

Remuneration report

The remuneration policy and structure reflects the strategic ambitions of the Company, takes into account internal and external circumstances and preserves the highest standards of good corporate citizenship. The policy seeks to maintain a tight focus on the strategic short-term and long-term results. The policy was adopted in the Annual General Meeting of Shareholders in 2005. A review of the policy is conducted every two years.

Remuneration structure 2006

The remuneration package of the Executive Board includes a base salary, a short-term incentive and a long-term incentive. The base salary accounts for 45 per cent of the total remuneration package when targets are achieved. The variable portion is divided equally between short-term and long-term. This ensures a balanced focus, on both short-term and long-term performance.

The Company aims to achieve consistency in the structure of the remuneration packages of both Executive Board members and senior Heineken executives. The performance-related elements in Executive Board members' remuneration are emphasised more strongly than those of senior executives, reflecting the principle of increasing performance sensitivity in line with the impact on Group results.

Both internal pay relativities and relevant market data are used to define the remuneration package for the Executive Board. For market data, a specific labour market is defined.

Heineken operates in a highly international labour market and is headquartered in the Netherlands. Consequently, the reference for market data is primarily other Dutch multinational companies (75 per cent). To reflect the specific business of Heineken a minority of Continental European companies that operate in the branded consumer products markets are included (25 per cent). The labour market peer group consists of the following companies: Akzo Nobel, DSM, Reed Elsevier, Royal Ahold, Royal KPN, Royal Numico, TNT, Unilever, VNU, Wolters Kluwer, InBev, Henkel, L'Oréal and Nestlé.

Base salary

For the members of the Executive Board, the remuneration policy includes a base salary at the median level of the labour market peer group. The base salary for the CEO is set at 30 per cent above the base salary for the other members of the Executive Board. In 2006 the base salaries

were adjusted in line with policy: CEO €680,000 and other Executive Board members €525,000.

Annual bonus

The emphasis of the annual bonus is on annual operational performance. Organic net profit growth is the measure to assess the operational performance of Heineken on a one-year basis and accounts for 75 per cent of the bonus opportunity. At target level, the annual bonus level for the CEO is €422,500 and for the other members of the Executive Board €325,000.

Each year, the Supervisory Board determines an ambitious, yet realistic organic net profit growth target. The threshold level of payout is set at 60 per cent of the target level of payout. A linear pay-out curve applies. The maximum payout will not exceed 1.4 times the target bonus level. Part of the payout is subject to meeting an acceptable cash conversion rate.

The remaining 25 per cent of the annual bonus is linked to yearly targets. The specific targets are commercially sensitive and cannot be disclosed.

Long-term incentive

The long-term incentive plan for the Executive Board, as per 1 January 2005, is a performance share plan. A similar plan was implemented for senior management in 2006.

Each year a number of performance shares are conditionally awarded, the vesting of which is subject to meeting a stretching performance target after three years. The value of the performance shares at target level is €422,500 for the CEO and €325,000 for the other members of the Executive Board.

The Executive Board performance share allocation at target level is as follows:

- for the year starting 1 January 2005, based on the share price at 31 December 2004 of €24.53, 17,224 performance shares for the

CEO and 13,250 for the other Executive Board members. These will vest, subject to the fulfilment of the performance condition, in 2008.

- for the year starting 1 January 2006, based on the share price at 31 December 2005 of €26.78, 15,777 shares for the CEO and 12,136 shares for the other Executive Board members. These will vest, subject to the fulfilment of the performance condition, in 2009.

The performance condition is total shareholder return, measured over a three-year period, relative to a performance peer group. The performance peer group is different from the labour market peer group and includes companies with which Heineken competes for shareholder preference. It is composed of other brewers, but also includes European companies operating in the branded consumer products market. The performance peer group consists of the following companies: Anheuser-Busch, Carlsberg, InBev, SABMiller, Scottish & Newcastle, Henkel, L'Oréal, LVMH, Nestlé, Numico and Unilever.

If, over a three-year period, Heineken performs better than the median of the peer group a proportion of the performance shares will vest. These vested shares are subject to a holding restriction of two years. Below median, no performance shares will vest. At sixth position, 25 per cent of the target amount will vest. A linear vesting schedule applies, with 50 per cent of the target number vesting at fifth position and 75 per cent at fourth position. At third position, the target number will vest. If Heineken is ranked first, the maximum number of performance shares will vest. This is 1.5 times the target amount of shares. At the end of 2006 for the performance period 2005-07 Heineken was ranked 5th. For the performance period 2006-08 Heineken was ranked 2nd (at the end of 2005, for the performance period 2005-07 Heineken was ranked eleventh).

Heineken will acquire the shares that will be required for vesting.

Contracts

The contracts of the Executive Board are for an indefinite period of time. The general notice period is 6 months for the Company and 3 months for the members of the Executive Board. There is no specific scheme in the event of dismissal. As stated in the Comply or Explain Report (February 2005), on the basis of the Dutch Corporate Governance Code, provision II.2.7 cannot be complied with as it violates the law.

Shares held by the Executive Board

As at 31 December 2006, the members of the Executive Board did not hold directly any of the Company's shares, convertible bonds or option rights. One of the Executive Board members held 3,052 shares of Heineken Holding N.V. as per 31 December 2006.

Agreements with former Executive Board member(s)

An arrangement was made with Mr. Bolland, who left the company as per 1 August 2006. Mr. Bolland was compensated with an amount of €2,550,000, reflecting his 20 years of service within the company. Furthermore, his salary, including his short-term bonus (set at target level) for 2006 was fixed at €850,000 gross (with a pro-rated payment over 1 January–1 August 2006). The vesting of the performance shares awarded to him in 2005 and in 2006 will be pro-rated over the period in service during the relative performance period. The vesting awarded to him will occur in 2008 and 2009 respectively, according to the fulfilment of the performance condition.

In the annual report over the financial year 2005 a description was given of the agreements with Messrs. Ruys and Büche. At the end of 2006 their long-term bonuses were calculated. The amounts of the bonuses are stated on page 112.

Remuneration report continued

Remuneration Supervisory Board

The amounts paid to the members of the Supervisory Board are stated on page 112 of the financial statements. These amounts came into force as per 2006.

Shares held by the Supervisory Board

As at 31 December 2006, one of the Supervisory Board members holds 8 shares in Heineken N.V. The other Supervisory Board members do not hold any of the Company's shares, convertible bonds or option rights. Three Supervisory Board members together held 9,508 shares of Heineken Holding N.V. as at 31 December 2006.

Remuneration policy as from 2007

A proposal will be submitted to the Annual General Meeting of Shareholders to revise the remuneration policy, such revision to have effect as from 2007. The amended remuneration policy reflects the organisational structure and the strategic ambitions.

The proposed changes in the policy are:

Base salary

The CEO will be paid at market median of the labour market peer group. In 2005 and 2006 the CEO was paid 30 per cent above the level of the other Executive Board members. There is no change to the median pay policy for the other members of the Executive Board. This represents €750,000 for the CEO and €550,000 for the CFO.

Annual bonus and long-term incentive

In practice the median of the labour market peer group has moved towards greater variable pay. For 2007 this will be reflected in the increase of target annual bonus and target long-term incentive for the CEO from 62 per cent to 100 per cent and for the CFO from 62 per cent to 75 per cent.

The maximum annual bonus will change from 1.4 times target annual bonus to 1.5 times target annual bonus, in line with the figures for the long-term incentive plan. The effect of the variable compensation changes is to make the package

more performance sensitive. In 2005, at target level, base salary accounted for 45 per cent of the CEO's remuneration package. In the revised policy (as from 2007) it will account for only 33 per cent. For the CFO the figures are 45 per cent and 40 per cent respectively.

The value of performance shares at target level is equivalent to 100 per cent of base salary for the CEO, and 75 per cent for the CFO. Based on the share price as per 31 December 2006 of €36.03 this corresponds at target level to 20,816 performance shares for the CEO and 11,449 performance shares for the CFO. These will vest, subject to the fulfilment of the performance conditions in 2010.

Peer group

The labour market peer group will be adjusted. Philips N.V. replaces VNU as the change in ownership of VNU renders the inclusion in Heineken's labour market peer group no longer appropriate. Philips is the most suitable company to replace VNU.

Pensions

As from 2006 a new pension policy has been introduced for current and future members of the Executive Board, reflecting the Netherlands market and Netherlands legislative changes. The arrangements are based on the principle of defined contribution. The policy aims to provide for a secure income after retirement. Executive Board members can choose to participate in the Defined Contribution Plan or to allocate, within the fiscal rules, the amounts into a Capital Creation option. In the Defined Contribution Plan, apart from the survivor's pension, a separate lump sum of two times base salary will be paid in the event of death whilst in service.

In the Capital Creation option the Executive Board member may elect to receive as income the Defined Contribution premium amounts from the pension scheme, less an amount equivalent to the employee contribution. Instead of a survivor's pension, a lump sum of, depending on age, ten,

eight, six or four times base salary will be paid, in the event of death whilst in service.

The retirement age is 65, but individual Executive Board members may retire earlier with a reduced level of benefit. Contribution rates are designed to enable the current Executive Board member to retire from the Company at the age of 62.

Supervisory Board Heineken N.V.

20 February 2007