is effective for annual periods beginning on or after 1 January 2014.
- IFRS 11 Joint arrangements establishes principles for financial reporting by parties to a joint arrangement. This IFRS supersedes IAS 31 Interest in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-monetary contributions by ventures and is adopted by the EU for annual periods beginning on or after 1 January 2014. Under IFRS 11 the structure of the arrangement is no longer the only determinant for the accounting treatment and entities do no longer have a choice in accounting treatment.
- IFRS 12 Disclosure of interests in other entities applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. The EU has adopted this IFRS for annual periods beginning on or after 1 January 2014. This IFRS integrates and makes consistent the disclosure requirements for all entities mentioned above.
- IFRS 13 Fair value measurement defines fair value; sets out in a single IFRS a framework for measuring fair value; and requires disclosures about fair value measurements. The EU has adopted this IFRS for annual periods beginning on or after 1 January 2014. The IFRS explains how to measure fair value for financial reporting. It does not require fair value measurements in addition to those already required or permitted by other IFRSs and is not intended to establish valuation standards or affect valuation practices outside financial reporting.
- HEINEKEN has the intention to early adopt IFRS 10, 11, 12 and 13 to align with the IASB effective date of 1 January 2013.

4. Determination of fair values

General

A number of HEINEKEN's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values or for the purpose of impairment testing is disclosed in the notes specific to that asset or liability.

Fair value as a result of business combinations

(i) Property, plant and equipment

The fair value of P, P & E recognised as a result of a business combination is based on the quoted market prices for similar items when available and replacement cost when appropriate.

(ii) Intangible assets

The fair value of brands acquired in a business combination is based on the 'relief of royalty' method or determined using the multi-period excess earnings method. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of reacquired rights and other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(iii) Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(iv) Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when acquired in a business combination.

Fair value from general business operations

(i) Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using an appropriate valuation technique. The fair value of held-to-maturity investments is determined for disclosure purposes only. In case the quoted price does not exist at the date of exchange or in case the quoted price exists at the date of exchange but was not used as the cost, the investments are valued indirectly based on discounted cash flow models.

(ii) Derivative financial instruments

The fair value of derivative financial instruments is based on their listed market price, if available. If a listed market price is not available, then fair value is in general estimated by discounting the difference between the cash flows based on contractual price and the cash flows based on current price for the residual maturity of the contract using a risk-free interest rate (based on inter-bank interest rates).

Fair values include the instrument's credit risk and adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

(iii) Non-derivative financial instruments

Fair value, which is determined for disclosure purposes or when fair value hedge accounting is applied, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Fair values include the instrument's credit risk and adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

5. Operating segments

HEINEKEN distinguishes the following six reportable segments:

- Western Europe
- Central and Eastern Europe
- The Americas
- Africa and the Middle East
- Asia Pacific
- Head Office and Other/eliminations.

The first five reportable segments as stated above are the Group's business regions. These business regions are each managed separately by a Regional President. The Regional President is directly accountable for the functioning of the segment's assets, liabilities and results of the region and reports regularly to the Executive Board (the chief operating decision maker) to discuss operating activities, regional forecasts and regional results. The Head Office operating segment falls directly under the responsibility of the Executive Board. For each of the six reportable segments, the Executive Board reviews internal management reports on a monthly basis.

Information regarding the results of each reportable segment is included in the table on the next page. Performance is measured based on EBIT (beia), as included in the internal management reports that are reviewed by the Executive Board. EBIT (beia) is defined as earnings before interest and taxes and net finance expenses, before exceptional items and amortisation of acquisition related intangibles. Exceptional items are defined as items of income and expense of such size, nature or incidence, that in view of management their disclosure is relevant to explain the performance of HEINEKEN for the period. EBIT and EBIT (beia) are not financial measures calculated in accordance with IFRS. EBIT (beia) is used to measure performance as management believes that this measurement is the most relevant in evaluating the results of these segments.

HEINEKEN has multiple distribution models to deliver goods to end customers. There is no reliance on major clients. Deliveries to end consumers are done in some countries via own wholesalers or own pubs, in other markets directly and in some others via third parties. As such, distribution models are country specific and on consolidated level diverse. In addition, these various distribution models are not centrally managed or monitored. Consequently, the Executive Board is not allocating resources and assessing the performance based on business type information and therefore no segment information is provided on business type.

Inter-segment pricing is determined on an arm's-length basis. As net finance expenses and income tax expenses are monitored on a consolidated level (and not on an individual regional basis) and regional presidents are not accountable for that, net finance expenses and income tax expenses are not provided per reportable segment.

5. Operating segments continued

Information about reportable segments

In millions of EUR	Note	Western Europe 2012	Western Europe 2011	Central and Eastern Europe 2012	Central and Eastern Europe 2011	The Americas 2012	The Americas 2011
Revenue							
Third party revenue[1]		7,140	7,158	3,255	3,209	4,507	4,002
Interregional revenue		645	594	25	20	16	27
Total revenue		**7,785**	7,752	**3,280**	3,229	**4,523**	4,029
Other income		13	48	9	7	2	1
Results from operating activities		**739**	820	**313**	318	**581**	493
Net finance expenses							
Share of profit of associates and joint ventures and impairments thereof		1	3	24	17	81	77
Income tax expenses							
Profit							
Attributable to:							
Equity holders of the Company (net profit)							
Non-controlling interest							
EBIT reconciliation							
EBIT		740	823	337	335	662	570
Eia[2]		224	139	12	11	86	85
EBIT (beia)[2]	27	**964**	962	**349**	346	**748**	655
Beer volumes[2]							
Consolidated beer volume		44,288	45,380	47,269	45,377	53,124	50,497
Joint Ventures' volume		–	–	7,578	7,303	9,611	9,663
Licences		288	300	–	–	74	65
Group volume		**44,576**	45,680	**54,847**	52,680	**62,809**	60,225
Current segment assets		2,007	1,843	1,082	985	1,193	1,045
Other non-current segment assets		8,015	8,186	3,423	3,365	5,649	5,619
Investment in associates and joint ventures		22	23	196	165	835	711
Total segment assets		**10,044**	10,052	**4,701**	4,515	**7,677**	7,375
Unallocated assets							
Total assets							
Segment liabilities		4,178	3,723	1,347	1,160	1,072	1,068
Unallocated liabilities							
Total equity							
Total equity and liabilities							
Purchase of P, P & E		260	215	197	170	250	199
Acquisition of goodwill		7	–	–	1	36	4
Purchases of intangible assets		26	11	12	9	14	20
Depreciation of P, P & E		(344)	(343)	(247)	(234)	(201)	(183)
(Impairment) and reversal of impairment of P, P & E		(36)	–	15	(2)	(17)	5
Amortisation intangible assets		(86)	(100)	(16)	(18)	(103)	(93)
(Impairment) and reversal of impairment of intangible assets		(7)	–	–	(3)	–	–

[1] Includes other revenue of EUR433 million in 2012 and EUR463 million in 2011.
[2] For definition see 'Glossary'. Note that these are both non-GAAP measures and therefore unaudited.

	Africa and the Middle East		Asia Pacific		Head Office and Other/eliminations		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011
	2,639	2,223	527	216	315	315	18,383	17,123
	–	–	–	–	(686)	(641)	–	–
	2,639	2,223	**527**	216	**(371)**	(326)	**18,383**	17,123
	–	3	1,486	5	–	–	1,510	64
	613	533	**1,546**	64	**(101)**	(13)	**3,691**	2,215
							(270)	(430)
	1	35	109	112	(3)	(4)	213	240
							(525)	(465)
							3,109	1,560
							2,949	1,430
							160	130
							3,109	1,560
	614	568	1,655	176	(104)	(17)	3,904	2,455
	38	2	(1,388)	–	36	5	(992)	242
	652	570	**267**	176	**(68)**	(12)	**2,912**	2,697
	23,289	22,029	3,742	1,309	–	–	171,712	164,592
	6,002	5,706	24,297	24,410	(157)	–	47,331	47,082
	1,149	1,093	675	769	1	–	2,187	2,227
	30,440	28,828	**28,714**	26,488	**(156)**	–	**221,230**	213,901
	959	854	913	91	(629)	(124)	5,525	4,694
	2,073	1,867	7,151	2	1,619	1,143	27,930	20,182
	281	272	534	536	82	57	1,950	1,764
	3,313	2,993	**8,598**	629	**1,072**	1,076	**35,405**	26,640
							574	487
							35,979	27,127
	760	653	498	36	238	508	8,093	7,148
							15,124	9,887
							12,762	10,092
							35,979	27,127
	395	202	20	–	48	14	1,170	800
	–	282	2,757	–	480	–	3,280	287
	2	–	–	–	24	16	78	56
	(176)	(140)	(11)	–	(38)	(36)	(1,017)	(936)
	(8)	(3)	–	–	2	–	(44)	–
	(6)	(6)	(24)	–	(12)	(12)	(247)	(229)
	–	–	–	–	–	–	(7)	(3)

6. Acquisitions and disposals of subsidiaries and non-controlling interests

Acquisition of the beer operations in Asia Pacific Breweries

On 17 August 2012, HEINEKEN announced that, through its wholly owned subsidiary Heineken International B.V., it had signed the definitive agreements with Fraser & Neave, Limited ('F&N') regarding the acquisition of control of Asia Pacific Investment Pte. Ltd ('APIPL') and Asia Pacific Breweries Ltd. ('APB') and their subsidiaries (together referred to as the 'Acquired Businesses', the 'Transaction' or 'APIPL/APB acquisition'). For this Transaction, Heineken agreed to pay SGD53.00 per share for F&N's entire (direct and indirect) 39.7 per cent effective stake in APB for a total consideration of EUR3,480 million and a total consideration of EUR104 million for F&N's interest in the non-APB assets held by APIPL. The Transaction has been approved by F&N's Extraordinary General Meeting on 28 September 2012 and was completed, after regulatory approvals, on 15 November 2012.

Between 17 August 2012 and 15 November 2012, HEINEKEN purchased an additional 13.7 per cent stake in APB (including an 8.6 per cent stake it acquired from Kindest Place Group Limited on 24 September 2012) for a total consideration of EUR1,194 million.

Prior to the Acquisition, HEINEKEN owned a 50 per cent stake in APIPL, a combined direct and indirect stake in APB of 55.6 per cent as well as a direct stake in PT Multi Bintang of 6.78 per cent. Together these stakes are referred to as the Previously Held Equity Interests ('PHEI'). Prior to the acquisition HEINEKEN did not have control over APB as 64.8 per cent of the shares were held by APIPL, the joint venture between F&N and HEINEKEN. In accordance with IFRS, the PHEI in the Acquired Businesses is accounted for at fair value at the date of acquisition and amounts to EUR2,975 million. The fair value of the PHEI has been determined using valuation techniques, based on the Acquired Businesses' equity value and the undisturbed share price. HEINEKEN's carrying amount consists of the book value of the original investment as well as the price paid for shares bought up to 15 November 2012. The fair value compared to HEINEKEN's carrying amount results in a non-cash exceptional gain of EUR1,486 million, recognised in Other Income.

After completion of the Transaction, HEINEKEN, in aggregate, owns a 95.3 per cent stake in APB, wholly owns APIPL and also has a combined direct and indirect stake of 83.6 per cent in PT Multi Bintang. From 15 November 2012 onwards these entities are consolidated by HEINEKEN.

On 15 November 2012, Heineken announced a Mandatory General Offer ('MGO') for all shares of APB that Heineken does not already own (i.e. the remaining 4.7 per cent APB free-float shares), in accordance with the Singapore Code on Take-overs and Mergers. HEINEKEN expects to delist APB around 18 February 2013. The total consideration for all remaining shares will be EUR398 million.

Non-controlling interests are measured based on their proportional interest in the recognised amounts of the assets and liabilities of the Acquired Businesses. HEINEKEN recognised EUR797 million of non-controlling interests of which EUR645 million represents the APIPL/APB non-controlling stakes.

The following table summarises the major classes of consideration transferred, and the recognised provisional amounts of assets acquired and liabilities assumed at the acquisition date.

In millions of EUR*	
Property, plant & equipment	731
Intangible assets	3,809
Investments in associates & joint ventures	473
Other investments and non-current receivables	82
Deferred tax assets	4
Inventories	187
Trade and other receivables	296
Assets held for sale	17
Cash and cash equivalents	377
Assets acquired	**5,976**

In millions of EUR*	
Loans and borrowings, current and non-current	296
Employee benefits	12
Provisions	3
Deferred tax liabilities	1,001
Tax liabilities	95

In millions of EUR*	
Trade and other current liabilities	455
Liabilities assumed	**1,862**
Total net identifiable assets	**4,114**
Consideration paid in cash for the transaction on 15 November 2012	3,584
Fair value of previously held equity interest in the acquiree	2,975
Non-controlling interests	797
Settlement of pre-existing relationship	(5)
Net identifiable assets acquired	(4,114)
Goodwill on acquisition (provisional)	**3,237**

* Amounts were converted to euros at the rate of EUR/SGD1.5622 for the statement of financial position

The majority of the goodwill has been allocated to the Asia Pacific region and it is attributable to a number of factors such as the future growth platform and synergies that can be achieved. To properly account for the currency impact (in accordance with IAS21) on goodwill, the provisional amount of EUR2,757 million allocated to the Asia Pacific region is held in the following currencies. In alphabetical order; Chinese Yuan Renminbi (CNY), Indonesian Rupiah (IDR), Mongolian Tugrik (MTN), New Zealand Dollar (NZD), Papua New Guinea Kina (PGK), New Solomon Island Dollar (SBD), Singapore Dollar (SGD), Vietnamese Dong (VND), New Caledonian Franc (XPF) and Cambodia in USD. The remaining part of the provisional goodwill (EUR480 million) has been allocated to the Heineken Global Commerce cash-generating unit ('CGU') in Head office and Others and reflects the benefit to HEINEKEN for safeguarding the position of Heineken® as a global brand and future royalty streams.

Prior to the acquisition, HEINEKEN accounted for its investment in the Acquired Businesses with a three-month delay with any identified specific large, material events being recognised immediately. At the acquisition date, HEINEKEN discontinued the use of equity method accounting. Included within the revaluation gain of the PHEI is the catch up on the three-month lagging period. This gain amounts to EUR23 million and is embedded within the PHEI gain presented as Other Income.

The Acquired Businesses contributed revenue of EUR287 million and results from operating activities of negative EUR9 million (including the reversal of the EUR76 million fair value lift up on inventory) for the six-week period from 15 November 2012 to 31 December 2012. Amortisation of identified intangible assets for the six-week period amounts to EUR24 million. Had the acquisition occurred on 1 January 2012, pro-forma revenue and pro-forma results from operating activities for the 12-month period ended 31 December 2012 would have amounted to EUR1,698 million and EUR159 million, respectively. The pro-forma amortisation of identified intangible assets would have amounted to EUR191 million. This pro-forma information does not purport to represent what HEINEKEN's actual results would have been had the acquisition actually occurred on 1 January 2012, nor are they necessarily indicative of future results of operations. In determining the contributions, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same as if the acquisition had occurred on 1 January 2012.

Acquisition-related costs of EUR28 million have been recognised in the income statement for the period ended 31 December 2012.

In accordance with IFRS 3R, the amounts recorded for the Transaction are provisional and are subject to adjustments during the measurement period if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

Other Acquisitions

During 2012 HEINEKEN completed transactions to increase its shareholding in Brasserie Nationale d'Haiti S.A. ('BraNa'), the country's leading brewer, from 22.5 per cent to 95 per cent. HEINEKEN also acquired 100 per cent of the Belgian cider innovation company Stassen in 2012.

The acquisition of BraNa and Stassen contributed revenue of EUR113 million, results from operating activities of EUR19 million (EBIT) and amortisation of identified intangible assets amounts to EUR nil million.

The following summarises the major classes of consideration transferred, and the recognised provisional amounts of assets acquired and liabilities assumed at the acquisition date of BraNa and Stassen.

6. Acquisitions and disposals of subsidiaries and non-controlling interests continued

In millions of EUR*	
Property, plant & equipment	64
Intangible assets	9
Inventories	22
Trade and other receivables	9
Cash and cash equivalents	9
Assets acquired	**113**

In millions of EUR*	
Loans and borrowings, current and non-current	13
Deferred tax liabilities	5
Other long term liabilities	1
Tax liabilities (current)	3
Trade and other current liabilities	22
Liabilities assumed	**44**
Total net identifiable assets	**69**

In millions of EUR*	
Consideration transferred	88
Fair value of previously held equity interest in the acquiree	21
Non-controlling interests	3
Net identifiable assets acquired	(69)
Provisional goodwill on acquisition	**43**

* The'BraNa' amounts were converted into EUR at the rate of EUR/HTG 54.2613. Additionally, certain amounts provided in US dollar were converted into EUR based at the rate of EUR/USD1.3446.

The amounts recorded for the acquired businesses are prepared on a provisional basis. Goodwill has been allocated to Haiti in the America's region which is held in HTG (Haitian Gourde) and for Stassen to the Western Europe region held in EUR. The entire amounts of goodwill are not expected to be tax deductible.

The fair value of the previously held 22.5 per cent in BraNa is recognised at EUR21 million. The revaluation to fair value of the Group's existing 22.5 per cent in BraNa resulted in a net profit of EUR20 million that has been recognised in the income statement in other net finance income (note12).

Non-controlling interests are recognised based on their proportional interest in the recognised amounts of the assets and liabilities of BraNa of EUR3 million.

Acquisition related costs are not material and have been recognised in the income statement for the period ended 31 December 2012.

Acquisition of non-controlling interest

As part of the unwinding of their partnerships in Kazakhstan and Serbia with Efes Breweries International N.V. (EBI) HEINEKEN acquired EBI's 28 per cent stake in the Serbian operations and since 27 December wholly owns Central Europe Beverages (CEB). On 8 January 2013 HEINEKEN sold its 28 per cent stake in Efes Kazakhstan which is reported in the subsequent events note 37. Selling the cross-holdings to each other will result in a net consideration to be paid by EBI to HEINEKEN of USD161 million.

Disposals

Disposal of our minority shareholding in Cervecería Nacional Dominicana S.A.

On 16 April 2012 HEINEKEN sold its 9.3 per cent minority shareholding in Cervecería Nacional Dominicana S.A. ('CND') in the Dominican Republic for USD237 million, ultimately to AmBev Brasil Bebidas S.A. ('AmBev Brasil'), a subsidiary of Companhia de Bebidas das Américas – AmBev.

A pre-tax EUR175 million gain on disposal of the available for sale investment was recorded under other net finance income.

7. Assets and liabilities (or disposal groups) classified as held for sale

Other assets classified as held for sale represent:

- Our associate in Efes Kazakhstan. The transaction to sell our stake in Kazakhstan closed on 8 January 2013.
- HEINEKEN's share in the Chinese joint venture Jiangsu Dafuhao Breweries Co. Ltd. resulting from the acquisition of APIPL/APB. The joint venture was included as available for sale in the opening balance sheet of this acquisition. The sale of our share in Jiangsu Dafuhao Breweries has been completed on 9 January 2013.
- Assets and liabilities following the commitment of HEINEKEN to sell our wholly-owned subsidiary Pago International GmbH to Eches-Granini Group. The transaction is expected to close in the first quarter of 2013.

Assets and liabilities classified as held for sale

In millions of EUR	2012	2011
Current assets	38	–
Non-current assets	86	99
Current liabilities	(36)	–
Non-current liabilities	(3)	–
	85	99

8. Other income

In millions of EUR	2012	2011
Net gain on sale of property, plant & equipment	22	35
Net gain on sale of intangible assets	2	24
Net gain on sale of subsidiaries, joint ventures and associates	1,486	5
	1,510	64

Included in other income is the fair value gain of HEINEKEN's previously held equity interest in APB amounting to EUR1,486 million (refer to note 6).

9. Raw materials, consumables and services

In millions of EUR	2012	2011
Raw materials	1,892	1,576
Non-returnable packaging	2,376	2,075
Goods for resale	1,616	1,498
Inventory movements	(85)	(8)
Marketing and selling expenses	2,250	2,186
Transport expenses	1,029	1,056
Energy and water	562	525
Repair and maintenance	458	417
Other expenses	1,751	1,641
	11,849	10,966

Other expenses include rentals of EUR264 million (2011: EUR241 million), consultant expenses of EUR191 million (2011: EUR166 million), telecom and office automation of EUR179 million (2011: EUR159 million), travel expenses of EUR155 million (2011: EUR137 million) and other fixed expenses of EUR962 million (2011: EUR938 million).

10. Personnel expenses

In millions of EUR	Note	2012	2011
Wages and salaries		2,078	1,891
Compulsory social security contributions		352	333
Contributions to defined contribution plans		39	24
Expenses related to defined benefit plans	28	28	56
Increase in other long-term employee benefits		11	11
Equity-settled share-based payment plan	29	12	11
Other personnel expenses		517	512
		3,037	2,838

Restructuring costs related to the restructuring of wholesale operations across Western Europe are included in other personnel expenses for an amount of EUR35 million. These costs are primarily related to the Netherlands and Italy.

The average number of full-time equivalent (FTE) employees during the year was:

	2012	2011*
The Netherlands	4,053	3,991
Other Western Europe	14,410	14,749
Central and Eastern Europe	16,835	17,424
The Americas	25,035	23,906
Africa and the Middle East	14,604	11,396
Asia Pacific	1,254	279
Heineken N.V. and subsidiaries	**76,191**	71,745

* Updated

11. Amortisation, depreciation and impairments

In millions of EUR	Note	2012	2011
Property, plant & equipment	14	1,061	936
Intangible assets	15	254	232
Impairment on available-for-sale assets		1	–
		1,316	1,168

12. Net finance income and expenses

Recognised in profit or loss

In millions of EUR	2012	2011
Interest income	**62**	70
Interest expenses	**(551)**	(494)
Dividend income on available-for-sale investments	2	2
Dividend income on investments held for trading	23	11
Net gain/(loss) on disposal of available-for-sale investments	192	1
Net change in fair value of derivatives	(7)	96
Net foreign exchange gain/(loss)	15	(107)
Impairment losses on available-for-sale investments	–	–
Unwinding discount on provisions	(7)	(7)
Other net financial income/(expenses)	1	(2)
Other net finance income/(expenses)	**219**	(6)
Net finance income/(expenses)	**(270)**	(430)

Included in other net finance income on the line Net gain/(loss) on disposal of available-for-sale investments are the sale of our 9.3 per cent minority shareholding in Cervecería Nacional Dominicana S.A. in the Dominican Republic leading to a gain on disposal of the available-for-sale investment of pre-tax EUR175 million and the revaluation of HEINEKEN's existing 22.5 per cent interest in Brasserie d'Haiti of EUR20 million.

Recognised in other comprehensive income

In millions of EUR	2012	2011
Foreign currency translation differences for foreign operations	45	(493)
Effective portion of changes in fair value of cash flow hedges	14	(21)
Effective portion of cash flow hedges transferred to profit or loss	41	(11)
Ineffective portion of cash flow hedges transferred to profit or loss	–	–
Net change in fair value of available-for-sale investments	135	71
Net change in fair value available-for-sale investments transferred to profit or loss	(148)	(1)
Actuarial (gains) and losses	(439)	(93)
Share of other comprehensive income of associates/joint ventures	(1)	(5)
	(353)	(553)
Recognised in:		
Fair value reserve	(9)	69
Hedging reserve	58	(42)
Translation reserve	48	(482)
Other	(450)	(98)
	(353)	(553)

13. Income tax expense

Recognised in the income statement

In millions of EUR	2012	2011
Current tax expense		
Current year	639	502
Under/(over) provided in prior years	(6)	(26)
	633	476
Deferred tax expense		
Origination and reversal of temporary differences	(90)	17
Previously unrecognised deductible temporary differences	(28)	(9)
Changes in tax rate	4	1
Utilisation/(benefit) of tax losses recognised	(6)	(19)
Under/(over) provided in prior years	12	(1)
	(108)	(11)
Total income tax expense in the income statement	**525**	465

Reconciliation of the effective tax rate

In millions of EUR	2012	2011
Profit before income tax	3,634	2,025
Share of net profit of associates and joint ventures and impairments thereof	(213)	(240)
Profit before income tax excluding share of profit of associates and joint ventures (including impairments thereof)	**3,421**	1,785

	%	2012	%	2011
Income tax using the Company's domestic tax rate	25.0	855	25.0	446
Effect of tax rates in foreign jurisdictions	1.8	63	3.5	62
Effect of non-deductible expenses	1.9	64	3.2	58
Effect of tax incentives and exempt income	(13.8)	(472)	(6.0)	(107)
Recognition of previously unrecognised temporary differences	(0.8)	(28)	(0.5)	(9)
Utilisation or recognition of previously unrecognised tax losses	(0.5)	(17)	(0.3)	(5)
Unrecognised current year tax losses	0.7	25	1.0	18
Effect of changes in tax rate	0.1	4	0.1	1
Withholding taxes	0.8	27	1.5	26
Under/(over) provided in prior years	0.2	6	(1.5)	(27)
Other reconciling items	(0.1)	(2)	0.1	2
	15.3	**525**	26.1	465

The lower reported tax rate in 2012 of 15.3 per cent (2011: 26.1 per cent) can be explained by the tax exempt remeasurement of HEINEKEN's PHEI in APIPL/APB, prior to consolidation.

Income tax recognised in other comprehensive income

In millions of EUR	Note	2012	2011
Changes in fair value		(24)	–
Changes in hedging reserve		(18)	13
Changes in translation reserve		(22)	11
Other		123	16
	24	**59**	40

14. Property, plant and equipment

In millions of EUR	Note	Land and buildings	Plant and equipment	Other fixed assets	Under construction	Total
Cost						
Balance as at 1 January 2011		4,397	6,207	3,939	330	14,873
Changes in consolidation		505	89	(31)	3	566
Purchases		55	99	320	326	800
Transfer of completed projects under construction		82	90	150	(322)	–
Transfer (to)/from assets classified as held for sale		(65)	–	–	–	(65)
Disposals		(35)	(92)	(255)	(6)	(388)
Effect of hyperinflation		2	11	2	2	17
Effect of movements in exchange rates		(71)	(127)	(73)	(1)	(272)
Balance as at 31 December 2011		4,870	6,277	4,052	332	15,531
Balance as at 1 January 2012		4,870	6,277	4,052	332	15,531
Changes in consolidation	6	245	385	91	77	798
Purchases		38	105	365	662	1,170
Transfer of completed projects under construction and other		58	235	270	(540)	23
Transfer (to)/from assets classified as held for sale		(37)	(21)	(24)	–	(82)
Disposals		(19)	(81)	(284)	(1)	(385)
Effect of hyperinflation		1	4	1	–	6
Effect of movements in exchange rates		59	23	23	(4)	101
Balance as at 31 December 2012		**5,215**	**6,927**	**4,494**	**526**	**17,162**
Depreciation and impairment losses						
Balance as at 1 January 2011		(1,526)	(3,124)	(2,536)	–	(7,186)
Changes in consolidation		–	4	14	–	18
Depreciation charge for the year	11	(128)	(356)	(452)	–	(936)
Impairment losses	11	–	–	(8)	–	(8)
Reversal impairment losses	11	–	3	5	–	8
Transfer to/(from) assets classified as held for sale		3	–	–	–	3
Disposals		18	92	224	–	334
Effect of movements in exchange rates		11	42	43	–	96
Balance as at 31 December 2011		(1,622)	(3,339)	(2,710)	–	(7,671)
Balance as at 1 January 2012		(1,622)	(3,339)	(2,710)	–	(7,671)
Changes in consolidation	6	–	(2)	(1)	–	(3)
Depreciation charge for the year	11	(142)	(399)	(476)	–	(1,017)
Impairment losses	11	(10)	(36)	(19)	–	(65)
Reversal impairment losses	11	4	12	5	–	21
Transfer to/(from) assets classified as held for sale		26	15	20	–	61
Disposals		5	80	261	–	346
Effect of movements in exchange rates		(14)	(9)	(19)	–	(42)
Balance as at 31 December 2012		**(1,753)**	**(3,678)**	**(2,939)**	**–**	**(8,370)**
Carrying amount						
As at 1 January 2011		2,871	3,083	1,403	330	7,687
As at 31 December 2011		3,248	2,938	1,342	332	7,860
As at 1 January 2012		3,248	2,938	1,342	332	7,860
As at 31 December 2012		**3,462**	**3,249**	**1,555**	**526**	**8,792**

Impairment losses

In 2012 a total impairment loss of EUR65 million (2011: EUR8 million) was charged to the income statement.

14. Property, plant and equipment continued

Financial lease assets

The Group leases P, P & E under a number of finance lease agreements. At 31 December 2012 the net carrying amount of leased P,P & E was EUR39 million (2011: EUR39 million). During the year, the Group acquired leased assets of EUR5 million (2011: EUR6 million).

Security to authorities

Certain P, P & E for EUR142 million (2011: EUR137 million) has been pledged to the authorities in a number of countries as security for the payment of taxation, particularly excise duties on beers, non-alcoholic beverages and spirits and import duties. This mainly relates to Brazil (see note 34).

Property, plant and equipment under construction

P, P & E under construction mainly relates to expansion of the brewing capacity in, Mexico, Nigeria, Democratic Republic of Congo, UK, Vietnam and Russia.

Capitalised borrowing costs

During 2012 no borrowing costs have been capitalised (2011: EUR nil).

15. Intangible assets

In millions of EUR	Note	Goodwill	Brands	Customer-related intangibles	Contract-based intangibles	Software, research and development and other	Total
Cost							
Balance as at 1 January 2011		7,592	2,321	1,284	222	344	11,763
Changes in consolidation		287	8	18	38	–	351
Purchases/internally developed		–	–	–	6	50	56
Disposals		–	–	–	(91)	(6)	(97)
Effect of movements in exchange rates		(70)	(57)	(74)	(13)	(10)	(224)
Balance as at 31 December 2011		7,809	2,272	1,228	162	378	11,849
Balance as at 1 January 2012		7,809	2,272	1,228	162	378	11,849
Changes in consolidation	6	3,280	2,069	1,077	624	48	7,098
Purchased/internally developed		–	–	–	7	71	78
Disposals		(11)	–	(5)	(4)	–	(20)
Transfers to assets held for sale		–	–	–	–	(1)	(1)
Effect of movements in exchange rates		(1)	(9)	4	(9)	6	(9)
Balance as at 31 December 2012		**11,077**	**4,332**	**2,304**	**780**	**502**	**18,995**
Amortisation and impairment losses							
Balance as at 1 January 2011		(279)	(163)	(163)	(60)	(208)	(873)
Changes in consolidation		–	–	–	1	(1)	–
Amortisation charge for the year	11	–	(59)	(110)	(24)	(36)	(229)
Impairment losses	11	–	(1)	–	–	(2)	(3)
Disposals		–	(1)	–	91	1	91
Effect of movements in exchange rates		–	3	5	(11)	3	–
Balance as at 31 December 2011		(279)	(221)	(268)	(3)	(243)	(1,014)

In millions of EUR	Note	Goodwill	Brands	Customer-related intangibles	Contract-based intangibles	Software, research and development and other	Total
Balance as at 1 January 2012		(279)	(221)	(268)	(3)	(243)	(1,014)
Changes in consolidation	6	–	–	–	–	–	–
Amortisation charge for the year	11	–	(68)	(121)	(11)	(47)	(247)
Impairment losses	11	(7)	–	–	–	–	(7)
Disposals		–	–	–	–	–	–
Transfers to assets held for sale		–	–	–	–	1	1
Effect of movements in exchange rates		(11)	–	7	(9)	10	(3)
Balance as at 31 December 2012		**(297)**	**(289)**	**(382)**	**(23)**	**(279)**	**(1,270)**
Carrying amount							
As at 1 January 2011		7,313	2,158	1,121	162	136	10,890
As at 31 December 2011		7,530	2,051	960	159	135	10,835
As at 1 January 2012		7,530	2,051	960	159	135	10,835
As at 31 December 2012		**10,780**	**4,043**	**1,922**	**757**	**223**	**17,725**

Brands, customer-related and contract-based intangibles

The main brands capitalised are the brands acquired in 2008: Scottish & Newcastle (Fosters and Strongbow), 2010: Cervecería Cuauhtémoc Moctezuma (Dos Equis, Tecate and Sol) and 2012: Asia Pacific Breweries (Tiger, Anchor and Bintang). The main customer-related and contract-based intangibles were acquired in 2010 and 2012 and are related to customer relationships with retailers in Mexico and Asia Pacific (constituting either by way of a contractual agreement or by way of non-contractual relations) and reacquired rights.

Impairment tests for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill in respect of Western Europe, Central and Eastern Europe (excluding Russia), the Americas (excluding Brazil) and Asia Pacific is allocated and monitored by management on a regional basis. In respect of less integrated Operating Companies such as Russia, Brazil, Africa, the Middle East and Head Office and Other, goodwill is allocated and monitored by management on an individual country basis.

The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

In millions of EUR	2012	2011
Western Europe	3,428	3,396
Central and Eastern Europe (excluding Russia)	1,445	1,394
Russia	106	102
The Americas (excluding Brazil)	1,778	1,743
Brazil	99	111
Africa and the Middle East (aggregated)	507	528
Asia Pacific	2,674	–
Head Office and Other	743	256
	10,780	7,530

Throughout the year total goodwill mainly increased due to the acquisition of APIPL/APB, BraNa and net foreign currency differences.

Goodwill is tested for impairments annually. The recoverable amounts of the CGUs are based on value-in-use calculations. Value in use was determined by discounting the future cash flows generated from the continuing use of the unit using a pre-tax discount rate.

15. Intangible assets continued

The key assumptions used for the value-in-use calculations are as follows:

- Cash flows were projected based on actual operating results and the three-year business plan. Cash flows for a further seven-year period were extrapolated using expected annual per country volume growth rates, which are based on external sources. Management believes that this forecasted period is justified due to the long-term nature of the beer business and past experiences.
- The beer price growth per year after the first three-year period is assumed to be at specific per country expected annual long-term inflation, based on external sources.
- Cash flows after the first ten-year period were extrapolated using a perpetual growth rate equal to the expected annual long-term inflation, in order to calculate the terminal recoverable amount.
- A per CGU-specific pre-tax Weighted Average Cost of Capital (WACC) was applied in determining the recoverable amount of the units.

The values assigned to the key assumptions used for the value in use calculations are as follows:

	Pre-tax WACC	Expected annual long-term inflation 2016-2022	Expected volume growth rates 2016-2022
Western Europe	10.1%	2.0%	(0.4)%
Central and Eastern Europe (excluding Russia)	12.2%	2.4%	0.9%
Russia	13.8%	4.1%	1.1%
The Americas (excluding Brazil)	10.0%	3.0%	1.4%
Brazil	12.6%	4.1%	2.9%
Africa and the Middle East	13.7% – 21.9%	2.6% – 8.6%	1.5% – 7.1%
Asia Pacific	15.7%	5.3%	5.4%
Head Office and Other	10.1% – 13.2%	2.0% – 3.8%	(0.4)% – 2.4%

The values assigned to the key assumptions represent management's assessment of future trends in the beer industry and are based on both external sources and internal sources (historical data).

HEINEKEN applied its methodology to determine CGU specific WACC's to perform its annual impairment testing on a consistent basis. The trend and outcome of several WACC's, for amongst others the Western Europe CGU, turned out lower than expected based on the current economic climate and associated outlooks. HEINEKEN does not believe the risk profile in Western Europe is significantly lower than in prior years. HEINEKEN decided to adjust the risk-free rates for this observation.

Sensitivity to changes in assumptions

Limited headroom is available in some of our CGU's in the region Africa and Middle East, however the outcome of the sensitivity analysis of a 100 basis points adverse change in key assumptions (lower growth rates and higher discount rates respectively) would not result in a materially different outcome of the impairment test.

16. Investments in associates and joint ventures

HEINEKEN has the following (direct and indirect) significant investments in associates and joint ventures:

	Country	Ownership 2012	Ownership 2011
Joint ventures			
Brau Holding International GmbH & Co KgaA	Germany	49.9%	49.9%
Zagorka Brewery A.D.	Bulgaria	49.4%	49.4%
Pivara Skopje A.D.	FYR Macedonia	48.2%	48.2%
Brasseries du Congo S.A.	Congo	50.0%	50.0%
Compania Cervecerias Unidas S.A.	Chile	33.1%	33.1%
Tempo Beverages Ltd.	Israel	40.0%	40.0%
Heineken Lion Australia Pty.	Australia	50.0%	50.0%
Sirocco FZCo	Dubai	50.0%	50.0%
Diageo Heineken Namibia B.V.	Namibia	50.0%	50.0%
United Breweries Limited	India	37.4%	37.5%
DHN Drinks (Pty) Ltd.	South Africa	44.6%	44.5%
Sedibeng Brewery Pty Ltd.*	South Africa	75.0%	75.0%
Asia Pacific Investment Pte. Ltd.***	Singapore	–	50.0%
Asia Pacific Breweries Ltd.***	Singapore	–	41.9%
Guinness Anchor Berhad ****	Malaysia	25.2%	10.7%
Thai Asia Pacific Brewery ****	Thailand	36.4%	15.4%
Associates			
Cerveceria Costa Rica S.A.	Costa Rica	25.0%	25.0%
JSC FE Efes Kazakhstan**	Kazakhstan	28.0%	28.0%

* HEINEKEN has joint control as the contract and ownership details determine that for certain main operating and financial decisions unanimous approval is required. As a result this investment is not consolidated.
** This entity is classified as Held for Sale (see note 7).
*** These entities are consolidated from 15 November 2012 following the APIPL/APB acquisition.
**** The ownership percentages have changed following the APIPL/APB acquisition on 15 November 2012.

Reporting date

The reporting date of the financial statements of all HEINEKEN entities and joint ventures disclosed are the same as for the Company except for:
(i) Heineken Lion Australia Pty which has a 30 September reporting date;
(ii) DHN Drinks (Pty) Ltd. which has a 30 June reporting date;
(iii) United Breweries Limited which has a 31 March reporting date;
(iv) Guinness Anchor Berhad which has a 30 June reporting date; and
(v) Thai Asia Pacific Brewery which has a 30 September reporting date.

The results of (ii), (iii), (iv) and (v) have been adjusted to include numbers for the full financial year ended 31 December 2012.

Share of profit of associates and joint ventures and impairments thereof

In millions of EUR	2012	2011
Income associates	34	25
Income joint ventures	179	215
Impairments	–	–
	213	240

The income associates contain a HEINEKEN's share in the write off in deferred tax assets in an associate of EUR36 million (see note 27). Included in the income joint ventures is HEINEKEN's share of the net impairment in Jiangsu Dafuhao Breweries Co. Ltd in China of EUR11 million.

16. Investments in associates and joint ventures continued

Summary financial information for equity accounted joint ventures and associates

In millions of EUR	Joint ventures 2012	Joint ventures 2011	Associates 2012	Associates 2011
Non-current assets	1,270	1,708	65	73
Current assets	683	1,005	50	52
Non-current liabilities	(512)	(581)	(18)	(25)
Current liabilities	(477)	(725)	(30)	(30)
Revenue	2,234	2,313	203	153
Expenses	(1,851)	(1,914)	(161)	(117)

In the above table HEINEKEN represents its share of the aggregated amounts of assets, liabilities, revenues and expenses for its Joint Ventures and Associates for the year ended 31 December. The revenue and expenses of Joint Ventures in 2012 contain 10.5 months of APIPL/APB and 1.5 months of Guinness Anchor Berhad and Thai Asia Pacific Brewery. Both Guinness Anchor Berhad and Thai Asia Pacific Brewery are included in the joint ventures 2012 ending balances.

17. Other investments and receivables

In millions of EUR	Note	2012	2011
Non-current other investments			
Loans and advances to customers	32	368	384
Indemnification receivable	32	136	156
Other receivables	32	148	178
Held-to-maturity investments	32	4	5
Available-for-sale investments	32	327	264
Non-current derivatives	32	116	142
		1,099	1,129
Current other investments			
Investments held for trading	32	11	14
		11	14

Included in loans are loans to customers with a carrying amount of EUR108 million as at 31 December 2012 (2011: EUR120 million). Effective interest rates range from 6 to 12 per cent. EUR60 million (2011: EUR72 million) matures between one and five years and EUR48 million (2011: EUR48 million) after five years.

The indemnification receivable represents the receivable on FEMSA and Lewiston investments and is a mirroring of the corresponding indemnified liabilities originating from the acquisition of the beer operations of FEMSA and Sona.

The other receivables mainly originate from the acquisition of the beer operations of FEMSA and represent a receivable on the Brazilian Authorities on which interest is calculated in accordance with Brazilian legislation. Collection of this receivable is expected to be beyond a period of five years.

The main available-for-sale investments are Caribbean Development Company Ltd., S.A. Des Brasseries du Cameroun, Consorcio Cervecero de Nicaragua S.A., Desnoes & Geddes Ltd. and Sabeco Ltd. As far as these investments are listed they are measured at their quoted market price. For others the value in use or multiples are used. Debt securities (which are interest-bearing) with a carrying amount of EUR21 million (2011: EUR20 million) are included in available-for-sale investments.

Sensitivity analysis – equity price risk

An amount of EUR193 million as at 31 December 2012 (2011: EUR95 million) of available-for-sale investments and investments held for trading is listed on stock exchanges. An impact of 1 per cent increase or decrease in the share price at the reporting date would not result in a material impact on a consolidated Group level.

18. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

	Assets		Liabilities		Net	
In millions of EUR	2012	2011	2012	2011	2012	2011
Property, plant & equipment	136	93	(756)	(590)	(620)	(497)
Intangible assets	75	51	(1,608)	(733)	(1,533)	(682)
Investments	134	91	(12)	(6)	122	85
Inventories	20	16	(7)	(5)	13	11
Loans and borrowings	2	3	–	–	2	3
Employee benefits	399	252	(2)	12	397	264
Provisions	125	150	(17)	1	108	151
Other items	242	146	(195)	(138)	47	8
Tax losses carry forward	238	237	–	–	238	237
Tax assets/(liabilities)	**1,371**	1,039	**(2,597)**	(1,459)	**(1,226)**	(420)
Set-off of tax	(807)	(565)	807	565	–	–
Net tax assets/(liabilities)	**564**	474	**(1,790)**	(894)	**(1,226)**	(420)

Of the total net deferred tax assets of EUR564 million at 31 December 2012 (2011: EUR474 million), EUR301 million (2011: EUR246 million) is recognised in respect of OpCos in various countries where there have been tax losses in the current or preceding period. Management's projections support the assumption that it is probable that the results of future operations will generate sufficient taxable income to utilise these deferred tax assets. The increase in deferred tax liabilities in 2012 is mainly related to the APIPL/APB acquisition.

Tax losses carry forward

HEINEKEN has tax losses carry forward for an amount of EUR2,011 million as at 31 December 2012 (2011: EUR1,920 million), which expire in the following years:

In millions of EUR	2012	2011
2012	–	5
2013	11	6
2014	17	28
2015	32	23
2016	29	36
2017	27	–
After 2017 respectively 2016 but not unlimited	292	372
Unlimited	1,603	1,450
	2,011	1,920
Recognised as deferred tax assets gross	(989)	(859)
Unrecognised	**1,022**	1,061

The unrecognised losses relate to entities for which it is not probable that taxable profit will be available to offset these losses. The majority of the unrecognised losses were acquired as part of the beer operations of FEMSA in 2010.

18. Deferred tax assets and liabilities continued

Movement in deferred tax balances during the year

In millions of EUR	Balance 1 January 2011	Changes in consolidation	Effect of movements in foreign exchange	Recognised in income	Recognised in equity	Transfers	Balance 31 December 2011
Property, plant & equipment	(464)	(41)	20	(10)	–	(2)	(497)
Intangible assets	(727)	(18)	38	25	–	–	(682)
Investments	78	–	(7)	14	–	–	85
Inventories	27	–	–	(16)	–	–	11
Loans and borrowings	(1)	–	2	2	–	–	3
Employee benefits	265	–	–	(17)	16	–	264
Provisions	134	1	–	13	–	3	151
Other items	26	–	(5)	(19)	8	(2)	8
Tax losses carry forward	213	7	(2)	19	–	–	237
Net tax assets/(liabilities)	(449)	(51)	46	11	24	(1)	(420)

In millions of EUR	Balance 1 January 2012	Changes in consolidation	Effect of movements in foreign exchange	Recognised in income	Recognised in equity	Transfers	Balance 31 December 2012
Property, plant & equipment	(497)	(66)	(5)	(54)	–	2	(620)
Intangible assets	(682)	(921)	6	59	–	5	(1,533)
Investments	85	(4)	4	37	(2)	2	122
Inventories	11	(18)	1	22	–	(3)	13
Loans and borrowings	3	–	(2)	–	–	1	2
Employee benefits	264	6	6	2	123	(4)	397
Provisions	151	(9)	3	(34)	–	(3)	108
Other items	8	9	(9)	70	(40)	9	47
Tax losses carry forward	237	1	4	6	–	(10)	238
Net tax assets/(liabilities)	**(420)**	**(1,002)**	**8**	**108**	**81**	**(1)**	**(1,226)**

19. Inventories

In millions of EUR	2012	2011
Raw materials	320	263
Work in progress	176	150
Finished products	407	354
Goods for resale	207	205
Non-returnable packaging	191	143
Other inventories and spare parts	295	237
	1,596	1,352

During 2012 and 2011 no write-down of inventories to net realisable value was required.

20. Trade and other receivables

In millions of EUR	Note	2012	2011
Trade receivables due from associates and joint ventures		27	42
Trade receivables		1,944	1,657
Other receivables		529	524
Derivatives		37	37
	32	**2,537**	2,260

A net impairment loss of EUR38 million (2011: EUR57 million) in respect of trade and other receivables was included in expenses for raw materials, consumables and services.

21. Cash and cash equivalents

In millions of EUR	Note	2012	2011
Cash and cash equivalents	32	1,037	813
Bank overdrafts	25	(191)	(207)
Cash and cash equivalents in the statement of cash flows		**846**	606

22. Capital and reserves

Share issuance

On 30 April 2010 HEINEKEN issued 86,028,019 ordinary shares with a nominal value of EUR1.60, as a result of which the issued share capital consists of 576,002,613 shares. To these shares a share premium value was assigned of EUR2,701 million based on the quoted market price value of 43,009,699 shares HEINEKEN and 43,018,320 shares Heineken Holding N.V. combined being the share consideration paid to Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA) for its beer operations.

Allotted Share Delivery Instrument

In addition to the shares issued to FEMSA, HEINEKEN also committed itself to deliver 29,172,504 additional shares to FEMSA (the 'Allotted Shares') over a period of no longer than five years. This financial instrument was classified as equity as the number of shares was fixed. HEINEKEN had the option to accelerate the delivery of the Allotted Shares at its discretion. Pending delivery of the Allotted Shares, HEINEKEN paid a coupon on each undelivered Allotted Share such that FEMSA was compensated, on an after tax basis, for dividends FEMSA would have received had all such Allotted Shares been delivered to FEMSA on or prior to the record date for such dividends.

On 3 October 2011, HEINEKEN announced that the share repurchase programme in connection with the acquisition of FEMSA had been completed. During the period of 1 January through 31 December 2011 HEINEKEN acquired 18,407,246 shares with an average quoted market price of EUR36.67. All shares were delivered in 2011.

Share capital

In millions of EUR	2012	2011
On issue as at 1 January	922	922
Issued	–	–
On issue as at 31 December	**922**	922

As at 31 December 2012 the issued share capital comprised 576,002,613 ordinary shares (2011: 576,002,613). The ordinary shares have a par value of EUR1.60. All issued shares are fully paid.

22. Capital and reserves continued

The Company's authorised capital amounts to EUR2.5 billion, comprising of 1,562,500,000 shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. In respect of the Company's shares that are held by HEINEKEN (see below), rights are suspended.

Translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations of the Group (excluding amounts attributable to non-controlling interests) as well as value changes of the hedging instruments in the net investment hedges. HEINEKEN considers this a legal reserve.

Hedging reserve

This reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred. HEINEKEN considers this a legal reserve.

Fair value reserve

This reserve comprises the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised or impaired. HEINEKEN considers this a legal reserve.

Other legal reserves

These reserves relate to the share of profit of joint ventures and associates over the distribution of which HEINEKEN does not have control. The movement in these reserves reflects retained earnings of joint ventures and associates minus dividends received. In case of a legal or other restriction which causes that retained earnings of subsidiaries cannot be freely distributed, a legal reserve is recognised for the restricted part.

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by HEINEKEN. As at 31 December 2012, HEINEKEN held 891,561 of the Company's shares (2011: 1,265,140).

The coupon paid on the ASDI in 2011 amounts to EUR15 million.

LTV

During the period of 1 January through 31 December 2012 HEINEKEN acquired no shares for LTV delivery.

Dividends

The following dividends were declared and paid by HEINEKEN:

In millions of EUR	2012	2011
Final dividend previous year EUR0.53, respectively EUR0.50 per qualifying ordinary share	305	299
Interim dividend current year EUR0.33, respectively EUR0.30 per qualifying ordinary share	189	175
Total dividend declared and paid	**494**	**474**

The Heineken N.V. dividend policy is to pay-out a ratio of 30 per cent to 35 per cent of full-year net profit (beia). The interim dividend is fixed at 40 per cent of the total dividend of the previous year.

After the balance sheet date the Executive Board proposed the following dividends. The dividends, taking into account the interim dividends declared and paid, have not been provided for.

In millions of EUR	2012	2011
per qualifying ordinary share EUR0.89 (2011: EUR0.83)	**512**	477

Non-controlling interests

The non-controlling interests (NCI) relate to minority stakes held by third parties in HEINEKEN consolidated subsidiaries. Due to the APIPL/APB acquisition HEINEKEN recognised additional NCI's for a total of EUR797 million. An amount of EUR645 million represents the share of third parties in subsidiaries of the APIPL/APB Group. An amount of EUR152 million represents the APB shares that HEINEKEN did not yet acquire on 15 November 2012. These shares are subject to the Mandatory General Offer. Both NCI's are valued at their share in net assets acquired. Due to purchases of APB shares between 15 November 2012 and 31 December 2012, the NCI decreased with EUR91 million and as at 31 December 2012 HEINEKEN owns 98.7 per cent of APB.

23. Earnings per share

Basic earnings per share

The calculation of basic earnings per share as at 31 December 2012 is based on the profit attributable to ordinary shareholders of the Company (net profit) of EUR2,949 million (2011: EUR1,430 million) and a weighted average number of ordinary shares – basic outstanding during the year ended 31 December 2012 of 575,022,338 (2011:585,100,381). Basic earnings per share for the year amounted to EUR5.13 (2011: EUR2.44).

Weighted average number of shares – basic

	2012	2011
Number of shares basic 1 January	576,002,613	576,002,613
Effect of own shares held	(980,275)	(1,177,321)
Effect of undelivered ASDI shares	–	10,275,089
Effect of new shares issued	–	–
Weighted number of basic shares for the year	**575,022,338**	585,100,381

ASDI

The Allotted Share Delivery Instrument (ASDI) represented HEINEKEN's obligation to deliver shares to FEMSA, either through issuance and/or purchasing of its own shares in the open market, which was concluded in 2011. EPS in 2011 was impacted by ASDI as in the formula calculating EPS the net profit is divided by the weighted average number of ordinary shares. In this weighted average number of ordinary shares, the weighted average of outstanding ASDI is included. This means that the ASDI has led to a lower basic EPS until all shares had been repurchased in 2011.

Diluted earnings per share

The calculation of diluted earnings per share as at 31 December 2012 is based on the profit attributable to ordinary shareholders of the Company (net profit) of EUR2,949 million (2011: EUR1,430 million) and a weighted average number of ordinary shares – basic outstanding after adjustment for the effects of all dilutive potential ordinary shares of 576,002,613 (2011: 586,277,702). Diluted earnings per share for the year amounted to EUR5.12 (2011: EUR2.44).

Weighted average number of shares – diluted

	2012	2011
Weighted number of basic shares for the year	575,022,338	585,100,381
Effect of own shares held	980,275	1,177,321
Weighted average diluted shares for the year	**576,002,613**	586,277,702

24. Income tax on other comprehensive income

In millions of EUR	2012 Amount before tax	2012 Tax	2012 Amount net of tax	2011 Amount before tax	2011 Tax	2011 Amount net of tax
Other comprehensive income						
Foreign currency translation differences for foreign operations	67	(22)	45	(504)	11	(493)
Effective portion of changes in fair value of cash flow hedge	16	(2)	14	(31)	10	(21)
Effective portion of cash flow hedges transferred to profit or loss	57	(16)	41	(14)	3	(11)
Ineffective portion of cash flow hedges transferred to profit or loss	–	–	–	–	–	–
Net change in fair value available-for-sale investments	203	(68)	135	71	–	71
Net change in fair value available-for-sale investments transferred to profit or loss	(192)	44	(148)	(1)	–	(1)
Actuarial gains and losses	(562)	123	(439)	(109)	16	(93)
Share of other comprehensive income of associates/joint ventures	(1)	–	(1)	(5)	–	(5)
Total other comprehensive income	**(412)**	**59**	**(353)**	(593)	40	(553)

The difference between the income tax on other comprehensive income and the deferred tax reported in equity (note 18) can be explained by current tax on other comprehensive income.

25. Loans and borrowings

This note provides information about the contractual terms of HEINEKEN's interest-bearing loans and borrowings. For more information about HEINEKEN's exposure to interest rate risk and foreign currency risk, see note 32.

Non-current liabilities

In millions of EUR	Note	2012	2011
Secured bank loans		28	37
Unsecured bank loans		1,221	3,607
Unsecured bond issues		8,206	2,493
Finance lease liabilities	26	22	33
Other non-current interest-bearing liabilities		1,828	1,825
Non-current interest-bearing liabilities		**11,305**	7,995
Non-current derivatives		111	177
Non-current non-interest-bearing liabilities		21	27
		11,437	8,199

Current interest-bearing liabilities

In millions of EUR	Note	2012	2011
Current portion of secured bank loans		13	13
Current portion of unsecured bank loans		740	329
Current portion of unsecured bonds issues		600	–
Current portion of finance lease liabilities	26	16	6
Current portion of other non-current interest-bearing liabilities		12	184
Total current portion of non-current interest-bearing liabilities		**1,381**	532
Deposits from third parties (mainly employee loans)		482	449
		1,863	981
Bank overdrafts	21	191	207
		2,054	1,188

Net interest-bearing debt position

In millions of EUR	Note	2012	2011
Non-current interest-bearing liabilities		11,305	7,995
Current portion of non-current interest-bearing liabilities		1,381	532
Deposits from third parties (mainly employee loans)		482	449
		13,168	8,976
Bank overdrafts	21	191	207
		13,359	9,183
Cash, cash equivalents and current other investments		(1,048)	(828)
Net interest-bearing debt position		**12,311**	8,355

Non-current liabilities

In millions of EUR	Secured bank loans	Unsecured bank loans	Unsecured bond issues	Finance lease liabilities	Other non-current interest-bearing liabilities	Non-current derivatives	Non-current non-interest-bearing liabilities	Total
Balance as at 1 January 2012	37	3,607	2,493	33	1,825	177	27	8,199
Consolidation changes	–	11	228	1	–	–	1	241
Effect of movements in exchange rates	(1)	7	(7)	–	(21)	6	1	(15)
Transfers to current liabilities	(11)	(1,020)	(600)	(12)	–	32	–	(1,611)
Charge to/(from) equity i/r derivatives	–	–	–	–	–	(29)	–	(29)
Proceeds	6	517	6,112	–	104	–	3	6,742
Repayments	(3)	(1,895)	–	–	(62)	(68)	1	(2,027)
Other	–	(6)	(20)	–	(18)	(7)	(12)	(63)
Balance as at 31 December 2012	**28**	**1,221**	**8,206**	**22**	**1,828**	**111**	**21**	**11,437**

25. Loans and borrowings continued

Terms and debt repayment schedule

Terms and conditions of outstanding non-current and current loans and borrowings were as follows:

In millions of EUR	Category	Currency	Nominal interest rate %	Repayment	Carrying amount 2012	Face value 2012	Carrying amount 2011	Face value 2011
Secured bank loans	Bank facilities	GBP	1.8	2016	13	13	17	17
Secured bank loans	Various	various	various	various	28	28	33	33
Unsecured bank loans	2008 Syndicated Bank Facility	EUR	0.8	2013	198	200	1,305	1,313
Unsecured bank loans	Bank Facility	EUR	5.1	2016	207	207	329	329
Unsecured bank loans	German Schuldschein notes	EUR	1.0-6.2	2016	111	111	111	111
Unsecured bank loans	German Schuldschein notes	EUR	1.0-6.0	2013	102	102	102	102
Unsecured bank loans	German Schuldschein notes	EUR	1.0-6.0	2014	207	207	207	207
Unsecured bank loans	2008 Syndicated Bank Facility	GBP	1.2	2013	291	294	287	287
Unsecured bank loans	Bank Facilities	PLN	5.2-5.5	2013-2014	81	81	72	72
Unsecured bank loans	2011 Syndicated Bank Facility	USD	0.8	2017	–	–	450	450
Unsecured bank loans	2011 Syndicated Bank Facility	GBP	0.9	2017	196	196	422	422
Unsecured bank loans	2011 Syndicated Bank Facility	EUR	0.6	2017	180	180	107	107
Unsecured bank loans	Bank Facilities	USD	0.7	2013	30	30	93	93
Unsecured bank loans	Bank Facilities	MXN	4.9	2013	36	36	183	176
Unsecured bank loans	Bank facilities	NGN	12.5	2013-2016	276	276	228	228
Unsecured bank loans	Various	various	various	various	45	45	40	40
Unsecured bond	Issue under EMTN programme	GBP	7.3	2015	488	490	476	479
Unsecured bond	Eurobond on Luxembourg Stock Exchange	EUR	5.0	2013	600	600	599	600
Unsecured bond	Issue under EMTN programme	EUR	7.1	2014	1,001	1,000	1,000	1,000
Unsecured bond	Issue under EMTN programme	EUR	4.6	2016	398	400	398	400
Unsecured bond	Issue under EMTN programme	EUR	2.5	2019	841	850	–	–
Unsecured bond	Issue under EMTN programme	EUR	2.1	2020	995	1,000	–	–
Unsecured bond	Issue under EMTN programme	EUR	3.5	2024	496	500	–	–
Unsecured bond	Issue under EMTN programme	EUR	2.9	2025	740	750	–	–
Unsecured bond	Issue under APB MTN programme	SGD	1.0-4.0	2014-2022	220	220	–	–
Unsecured bond	Issue under 144A/RegS	USD	0.8	2015	377	379	–	–
Unsecured bond	Issue under 144A/RegS	USD	1.4	2017	941	947	–	–
Unsecured bond	Issue under 144A/RegS	USD	3.4	2022	563	568	–	–
Unsecured bond	Issue under 144A/RegS	USD	2.8	2023	753	758	–	–
Unsecured bond	Issue under 144A/RegS	USD	4.0	2042	369	379	–	–
Unsecured bond issues	n/a	various	various	various	24	24	20	20

In millions of EUR	Category	Currency	Nominal interest rate %	Repayment	Carrying amount 2012	Face value 2012	Carrying amount 2011	Face value 2011
Other interest bearing liabilities	2010 US private placement	USD	4.6	2018	548	549	559	561
Other interest bearing liabilities	2002 S&N US private placement	USD	5.6	2014	491	455	632	580
Other interest bearing liabilities	2005 S&N US private placement	USD	5.4	2015	248	227	258	232
Other interest bearing liabilities	2008 US private placement	USD	5.9-6.3	2015-2018	335	336	341	342
Other interest bearing liabilities	2011 US private placement	USD	2.8	2017	68	69	69	70
Other interest bearing liabilities	2008 US private placement	EUR	7.3	2016	31	31	30	30
Other interest bearing liabilities	various	various	various	various	120	120	120	120
Deposits from third parties	n/a	various	various	various	482	482	449	449
Finance lease liabilities	n/a	various	various	various	38	38	39	39
					13,168	**13,178**	**8,976**	**8,909**

As at 31 December 2012 an amount of EUR376 million was drawn on the existing revolving credit facility of EUR2 billion. This revolving credit facility matures in 2017.

Financial structure

For the first time in the Company's 148 year history, HEINEKEN was assigned investment grade credit ratings in 2012 by the world's two leading credit agencies, Moody's Investor Service and Standard & Poor's. Both long-term credit ratings, were solid Baa1 and BBB+, respectively and both have a 'stable' outlook per the date of this Annual Report.

New Financing

On 19 March 2012, HEINEKEN issued EUR1.35 billion of Notes under its EMTN Programme comprising EUR850 million of 7-year Notes with a coupon of 2.5 per cent and EUR500 million of 12-year Notes with a coupon of 3.5 per cent. On 3 April 2012, HEINEKEN issued USD750 million of 10-year 144A/RegS US Notes with a coupon of 3.4 per cent. On 2 August 2012, HEINEKEN issued EUR1.75 billion of Notes under its EMTN Programme, consisting of 8-year Notes for a principal amount of EUR1 billion with a coupon of 2.125 per cent and 13-year Notes for a principal amount of EUR750 million with a coupon of 2.875 per cent. On 3 October 2012, HEINEKEN successfully priced 144A/RegS US Notes for a principal amount of USD3.25 billion. This comprised USD500 million of 3-year Notes at a coupon of 0.8 per cent, USD1.25 billion of 5-year Notes at a coupon of 1.4 per cent, USD1 billion of 10.5-year Notes at a coupon of 2.75 per cent and USD500 million of 30-year Notes at a coupon of 4.0 per cent.

The proceeds of the Notes have been mainly used for the financing of the acquisition of APB and APIPL and the repayment of debt facilities. The issues have enabled HEINEKEN to further improve the currency and maturity profile of its long-term debt.

The EMTN Programme and the notes issued thereunder are listed on the Luxembourg Stock Exchange. HEINEKEN still has a capacity of EUR5 billion under this programme. HEINEKEN is in the process of updating the programme.

Incurrence covenant

HEINEKEN has an incurrence covenant in some of its financing facilities. This incurrence covenant is calculated by dividing net debt (calculated in accordance with the consolidation method of the 2007 Annual Accounts) by EBITDA (beia) (also calculated in accordance with the consolidation method of the 2007 Annual Accounts and including the pro-forma full-year EBITDA of any acquisitions made in 2012). As at 31 December 2012 this ratio was 2.8 (2011: 2.1). If the ratio would be beyond a level of 3.5, the incurrence covenant would prevent us from conducting further significant debt financed acquisitions.

26. Finance lease liabilities

Finance lease liabilities are payable as follows:

In millions of EUR	Future minimum lease payments 2012	Interest 2012	Present value of minimum lease payments 2012	Future minimum lease payments 2011	Interest 2011	Present value of minimum lease payments 2011
Less than one year	16	–	16	7	(1)	6
Between one and five years	21	(1)	20	27	(1)	26
More than five years	2	–	2	7	–	7
	39	(1)	38	41	(2)	39

27. Non-GAAP measures

In the internal management reports HEINEKEN measures its performance primarily based on EBIT and EBIT (beia), these are non-GAAP measures not calculated in accordance with IFRS. A similar non-GAAP adjustment can be made to the IFRS profit or loss as defined in IAS 1 paragraph 7 being the total of income less expense. Exceptional items are defined as items of income and expense of such size, nature or incidence, that in the view of management their disclosure is relevant to explain the performance of HEINEKEN for the period. The table below presents the relationship with IFRS measures, the results from operating activities and profit and HEINEKEN non-GAAP measures being EBIT, EBIT (beia) and profit (beia) for the financial year 2012.

HEINEKEN updated its non-GAAP measure definition to properly present the future impact of intangibles recognised in the APIPL/APB acquisition. Two specific types of contract based intangible assets (beer licences and reacquired rights), that are similar to brands and customer relations, were added and HEINEKEN now refers to this group as acquisition related intangible assets. The update of the definition has no impact on prior years.

In millions of EUR	2012*	2011*
Results from operating activities	3,691	2,215
Share of profit of associates and joint ventures and impairments thereof (net of income tax)	213	240
HEINEKEN EBIT	3,904	2,455
Exceptional items and amortisation of acquisition related intangible assets included in EBIT	(992)	242
HEINEKEN EBIT (beia)	2,912	2,697
Profit attributable to equity holders of the Company	2,949	1,430
Exceptional items and amortisation of acquisition related intangible assets included in EBIT	(992)	242
Exceptional items included in finance costs	(206)	(14)
Exceptional items included in tax expense	(55)	(74)
HEINEKEN net profit beia	1,696	1,584

* unaudited

The 2012 exceptional items included in EBIT contain the amortisation of acquisition related intangibles for EUR198 million (2011: EUR170 million). Additional exceptional items included in EBIT relating to the APIPL/APB acquisition are the gain on PHEI for EUR1,486 million, the reversal of the inventory fair value adjustment in cost of goods sold for EUR76 million and acquisition related costs of EUR28 million. The remainder of EUR192 million primarily relates to restructuring activities in wholesale in Western Europe for EUR97 million, impairment of assets for EUR37 million, HEINEKEN's share in the write-off of deferred tax assets in an associate for EUR36 million and adjustments to an acquisition of EUR20 million outside the provisional period.

Exceptional items in other net financing costs contain a pre-tax gain of EUR175 million for the sale of a minority stake in a brewery in the Dominican Republic, a book gain of the existing stake in BraNa of EUR20 million and fair value changes of interest rate swaps of Scottish & Newcastle for EUR11 million that do not qualify for hedge accounting.

The exceptional items in the tax expense are EUR53 million (2011: EUR47 million) related to acquisition related intangibles and the remainder of EUR2 million represents the net impact of other exceptional items included in EBIT and finance cost.

EBIT and EBIT (beia) are not financial measures calculated in accordance with IFRS. The presentation on these financial measures may not be comparable to similarly titled measures reported by other companies due to differences in the ways the measures are calculated.

28. Employee benefits

In millions of EUR	2012	2011
Present value of unfunded obligations	113	96
Present value of funded obligations	7,788	6,804
Total present value of obligations	**7,901**	6,900
Fair value of defined benefit plan assets	(6,401)	(5,860)
Present value of net obligations	**1,500**	1,040
Asset ceiling items	1	14
Recognised liability for defined benefit obligations	**1,501**	1,054
Other long-term employee benefits	131	120
	1,632	1,174

Defined benefit plan assets comprise:

In millions of EUR	2012	2011
Equity securities	2,867	2,520
Government bonds	2,726	2,534
Properties and real estate	429	410
Other plan assets	379	396
	6,401	5,860

The primary goal of the Heineken pension funds is to monitor the mix of debt and equity securities in its investment portfolio based on market expectations. Material investments within the portfolio are managed on an individual basis.

Liability for defined benefit obligations

HEINEKEN makes contributions to a number of defined benefit plans that provide pension benefits for employees upon retirement in a number of countries being mainly the Netherlands and the UK (82 per cent of the total DBO). Other countries with a defined benefit plan are: Ireland, Greece, Austria, Italy, France, Spain, Mexico, Belgium, Switzerland, Portugal and Nigeria. In other countries the pension plans are defined contribution plans and/or similar arrangements for employees.

In Ireland the defined benefit scheme for employees (actives) was closed in 2012 and was replaced by a defined contribution scheme.

Other long-term employee benefits mainly relate to long-term bonus plans, termination benefits, medical plans and jubilee benefits.

28. Employee benefits continued

Movements in the present value of the defined benefit obligations

In millions of EUR	2012	2011
Defined benefit obligations as at 1 January	6,900	6,643
Changes in consolidation and reclassification	(1)	–
Effect of movements in exchange rates	99	75
Benefits paid	(326)	(307)
Employee contributions	26	24
Current and past service costs and interest on obligation	391	406
Effect of any curtailment or settlement	(41)	(35)
Actuarial (gains)/losses in other comprehensive income	853	94
Defined benefit obligations as at 31 December	**7,901**	6,900

Movements in the present value of defined benefit plan assets

In millions of EUR	2012	2011
Fair value of defined benefit plan assets as at 1 January	5,860	5,646
Changes in consolidation and reclassification	(1)	–
Effect of movements in exchange rates	73	76
Contributions paid into the plan	182	145
Benefits paid	(326)	(307)
Expected return on defined benefit plan assets	322	315
Actuarial gains/(losses) in other comprehensive income	291	(15)
Fair value of defined benefit plan assets as at 31 December	**6,401**	5,860
Actual return on defined benefit plan assets	**610**	307

Expense recognised in profit or loss

In millions of EUR	Note	2012	2011
Current service costs		63	71
Interest on obligation		330	340
Expected return on defined benefit plan assets		(322)	(315)
Past service costs		(2)	(5)
Effect of any curtailment or settlement		(41)	(35)
	10	**28**	56

Actuarial gains and losses recognised in other comprehensive income

In millions of EUR	2012	2011
Amount accumulated in retained earnings at 1 January	519	410
Recognised during the year	562	109
Amount accumulated in retained earnings at 31 December	**1,081**	519

Principal actuarial assumptions as at the balance sheet date

The defined benefit plans in the Netherlands and the UK cover 87.4 per cent of the present value of the defined benefit plan assets (2011: 87.2 per cent), 82.2 per cent of the present value of the defined benefit obligations (2011: 82.8 per cent) and 60.1 per cent of the present value of net obligations (2011: 57.8 per cent) as at 31 December 2012.

For the Netherlands and the UK the following actuarial assumptions apply as at 31 December:

	The Netherlands		UK*	
	2012	2011	2012	2011
Discount rate as at 31 December	3.0	4.6	4.4	4.7
Expected return on defined benefit plan assets as at 1 January	5.5	5.5	6.1	6.2
Future salary increases	2.0	3.0	–	–
Future pension increases	1.0	1.0	2.9	3.0
Medical cost trend rate	–	–	–	–

* The UK plan closed for future accruals leading to certain assumptions being equal to zero.

For the other defined benefit plans the following actuarial assumptions apply at 31 December:

	Other Western, Central and Eastern Europe		The Americas		Africa and the Middle East	
	2012	2011	2012	2011	2012	2011
Discount rate as at 31 December	2.0-3.2	2.9-4.8	6.7	7.6-10.7	14.0	13.0
Expected return on defined benefit plan assets as at 1 January	2.4-4.9	3.3-7.3	6.7	7.6	–	–
Future salary increases	1.0-10.0	1.0-10.0	3.8	3.8	10.8	12.0
Future pension increases	1.0-2.5	1.0-2.1	2.8	2.9	–	–
Medical cost trend rate	3.4-4.5	3.5	5.1	5.1	10.0	–

Assumptions regarding future mortality rates are based on published statistics and mortality tables. For the Netherlands the rates are obtained from the 'AG-Prognosetafel 2012-2062', fully generational. Correction factors from TowersWatson are applied on these. For the UK the rates are obtained from the ContinuousContinuous Mortality Investigation 2012 projection model.

The overall expected long-term rate of return on assets is 5.6 per cent (2011: 5.5 per cent), which is based on the asset mix and the expected rate of return on each major asset class, as managed by the pension funds.

Assumed healthcare cost trend rates have no effect on the amounts recognised in profit or loss. A one percentage point change in assumed healthcare cost trend rates would not have any effect on profit or loss neither on the statement of financial position as at 31 December 2012.

Based on the tri-annual review finalised in early 2010, HEINEKEN has agreed a 12-year plan aiming to fund the recovery of the Scottish & Newcastle Pension Plan through additional Company contributions. These could total GBP504 million of which GBP65 million has been paid to December 2012. As at 31 December 2012 the IAS 19 present value of the net obligations of the Scottish & Newcastle Pension Plan represents a GBP331 million (EUR405 million) deficit. No additional liability has to be recognised as the net present value of the minimum funding requirement does not exceed the net obligation. The next review of the funding position and the recovery plan commenced in October 2012 and is expected to be finalised during 2013.

The Group expects the 2013 contributions to be paid for the defined benefit plan to be in line with 2012.

28. Employee benefits continued

Historical information

In millions of EUR	2012	2011	2010	2009	2008
Present value of the defined benefit obligation	7,901	6,900	6,643	5,936	4,963
Fair value of defined benefit plan assets	(6,401)	(5,860)	(5,646)	(4,858)	(4,231)
Deficit in the plan	**1,500**	1,040	997	1,078	732
Experience adjustments arising on plan liabilities, losses/(gains)	(170)	(30)	(24)	(116)	71
Experience adjustments arising on defined benefit plan assets, (losses)/gains	291	(15)	320	313	(817)

29. Share-based payments – Long-Term Variable Award

As from 1 January 2005 HEINEKEN established a performance-based share plan (Long-Term Variable award; LTV) for the Executive Board. As from 1 January 2006 a similar plan was established for senior management. Under this LTV share rights are awarded to incumbents on an annual basis. The vesting of these rights is subject to the performance of Heineken N.V. on specific performance conditions over a three year period.

The performance conditions for LTV 2010-2012, LTV 2011-2013 and LTV 2012-2014 are the same for the Executive Board and senior management and comprise solely of internal financial measures, being Organic Gross Profit beia growth, Organic EBIT beia growth, Earnings Per Share (EPS) beia growth and Free Operating Cash Flow.

At target performance, 100 per cent of the awarded share rights vest. At threshold performance, 50 per cent of the awarded share rights vest. As from LTV 2011-2013 at maximum performance 200 per cent of the awarded share rights vest for the Executive Board as well as senior managers contracted by the US, Mexico and Brazil, and 175 per cent vest for all other senior managers. For LTV 2010-2012 the maximum vesting is 150 per cent of target vesting for all participants.

The performance period for share rights granted in 2010 was from 1 January 2010 to 31 December 2012. The performance period for share rights granted in 2011 is from 1 January 2011 to 31 December 2013. The performance period for the share rights granted in 2012 is from 1 January 2012 to 31 December 2014. The vesting date for the Executive Board is within five business days, and for senior management the latest of 1 April and 20 business days after the publication of the annual results of 2012, 2013 and 2014 respectively.

As HEINEKEN will withhold the tax related to vesting on behalf of the individual employees, the number of Heineken N.V. shares to be received by the Executive Board and senior management will be a net number.

The terms and conditions of the share rights granted are as follows:

Grant date/employees entitled	Number*	Based on share price	Vesting conditions	Contractual life of rights
Share rights granted to Executive Board in 2010	55,229	33.27	Continued service, 100% internal performance conditions	3 years
Share rights granted to senior management in 2010	516,765	33.27	Continued service, 100% internal performance conditions	3 years
Share rights granted to Executive Board in 2011	65,072	36.69	Continued service, 100% internal performance conditions	3 years
Share rights granted to senior management in 2011	730,090	36.69	Continued service, 100% internal performance conditions	3 years
Share rights granted to Executive Board in 2012	66,746	35.77	Continued service, 100% internal performance conditions	3 years
Share rights granted to senior management in 2012	703,382	35.77	Continued service, 100% internal performance conditions	3 years

* The number of shares is based on target performance.

No vesting occurred under the 2009-2011 LTV of the Executive Board. A total of 615,967 (gross) shares vested under the 2009-2011 LTV of senior management.

Based on internal performance, it is expected that approximately 328,346 shares of the 2010-2012 LTV will vest in 2013 for senior management and Executive Board.

The number – as corrected for the expected performance for the various awards – and weighted average share price per share under the LTV of senior management and Executive Board are as follows:

	Weighted average share price 2012	Number of share rights 2012	Weighted average share price 2011	Number of share rights 2011
Outstanding as at 1 January	29.14	1,546,514	30.11	1,575,880
Granted during the year	35.77	770,128	36.69	795,162
Forfeited during the year	35.44	(99,391)	31.73	(119,856)
Vested during the year	21.90	(615,967)	44.22	(234,485)
Performance adjustment	–	(243,458)	–	(470,187)
Outstanding as at 31 December	**35.42**	**1,357,826**	29.14	1,546,514

Under the extraordinary share plans 16,700 shares were granted and 2,192 (gross) shares vested. These extraordinary grants only have a service condition and vest between 1 and 5 years. The expenses relating to these expected additional grants are recognised in profit or loss during the vesting period. Expenses recognised in 2012 are EUR1.1 million (2011: EUR0.4 million).

Personnel expenses

In millions of EUR	Note	2012	2011
Share rights granted in 2009		–	5
Share rights granted in 2010		5	1
Share rights granted in 2011		2	5
Share rights granted in 2012		5	–
Total expense recognised as personnel expenses	10	**12**	11

30. Provisions

In millions of EUR	Note	Restructuring	Onerous contracts	Other	Total
Balance as at 1 January 2012		151	42	396	589
Changes in consolidation	6	1	–	2	3
Provisions made during the year		50	6	70	126
Provisions used during the year		(57)	(10)	(29)	(96)
Provisions reversed during the year		(11)	(4)	(58)	(73)
Effect of movements in exchange rates		–	1	(16)	(15)
Unwinding of discounts		4	–	9	13
Balance as at 31 December 2012		**138**	**35**	**374**	**547**
Non-current		86	24	308	418
Current		52	11	66	129
		138	**35**	**374**	**547**

Restructuring

The provision for restructuring of EUR138 million mainly relates to restructuring programmes in Spain, the Netherlands and Italy.

Other provisions

Included are, amongst others, surety and guarantees provided EUR23 million (2011: EUR27 million) and litigation and claims EUR202 million (2011: EUR207 million).

31. Trade and other payables

In millions of EUR	Note	2012	2011
Trade payables		2,244	2,009
Returnable packaging deposits		512	490
Taxation and social security contributions		751	665
Dividend		47	33
Interest		204	100
Derivatives		53	164
Other payables		299	243
Accruals and deferred income		1,163	920
	32	**5,273**	4,624

32. Financial risk management and financial instruments

Overview

HEINEKEN has exposure to the following risks from its use of financial instruments, as they arise in the normal course of HEINEKEN's business:

- Credit risk
- Liquidity risk
- Market risk.

This note presents information about HEINEKEN's exposure to each of the above risks, and it summarises HEINEKEN's policies and processes that are in place for measuring and managing risk, including those related to capital management. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Executive Board, under the supervision of the Supervisory Board, has overall responsibility and sets rules for HEINEKEN's risk management and control systems. They are reviewed regularly to reflect changes in market conditions and the Group's activities. The Executive Board oversees the adequacy and functioning of the entire system of risk management and internal control, assisted by Group departments.

The Global Treasury function focuses primarily on the management of financial risk and financial resources. Some of the risk management strategies include the use of derivatives, primarily in the form of spot and forward exchange contracts and interest rate swaps, but options can be used as well. It is the Group policy that no speculative transactions are entered into.

Credit risk

Credit risk is the risk of financial loss to HEINEKEN if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from HEINEKEN's receivables from customers and investment securities.

The economic crisis has impacted our regular business activities and performance, in particular in consumer spending and solvency. However, the business impact differed across the regions and operations. Local management has assessed the risk exposure following Group instructions and is taking action to mitigate the higher than usual risks. Intensified and continuous focus is being given in the areas of customers (managing trade receivables and loans) and suppliers (financial position of critical suppliers).

As at the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial instrument, including derivative financial instruments, in the consolidated statement of financial position.

Loans to customers

HEINEKEN's exposure to credit risk is mainly influenced by the individual characteristics of each customer. HEINEKEN's held-to-maturity investments includes loans to customers, issued based on a loan contract. Loans to customers are ideally secured by, amongst others, rights on property or intangible assets, such as the right to take possession of the premises of the customer. Interest rates calculated by HEINEKEN are at least based on the risk-free rate plus a margin, which takes into account the risk profile of the customer and value of security given.

HEINEKEN establishes an allowance for impairment of loans that represents its estimate of incurred losses. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar customers in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics.

In a few countries the issuance of new loans is outsourced to third parties. In most cases, HEINEKEN issues sureties (guarantees) to the third party for the risk of default by the customer.

32. Financial risk management and financial instruments continued

Trade and other receivables

HEINEKEN's local management has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Under the credit policies all customers requiring credit over a certain amount are reviewed and new customers are analysed individually for creditworthiness before HEINEKEN's standard payment and delivery terms and conditions are offered. HEINEKEN's review includes external ratings, where available, and in some cases bank references. Purchase limits are established for each customer and these limits are reviewed regularly. As a result of the deteriorating economic circumstances since 2008, certain purchase limits have been redefined. Customers that fail to meet HEINEKEN's benchmark creditworthiness may transact with HEINEKEN only on a prepayment basis.

In monitoring customer credit risk, customers are, on a country base, grouped according to their credit characteristics, including whether they are an individual or legal entity, which type of distribution channel they represent, geographic location, industry, ageing profile, maturity and existence of previous financial difficulties. Customers that are graded as 'high risk' are placed on a restricted customer list, and future sales are made on a prepayment basis only with approval of Management.

HEINEKEN has multiple distribution models to deliver goods to end customers. Deliveries are done in some countries via own wholesalers, in other markets directly and in some others via third parties. As such distribution models are country specific and on consolidated level diverse, as such the results and the balance sheet items cannot be split between types of customers on a consolidated basis. The various distribution models are also not centrally managed or monitored.

HEINEKEN establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The components of this allowance are a specific loss component and a collective loss component.

Advances to customers

Advances to customers relate to an upfront cash-discount to customers. The advances are amortised over the term of the contract as a reduction of revenue.

In monitoring customer credit risk, refer to the paragraph above relating to trade and other receivables.

Investments

HEINEKEN limits its exposure to credit risk by only investing available cash balances in liquid securities and only with counterparties that have a credit rating of at least single A or equivalent for short-term transactions and AA- for long-term transactions. HEINEKEN actively monitors these credit ratings.

Guarantees

HEINEKEN's policy is to avoid issuing guarantees where possible unless this leads to substantial benefits for the Group. In cases where HEINEKEN does provide guarantees, such as to banks for loans (to third parties), HEINEKEN aims to receive security from the third party.

Heineken N.V. has issued a joint and several liability statement to the provisions of Section 403, Part 9, Book 2 of the Dutch Civil Code with respect to legal entities established in the Netherlands.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

In millions of EUR	Note	2012	2011
Loans and advances to customers	17	368	384
Indemnification receivable	17	136	156
Other long-term receivables	17	148	178
Held-to-maturity investments	17	4	5
Available-for-sale investments	17	327	264
Non-current derivatives	17	116	142
Investments held for trading	17	11	14
Trade and other receivables, excluding current derivatives	20	2,500	2,223
Current derivatives	20	37	37
Cash and cash equivalents	21	1,037	813
		4,684	4,216

The maximum exposure to credit risk for trade and other receivables (excluding derivatives) at the reporting date by geographic region was:

In millions of EUR	2012	2011
Western Europe	978	1,038
Central and Eastern Europe	502	448
The Americas	225	405
Africa and the Middle East	448	166
Asia Pacific	214	19
Head Office/eliminations	133	147
	2,500	2,223

Impairment losses

The ageing of trade and other receivables (excluding derivatives) at the reporting date was:

In millions of EUR	Gross 2012	Impairment 2012	Gross 2011	Impairment 2011
Not past due	2,052	(49)	1,909	(67)
Past due 0 – 30 days	323	(14)	233	(17)
Past due 31 – 120 days	213	(67)	210	(83)
More than 120 days	373	(331)	349	(311)
	2,961	**(461)**	2,701	(478)

32. Financial risk management and financial instruments continued

The movement in the allowance for impairment in respect of trade and other receivables (excluding derivatives) during the year was as follows:

In millions of EUR	2012	2011
Balance as at 1 January	478	446
Changes in consolidation	1	–
Impairment loss recognised	104	104
Allowance used	(60)	(17)
Allowance released	(66)	(47)
Effect of movements in exchange rates	4	(8)
Balance as at 31 December	**461**	478

The movement in the allowance for impairment in respect of loans during the year was as follows:

In millions of EUR	2012	2011
Balance as at 1 January	170	171
Changes in consolidation	–	–
Impairment loss recognised	38	10
Allowance used	–	(3)
Allowance released	(53)	(9)
Effect of movements in exchange rates	3	1
Balance as at 31 December	**158**	170

Impairment losses recognised for trade and other receivables (excluding derivatives) and loans are part of the other non-cash items in the consolidated statement of cash flows.

The income statement impact of EUR15 million (2011: EUR1 million) in respect of loans and the income statement impact of EUR38 million (2011: EUR57 million) in respect of trade receivables (excluding derivatives) were included in expenses for raw materials, consumables and services.

The allowance accounts in respect of trade and other receivables and held-to-maturity investments are used to record impairment losses, unless HEINEKEN is satisfied that no recovery of the amount owing is possible, at that point the amount considered irrecoverable is written off against the financial asset.

Liquidity risk

Liquidity risk is the risk that HEINEKEN will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. HEINEKEN's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to HEINEKEN's reputation.

Recent times have proven the credit markets situation could be such that it is difficult to generate capital to finance long-term growth of the Company. Although currently the situation is more stable, the Company has a clear focus on ensuring sufficient access to capital markets to finance long-term growth and to refinance maturing debt obligations. Financing strategies are under continuous evaluation. In addition, the Company focuses on a further fine-tuning of the maturity profile of its long-term debts with its forecasted operating cash flows. Strong cost and cash management and controls over investment proposals are in place to ensure effective and efficient allocation of financial resources.

Contractual maturities

The following are the contractual maturities of non-derivative financial liabilities and derivative financial assets and liabilities, including interest payments and excluding the impact of netting agreements:

						2012
In millions of EUR	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Financial liabilities						
Interest-bearing liabilities	(13,360)	(15,900)	(2,683)	(2,277)	(4,192)	(6,748)
Non-interest-bearing liabilities	(21)	(47)	(8)	(22)	(13)	(4)
Trade and other payables, excluding interest dividends and derivatives	(4,969)	(4,969)	(4,969)	–	–	–
Derivative financial assets and (liabilities)						
Interest rate swaps used for hedge accounting, net	12	46	33	(114)	85	42
Forward exchange contracts used for hedge accounting, net	10	7	4	3	–	–
Commodity derivatives used for hedge accounting, net	(22)	(21)	(20)	(1)	–	–
Derivatives not used for hedge accounting, net	(11)	(17)	(16)	(1)	–	–
	(18,361)	**(20,901)**	**(7,659)**	**(2,412)**	**(4,120)**	**(6,710)**

The total carrying amount and contractual cash flows of derivatives are included in trade and other receivables (note 20), other investments (note 17) and trade and other payables (note 31) and non-current non-interest bearing liabilities (note 25).

						2011
In millions of EUR	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Financial liabilities						
Interest-bearing liabilities	(9,183)	(10,287)	(1,543)	(2,864)	(4,794)	(1,086)
Non-interest-bearing liabilities	(27)	(20)	7	(16)	(5)	(6)
Trade and other payables, excluding interest, dividends and derivatives	(4,327)	(4,327)	(4,327)	–	–	–
Derivative financial assets and (liabilities)						
Interest rate swaps used for hedge accounting, net	12	9	(42)	26	(42)	67
Forward exchange contracts used for hedge accounting, net	(46)	(43)	(35)	(8)	–	–
Commodity derivatives used for hedge accounting, net	(26)	(26)	(22)	(4)	–	–
Derivatives not used for hedge accounting, net	(102)	(97)	(86)	(10)	(1)	–
	(13,699)	(14,791)	(6,048)	(2,876)	(4,842)	(1,025)

The total carrying amount and contractual cash flows of derivatives are included in trade and other receivables (note 20), other investments (note 17), trade and other payables (note 31) and non-current non-interest-bearing liabilities (note 25).

32. Financial risk management and financial instruments continued

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect HEINEKEN's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on risk.

HEINEKEN uses derivatives in the ordinary course of business, and also incurs financial liabilities, in order to manage market risks. Generally, HEINEKEN seeks to apply hedge accounting or make use of natural hedges in order to minimise the effects of foreign currency fluctuations in profit or loss.

Derivatives that can be used are interest rate swaps, forward rate agreements, caps and floors, commodity swaps, spot and forward exchange contracts and options. Transactions are entered into with a limited number of counterparties with strong credit ratings. Foreign currency, interest rate and commodity hedging operations are governed by internal policies and rules approved and monitored by the Executive Board.

Foreign currency risk

HEINEKEN is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of HEINEKEN entities. The main currencies that give rise to this risk are the US dollar, euro and British pound.

In managing foreign currency risk, HEINEKEN aims to reduce the impact of short-term fluctuations on earnings. Over the longer term, however, permanent changes in foreign exchange rates would have an impact on profit.

HEINEKEN hedges up to 90 per cent of its mainly intra-HEINEKEN US dollar cash flows on the basis of rolling cash flow forecasts in respect to forecasted sales and purchases. Cash flows in other foreign currencies are also hedged on the basis of rolling cash flow forecasts. HEINEKEN mainly uses forward exchange contracts to hedge its foreign currency risk. The majority of the forward exchange contracts have maturities of less than one year after the balance sheet date.

The Company has a clear policy on hedging transactional exchange risks, which postpones the impact on financial results. Translation exchange risks are hedged to a limited extent, as the underlying currency positions are generally considered to be long-term in nature. The result of the net investment hedging is recognised in the translation reserve as can be seen in the consolidated statement of comprehensive income.

It is HEINEKEN's policy to provide intra-HEINEKEN financing in the functional currency of subsidiaries where possible to prevent foreign currency exposure on subsidiary level. The resulting exposure at Group level is hedged by means of forward exchange contracts. Intra-HEINEKEN financing in foreign currencies is mainly in British pounds, US dollars, Swiss franc and Polish zloty. In some cases HEINEKEN elects to treat intra-HEINEKEN financing with a permanent character as equity and does not hedge the foreign currency exposure.

The principal amounts of HEINEKEN's British pound, Nigerian naira, Singapore dollar, Polish zloty and Mexican peso bank loans and bond issues are used to hedge local operations, which generate cash flows that have the same respective functional currencies. Corresponding interest on these borrowings is also denominated in currencies that match the cash flows generated by the underlying operations of HEINEKEN. This provides an economic hedge without derivatives being entered into.

In respect of other monetary assets and liabilities denominated in currencies other than the functional currencies of the Company and the various foreign operations, HEINEKEN ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to foreign currency risk

HEINEKEN's transactional exposure to the British pound, US dollar and euro was as follows based on notional amounts. The euro column relates to transactional exposure to the euro within subsidiaries which are reporting in other currencies.

			2012			2011
In millions	EUR	GBP	USD	EUR	GBP	USD
Financial Assets						
Trade and other receivables	12	–	10	14	1	12
Cash and cash equivalents	72	–	92	52	60	21
Intragroup assets	10	455	4,788	4	455	1,384
Financial Liabilities						
Interest bearing borrowings	(6)	(858)	(6,285)	(50)	(1,050)	(3,082)
Non-interest-bearing liabilities	(1)	–	(61)	–	–	(75)
Trade and other payables	(74)	–	(33)	(61)	–	(34)
Intragroup liabilities	(298)	–	(715)	(314)	–	(502)
Gross balance sheet exposure	**(285)**	**(403)**	**(2,204)**	(355)	(534)	(2,276)
Estimated forecast sales next year	71	10	1,476	119	16	1,041
Estimated forecast purchases next year	(780)	(1)	(1,360)	(442)	–	(723)
Gross exposure	**(994)**	**(394)**	**(2,088)**	(678)	(518)	(1,958)
Net notional amount forward exchange contracts	(507)	483	1,216	(851)	535	1,161
Net exposure	**(1,501)**	**89**	**(872)**	(1,529)	17	(797)
Sensitivity analysis						
Equity	11	7	36	15	–	14
Profit or loss	–	(1)	(3)	–	–	–

Included in the US dollar amounts are intra-HEINEKEN cash flows. Within the net notional amount forward exchange contracts, the cross-currency interest rate swaps of HEINEKEN UK form the largest component.

Sensitivity analysis

A 10 per cent strengthening of the euro against the British pound and US dollar or, in case of the euro, a strengthening of the euro against all other currencies as at 31 December would have increased (decreased) equity and profit by the amounts shown above. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2011.

A 10 per cent weakening of the euro against the British pound and US dollar or, in case of the euro, a weakening of the euro against all other currencies as at 31 December would have had the equal but opposite effect on the basis that all other variables remain constant.

Interest rate risk

In managing interest rate risk, HEINEKEN aims to reduce the impact of short-term fluctuations on earnings. Over the longer term, however, permanent changes in interest rates would have an impact on profit.

HEINEKEN opts for a mix of fixed and variable interest rates in its financing operations, combined with the use of interest rate instruments. Currently HEINEKEN's interest rate position is more weighted towards fixed rather than floating. Interest rate instruments that can be used are interest rate swaps, forward rate agreements, caps and floors.

Swap maturity follows the maturity of the related loans and borrowings which have swap rates for the fixed leg ranging from 1.0 to 8.1 per cent (2011: from 1.0 to 8.1 per cent).

32. Financial risk management and financial instruments continued

Interest rate risk – Profile

At the reporting date the interest rate profile of HEINEKEN's interest-bearing financial instruments was as follows:

In millions of EUR	2012	2011
Fixed rate instruments		
Financial assets	97	95
Financial liabilities	(11,133)	(5,253)
Interest rate swaps floating to fixed	(9)	(1,051)
	(11,045)	(6,209)
Variable rate instruments		
Financial assets	1,430	431
Financial liabilities	(2,054)	(3,177)
Interest rate swaps fixed to floating	9	1,051
	(615)	(1,695)

Fair value sensitivity analysis for fixed rate instruments

During 2012, HEINEKEN opted to apply fair value hedge accounting on certain fixed rate financial liabilities. The fair value movements on these instruments are recognised in profit or loss. The change in fair value on these instruments was EUR(30) million in 2012 (2011: EUR(30) million), which was offset by the change in fair value of the hedge accounting instruments, which was EUR18 million (2011: EUR36 million).

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below (after tax).

	Profit or loss		Equity	
In millions of EUR	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2012				
Instruments designated at fair value	11	(11)	20	(20)
Interest rate swaps	(6)	6	(9)	9
Fair value sensitivity (net)	**5**	**(5)**	**11**	**(11)**
31 December 2011				
Instruments designated at fair value	29	(29)	29	(29)
Interest rate swaps	(20)	21	(2)	2
Fair value sensitivity (net)	9	(8)	27	(27)

As part of the acquisition of Scottish & Newcastle in 2008, HEINEKEN took over a portfolio of euro floating-to-fixed interest rate swaps of which currently EUR400 million is still outstanding. Although interest rate risk is hedged economically, it is not possible to apply hedge accounting on this portfolio.
A movement in interest rates will therefore lead to a fair value movement in the profit or loss under the other net financing income/(expenses). Any related non-cash income or expenses in our profit or loss are expected to reverse over time.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates constantly applied during the reporting period would have increased (decreased) equity and profit or loss by the amounts shown below (after tax). This analysis assumes that all other variables, in particular foreign currency rates, remain constant and excludes any possible change in fair value of derivatives at period-end because of a change in interest rates. The analysis is performed on the same basis as for 2011.

	Profit or loss		Equity	
In millions of EUR	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2012				
Variable rate instruments	(4)	4	(4)	4
Net interest rate swaps fixed to floating	–	–	–	–
Cash flow sensitivity (net)	**(4)**	**4**	**(4)**	**4**
31 December 2011				
Variable rate instruments	(20)	20	(20)	20
Net interest rate swaps fixed to floating	8	(8)	8	(8)
Cash flow sensitivity (net)	(12)	12	(12)	12

Commodity price risk

Commodity price risk is the risk that changes in commodity prices will affect HEINEKEN's income. The objective of commodity price risk management is to manage and control commodity risk exposures within acceptable parameters, whilst optimising the return on risk. The main commodity exposure relates to the purchase of cans, glass bottles, malt and utilities. Commodity price risk is in principle addressed by negotiating fixed prices in supplier contracts with various contract durations. So far, commodity hedging with financial counterparties by the Company is limited to the incidental sale of surplus CO_2 emission rights, aluminium hedging and, to a limited extent, gas hedging, which are done in accordance with risk policies. HEINEKEN does not enter into commodity contracts other than to meet HEINEKEN's expected usage and sale requirements. As at 31 December 2012, the market value of commodity swaps was EUR(22) million (2011: EUR(25) million).

Cash flow hedges

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges, are expected to occur.

						2012
In millions of EUR	Carrying amount	Expected cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Interest rate swaps:						
Assets	96	1,752	85	82	696	889
Liabilities	(26)	(1,632)	(89)	(79)	(617)	(847)
Forward exchange contracts:						
Assets	28	1,296	1,150	146	–	–
Liabilities	(16)	(1,288)	(1,145)	(143)	–	–
Commodity derivatives:						
Assets	1	1	1	–	–	–
Liabilities	(23)	(23)	(22)	(1)	–	–
	60	**106**	**(20)**	**5**	**79**	**42**

The periods in which the cash flows associated with forward exchange contracts that are cash flow hedges are expected to impact profit or loss is on average two months earlier than the occurrence of the cash flows as in the above table.

32. Financial risk management and financial instruments continued

In millions of EUR	Carrying amount	Expected cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
						2011
Interest rate swaps:						
Assets	170	1,904	120	107	726	951
Liabilities	(48)	(1,786)	(136)	(108)	(658)	(884)
Forward exchange contracts:						
Assets	15	1,078	871	207	–	–
Liabilities	(49)	(1,111)	(896)	(215)	–	–
Commodity derivatives:						
Assets	11	11	11	–	–	–
Liabilities	(36)	(36)	(32)	(4)	–	–
	63	60	(62)	(13)	68	67

Fair value hedges/net investment hedges

The following table indicates the periods in which the cash flows associated with derivatives that are fair value hedges or net investment hedges are expected to occur.

In millions of EUR	Carrying amount	Expected cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
						2012
Interest rate swaps:						
Assets	19	780	48	492	240	–
Liabilities	(77)	(849)	(6)	(609)	(234)	–
Forward exchange contracts:						
Assets	–	181	181	–	–	–
Liabilities	(2)	(183)	(183)	–	–	–
	(60)	**(71)**	**40**	**(117)**	**6**	**–**

In millions of EUR	Carrying amount	Expected cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
						2011
Interest rate swaps:						
Assets	27	967	171	49	747	–
Liabilities	(136)	(1,059)	(180)	(22)	(857)	–
Forward exchange contracts:						
Assets	–	177	177	–	–	–
Liabilities	(12)	(187)	(187)	–	–	–
	(121)	(102)	(19)	27	(110)	–

Capital management

There were no major changes in HEINEKEN's approach to capital management during the year. The Executive Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of business and acquisitions. Capital is herein defined as equity attributable to equity holders of the Company (total equity minus non-controlling interests).

HEINEKEN is not subject to externally imposed capital requirements other than the legal reserves explained in note 22. Shares are purchased to meet the requirements under the Long and Short-Term Incentive Plan and the extraordinary share plan as further explained in note 29.

Fair values

The fair values of financial assets and liabilities that differ from the carrying amounts shown in the statement of financial position are as follows:

In millions of EUR	Carrying amount 2012	Fair value 2012	Carrying amount 2011	Fair value 2011
Bank loans	(2,002)	(2,002)	(3,986)	(4,017)
Unsecured bond issues	(8,806)	(9,126)	(2,493)	(2,727)
Finance lease liabilities	(38)	(38)	(39)	(39)
Other interest-bearing liabilities	(1,840)	(1,840)	(2,009)	(2,039)

Basis for determining fair values

The significant methods and assumptions used in estimating the fair values of financial instruments reflected in the table above are discussed in note 4.

Fair value hierarchy

IFRS 7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

31 December 2012	Level 1	Level 2	Level 3
Available-for-sale investments	193	–	134
Non-current derivative assets	–	116	–
Current derivative assets	–	37	–
Investments held for trading	11	–	–
	204	**153**	**134**
Non-current derivative liabilities	–	111	–
Current derivative liabilities	–	53	–
	–	**164**	**–**

31 December 2011	Level 1	Level 2	Level 3
Available-for-sale investments	81	–	183
Non-current derivative assets	–	142	–
Current derivative assets	–	37	–
Investments held for trading	14	–	–
	95	179	183
Non-current derivative liabilities	–	177	–
Current derivative liabilities	–	164	–
	–	341	–

32. Financial risk management and financial instruments continued

In millions of EUR	2012	2011
Available-for-sale investments based on level 3		
Balance as at 1 January	183	120
Fair value adjustments recognised in other comprehensive income	1	61
Disposals	(50)	–
Transfers	–	2
Balance as at 31 December	**134**	183

33. Off-balance sheet commitments

In millions of EUR	Total 2012	Less than 1 year	1-5 years	More than 5 years	Total 2011
Lease & operational lease commitments	618	143	302	173	503
Property, plant & equipment ordered	136	133	3	–	50
Raw materials purchase contracts	3,806	1,416	2,227	163	3,843
Other off-balance sheet obligations	2,139	400	1,129	610	2,589
Off-balance sheet obligations	**6,699**	**2,092**	**3,661**	**946**	6,985
Undrawn committed bank facilities	**1,832**	**121**	**1,711**	**–**	1,274

HEINEKEN leases buildings, cars and equipment in the ordinary course of business.

Raw material contracts include long-term purchase contracts with suppliers in which prices are fixed or will be agreed based upon predefined price formulas. These contracts mainly relate to malt, bottles and cans.

During the year ended 31 December 2012 EUR265 million (2011: EUR241 million) was recognised as an expense in profit or loss in respect of operating leases and rent.

Other off-balance sheet obligations mainly include distribution, rental, service and sponsorship contracts.

Committed bank facilities are credit facilities on which a commitment fee is paid as compensation for the bank's requirement to reserve capital. For the details of these committed bank facilities see note 25. The bank is legally obliged to provide the facility under the terms and conditions of the agreement.

34. Contingencies

Netherlands

On 19 December 2012 the European Court of Justice in Luxembourg confirmed the fine imposed on HEINEKEN for their participation in a cartel on the Dutch market from 1996 to 1999. This judgement is not subject to appeal. The fine was paid in 2007 and was treated as an expense in the 2007 Annual Report.

Brazil

As part of the acquisition of the beer operations of FEMSA, HEINEKEN also inherited existing legal proceedings with labour unions, tax authorities and other parties of its, now wholly-owned, subsidiaries Cervejarias Kaiser and Cervejarias Kaiser Nordeste (jointly, Heineken Brasil). The proceedings have arisen in the ordinary course of business and are common in the current economic and legal environment of Brazil. The proceedings have partly been provided for, see note 30. The contingent amount being claimed against Heineken Brasil resulting from such proceedings as at 31 December 2012 is EUR663 million. Such contingencies were classified by legal counsel as less than probable but more than remote of being settled against Heineken Brasil. However, HEINEKEN believes that the ultimate resolution of such legal proceedings will not have a material adverse effect on its consolidated financial position or result of operations. HEINEKEN does not expect any significant liability to arise from these contingencies. A significant part of the aforementioned contingencies (EUR367 million) are tax related and qualify for indemnification by FEMSA, see note 17.

As is customary in Brazil, Heineken Brasil has been requested by the tax authorities to collateralise tax contingencies currently in litigation amounting to EUR292 million by either pledging fixed assets or entering into available lines of credit which cover such contingencies.

Guarantees

In millions of EUR	Total 2012	Less than 1 year	1-5 years	More than 5 years	Total 2011
Guarantees to banks for loans (to third parties)	300	194	95	11	339
Other guarantees	358	63	5	290	372
Guarantees	**658**	**257**	**100**	**301**	711

Guarantees to banks for loans relate to loans to customers, which are given to external parties in the ordinary course of business of HEINEKEN. HEINEKEN provides guarantees to the banks to cover the risk related to these loans.

35. Related parties

Identification of related parties

HEINEKEN has a related party relationship with its associates and joint ventures (refer to note 16), Heineken Holding N.V., Heineken pension funds (refer to note 28), Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA), employees (refer to note 25) and with its key management personnel (Executive Board and the Supervisory Board). For our shareholder structure reference is made to the section 'Shareholder Information'.

Key management remuneration

In millions of EUR	2012	2011
Executive Board	6.8	7.5
Supervisory Board	0.9	0.9
Total	**7.7**	8.4

Executive Board

The remuneration of the members of the Executive Board comprises of a fixed component and a variable component. The variable component is made up of a Short-Term Variable pay and a Long-Term Variable award. The Short-Term Variable pay is based on financial and operational measures and on individual leadership measures as set by the Supervisory Board. It is partly paid out in shares that are blocked for a period of five calendar years. After the five calendar years HEINEKEN will match the blocked shares 1:1 which we refer to as the matching share entitlement. For the Long-Term Variable award see note 29. The separate remuneration report is stated on page 60-66.

As at 31 December 2012, J.F.M.L. van Boxmeer held 48,641 Company shares and D.R. Hooft Graafland 25,109. (2011: J.F.M.L. van Boxmeer 25,369 and D.R. Hooft Graafland 14,818 shares). D.R. Hooft Graafland held 3,052 shares of Heineken Holding N.V. as at 31 December 2012 (2011: 3,052 shares).

Executive Board

	Fixed Salary		Short-Term Variable Pay		Matching Share Entitlement**		Long-Term Variable award*		Pension Plan		Total	
In thousands of EUR	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011*
J.F.M.L. van Boxmeer	1,050	1,050	1,361	1,764	681	882	912	669	496	590	4,500	4,955
D.R. Hooft Graafland	650	650	602	780	301	390	477	355	318	399	2,348	2,574
Total	**1,700**	1,700	**1,963**	2,544	**982**	1,272	**1,389**	1,024	**814**	989	**6,848**	7,529

* The remuneration reported as part of LTV is based on IFRS accounting policies and does not reflect the value of vested performance shares.
** The matching share entitlement for 2011 is based on 2011 performance. The matching share entitlement for 2012 is based on 2012 performance. The matching share entitlement vests immediately and as such EUR1.0 million was recognised in the 2012 income statement.

The Dutch government has introduced a one-off additional tax levy of 16 per cent over 2012 taxable income, as a liability for the employer. This tax levy related to remuneration over 2012 for the Executive Board is EUR 754 (in thousands) and is not included in the table above.

Supervisory Board

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

In thousands of EUR	2012	2011
C.J.A. van Lede	160	160
J.A. Fernández Carbajal	85	85
M. Das	85	85
M.R. de Carvalho	135	135
J.M. Hessels*	23	75
J.M. de Jong	80	80
A.M. Fentener van Vlissingen	80	80
M.E. Minnick	70	70
V.C.O.B.J. Navarre	75	75
J.G. Astaburuaga Sanjinés	75	75
G.J. Wijers**	52	–
Total	**920**	920

* Stepped down as at 19 April 2012.
** Appointed as at 19 April 2012.

In the Annual General Meeting of Shareholders held on 21 April 2011 it was resolved to increase the remuneration of our Supervisory Board. The fees initially established on 1 January 2006 were updated as per 1 January 2011 to reflect the increased size and global footprint of HEINEKEN and also to align to the market practice in Europe (excluding UK).

M.R. de Carvalho held 8 shares of Heineken N.V. as at 31 December 2012 (2011: 8 shares). As at 31 December 2012 and 2011, the Supervisory Board members did not hold any of the Company's bonds or option rights. C.J.A. van Lede held 2,656 and M.R. de Carvalho held 8 ordinary shares of Heineken Holding N.V. as at 31 December 2012 (2011: C.J.A. van Lede 2,656 and M.R. de Carvalho 8 ordinary shares).

Other related party transactions

	Transaction value		Balance outstanding as at 31 December	
In millions of EUR	2012	2011	2012	2011
Sale of products, services and royalties				
To associates and joint ventures	107	98	31	35
To FEMSA	649	572	114	77
	756	670	**145**	112
Raw materials, consumables and services				
Goods for resale – joint ventures	–	2	–	–
Other expenses – joint ventures	–	–	–	–
Other expenses FEMSA	175	128	27	13
	175	130	**27**	13

35. Related parties continued

Heineken Holding N.V.

In 2012, an amount of EUR694,065 (2011: EUR586,942) was paid to Heineken Holding N.V. for management services for the HEINEKEN Group.

This payment is based on an agreement of 1977 as amended in 2001, providing that Heineken N.V. reimburses Heineken Holding N.V. for its costs. Best practice provision III.6.4 of the Dutch Corporate Governance Code of 10 December 2008 has been observed in this regard.

FEMSA

As consideration for HEINEKEN's acquisition of the beer operations of Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA). FEMSA, became a major shareholder of Heineken N.V. Therefore, several existing contracts between FEMSA and former FEMSA-owned companies acquired by HEINEKEN have become related-party contracts. The total revenue amount related to these related-party relationships amounts to EUR649 million.

36. HEINEKEN entities

Control of HEINEKEN

The shares and options of the Company are traded on Euronext Amsterdam, where the Company is included in the main AEX index. Heineken Holding N.V. Amsterdam has an interest of 50.005 per cent in the issued capital of the Company. The financial statements of the Company are included in the consolidated financial statements of Heineken Holding N.V.

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

Significant subsidiaries

		Ownership interest	
	Country of incorporation	2012	2011
▪ Heineken Nederlands Beheer B.V.	The Netherlands	100%	100%
▪ Heineken Brouwerijen B.V.	The Netherlands	100%	100%
▪ Heineken CEE Investments B.V.	The Netherlands	100%	100%
▪ Heineken Nederland B.V.	The Netherlands	100%	100%
▪ Heineken International B.V.	The Netherlands	100%	100%
▪ Heineken Supply Chain B.V.	The Netherlands	100%	100%
▪ Heineken Global Procurement B.V.	The Netherlands	100%	100%
▪ Amstel Brouwerij B.V.	The Netherlands	100%	100%
▪ Amstel Internationaal B.V.	The Netherlands	100%	100%
▪ Vrumona B.V.	The Netherlands	100%	100%
▪ Invebra Holland B.V.	The Netherlands	100%	100%
▪ B.V. Beleggingsmaatschappij Limba	The Netherlands	100%	100%
▪ Brand Bierbrouwerij B.V.	The Netherlands	100%	100%
▪ Heineken CEE Holdings B.V.	The Netherlands	100%	100%
▪ Brasinvest B.V.	The Netherlands	100%	100%
▪ Heineken Beer Systems B.V.	The Netherlands	100%	100%
▪ Heineken Asia Pacific B.V.	The Netherlands	100%	–
▪ Central Europe Beverages B.V.	The Netherlands	100%	72%
Mouterij Albert N.V.	Belgium	100%	100%
Ibecor S.A.	Belgium	100%	100%
N.V. Brouwerijen Alken-Maes Brasseries S.A.	Belgium	99.9%	99.9%
Heineken France S.A.S.	France	100%	100%
Oy Hartwall Ab.	Finland	100%	100%
Heineken Ireland Ltd.[1]	Ireland	100%	100%
Heineken Italia S.p.A.	Italy	100%	100%
Sociedade Central de Cervejas et Bebidas S.A.	Portugal	98.7%	98.7%

	Country of incorporation	Ownership interest 2012	Ownership interest 2011
Heineken España S.A.	Spain	98.7%	98.7%
Heineken Switzerland AG	Switzerland	100%	100%
Heineken UK Ltd.	United Kingdom	100%	100%
Brau Union AG	Austria	100%	100%
Brau Union Österreich AG	Austria	100%	100%
FCJSC Heineken Breweries	Belarus	100%	100%
OJSC, Rechitsapivo	Belarus	96.4%	96.2%
Karlovacka Pivovara d.o.o.	Croatia	100%	100%
Heineken Ceská republika a.s.	Czech Republic	100%	100%
Athenian Brewery S.A.	Greece	98.8%	98.8%
Heineken Hungária Sorgyárak Zrt.	Hungary	100%	100%
Grupa Zywiec S.A.	Poland	61.9%	61.9%
Heineken Romania S.A.	Romania	98.4%	98.4%
LLC Heineken Breweries	Russia	100%	100%
United Serbian Breweries EUC LLC	Serbia	100%	72%
United Serbian Breweries Zajecarsko JSC	Serbia	73%	52.5%
Heineken Slovensko a.s.	Slovakia	100%	100%
Commonwealth Brewery Ltd.	Bahamas	75%	75%
Cervejarias Kaiser Brasil S.A.	Brazil	100%	100%
Brasserie Nationale d' Haiti	Haiti	94.8%	22.5%
Brasserie Lorraine S.A.	Martinique	100%	100%
Cuauhtémoc Moctezuma Holding, S.A. de C.V.	Mexico	100%	100%
Fabricas Monterrey, S.A. de C.V.	Mexico	100%	100%
Silices de Veracruz, S.A. de C.V.	Mexico	100%	100%
Cervecerias Baru-Panama S.A.	Panama	74.9%	74.9%
Windward & Leeward Brewery Ltd.	St Lucia	72.7%	72.7%
Surinaamse Brouwerij N.V.	Surinam	76.2%	76.2%
Heineken USA Inc.	United States	100%	100%
Tango s.a.r.l.	Algeria	100%	100%
Brasseries et Limonaderies du Burundi 'Brarudi' S.A.	Burundi	59.3%	59.3%
Brasseries, Limonaderies et Malteries 'Bralima' S.A.R.L.	D.R. Congo	95.0%	95.0%
Al Ahram Beverages Company S.A.E.	Egypt	99.9%	99.9%
Bedele Brewery	Ethiopia	100%	100%
Harar Brewery	Ethiopia	100%	100%
Brasserie Almaza S.A.L.	Lebanon	67.0%	67.0%
Nigerian Breweries Plc.	Nigeria	54.1%	54.1%
Consolidated Breweries Ltd.	Nigeria	53.6%	50.5%
Brasseries de Bourbon S.A.	Réunion	85.7%	85.7%
Brasseries et Limonaderies du Rwanda 'Bralirwa' S.A.	Rwanda	75.0%	75.0%
Sierra Leone Brewery Ltd.	Sierra Leone	83.1%	83.1%
Société Nouvelle des Boissons Gazeuses S.A. ('SNBG')	Tunisia	74.5%	74.5%
Société Nouvelle de Brasserie S.A. 'Sonobra'	Tunisia	49.9%	49.9%
Cambodia Brewery Ltd.	Cambodia	79.0%	33.5%
Shanghai Asia Pacific Brewery Co. Ltd.	China	99.3%	46.0%
Hainan Asia Pacific Brewery Co. Ltd.	China	99.3%	46.0%
Guangzhou Asia Pacific Brewery Co. Ltd	China	99.3%	46.0%
PT Multi Bintang Indonesia Tbk.	Indonesia	86.4%	40.6%
Lao Asia Pacific Breweries Ltd.	Laos	67.1%	28.5%
MCS Asia Pacific Brewery LLC.	Mongolia	54.3%	23.1%

36. HEINEKEN entities continued

	Country of incorporation	Ownership interest 2012	2011
Grande Brasserie de Nouvelle – Calédonie S.A.	New Calédonia	86.3%	36.6%
DB Breweries Ltd.	New Zealand	98.7%	41.9%
DB South Island Brewery Ltd.	New Zealand	54.3%	23.1%
South Pacific Brewery Ltd.	Papua New Guinea	75.4%	31.8%
Asia Pacific Investments Pte. Ltd.	Singapore	100%	50%
Asia Pacific Breweries Ltd.	Singapore	98.7%	41.9%
Asia Pacific Breweries (Singapore) Pte. Ltd.	Singapore	98.7%	41.9%
Solomon Breweries Ltd.	Solomon Islands	96.4%	40.9%
Asia Pacific Breweries (Lanka) Ltd.	Sri Lanka	59.2%	25.2%
Vietnam Brewery Ltd.	Vietnam	59.2%	25.2%
Asia Pacific Breweries (Hanoi) Ltd.	Vietnam	98.7%	41.9%
VBL Da Nang Co. Ltd.	Vietnam	59.2%	25.2%
VBL Tien Giang Ltd.	Vietnam	59.2%	25.2%
VBL Quang Nam Ltd	Vietnam	47.4%	20.1%

[1] In accordance with Article 17 of the Republic of Ireland Companies (Amendment) Act 1986, the Company issued an irrevocable guarantee for the year ended 31 December 2012 and 2011 regarding the liabilities of Heineken Ireland Ltd., Heineken Ireland Sales Ltd., West Cork Bottling Ltd., Western Beverages Ltd., Beamish and Crawford Ltd. and Nash Beverages Ltd as referred to in Article 5(I) of the Republic of Ireland Companies (Amendment) Act 1986.

37. Subsequent events

Share of stake in Kazakhstan

On 21 December 2012 HEINEKEN announced its intentions to sell its 28 per cent stake in Efes Kazakhstan JSC FE to majority shareholders Efes Breweries International N.V. The transaction closed on 8 January 2013 and resulted in an estimated post tax book gain of EUR80 million.

Sale of Jiangsu Dafuhao Breweries Co. Ltd

On 9 January 2013 HEINEKEN's Asian subsidiary that holds a 49 per cent stake in Jiangsu Dafuhao Breweries Co. Ltd entered into a conditional share transfer agreement whereby Nantong Fuhao Alcohol Co. Ltd. will purchase HEINEKEN's shareholding interests for USD24.5 million. The transaction closed on 15 January 2013 when the funds were received in full.

Sale of Pago International GmbH

On 17 December 2012 HEINEKEN announced the sale of its wholly-owned subsidiary Pago International GmbH to Eckes-Granini Group. The transaction is expected to close in the first quarter of 2013.

Mandatory unconditional cash offer (Offer for APB shares)

On 17 January 2013 HEINEKEN announced that the final closing date of its Offer for all of the issued and paid-up ordinary APB shares other than those already owned or controlled by HEINEKEN is 31 January 2013.

On 16 January 2013 the required acceptance level of 90 per cent of the APB shares in the open market was reached. As such, HEINEKEN was entitled to exercise its right of compulsory acquisition of the remaining APB shares. The total cash consideration in relation to the acquisition of the remaining shares after 31 December 2012 amounts to approximately EUR146 million.

Strategic review of Hartwall in Finland

On 4 February 2013 HEINEKEN announced that it had started a strategic review of its Hartwall business in Finland. During this review, HEINEKEN evaluates strategic options for Hartwall to drive continued growth for the business, within or outside of HEINEKEN. The strategic review is expected to be finalised before the end of the year.

Heineken N.V. Balance Sheet

Before appropriation of profit
As at 31 December

In millions of EUR	Note	2012	2011
Fixed assets			
Financial fixed assets			
Investments in participating interests	38	22,461	16,233
Other investments		219	247
Deferred tax assets		87	28
Total financial fixed assets		**22,767**	16,508
Trade and other receivables		34	2
Cash and cash equivalents		2	–
Total current assets		36	2
Total assets		**22,803**	16,510
Shareholders' equity			
Issued capital		922	922
Share Premium		2,701	2,701
Translation reserve		(527)	(575)
Hedging reserve		(11)	(69)
Fair value reserve		150	159
Other legal reserves		779	1,026
Reserve for own shares		(26)	(43)
Retained earnings		4,754	4,223
Net profit		2,949	1,430
Total shareholders' equity	39	**11,691**	9,774
Liabilities			
Loans and borrowings	40	9,692	6,553
Deferred tax liability		–	–
Total non-current liabilities		**9,692**	6,553
Loans and borrowings (current part)		1,195	50
Trade and other payables		206	110
Tax payable		19	23
Total current liabilities		**1,420**	183
Total liabilities		**11,112**	6,736
Total shareholders' equity and liabilities		**22,803**	16,510

Heineken N.V. Income Statement

For the year ended 31 December

In millions of EUR	Note	2012	2011
Share of profit of participating interests, after income tax		3,015	1,613
Other profit after income tax		(66)	(183)
Net profit	39	**2,949**	1,430

Notes to the Heineken N.V. Financial Statements

Reporting entity

The financial statements of Heineken N.V. (the 'Company') are included in the consolidated statements of Heineken N.V.

Basis of preparation

The Company financial statements have been prepared in accordance with the provisions of Part 9, Book 2, of the Dutch Civil Code. The Company uses the option of Article 362.8 of Part 9, Book 2, of the Dutch Civil Code to prepare the Company financial statements, using the same accounting policies as in the consolidated financial statements. Valuation is based on recognition and measurement requirements of accounting standards adopted by the EU (i.e., only IFRS that is adopted for use in the EU at the date of authorisation) as explained further in the notes to the consolidated financial statements. The Company presents a condensed income statement, using the facility of Article 402 of Part 9, Book 2, of the Dutch Civil Code.

Significant accounting policies

Financial fixed assets

Participating interests (subsidiaries, joint ventures and associates) are measured on the basis of the equity method.

Shareholders' equity

The translation reserve and other legal reserves were previously formed under and still recognised in accordance with the Dutch Civil Code.

Profit of participating interests

The share of profit of participating interests consists of the share of the Company in the results of these participating interests. Results on transactions, where the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are not recognised.

38. Investments in participating interests

In millions of EUR	Participating interests	Loans to participating interest	Total
Balance as at 1 January 2011	10,326	5,520	15,846
Profit of participating interests	1,613	–	1,613
Dividend payments by participating interests	(216)	216	–
Effect of movements in exchange rates	(475)	–	(475)
Changes in hedging and fair value adjustments	13	–	13
Actuarial gains/(losses)	(93)	–	(93)
Acquisition of non-controlling interests without a change in control	12	–	12
Investments/(repayments)	76	(759)	(683)
Balance as at 31 December 2011	11,256	4,977	16,233
Balance as at 1 January 2012	11,256	4,977	16,233
Profit of participating interests	3,015	–	3,015
Dividend payments by participating interests	(397)	397	–
Effect of movements in exchange rates	71	–	71
Changes in hedging and fair value adjustments	40	–	40
Actuarial gains/(losses)	(438)	–	(438)
Acquisition of non-controlling interests without a change in control	(212)	–	(212)
Investments/(repayments)	–	3,746	3,746
Other movements	6	–	6
Balance as at 31 December 2012	**13,341**	**9,120**	**22,461**

39. Shareholders' equity

In millions of EUR	Share capital	Share Premium	Translation reserve	Hedging reserve	Fair value reserve
Balance as at 1 January 2011	922	2,701	(93)	(27)	90
Other comprehensive income	–	–	(482)	(42)	69
Profit	–	–	–	–	–
Total comprehensive income	–	–	(482)	(42)	69
Transfer to retained earnings	–	–	–	–	–
Dividends to shareholders	–	–	–	–	–
Shares issued	–	–	–	–	–
Purchase/reissuance own shares	–	–	–	–	–
ASDI	–	–	–	–	–
Own shares granted	–	–	–	–	–
Share-based payments	–	–	–	–	–
Share purchase mandate	–	–	–	–	–
Acquisition of non-controlling interests without a change in control	–	–	–	–	–
Disposal of interests without a change in control	–	–	–	–	–
Balance as at 31 December 2011	922	2,701	(575)	(69)	159
Balance as at 1 January 2012	922	2,701	(575)	(69)	159
Other comprehensive income	–	–	48	58	(9)
Profit	–	–	–	–	–
Total comprehensive income	**–**	**–**	**48**	**58**	**(9)**
Transfer to retained earnings	–	–	–	–	–
Dividends to shareholders	–	–	–	–	–
Shares issued	–	–	–	–	–
Purchase/reissuance own shares	–	–	–	–	–
ASDI	–	–	–	–	–
Own shares granted	–	–	–	–	–
Share-based payments	–	–	–	–	–
Share purchase mandate	–	–	–	–	–
Acquisition of non-controlling interests with a change in control	–	–	–	–	–
Acquisition of non-controlling interests without a change in control	–	–	–	–	–
Disposal of interests without a change in control	–	–	–	–	–
Balance as at 31 December 2012	**922**	**2,701**	**(527)**	**(11)**	**150**

39. Shareholders' equity continued

In millions of EUR	Other legal reserve	Reserve for own shares	ASDI	Retained earnings	Net profit	Share-holders' equity
Balance as at 1 January 2011	899	(55)	666	3,382	1,447	9,932
Other comprehensive income	–	–	–	(91)	–	(546)
Profit	253	–	–	(253)	1,430	1,430
Total comprehensive income	253	–	–	(344)	1,430	884
Transfer to retained earnings	(126)	–	–	1,573	(1,447)	–
Dividends to shareholders	–	–	–	(474)	–	(474)
Shares issued	–	–	–	–	–	–
Purchase/reissuance own shares	–	(687)	–	–	–	(687)
ASDI	–	694	(666)	(28)	–	–
Own shares granted	–	5	–	(5)	–	–
Share-based payments	–	–	–	11	–	11
Share purchase mandate	–	–	–	96	–	96
Acquisition of non-controlling interests without a change in control	–	–	–	(21)	–	(21)
Disposal of interests without a change in control	–	–	–	33	–	33
Balance as at 31 December 2011	1,026	(43)	–	4,223	1,430	9,774
Balance as at 1 January 2012	1,026	(43)	–	4,223	1,430	9,774
Other comprehensive income	4	–	–	(442)	–	(341)
Profit	222	–	–	(222)	2,949	2,949
Total comprehensive income	**226**	**–**	**–**	(664)	**2,949**	**2,608**
Transfer to retained earnings	(473)	–	–	1,903	(1,430)	–
Dividends to shareholders	–	–	–	(494)	–	(494)
Shares issued	–	–	–	–	–	–
Purchase/reissuance own shares	–	–	–	–	–	–
ASDI	–	–	–	–	–	–
Own shares granted	–	17	–	(17)	–	–
Share-based payments	–	–	–	15	–	15
Share purchase mandate	–	–	–	–	–	–
Disposal of interests without a change in control	–	–	–	–	–	–
Acquisition of non-controlling interests without a change in control	–	–	–	(212)	–	(212)
Disposal of interest without a change in control	–	–	–	–	–	–
Balance as at 31 December 2012	**779**	**(26)**	**–**	**4,754**	**2,949**	**11,691**

For more details on reserves, please see note 22 of the consolidated financial statements.

For more details on LTV, please see note 29 of the consolidated financial statements.

40. Loans and borrowings

Non-current liabilities

In millions of EUR	2012	2011
Unsecured bank loans	687	2,991
Unsecured bond issues	7,962	2,473
Other	1,021	1,048
Non-current interest-bearing liabilities	**9,670**	6,512
Non-current non-interest-bearing liabilities	–	–
Non-current derivatives	22	41
	9,692	6,553

Non-current liabilities

In millions of EUR	Unsecured bank loans	Unsecured bond issues	Other non-current interest-bearing liabilities	Non-current derivatives	Non-current non-interest bearing liabilities	Total
Balance as at 1 January 2012	2,991	2,473	1,048	41	–	6,553
Charge from/to equity i/r derivatives	–	–	–	(22)	–	(22)
Effects of movements of exchange rates	(4)	1	(1)	–	–	(4)
Proceeds	379	6,108	(4)	–	–	6,483
Repayments	(1,556)	–	(6)	–	–	(1,562)
Transfers (to)/from current	(1,118)	(587)	–	(3)	–	(1,708)
Other	(5)	(33)	(16)	6	–	(48)
Balance as at 31 December 2012	**687**	**7,962**	**1,021**	**22**	**–**	**9,692**

40. Loans and borrowings continued

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

In millions of EUR	Category	Currency	Nominal interest rate %	Repayment	Carrying amount 2012	Face value 2012	Carrying amount 2011	Face value 2011
Unsecured bank loans	German Schuld-schein notes	EUR	1.0 – 6.0	2013	102	102	102	102
Unsecured bank loans	German Schuld-schein notes	EUR	1.0 – 6.2	2016	111	111	111	111
Unsecured bank loans	2008 Syndicated Bank Facility	EUR	0.8	2013	198	200	1,305	1,313
Unsecured bank loans	German Schuld-schein notes	EUR	1.0 – 6.0	2014	207	207	207	207
Unsecured bank loans	2008 Syndicated Bank Facility	GBP	1.2	2013	291	294	287	287
Unsecured bank loans	2011 Syndicated Bank Facility	USD	0.8	2017	–	–	450	450
Unsecured bank loans	2011 Syndicated Bank Facility	GBP	0.9	2017	196	196	422	422
Unsecured bank loans	2011 Syndicated Bank Facility	EUR	0.6	2017	180	180	107	107
Unsecured bond	Issue under EMTN programme	GBP	7.3	2015	488	490	476	479
Unsecured bond	Eurobond on Luxembourg Stock Exchange	EUR	5.0	2013	600	600	599	600
Unsecured bond	Issue under EMTN programme	EUR	7.1	2014	1,001	1,000	1,000	1,000
Unsecured bond	Issue under EMTN programme	EUR	4.6	2016	398	400	398	400
Unsecured bond	Issue under EMTN programme	EUR	2.5	2019	841	850	–	–
Unsecured bond	Issue under EMTN programme	EUR	2.1	2020	995	1,000	–	–
Unsecured bond	Issue under EMTN programme	EUR	3.5	2024	496	500	–	–
	Issue under EMTN programme	EUR	2.9	2025	740	750	–	–
Unsecured bond	Issue under 144A/RegS	USD	0.8	2015	377	379	–	–
Unsecured bond	Issue under 144A/RegS	USD	1.4	2017	941	947	–	–
Unsecured bond	Issue under 144A/RegS	USD	3.4	2022	563	568	–	–
Unsecured bond	Issue under 144A/RegS	USD	2.8	2023	753	758	–	–
Unsecured bond	Issue under 144A/RegS	USD	4.0	2042	369	379	–	–

In millions of EUR	Category	Currency	Nominal interest rate %	Repayment	Carrying amount 2012	Face value 2012	Carrying amount 2011	Face value 2011
Other interest-bearing liabilities	2010 US private placement	USD	4.6	2018	548	549	559	561
Other interest-bearing liabilities	2008 US private placement	USD	5.9-6.3	2015-2018	335	336	341	342
Other interest-bearing liabilities	2011 US private placement	USD	2.8	2017	68	69	69	70
Other interest-bearing liabilities	2008 US private placement	EUR	7.3	2016	31	31	–	–
Other interest-bearing liabilities	various	various	various	various	36	36	79	78
					10,865	**10,932**	6,512	6,529

For financial risk management and financial instruments, see note 32.

41. Audit fees

Other expenses in the consolidated financial statements include EUR14.5 million of fees in 2012 (2011: EUR13.5 million) for services provided by KPMG Accountants N.V. and its member firms and/or affiliates. Fees for audit services include the audit of the financial statements of HEINEKEN and its subsidiaries. Fees for other audit services include sustainability, subsidy and other audits. Fees for tax services include tax compliance and tax advice. Fees for other non-audit services include due diligence related to mergers and acquisitions, review of interim financial statements, agreed upon procedures and advisory services.

	KPMG Accountants N.V.		Other KPMG member firms and affiliates		Total	
	2012	2011	2012	2011	2012	2011
Audit of HEINEKEN and its subsidiaries	2.4	1.9	7.5	6.8	9.9	8.7
Other audit services	0.3	0.2	0.3	0.6	0.6	0.8
Tax services	–	–	2.1	1.8	2.1	1.8
Other non-audit services	0.4	0.2	1.5	2.0	1.9	2.2
Total	**3.1**	2.3	**11.4**	11.2	**14.5**	13.5

42. Off-balance sheet commitments

In millions of EUR	Total	Less than 1 Year	1 – 5 Years	More than 5 Years	Total 2011
Undrawn committed bank facility	**1,625**	–	1,625	–	1,041

	2012		2011	
	Third parties	HEINEKEN companies	Third parties	HEINEKEN companies
Declarations of joint and several liability	–	2,049	–	2,248

Fiscal unity

The Company is part of the fiscal unity of HEINEKEN in the Netherlands. Based on this the Company is liable for the tax liability of the fiscal unity in the Netherlands.

43. Subsequent events

For subsequent events, see note 37.

44. Other disclosures

Remuneration

We refer to note 35 of the consolidated financial statements for the remuneration and the incentives of the Executive Board members and the Supervisory Board. The Executive Board members are the only employees of the Company.

Participating interests

For the list of direct and indirect participating interests, we refer to notes 16 and 36 to the consolidated financial statements.

Executive and Supervisory Board statement

The members of the Supervisory Board signed the financial statements in order to comply with their statutory obligation pursuant to Article 2:101 paragraph 2 Civil Code.

The members of the Executive Board signed the financial statements in order to comply with their statutory obligation pursuant to Article 2:101 paragraph 2 Civil Code and Article 5:25c paragraph 2 sub c Financial Markets Supervision Act.

Amsterdam, 12 February 2013	Executive Board	Supervisory Board
	Van Boxmeer	Van Lede
	Hooft Graafland	Fernández Carbajal
		Das
		de Carvalho
		De Jong
		Fentener van Vlissingen
		Minnick
		Navarre
		Astaburuaga Sanjinés
		Wijers

Other information

Statement of the Executive Board

Statement ex Article 5:25c Paragraph 2 sub c Financial Supervision Act ('Wet op het Financieel Toezicht')

To our knowledge,

1°. the Financial Statements give a true and fair view of the assets, liabilities, financial position and profit of Heineken N.V. and its consolidated companies;

2°. the Report of the Executive Board gives a true and fair view of the position as at 31 December 2012 and the developments during the financial year 2012 of Heineken N.V. and its related companies included in its Financial Statements; and

3°. the Report of the Executive Board describes the material risks Heineken N.V. is facing.

Executive Board

J.F.M.L. van Boxmeer
D.R. Hooft Graafland

Amsterdam, 12 February 2013

Appropriation of Profit

Article 12, paragraph 7, of the Articles of Association stipulates:

"Of the profits, payment shall first be made, if possible, of a dividend of six per cent of the issued part of the authorised share capital.
The amount remaining shall be at the disposal of the General Meeting of Shareholders."

It is proposed to appropriate EUR512 million of the profit for payment of dividend and to add EUR2,437 million to the retained earnings.

Civil code
Heineken N.V. is not a 'structuurvennootschap' within the meaning of Sections 2: 152-164 of the Netherlands Civil Code. Heineken Holding N.V., a company listed on the NYSE Euronext Amsterdam, holds 50.005 per cent of the issued shares of Heineken N.V.

Authorised capital
The Company's authorised capital amounts to EUR2.5 billion.

Independent Auditor's Report

To: The Annual General Meeting of Shareholders of Heineken N.V.

Report on the financial statements

We have audited the accompanying financial statements 2012 of Heineken N.V., Amsterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2012, the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information as included on page 67 to 142. The company financial statements comprise the company balance sheet as at 31 December 2012, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information as included on page 143 to 150.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the report of the Executive Board in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Heineken N.V. as at 31 December 2012 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Heineken N.V. as at 31 December 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the report of the Executive Board as included on page 4 to 55, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b – h has been annexed. Further, we report that the report of the Executive Board, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 12 February 2013

KPMG Accountants N.V.
E.J.L. van Leeuwen RA

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