

To the shareholders

During the year under review, the Supervisory Board performed its duties in accordance with the law and the Articles of Association of Heineken N.V. and supervised and advised the Executive Board on an ongoing basis.

Financial statements and profit appropriation

The Executive Board has submitted its financial statements for 2006 to the Supervisory Board.

These financial statements can be found on pages 67 to 121 of this Annual Report.

KPMG ACCOUNTANTS N.V. audited the financial statements. Their report appears on page 122.

A new dividend policy will be submitted to the Annual General Meeting of Shareholders for approval. The new policy will first be applied over the financial year 2006. Under the existing policy Heineken reviewed every three years if there would be scope to increase the dividend via a share-split, thereby increasing the number of shares, whilst maintaining the annual dividend per share at the same level. This resulted in an intended dividend payout ratio of 20-25 per cent. In the new policy it is proposed to increase the annual dividend payout to 30-35 per cent of net profit before exceptional items and amortisation of brands (net profit beia). This will reinforce the relationship between dividend payments and the annual development net profit beia. The new policy supports the intention of Heineken N.V. to preserve its independence, to maintain a healthy financial structure and to

retain sufficient earnings in order to grow the business both organically and through acquisitions. Under the new policy Heineken will only consider share splits if and when the share price has reached a level where the liquidity of the stock becomes adversely affected. Heineken will continue to pay the annual dividend in the form of an interim dividend and a final dividend. The interim dividend will be fixed at 40 per cent of the total dividend of the previous year.

The Supervisory Board recommends that the shareholders, in accordance with the Articles of Association, adopt these financial statements and, as proposed by the Executive Board, appropriate €294 million of the profit as dividend, based on the new policy, and add the remainder, amounting to €917 million, to retained earnings. The proposed dividend amounts to €0.60 per share of €1.60 nominal value, of which €0.16 was paid as an interim dividend on 20 September 2006.

Supervisory Board changes and appointments

Messrs. C.J.A. van Lede and J.M. de Jong resigned by rotation from the Supervisory Board at the Annual General Meeting of Shareholders on 20 April 2006. Both were eligible for immediate reappointment for a period of four years. Messrs. Van Lede (Chairman) and De Jong

Supervisory Board as at 20 February 2007

Cees (C.J.A.) van Lede (1942)

Dutch nationality; male. Appointed in 2002; latest reappointment in 2006; next reappointment in 2010. Chairman (2004). Profession: Company director. Supervisory directorships Dutch stock listed companies: Akzo Nobel N.V., Royal Philips Electronics N.V., Reed Elsevier Group, Stork N.V.* Other: Sara Lee Corporation, Air Liquide S.A., Air France/KLM, Senior Advisor Europe, JP Morgan Plc., London.

Jan Maarten (J.M.) de Jong (1945)

Dutch nationality; male. Appointed in 2002; latest reappointment in 2006; next reappointment in 2010. Vice-Chairman (2004). Profession: Banker. Supervisory directorships Dutch stock listed companies: Nutreco Holding N.V. Other: Banca Antonveneta SpA, Italy, CRH plc, Ireland, AON Groep Nederland B.V.

Maarten (M.) Das (1948)

Dutch nationality; male. Appointed in 1994; latest reappointment in 2005; next reappointment in 2009. Delegated member (1995). Profession: Lawyer, Partner of Loyens & Loeff N.V. Supervisory directorships Dutch stock listed companies: none. Other: Greenfee B.V. (Chairman). Other posts**: Heineken Holding N.V. (Chairman), Stichting Administratiekantoor Piores, LAC B.V.

* Temporary appointment by the Enterprise Chamber of the Amsterdam District Court as from January 2007.

** Where relevant to performance of the duties of the Supervisory Board.

(Vice-Chairman) were duly reappointed for a period of four years.

Mr. M.R. de Carvalho will resign by rotation from the Supervisory Board at the Annual General Meeting of Shareholders on 19 April 2007. Mr. de Carvalho is eligible for immediate reappointment for a period of four years. The Supervisory Board proposes the reappointment of Mr. M.R. de Carvalho. A non-binding nomination for his appointment will be submitted to the Annual General Meeting of Shareholders.

Mr. Risseeuw is not eligible for reappointment, due to his age, based on the internal regulations of the Supervisory Board. We thank Mr. Risseeuw for his contributions to both the Supervisory Board meetings and to the Audit Committee meetings.

After the resignation of Mr. Risseeuw the Supervisory Board will comprise seven members. All members of the Supervisory Board comply with best practice provision III.3.4 of the Dutch Corporate Governance Code (maximum number of Supervisory Board seats).

Executive Board changes

Mr. M.J. Bolland resigned as COO and member of the Executive Board as per 1 August 2006. We are grateful for his contributions to the Company in various jobs over the last 20 years, the last four years as member of the Executive Board.

As per 1 August the Executive Board consists of two members: Messrs. J.F.M.L. van Boxmeer (CEO) and D.R. Hooft Graafland (CFO). An Executive Committee was established in April 2005 and

comprises the members of the Executive Board, five Regional Presidents and five Group Directors. Information on the Executive Committee is included on page 16 and 17 of this annual report.

Articles of Association

A proposal to amend the Articles of Association will be submitted to the Annual General Shareholders meeting of 19 April 2007. The proposed amendments mainly relate to the recently adopted law on the use of electronic communication devices at decision-making within companies (Wijziging van Boek 2 van het Burgelijk Wetboek ter bevordering van het gebruik van elektronische communicatiemiddelen bij de besluitvorming in rechtspersonen), which came into force on 1 January 2007.

Corporate Governance

The Annual General Meeting of Shareholders of 20 April 2005 sanctioned the Comply or Explain report on the basis of the Dutch Corporate Governance Code of 9 December 2003, and in particular the non-compliance with a limited number of best practice provisions (see page 58), as a consequence of the special character of the Company. There has been no change in the way Heineken N.V. deals with the Code.

Consultation and decision-making

The Supervisory Board held six regular meetings with the Executive Board and five meetings by telephone. The items discussed in the meetings included recurring subjects, such as the Company's strategy, the financial position and results, the operating companies' policies and business plans, acquisitions, large investment proposals and management development.

Michel (M.R.) de Carvalho (1944)

British nationality; male.
Appointed in 1996; latest reappointment in 2003; next reappointment in 2007.
Profession: Banker, Investment Banking (Vice-Chairman)
Citigroup Inc., United Kingdom.
Supervisory directorships Dutch stock listed companies: none.
Other: none.

Ton (A.H.J.) Risseeuw (1936)

Dutch nationality; male.
Appointed in 2000; latest reappointment in 2004; retires in 2007.
Profession: Company director.
Supervisory directorships Dutch stock listed companies: KPN N.V. (Chairman).
Other: Blokker Holding B.V., Intergamma B.V., Groeneveld B.V.

Jan Michiel (J.M.) Hessels (1942)

Dutch nationality; male.
Appointed in 2001; latest reappointment in 2005; next reappointment in 2009.
Profession: Company director.
Supervisory directorships Dutch stock listed companies: Euronext N.V. (Chairman), Royal Philips Electronics N.V., Fortis N.V.
Other: Schiphol Area Development Company – SADC (Chairman), S.C. Johnson Europlant N.V. (Chairman), Member International Advisory Board Blackstone Group, USA.

To the shareholders

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The agenda also included subjects such as the review of completed investment plans, interest rate and exchange rate risks, the proposal for the top management structure, the effectiveness of the internal risk management and control systems and the governance structure of the Company. The external auditor attended the meeting in which the annual results were discussed.

In the absence of the Executive Board, the Supervisory Board discussed the functioning of the Executive Board and its members as well as the profile, composition and the functioning of the Supervisory Board and its members.

One meeting was held in Moscow, Russia where the Regional President Central & Eastern Europe presented the main issues of the region. The Management Team of Heineken Brewery LLC (Russia) presented an overview of developments in Russia.

None of the members of the Supervisory Board were frequently absent. An absence of two times or more is considered frequent.

Independence

With regard to the independence of the Supervisory Board members, reference is made to the comments made regarding best practice provision III.2.2 of the Dutch Corporate Governance Code as contained in the 'Comply or Explain' report (21 February 2005). See page 58.

Remuneration Executive Board

The Annual General Meeting of Shareholders adopted on 20 April 2005 the remuneration policy for the Executive Board. In 2006 a new pension

scheme was introduced. Details of the policy and its implementation are described on page 62 of this report. The policy aims to ensure that highly qualified managers can be attracted and retained as members of the Executive Board. The package provides a strong focus on the strategic short-term and long-term performance of the Company and includes a base salary, an annual bonus and a long-term incentive.

Every two years the policy is evaluated. A revised policy will be submitted for adoption by the Annual General Meeting of Shareholders on 19 April 2007. The proposal for the revised policy is stated on page 62 of this report.

Committees

The Supervisory Board has four committees, the Preparatory Committee, the Audit Committee, the Selection & Appointment Committee and the Remuneration Committee.

Preparatory Committee

Composition: Messrs. Van Lede (Chairman), Das and de Carvalho.

The Preparatory Committee met six times. The committee prepares decision-making by the Supervisory Board.

Audit Committee

Composition: Messrs. De Jong (Chairman), Risseeuw, Hessels and Mrs. Fentener van Vlissingen.

The members collectively have the experience and financial expertise to supervise the financial statements and the risk profile of Heineken N.V.

Annemiek (A.M.) Fentener van Vlissingen (1961)

Dutch nationality; female.

Appointed in 2006; reappointment in 2010.

Profession: Company Director

Supervisory directorships Dutch stock listed companies: Draka Holding N.V.

Other: SHV Holdings N.V. (Chairman).

Ian (I.C.) MacLaurin (1937)

British nationality; male.

Appointed in 2006; reappointment in 2010.

Profession: Company Director

Supervisory directorships Dutch stock listed companies: none

Other: Evolution Group Plc.

Board memberships mentioned under 'Other' only list other major board memberships.

Except for Mr. de Carvalho, who owns 8 shares in Heineken N.V., the Supervisory Board members do not hold shares in Heineken N.V.

The CEO and the CFO are invited to attend the meetings, as well as the external auditor, the Director Group Control & Accounting and the Group Internal Auditor.

The Audit Committee met three times to discuss the regular topics, such as the annual and half-year results, the risk profile and risk management, the report of the external auditor and the report from the Group Internal Auditor.

The external auditor was appointed in the Annual General Meeting of 2003 for a five-year period.

Selection & Appointment Committee

Composition: Messrs. Van Lede (Chairman), Das, de Carvalho and Lord MacLaurin.

The Selection & Appointment Committee met four times. In its meetings the composition of the Supervisory Board and the rotation schedule was discussed. Furthermore, the committee prepared the evaluation of the Executive Board and Supervisory Board for discussion in a full Supervisory Board meeting.

Remuneration Committee

Composition: Messrs. Das (Chairman), Van Lede and de Carvalho.

The Remuneration Committee met four times. The target setting was discussed for the annual bonus and long-term incentive plans for the Executive Board and the payout of the annual bonus. In the other meetings the remuneration policy was evaluated and a proposal prepared for a new policy. Also the pensions were reviewed.

Appreciation

The Supervisory Board would like to take this opportunity to express its gratitude to the members of the Executive Board and all Heineken employees for their contribution to the results in 2006.

Supervisory Board Heineken N.V.

Van Lede
De Jong
Das
de Carvalho
Risseeuw
Hessels
Fentener van Vlissingen
MacLaurin

Amsterdam, 20 February 2007