Profile

Heineken N.V. is the world's most international brewing group, with operations in more than 170 countries*. In 2000 the total volume of beer brewed by the Heineken Group was 97,9 million hectolitres, ensuring the Group's second place in world rankings. The Group comprises a large number of operating companies and holds various minority interests. Heineken is also active through export and licencing partners. Production is based at more than 110 breweries in over 50 countries. The main thrust of Heineken N.V.'s activities is in Europe.

Heineken N.V. has its roots in Amsterdam, where, in 1864, Gerard Adriaan Heineken acquired the Hooiberg (Haystack) brewery. This brewery itself dated from 1592. Very shortly afterwards operations expanded nationwide and across the border. Thanks to a balanced policy on building up brands and on acquisitions the Group has developed into one of the world's leading brewing groups.

The Group's leading international brands are Heineken and Amstel. These brands are supplemented and supported by a large number of national and regional brands as well as a number of specialty beers. Heineken is the world's most international beer brand and the top seller in Europe. Amstel is Europe's second largest brand.

The beers brewed by Heineken are positioned in the premium, mainstream or in the specialties segment of the market. Premium beer is the umbrella term for lagers that on the basis of their quality and good brand image can realize a selling price that is significantly higher than that for mainstream beers. The mainstream segment represents the largest and mid-priced section of the market. Specialties are beers that differ from lager in taste, colour and brewing process or in some other way. Light beers – lagers containing fewer calories – and non-alcoholic beers also form separate segments. The Heineken Group has only a very limited presence in the low-priced segment.

In parts of Europe the Group owns beverage wholesalers, through which in addition to beer it supplies a supporting range of soft drinks, wines and spirits to the on-premise sector. Some of the soft drinks are produced in our own facilities.

Research and Development are coordinated from the R&D centre in the Netherlands. Group companies and associated breweries world-wide receive technical and technological support services from the Netherlands.

* An overview of our breweries and operating companies is shown on pages 50 and 51.

Heineken NV


MEDAILLE D'OR PARIS 1875
GRAND PRIX PARIS 1889
HORS CONCOURS MEMBRE DU JURY PARIS 1900
1873

Contents

This is an English version of the Dutch original which shall prevail.

Executive Board / Supervisory Board

Executive Board

K. Vuursteen (1941)
Dutch nationality
Chairman
1991 Member of the Executive Board
1992 Vice Chairman
1993 Chairman

A. Ruys (1947)
Dutch nationality
Vice Chairman
1993 Member of the Executive Board
1996 Vice Chairman

S.W.W. Lubsen (1944)
Dutch nationality
1995 Member of the Executive Board

from left to right: Thony Ruys, Karel Vuursteen, Guus Lubsen

Supervisory Board (Status as at 28 February 2001)

R. Hazelhoff (1930)
Dutch nationality
appointed in 1994
last reappointment in 1998[1]
Chairman
Chairman of Preparatory Committee
Profession: banker
Supervisory directorships[2]:
- ABN AMRO Holding N.V.
  ABN AMRO Bank N.V.
- Stork N.V.
- Gamma Holding N.V.
- Koninklijke Nedlloyd Groep N.V.
- N.V. Twentsche Kabel Holding

M. Das (1948)
Dutch nationality
appointed in 1994
last reappointment in 1997[1]
Delegated member
Secretary of Preparatory Committee
Profession: attorney at law
Partner in Loyens & Loeff
Management Board[2]:
- Heineken Holding N.V.

J. Loudon (1936)
Dutch nationality
appointed in 1978
last reappointment in 2000[1]
Member of Audit Committee
Profession: banker
Chairman of Caneminster Limited, United Kingdom

A. Maas (1934)
Dutch nationality
appointed in 1989
last reappointment in 1998[1]
Member of Preparatory Committee
Profession: business executive
Supervisory directorships[2]:
- TNT Post Groep N.V.
- Koninklijke Luchtvaart Maatschappij N.V.

Management Board:
- Heineken Holding N.V.

H. de Ruiter (1934)
Dutch nationality
appointed in 1993
last reappointment in 1999[1]
Chairman of Audit Committee
Profession: civil engineer
Supervisory directorships[2]:
- Koninklijke Ahold N.V.
- Aegon N.V.
- N.V. Koninklijke Nederlandse Petroleum Maatschappij
- Wolters Kluwer N.V.
- Koninklijke Vopak N.V.

M.R. de Carvalho (1944)
British nationality
appointed in 1996[1]
last reappointment in 2000[1]
Member of Preparatory Committee
Profession: banker
Vice Chairman Schroder Salomon Smith Barney, United Kingdom

L. van Vollenhoven (1930)
Dutch nationality
appointed in 1996
last reappointment in 1999[1]
Member of Audit Committee
Profession: business executive

A.H.J. Risseeuw (1936)
Dutch nationality
appointed in 2000
Member of Audit Committee
Profession: business executive
Supervisory directorships[2]:
- Laurus N.V.
- Free Record Shop Holding N.V.
- Samas-Groep NV
- AOT NV

[1] Two Supervisory Board members step down on a rota set annually.

[2] The list of ancillary functions is not complete. Only supervisory directorships and/or functions with large publicly listed Dutch companies and with operating companies of the Group are shown here. Ancillary functions are listed in full on reappointment of members of the Supervisory Board.

THE ORIGINAL
QUALITY

Recommendations of the Supervisory Board

To the shareholders

The Executive Board has submitted the prepared annual accounts for 2000 to the Supervisory Board. These annual accounts, which are set out on pages 53 to 80 of this report, have been audited by KPMG Accountants N.V., whose report appears on page 81.

The Supervisory Board recommends you to adopt these annual accounts and, as proposed by the Executive Board, to set the dividend at EUR 125 million and to add the balance of profit, amounting to EUR 496 million, to the general reserve. Per share of EUR 2.27 (NLG 5.00) par value, this proposal represents a dividend of EUR 0.40 (NLG 0.88), of which EUR 0.16 (NLG 0.35) was already made payable as an interim dividend on 26 September 2000.

In the year under review Mr O.A.E.E.L. Wittert van Hoogland, former Chairman of the Executive Board and of the Supervisory Board, passed away. Mr Wittert van Hoogland worked with Heineken N.V. for almost 24 years, 14 of which as a member of the company's management. Mr Wittert van Hoogland made an important contribution to the post-war growth of the company, nationally as well as internationally. We honour his memory.

At the Annual General Meeting of Shareholders held on 20 April 2000 Mr A.H.J. Risseeuw was appointed to the Supervisory Board of the company. At the said meeting Messrs Loudon and De Carvalho were reappointed to the Supervisory Board.

Messrs M. Das and H. de Ruiter are stepping down from the Supervisory Board by rotation; both are eligible for reelection immediately. In view of the coming step down of two members of the Supervisory Board, it is also proposed to increase the number of Supervisory Board members to ten temporarily. It will be proposed to the Annual General Meeting of Shareholders to appoint Messrs C. Boonstra and J.M. Hessels as members of the Supervisory Board. Binding proposals for the appointment of four Supervisory Board members will be submitted to the Annual General Meeting of Shareholders to be held on 26 April 2001.

To the Annual General Meeting of Shareholders it will be proposed to appoint Messrs M.J. Bolland and J.F.M.L. van Boxmeer as members of the Executive Board as of 1 May 2001. Binding nominations for the appointment of two members of the Executive Board will be submitted to the Annual General Meeting of Shareholders.

In the year under review the Supervisory and Executive Boards held seven joint meetings. Part of one of the meetings took place in the absence of the Executive Board. Topics discussed at these joint meetings included regularly recurring items, among which financial developments, the policy and operational plans of the operating companies and investment proposals. In addition, consideration was also given to evaluations of investments made, to interest and currency risks, financing transactions and to internal control systems. The financial results were discussed in the presence of the external auditors. One of the meetings was devoted to Group strategy. In addition, ICT developments and progress at head office were considered. One meeting was also held outside the Netherlands, namely at Żywiec in Poland where the management team gave a presentation on the Polish beer market and Żywiec's strategy.

The Preparatory Committee met seven times during the year under review. The Audit Committee met twice, with the external auditors present at one meeting.

The Supervisory Board would like to take this opportunity to express its appreciation for the commitment shown during 2000 by the Executive Board and all employees.

Amsterdam, 28 February 2001 *The Supervisory Board*

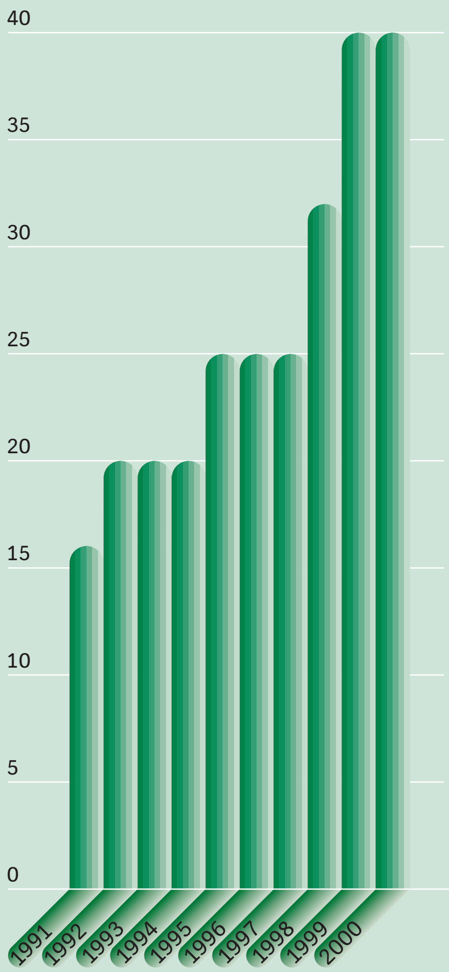
Hazelhoff	De Ruiter
Das	De Carvalho
Loudon	Van Vollenhoven
Maas	Risseeuw

Key figures in guilders

	2000	1999	Change (%)
Results *in millions*			
Net turnover (incl. excise duties)	**17,865**	15,752	13.4
Operating profit	**2,030**	1,762	15.3
Net profit	**1,369**	1,138	20.3
Dividend	**276**	276	–
Cash flow from operating activities	**2,281**	2,062	10.6
Balance sheet *in millions*			
Total capital employed	**13,859**	13,260	4.5
Group funds	**5,553**	6,316	– 12.1
Shareholders' equity	**5,280**	5,770	– 8.5
Issued share capital	**1,568**	1,568	–
Per share of NLG 5.00			
Number of shares issued	**313,583,740**	313,583,740	–
Cash flow from operating activities	**7.27**	6.58	10.7
Net profit	**4.36**	3.64	20.3
Dividend	**0.88**	0.88	–
Shareholders' equity	**16.84**	18.40	– 8.5
Net turnover *in millions*			
(incl. interregional sales)			
Europe (incl. export)	**16,025**	14,150	13.3
Western Hemisphere	**2,175**	1,781	22.1
Africa and the Middle East	**864**	681	26.9
Asia Pacific	**1,111**	1,168	– 4.9
Tangible fixed assets *in millions*			
Investments less disposals	**920**	971	– 5.2
Depreciation and value adjustments	**980**	850	15.3

Key figures in euros

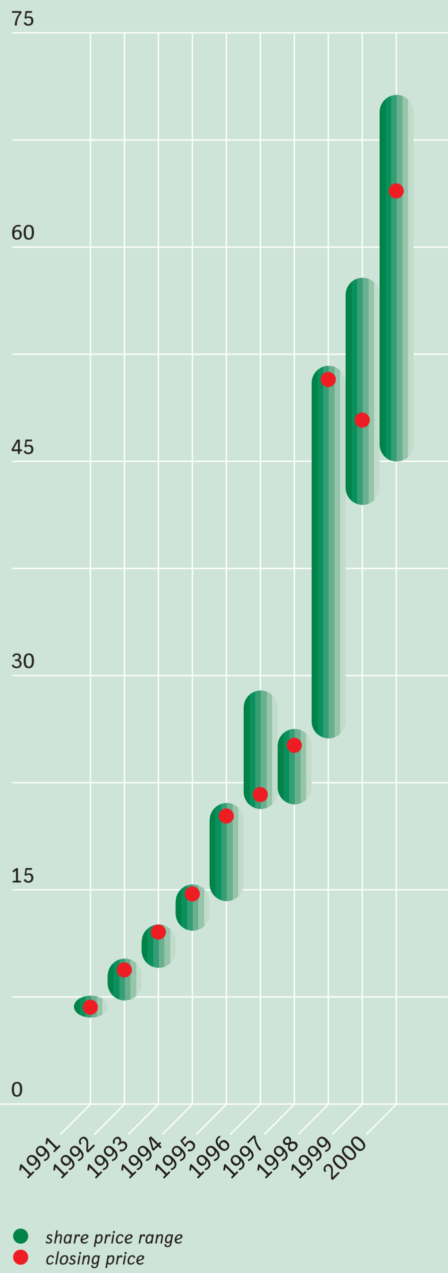
	2000	1999	Change (%)
Results *in millions*			
Net turnover (incl. excise duties)	**8,107**	7,148	13.4
Operating profit	**921**	799	15.3
Net profit	**621**	516	20.3
Dividend	**125**	125	–
Cash flow from operating activities	**1,035**	936	10.6
Balance sheet *in millions*			
Total capital employed	**6,289**	6,017	4.5
Group funds	**2,520**	2,866	– 12.1
Shareholders' equity	**2,396**	2,618	– 8.5
Issued share capital	**711**	711	–
Per share of NLG 5.00 (EUR 2.27)			
Number of shares issued	**313,583,740**	313,583,740	–
Cash flow from operating activities	**3.30**	2.98	10.7
Net profit	**1.98**	1.65	20.3
Dividend	**0.40**	0.40	–
Shareholders' equity	**7.64**	8.35	– 8.5
Net turnover *in millions*			
(incl. interregional sales)			
Europe (incl. export)	**7,272**	6,421	13.3
Western Hemisphere	**987**	808	22.1
Africa and the Middle East	**392**	309	26.9
Asia Pacific	**504**	530	– 4.9
Tangible fixed assets *in millions*			
Investments less disposals	**418**	441	– 5.2
Depreciation and value adjustments	**445**	386	15.3
Personnel *in numbers*			
Average number of employees	**37,857**	36,733	3.1
Of which employed by Dutch operating companies	**5,585**	5,647	– 1.1
Ratios			
Operating profit in % of net turnover	**11.4**	11.2	
Operating profit in % of total capital employed	**14.6**	13.3	
Net profit in % of shareholders' equity	**25.9**	19.7	
Dividend in % of net profit	**20.1**	24.3	
Group funds/other capital employed	**0.67**	0.91	
Group funds/fixed assets	**0.65**	0.84	
Current assets/current liabilities	**1.27**	1.40	
Interest cover	**15.0**	20.8	



Dividend per share

in eurocents

after restatement for bonus share issue and share split



Share price Heineken N.V.

in euros

Euronext Amsterdam

after restatement for bonus share issue and share split

Average trade in 2000: 1,562,285 shares per day

Information for shareholders

The shares and options of Heineken N.V. are traded on Euronext Amsterdam, where the Company is included in the main AEX index. In 2000 the average daily volume of trade was 1,562,285 shares. The shares are also listed on Euronext Brussels and on the stock exchange of Luxembourg.
Heineken N.V. is not a 'structuurvennootschap' as defined in the Netherlands Civil Code. Consequently, decisions on all important matters are taken by the General Meeting of Shareholders.
On 31 December 2000 there were 313,583,740 shares with a par value of NLG 5.00 (EUR 2.27) outstanding. At a closing price of EUR 64.45 the market capitalization of Heineken N.V. on the balance sheet date was EUR 20.2 billion.

Important dates in 2001

Announcement of annual figures 2000	1 March
Publication of annual report	29 March
Annual General Meeting of Shareholders, Amsterdam	26 April
Quotation ex final dividend	1 May
Final dividend payable	10 May
Announcement of half-year figures 2001	12 September
Quotation ex interim dividend	13 September
Interim dividend payable	24 September

Substantial Holdings Disclosure Act

Within the framework of the Act concerning disclosure of substantial holdings in listed companies, Heineken Holding N.V., Amsterdam has disclosed an interest of 50.005% in Heineken N.V.

Further information is obtainable from the Corporate Communication and/or Investor Relation Departments, telephone +31 (0)20 523 92 39 or via www.heinekencorp.com

Review of the Executive Board

Chairman's statement

Heineken started the new millennium well. Net profit rose by 20% to EUR 621 million and the operating profit increased by 15% to EUR 921 million. Exports to the United States and the successful integration of our breweries in Spain made a substantial contribution to this profit increase. The company achieved an autonomous sales volume growth of 2% and the sales mix improved. In the Far East and various countries of Europe performance improved on last year.

The Heineken Group confirmed its position as the world's second largest brewer with a 10.4% increase in Group volume to 74.8 million hectolitres of beer and in total beer volume of 7.7% to 97.9 million hectolitres.

The Heineken brand retained its position as the leading international beer brand. Sales of Heineken beer increased by 5.9% from 20.4 million hectolitres to 21.6 million hectolitres. The Heineken brand is the Group's most valuable asset and the principal driver behind profit growth. The core of our strategy remains the further development of the Heineken brand. Amstel, our second international beer brand, grew by 2.9% to 10.8 million hectolitres.

In the Netherlands, Heineken was presented with the prestigious Koning Willem I prize by His Royal Highness Prince Claus. The prize is awarded biannually to a Dutch company that has attracted notice for its good entrepreneurial skills, and for making an important contribution to the Dutch economy, employment and prosperity, as well as to the international reputation of Dutch trade and industry.

In the year 2000 consolidation in the beer industry gained momentum. In Europe and Latin America in particular large brewing groups were formed under the pressure of stagnating markets, the consolidation of supermarket chains and, through pursuing economies of scale, strength in distribution and stronger market positions. Consolidation in the brewing sector is mainly taking place on the production and distribution side. In the beer market, local and regional brands still play an important role, although the importance of international premium brands continue to increase.

Consolidation will undoubtedly continue and Heineken will continue to play a leading role. Acquisitions constitute one of the main elements of our strategy. Together with developing the Heineken brand into the world's most valuable beer brand, achieving leading positions in selected beer markets is important to the Group's future profit growth.

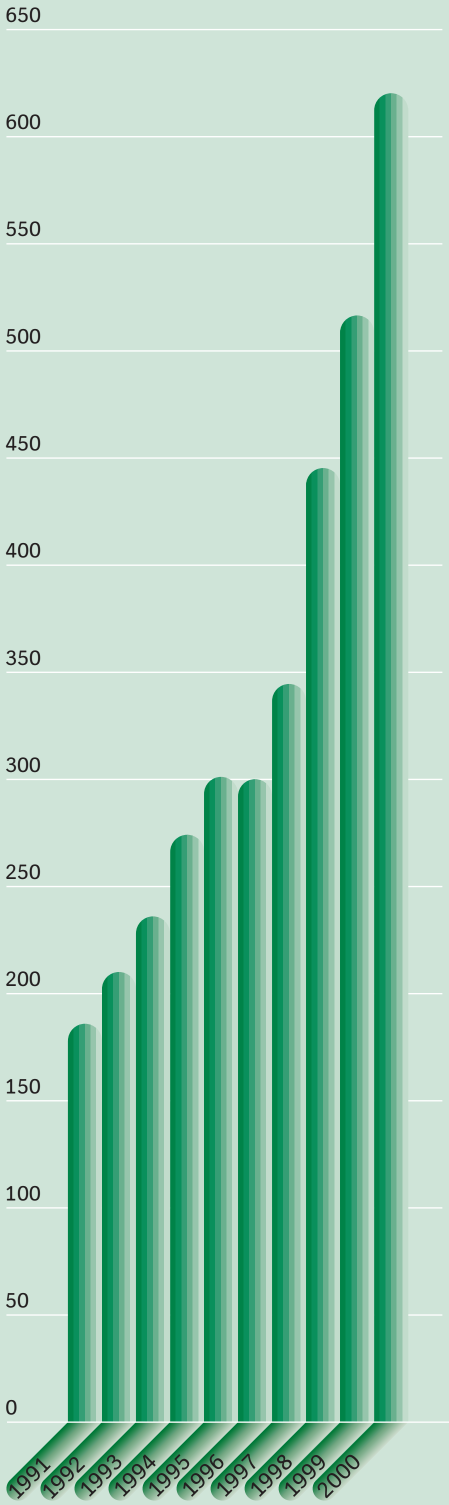
Within the framework of its acquisition policy, Heineken started the year by completing the takeover of Cruzcampo in Spain. In the course of the year breweries were acquired in Slovakia and Belgium. At the end of the year a majority stake was acquired in Nigerian Breweries.

Further growth of the company will come in part from the acquisitions in our home market Europe, where opportunities are however diminishing and from acquisitions and increasing our interests in Latin America and the Asia Pacific region. Africa also presents opportunities for expansion on a limited scale. Within this acquisition policy, we have reached agreement on the acquisition of an interest in two German breweries at the beginning of 2001. A second source of future growth is organic by nature and constitutes growth of the Heineken brand. The premium beer segment is growing much faster than the beer market as a whole and is attractive because of its better margins. International beer brands especially play a leading role in this segment. The Heineken brand is benefiting to the full from this development thanks to its strong starting position.

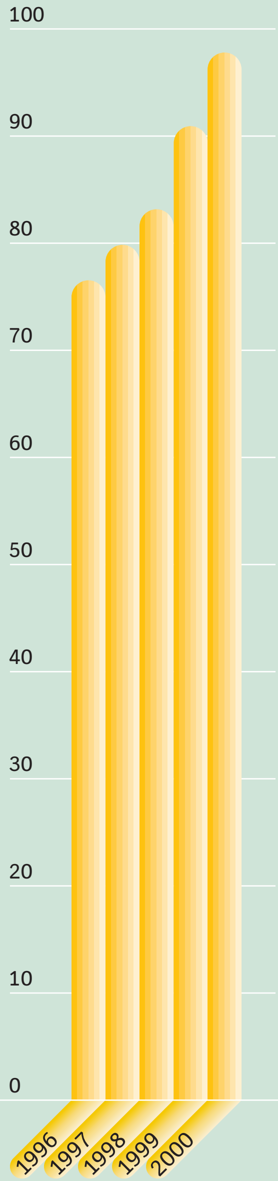
Much was achieved within the Group last year in the field of common systems. The different beer markets require a flexible organization in which many decisions are delegated to the local operating companies. On the other hand, the importance of exchanging knowledge, information and best practices is increasing and developments in the ICT sphere are demanding a common approach and common systems on an ever-increasing number of aspects. This also plays a part in optimization of the supply chain and in procurement via Internet markets. Some matters, such as the consistent production and marketing of our international brands and quality control, had already been organized at central level.

A flexible, decisive and innovative mentality is a prerequisite for the further development of the Heineken Group. The growth and excellent results achieved by our company are largely attributable to the dedication and commitment of our employees.

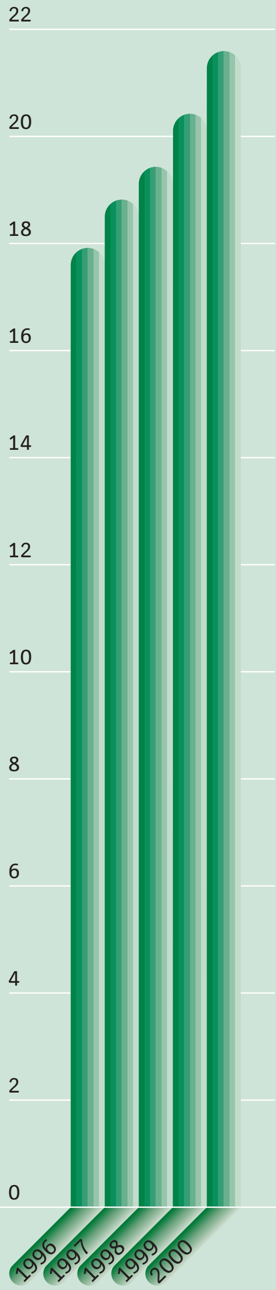
K. Vuursteen, *Chairman of the Executive Board*



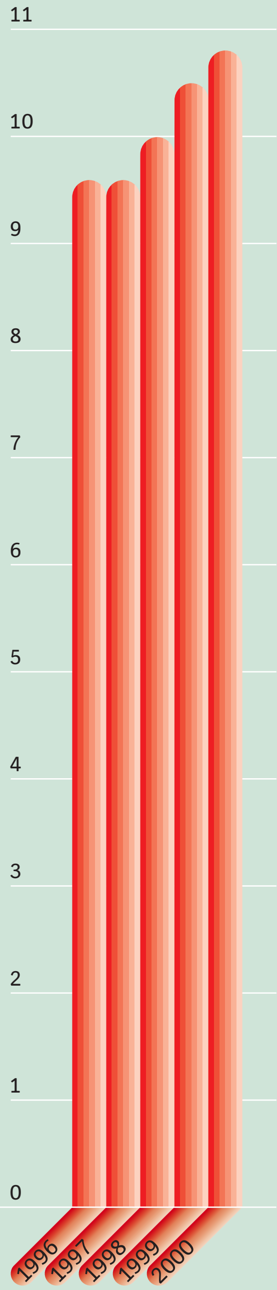
Net profit
exclusive extraordinary income
in millions of euros



Total beer volume of the Heineken Group
in millions of hectolitres



Sales Heineken
in millions of hectolitres



Sales Amstel
in millions of hectolitres

Outlook

In parts of the world signs of a slowdown in economic growth are starting to appear. We nevertheless expect continued growth in the global beer market. The beer markets of Latin America and the Far East are growing thanks to increased spending power, expanding populations and a shift from the consumption of traditional beverages to beer. Beer consumption in the United States is showing higher growth than in the 1990's thanks in part to a favourable demographic development. The European beer market as a whole is virtually stable, but noticeable differences can be seen at country level. Changes in the pace at which the market is growing in relation to economic development play a part especially in regions where spending power is relatively low. In mature beer markets the influence of economic cycles is marginal.

Consumer preference for branded beers continues to grow. Among the branded beers the premium beer segment in particular is expanding. This also applies to specialty beers in selected markets. Our strategy is aimed in the first place at growth of the Heineken brand in the premium segment and we expect Heineken to show stronger growth than the segment. This will lead to a further improvement in our sales mix and an increase in our profitability. The increase in sales volume of our specialty beers too will contribute to the improvement in margins. Attention will continue to be focused on improving the company's cost structure. The profitability will also increase as a result of achieving synergy in Spain.

On the other hand, a number of costs are increasing more sharply than inflation. The costs of malt are rising as a result of increased demand from the brewers and lower supplies caused by the poor harvest of brewing barley in 2000. We endeavour to pass on as many of these costs increases as possible in the selling prices, but it will not always be possible. As result of decreasing oil prices we expect no major increases in energy costs, cost of transport and cost of packaging materials in 2001.

Thanks to our currency hedging strategy, which means that the dollar/euro exchange rate is fixed well in advance, we expect a positive impact in 2001 again from the American dollar exchange rate. Increasing marketing costs will be more than offset by the growth in the sales of beer with higher margins.

For the year 2001 capital expenditure will total about EUR 600 million, the major part of which will be invested in replacements. In principle, these investments will be financed from liquid assets and the cash flow, if necessary supplemented by external financing.

The work force will increase in 2001 as a result of consolidating Nigerian Breweries and beverage wholesalers in various countries. Apart from these acquisitions there is a slight downward trend in staffing levels, which will continue in the next few years too.

Each year the level of our profit is influenced by unpredictable factors such as exchange rates, government measures, economic development and weather conditions. Despite these uncertainties we again expect an increase in net profit for the year 2001. Considering the success of our business strategy, the power of the Heineken and Amstel brand and our local brands, global coverage, the available financial resources and our broad international experience, we also remain positive with regard to long-term profitability.

QUALITY

Brand policy

The success of the Heineken Group is based on strong beer brands. Heineken, the company's flagship brand, occupies a leading position internationally in the premium segment. Amstel, which is positioned in the mainstream segment, is the company's second international beer brand. The Heineken brand is strong and dynamic, and therefore is able to capture a position in a beer market based on its own strength. The strength of the brand is increased if Heineken is added to a portfolio containing local or regional brands. For this reason we participate in many countries in local companies which not only have good distribution networks and breweries with an efficient cost structure, but also have good market positions and strong local brands. Examples include Moretti in Italy and Cruzcampo in Spain. Combining strong local positions and brands with the marketing and sales of the international premium brand Heineken is our key competence in the beer industry. This combination produces above-average returns and creates added value for our shareholders.

Heineken

The Heineken brand is the world's most international brand, a position that was reinforced in the year 2000 once again. Sales of Heineken beer increased by 5.9% from 20.4 million hectolitres to 21.6 million hectolitres. A greater, targeted marketing drive and an expansion of distribution contributed to an enhancement of consumer preference. As a result, the Heineken brand grew further in strength.

Adequate marketing information is indispensable for a good brand strategy and targeted brand development. Within our Group, better and better tools are becoming available for mapping markets and brands and systematically developing them. This enables us to utilise to the full and expand both the growth potential of the Heineken brand and of our portfolio with Amstel and local brands.

The strategy for the Heineken brand is decided in broad outline at the central level and is implemented at the local and regional level by our operating companies. All marketing communication activities for Heineken are based on the fixed core values of the brand: passion for quality, green, worldly wise and respect. This allows marketing activities that have been developed centrally or elsewhere in the world to be used throughout the Group. An international brand strategy also makes economies of scale possible which are unattainable for local brands, e.g. sponsoring of events at the global level, advertising and promotional campaigns, that can be used internationally and innovative packagings.

In 2000 a large number of new television commercials and two new international print campaigns were developed centrally. We also supported the Heineken brand with world-wide promotional activities under the slogan Collective Experiences. These promotions were based on moments experienced by our consumers world-wide as being special, e.g. proposing a toast during the Christmas season and toasting the New Year. We used this to the full extent via television commercials, special activities on the Internet, and on the shop floor by promoting a unique three-litre Heineken magnum bottle and a shaped can. Relevant and unique packagings appeal to the consumer, increase the dynamism of the Heineken brand and contribute to the attraction, and in some cases improve the availability of our brand.

Sponsoring is an important and integral part of our communications policy to stress brand awareness and the core values of the Heineken brand. To this end Heineken sponsors a large number of events, focusing particularly on tennis, rugby and music. In the field of tennis we continued our successful sponsorships of the Australian Open, the US Open and the Davis Cup. These events attract great interest internationally and afford Heineken a good position for sponsoring various tennis events bearing the Heineken name in the Asia Pacific region. Examples are the Heineken Open in Shanghai and Auckland, and the Heineken Challenger Tournament in Vietnam.

Major rugby events sponsored by Heineken are the Heineken Cup – the competition for top European clubs –, the Hong Kong & Dubai Sevens and the Rugby World Cup Sevens in Argentina.

Music lovers were reached during events and festivals like the Roller Coaster and Green Energy in Ireland, the Montreux Jazz Festival in Switzerland and the Heineken Music Award in the Netherlands. In Italy our many years' involvement with music was rewarded with the prize for the best advertising campaign. This shows that use is made of media and activities which not only reinforce sponsoring and our involvement in it, but can even exceed it. A good example of this was the Holland Heineken House during the Olympic Games in Sydney. Originally a meeting place for Dutch athletes and their supporters, it developed into a highly popular multifunctional centre. Every day more than 10,000 visitors enjoyed the hospitality of Heineken. The Australian press commended the Holland Heineken House during the Games as 'The hottest place in town', whilst internationally dozens of news broadcasters devoted attention to this phenomenon.

Amstel

Sales volume of Amstel beer increased from 10.5 million hectolitres in 1999 to 10.8 million hectolitres in 2000. The increase in absolute terms is all the more striking because the mainstream segment of the beer market as a whole fell. Sales volume of Amstel increased above all in Spain (Aguila-Amstel) and Cameroon. Amstel Light performed especially well in the United States, where light beers make up about 42% of the beer market. Introductions of Amstel took place in Thailand and Bulgaria.
Amstel too sponsors a number of major sporting events. It is the main sponsor of the prestigious UEFA Champions League, in which top European football clubs compete for the Europe Cup.
Sponsoring of the African Cup of Nations, the main football event on this continent, reinforced the brand image of Amstel in Africa. Events like these are particularly popular with broad sections of the population and tie in well with the desired image of the Amstel brand.
On account of the positive response to the Amstel advertising campaign in the Netherlands based on the theme of friendship, campaigns based on this same theme were started in other major

Geographical breakdown of Group volume *in thousands of hectolitres beer*	**2000**	1999	Change (%)
Europe	**50,687**	45,369	11.7
Western Hemisphere	**7,384**	6,568	12.4
Africa and the Middle East	**9,179**	8,825	4.0
Asia Pacific	**7,520**	6,987	7.6
Group volume [1]	**74,770**	67,749	10.4
Affiliated companies	**23,111**	23,170	– 0.3
Total beer volume [2]	**97,881**	90,919	7.7

[1] Group volume = Volume of beer sold by the consolidated companies and the Heineken beers that are brewed and sold by third parties under licence.

[2] Total beer volume = Group volume and the volume of the affiliated companies Kaiser and Quilmes.

Amstel markets, including Greece, Hungary and Thailand. In these countries the advertisements focus on local circumstances and consumer perception.

Specialties

Specialty beers continue to gain in popularity in the mature Western beer markets. They therefore have a permanent place in our portfolio. Sales volume of our specialty beers increased also in 2000, leading to an improved sales mix. We expect this growth to continue. We will therefore introduce our specialty beers onto various markets and further expand our portfolio.

Our fastest growing specialty beer, *Desperados*, sold well in Western Europe. The white beer *Wieckse Witte* made good progress and has been introduced in Spain, the United States and New Zealand. The range of specialties was expanded in 2000 to include the traditional Belgian abbey beer *Affligem*. The *Murphy's* brand performed well from the international point of view. Murphy's Irish Stout and Murphy's Irish Red profited from the huge popularity of the 'Irish Pub' concept. Murphy's Irish Red achieved substantial growth outside the Irish pubs as well.

At the start of 2001 Paulaner Weissbeer was added to our portfolio.

Research and development

Research and development play a strategic role in the Group, as they constitute the basis for innovation and are therefore of vital importance to the Group's competitive position, particularly where the position of our international brands Heineken and Amstel is concerned. Some R&D activities are carried out locally, but are coordinated from the Netherlands. This approach ensures that promising projects are selected and improves the lead time. Heineken makes extensive use of the knowledge available in research institutions and institutes in its projects.

Present research projects are focusing mainly on raw materials the development of new types of packaging and an even better control of the supply chain. In addition, we continue to devote attention to matters such as reducing costs, efficiency in the production, and the environment.

The development of new packagings has produced good results. A keg-shaped can has now been included permanently in our portfolio for the United States. In the Netherlands we have started printing wash off images on crates. This increases the potential for promotional activities and enhances the crate's appeal to the consumer. The number of shapes and sizes of PET bottles has grown.

In the environmental sphere a better method has been developed for filtering beer using sustainable membrane filtration. This new technique can in future replace filtering using kieselguhr, which can only be used once.

Further, a start has been made on improving the efficiency of production lines world-wide. New, ambitious production indicators have been introduced for this purpose. Additional programmes of improvement have already resulted in noticeably higher productivity, especially of the filling lines. An improvement in the efficiency of filling lines means an increase in the capacity of the entire brewery.

Environment and safety

In 2000 Heineken published its first European environmental report covering the years 1998 and 1999. This report provides an insight into the efforts made in the field of the environment by our European operating companies and the results they achieved. The report covers our breweries, malt-houses and soft drinks facilities. About 25 different environmental indicators were involved in the reporting. The environmental report also sets out the targets for the next three years. The report is available in print as well as on our web site.

In recent years the management and reporting systems relating to the environment in our European operating companies have been considerably improved, enabling reliable and uniform environmental reporting.
A start has been made on implementing reporting systems in all operating companies outside Europe in which Heineken holds a majority interest. The next environmental report will therefore cover efforts in respect of the environment outside Europe as well. It will also cover our policy on health and safety.

We work continually to improve our so-called SHE (Safety, Health, Environment) management system. For example, the system is being expanded to include a number of environmental indicators. The internal reporting will also contain a larger number of health and safety parameters.

Heineken's water policy establishes targets for water consumption. Clean water is of importance to Heineken as an ingredient of beer as well as during the production process. Good water is scarce, which is why we devote a great deal of attention to water conservation and the purification of wastewater. Our operating companies are being given the tools and methods for realizing our tighter targets swiftly and efficiently via workshops. In Africa the construction has started of a wastewater treatment plant of a type specially designed for this region. Plants of the same design will be built at all our breweries in Africa.
In March 2000 a conference of the second World Water Forum was held in the Netherlands, with Heineken as an active participant. The documentary 'Water, a drop of life' was premiered at the forum. This television documentary was produced with financial support from Heineken and will be broadcast in many countries.

Alcohol and society

Governments are increasingly drawing a distinction between responsible alcohol consumption and alcohol abuse. We consider this a good development. Responsible alcohol consumption fits perfectly into a healthy lifestyle, whereas abuse needs to be combated. The acceptance of this distinction opens the way for the necessary collaboration between government, industry and other involved organizations. This collaboration allows for effective activities in the sphere of education on responsible alcohol consumption and the prevention of alcohol abuse.

The drinks sector also accepts its responsibility. Heineken has actively participated in the preparation of common standards for advertising alcoholic beverages. These standards were drawn up in joint consultation within the European branch organization for beer, wine, spirits and cider, and were published in the 'Amsterdam Group Report 2001'. This report also contains a large number of studies of social issues involved in the consumption and abuse of alcoholic beverages. We expect these studies to make a valuable contribution in the preparation of a responsible alcohol policy in Europe and elsewhere.
Based on these standards Heineken has shaped its Group policy on alcohol world-wide. Examples can be found on St. Lucia and in the United States. On St. Lucia Heineken has drawn up its own rules for advertising based on the standards. It has also started a campaign here to persuade consumers not to drink if they are going to drive. Building on an earlier campaign, Heineken has started a follow-up in the United States with the Safe Call phone cards. The Safe Call card gives bar and restaurant owners the opportunity to point out to their customers the dangers of drinking and driving by offering the option of calling a taxi toll free. Finally, during the European football championship in the Netherlands availability of beer with a low-alcohol content were substantially increased.

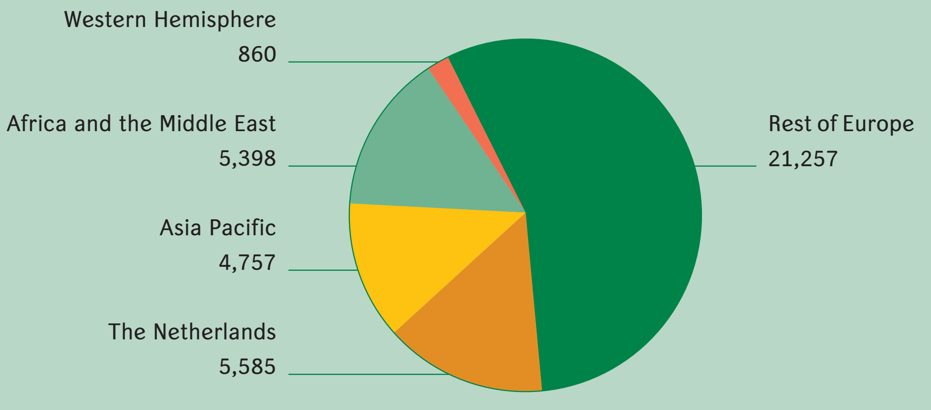
Personnel

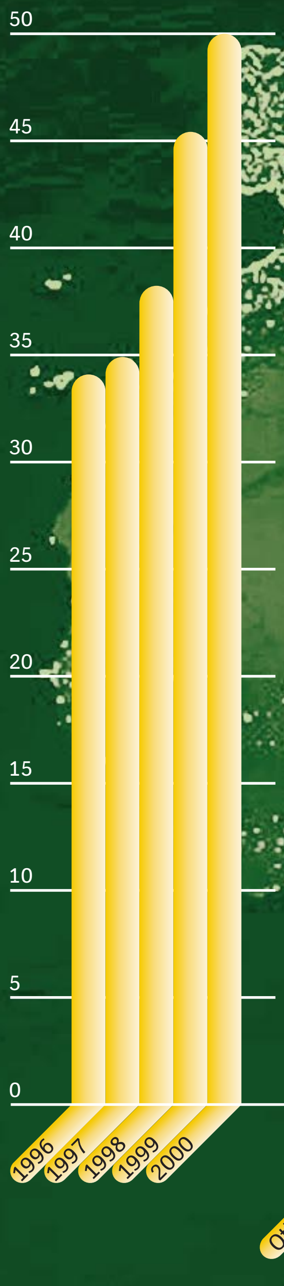
Personnel policy within the Group has largely been decentralized. Heineken operates in a large number of countries, each with its own culture and labour laws. The various operating companies are responsible for shaping their own personnel policy.
The part of our personnel policy conducted at central level focuses on recruiting, training and retaining international managers at the senior management level. The tight conditions on the labour market necessitated an increase in our efforts in this respect.
Knowledge management is a major prerequisite for improvement and innovation. Unlocking and making optimum use of new knowledge and knowledge already available is crucial to this. Our training structure, the Heineken University, plays an important part in developing knowledge management.

In 2000 the average number of employees amounted to 37,857 compared with 36,733 in the preceding year. The increase is the result of on the one hand an increase due to acquisitions and on the other hand a decrease caused by an improvement in efficiency. The acquisition of Cruzcampo in Spain accounted for the biggest increase in the number of employees. In Europe the work force increased as a result of acquisitions by the wholesale organizations of Italy, Switzerland and Poland. At the same time the number of employees declined as a result of improved efficiency in various countries, among them France and Italy.

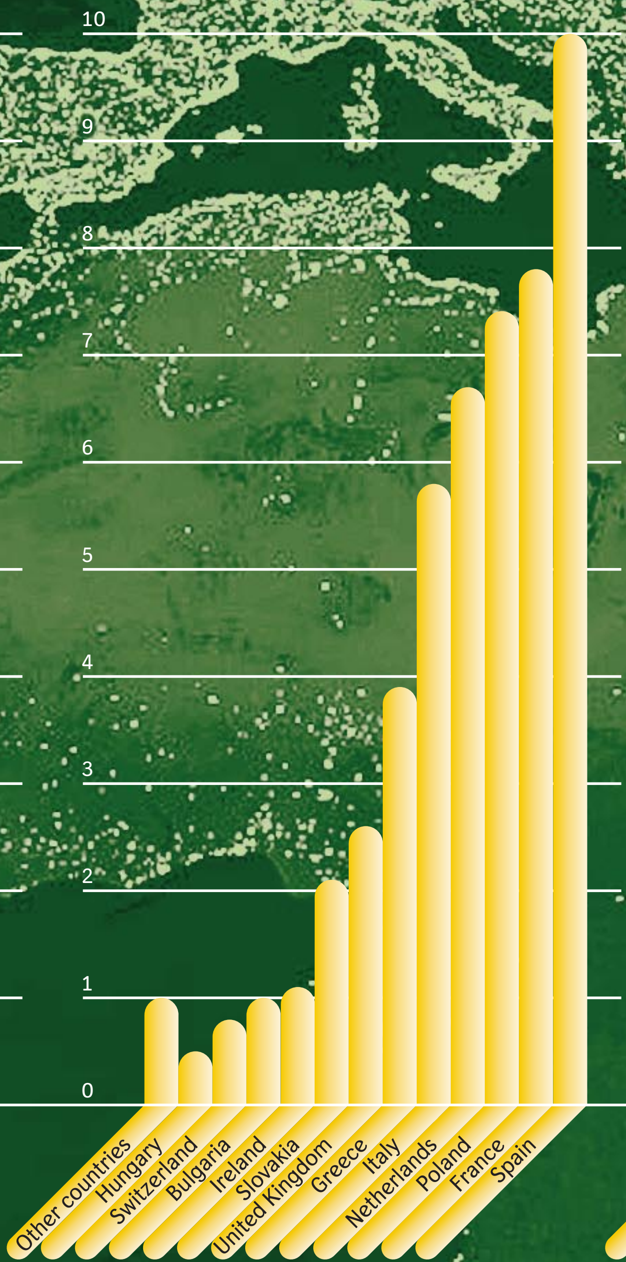
Geographical breakdown of personnel

in numbers

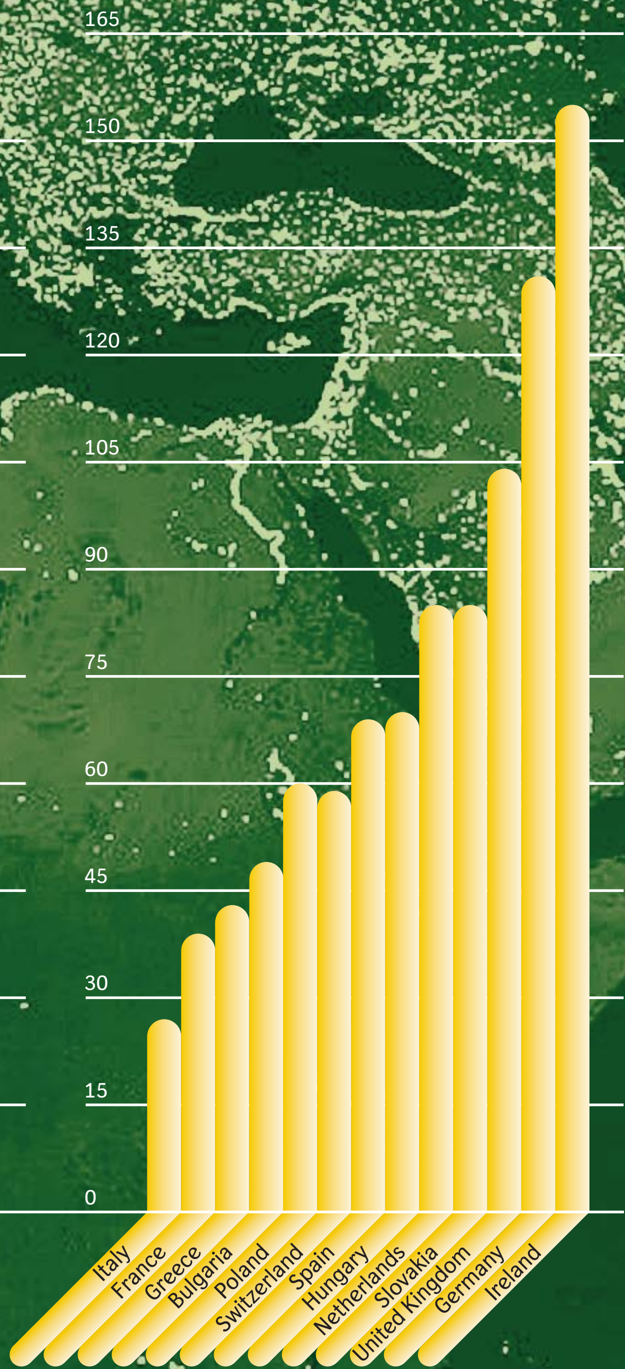




Group volume
Europe
in millions of hectolitres



Group volume
Europe
per country in millions of hectolitres



Beer consumption 1999
per capita in Europe in litres

Review by region

Europe

Last year the European beer market grew slightly in particularly thanks to the growing beer consumption in southern and eastern Europe. In northwestern Europe, the first half of 2000 went very well, but in the second half the poor weather resulted in lower sales volume. The growth of premium beers continued unabated, with international brands like Heineken playing a leading role. The interest in private labels and low-priced beer declined further, due in part to the healthy economy.

In the European beer market national and regional brands still play an important part; it is mainly in the premium segment that international beers reign supreme. The beer industry in Europe – with the exception of Germany and Russia – is consolidating fast. Our Group has meanwhile attained a leading and profitable position in a considerable number of European markets. In the year under review acquisitions in Spain and Slovakia further strengthened our position.

The European Commission introduced a new regulation on vertical restraints, including exclusive supply contracts between breweries and the on-premise sector. The relevant operating companies have adjusted their marketing approach in conformity with the new rules. Given the quality of our products and service we do not expect the new regulation to have a significant impact on our profitability.

A number of our operating companies in the European Union were visited by the competition authorities in connection with a cartel investigation. Heineken abides by the rules and regulations and looks forward with confidence to the outcome of the investigation.

The Netherlands *Higher market share thanks to Amstel and Murphy's Irish Red*

The level of beer consumption in the Netherlands was slightly lower than in the previous year. The share of lager beers, which is already large, increased further due to the continuing decline in non-alcoholic beers. Sales of specialties declined as a result of the drop in amber and white beers.

Heineken Nederland increased its market share slightly and profitability remained virtually stable. On 1 February 2000 the selling prices for off-premise consumption were increased for the first time since 1992.

The Heineken brand reinforced its leadership position. Marketing campaigns, sponsorship activities and the introduction of new packaging contributed to this. Among the events sponsored by Heineken were Sail 2000 and Amsterdam's 'Uitmarkt', the opening of the cultural season; Heineken was also highly visible in promotional activities involving the European football championship. On account of the success of the Heineken long-neck bottle with consumers in the on-premise sector, this packaging has now been introduced for the off-premise sector as well. The green Heineken crate introduced in late 1999 has also had a positive impact on the brand's market share.

Amstel increased its market share and so managed to reinforce its position as second largest beer brand in the Netherlands. Tying in with a series of successful music programmes on television, a number of concerts were organized under the same 'Friends of Amstel live' name. The Brand brand introduced new crates. Both Vos and Wieckse Witte increased their market share in the amber and the white beer segments respectively. Murphy's Irish Red doubled its sales.

In June 2000 new European legislation on vertical constraints, such as purchase agreements between breweries and the on-premise sector, came into force. Anticipating this, Heineken Nederland switched in early April to a totally new system. Instead of a purchase commitment for five or ten years, entrepreneurs in the on-premise sector are now free to opt for a different supplier after repaying their loans. It remains extremely difficult, if not impossible, for the on-premise sector to obtain bank financing on acceptable terms. Although Heineken does not aspire to the role of a bank, the company remains willing to provide entrepreneurs in the on-premise sector with financial assistance in order to support a modern, healthy branch of business. The organization for the

Europe

on-premise sector, 'Koninklijke Horeca Nederland', responded enthusiastically to our liberal approach and is striving for the introduction of a similar system for the entire brewery sector.

On 1 November 2000 a new licencing law came into force. Trade and industry each have their own responsibility with regard to the supply of and communications about alcoholic beverages. The new agreements with the government on alcoholic beverages draw a distinction between self-regulation for advertising and codes of conduct for selling in liquor stores, supermarkets and for distribution in the on-premise sector.

The soft drinks and mineral water market grew slightly in spite of the mediocre summer. The advance of special soft drinks, e.g. ice tea, continued. Branded soft drinks also improved their share of the total market. The competition in the off-premise intensified as the result of a price war in early 2000 and of increased promotional activities.

Our soft drinks company Vrumona managed to maintain the sales volume of Pepsi and 7-Up. Sisi accounted for an increase in sales, thanks to its successful relaunch and the marketing of two innovative, non-carbonated soft drinks.

Spain

Integration of Cruzcampo proceeding smoothly

The beer market in Spain grew by about 3% thanks to favourable economic developments and the increase in tourism.

In January 2000 Heineken reached final agreement on the purchase of the Cruzcampo brewing group following approval by the Spanish authorities. Immediately afterwards a start was made on the integration of Cruzcampo with our existing Spanish brewery El Aguila. In the meantime the two companies have merged legally to form Heineken España S.A., of which Heineken holds 80%. Heineken N.V. as of 1 February 2000 consolidated the Cruzcampo figures.

The sales and the distribution networks have meanwhile been integrated. In 2001 two breweries and a number of regional brands will be sold to comply with the conditions imposed on the merger by the Spanish government. In the same context, the licence agreements for the production of a number of third-party beer brands were terminated in early 2000.

In 2001 work will be done to reduce the level of the new company's costs, with the aim of at least achieving the level of the other players in the market. The continuing consolidation in the Spanish beer market further increases the need for this.

Heineken España's sales volume grew virtually in line with the market, in spite of the cancellation of licence agreements. The company's average margins and profitability increased thanks to the good performance of the Heineken España's principal beer brands. The Heineken brand was able to benefit from Cruzcampo's distribution network and grew substantially. This growth demonstrates a major synergistic effect of the acquisition: improvement of the sales mix as a result of an increase in the sales volume of Heineken beer. The two big local brands, Cruzcampo and Aguila-Amstel, also increased their sales volume. Buckler and Kaliber retained their leading position in the non-alcoholic segment. The introduction of Buckler Limón expanded consumer choice in this segment. Heineken España's specialty beers attracted increasing consumer interest.

Heineken España developed new advertising campaigns and introduced Heineken in the long-neck bottle. The brand image of Aguila-Amstel further improved, thanks in part to Amstel's sponsorship of the UEFA Champions League. Aguila-Amstel and Cruzcampo also sponsor a large number of regional and local events in Spain.

Exports of Heineken beer to the Canary Islands were higher.

Europe

France

Growth of Heineken and specialty beers

The beer market in France was below the 1999 level. Premium and specialty beers improved their position, whereas low-priced and non-alcoholic beers declined further.

Although Sogebra's sales volume was down on the previous year, its market share grew. The profitability improved thanks to cost savings and improvements in the sales mix.

Sales of Heineken beer rose. The specialties also increased in volume, with Desperados accounting for most of the growth. Amstel, which is only available in the on-premise sector in France, maintained its sales volume. Sales of "33" Export were down on 1999. Sales volume of "33" Export in PET bottles rose. In addition to the existing 50 cl bottle, a litre bottle has now been put on the market too. Panach', a popular shandy, is now available in this packaging as well. Sogebra started installing a filling line for PET bottles.

Our brewery introduced a traditional beer from the Alsace under the name Doreleï. The number of outlets under the Irish 'Murphy's House pub' concept was further expanded.

In the declining low-priced beers segment there was competition from very low-priced canned beer from Germany. Added to this, exports of low-priced beer from France to the United Kingdom were falling. This put pressure on sales of our beers in this segment, which resulted in excess capacity at the Adelshoffen brewery in Schiltigheim. For this reason the brewery was closed in the course of the year; the remaining production was transferred to the brewery in St. Omer. A social package was agreed with the employees.

Italy

Heineken and Moretti improve sales mix

A healthy economy and favourable weather conditions provided for growth in the Italian beer market, which has shown modest growth for the last three years. The premium segment in particular is growing. The share of beer sales via the modern food trade is rising. Beer consumption appears to be gradually becoming less dependent on the season.

The sales volume and profitability of Heineken Italia increased. The main brands, Heineken and Moretti, performed well, as did the specialty beers, which improved the sales mix. Our Ichnusa brand, the biggest selling beer brand on Sardinia, showed an increase in sales. Sales of some beers positioned lower in the market declined.

Heineken again sponsored a number of popular music events in 2000, including the third edition of Heineken Jammin' and the Umbria Jazz Festival. Moretti maintained its ties with football by organizing the fourth Birra Moretti trophy, in which top Italian clubs competed against each other. In addition, Moretti developed activities involving the European football championship. The repositioning in 1999 of the Dreher brand and the marketing activities involving this brand in 2000 produced a stabilization of its sales. Heineken Italia tested the market on a modest scale for the acceptance of Dreher beer in PET packaging. The initial results are encouraging and introduction on a national scale is planned for 2001.

Partesa, Heineken Italia's organization of beverage wholesalers, continued its extensive programme of acquisition. The implementation of a large number of improvements in the organization of Partesa had a positive impact on its profitability. Consolidation in the entire beverage wholesale sector is accelerating.


BEER
LAGER

Europe

Greece

Successful introduction of our Greek beer brand Alfa

The Greek beer market showed a slight fall. Athenian Brewery retained its leadership position. A shift occurred from sales of international beers to traditional Greek beers. The introduction of our beer brand Alfa in this segment tied in with this development and so went well. Sales volume of the main beer brand Amstel rose. Heineken fell slightly, in line with the market. Despite higher costs for packaging materials and energy profitability remained on the 1999 level.
The export of beer to neighbouring countries increased, especially to Albania. Sales volume of Ioli mineral water rose.

The replacement of all 33 cl bottles and crates for Heineken and Amstel was completed and at the end of the year a start was made on replacing the Amstel 50 cl bottles. Further, investment was made in improving the efficiency of the three breweries and the mineral water facility.

Ireland

Growth of lagers favourable for Heineken

The beer market in Ireland was at the same level as the preceding year. Lager grew at the expense of stout and ale. The shift in beer consumption from on-premise to off-premise continues, but the on-premise share remains very high.
The sales of Murphy Brewery Ireland were in line with the market, and its profitability remained on the 1999 level. The brewery put a second keg filling line into operation. Sales volume of Heineken beer remained stable, while Murphy's Irish Stout and Amstel fell slightly. Coors Light, which is brewed under licence, performed well.

The new Heineken advertising campaign based on the slogan 'The last word in beer' met with a positive reception. The prestigious Murphy's Irish Open golf championship had a strong field of players, which ensured large crowds and large TV audiences.

Switzerland

Growth of Heineken in a turbulent market

The Swiss beer market displayed a continuing downward trend. The sale of its brewery interests by Switzerland's market leader caused much unrest, which went hand in hand with unusually high discounts. This put pressure on the beer industry's margins. Nonetheless, the profitability of our brewery Heineken Beverages Switzerland (formerly Calanda Haldengut) improved considerably.

In spite of the turbulent market Heineken Beverages Switzerland managed to increase sales volume of Heineken beer. Sales of the specialty beers carried also increased. Sponsoring of the Montreux Jazz Festival and a new advertising campaign entitled 'Sounds good Heineken' further reinforced the strength of the brand. The Calanda and Haldengut brands retained their market share. Sales volume of the private labels produced decreased.

Poland

Integration proceeding to plan

The Żywiec Group came into being in late 1998 as a result of the merger of four different brewing groups, Żywiec, Elbrewery, Warka and Lezasjk. Immediately following the takeovers a start was made on implementing a programme of integration and improvement that would take approximately three years. Many of the activities were undertaken in order to create from the original four brewing groups an integrated, professional organization with a common corporate culture. In 2000 Żywiec made good progress with the integration and modernization of the various breweries, building up its own distribution network and improving its cost structure.

The acquisition of beverage wholesalers was completed and their transformation into a professional, integrated distribution network is making steady progress.

For the key brands Żywiec, EB, Warka, Leżajsk and Specjal, attractive, modern returnable bottles

Europe

and crates have been introduced to replace their obsolete industrial packaging. At the same time new marketing campaigns, which met with a positive response from consumers, got under way. Specially for the EB brand – for some time – extra marketing efforts are necessary.
Major steps have been taken to improve the cost structure. Following completion of the reorganization set in motion in 1999, Żywiec entered into negotiations with the trade unions and the local authorities concerning the closure of the smaller breweries in Gdansk and in Łancut. The brewery in Gdansk has meanwhile been closed. Also, in line with the other breweries in the Żywiec Group, the Warka brewery will contract out its transport activities to third parties. The production planning of the breweries has been integrated. New, automated systems intended to improve efficiency and effectiveness have been introduced in the entire organization. Żywiec raised its share capital to reinforce the group's financial structure.

2001 is the final year of the integration and improvement programme. The activities remaining include completion of the introduction of a joint sales organization, improvements in distribution and the brand portfolio, and optimization of the costs and legal structure.

The beer market in Poland grew once again, driven by favourable demographic conditions and a shift from the consumption of vodka to beer. This trend is expected to continue for a number of years. There has been a sharp increase in competition, making necessary price increases possible to a limited extent only.

The decision by the government to increase the beer excise duty to levels exceeding those of the surrounding countries, including EU member state Germany, leads to relatively high consumer prices and will hamper the development of the beer market. The proposed changes in legislation with regard to beer advertising will make the position of the Polish beer industry even more difficult.

As a result of the changes in the organization, as well as the stiff competition, sales were under pressure. In particular, sales of the EB brand and some lower-priced regional beers were below last year's level. Together with the limited potential for increasing selling prices plus the big marketing drive and the costs of the reorganizations, this resulted in a lower profitability. The Heineken brand performed well and displayed excellent growth from a still modest base.

Slovakia

Zlatý Bažant and Corgon gain market share

High inflation and unemployment reduced the population's spending power. This put pressure on the beer market and selling prices. Nonetheless, the sales of our key brands Zlatý Bažant and Corgon increased substantially and our market share rose. The brand strength of Zlatý Bažant in the region also makes the brand interesting for export to neighbouring countries.

At the end of 2000 we purchased the remaining 41% of the shares of the Corgon brewery. Zlatý Bažant and Corgon have meanwhile merged to form Heineken Slovensko. The integration of the Martiner and Gemer breweries, which were acquired at the end of 1999, proceeded to plan. The similarly named brands constitute a good addition to our brand portfolio.

Our malt-house in Slovakia has a good reputation in the market as a reliable supplier of good quality malt. The sales of malt increased by 50%.

Bulgaria

Zagorka and Ariana recover market share

The improved economic conditions and associated rise in spending power gave a new impulse to the beer market.
The sales volumes of our Zagorka and Ariana breweries rose substantially and our market share increased. The fierce price competition in the market resulted in a marginal loss. Shortly before the summer season we introduced Amstel onto the market.

The modernization of the breweries and distribution system is making steady progress.

Europe

Hungary

Strong growth in Heineken

An end appears to have come to the years of decline in the Hungarian beer market. Although margins are still low, the beer industry is starting to become profitable.

Amstel Hungary increased its sales and improved its sales mix. Together with cost savings this resulted in a higher profitability. Heineken beer, which has been brewed locally since 1999, continued its advance. Sales volume of Amstel was down on 1999. The introduction of the five-litre party can and other attractive seasonal packagings are intended to give the brand a boost.

Macedonia

Modernization of production facilities

The beer market remained stable. Sales of Pivara Skopje's two main brands, Skopscko and Star Lisec, were at the level of the preceding year. The profitability of the company was lower due to the devaluation of the local currency.

Pivara Skopje started a programme of modernization for its production facilities. The brewery and soft drinks facility will in three years be housed in two separate, modern production units.

Other countries in Europe

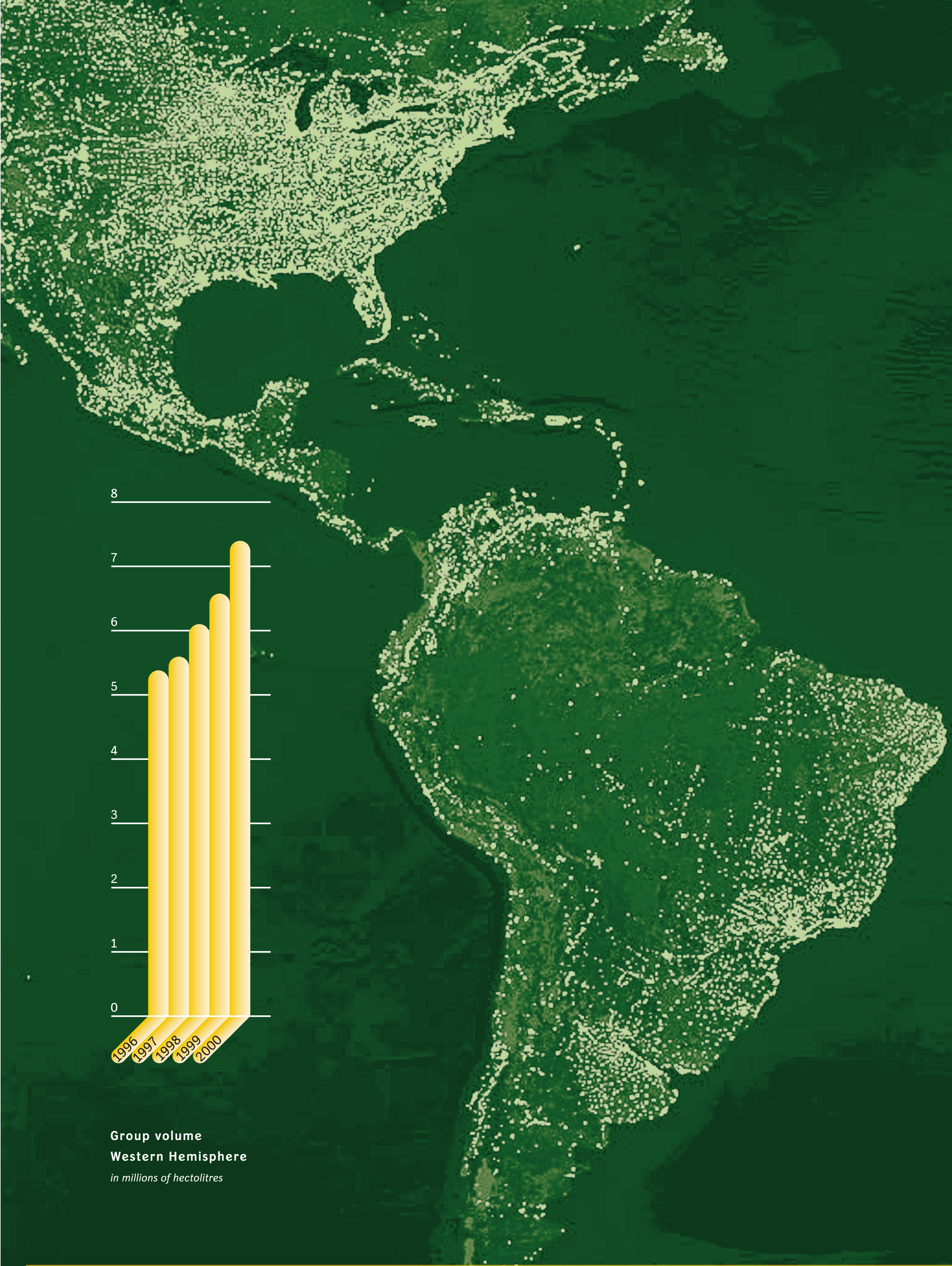
In the **United Kingdom** sales volumes of Heineken Export and Heineken Cold Filtered were below last year. Our licencing partner Whitbread Plc sold its brewery interests, but will for the time being continue to brew and market Heineken beer. The repositioning of Heineken beer in the premium segment of the UK beer market is being studied. The UK customer's strong interest in Heineken Cold Filtered is playing an important part in this. A potential repositioning will involve considerable marketing efforts. Murphy's Irish Stout felt the effects of the declining popularity of stout in the United Kingdom.

In **Belgium** the third production unit of the Albert malt-house was completed. The malt-house now has a capacity of 230,000 tonnes of malt, making it the largest in Europe. In May we acquired a 50% interest in Belgium's Affligem brewery, which was increased to 95% at the beginning of 2001. The brewery mainly brews the abbey beer Affligem, which is a valuable addition to our range of specialty beers.

In **Germany** sales volume of Heineken beer continue to increase, even though the market share is still modest. The number of outlets in the large cities was again expanded. Desperados beer, imported from France, is doing particularly well.

In Scandinavia sales of Heineken beer are growing. Heineken has concluded a licence agreement with Spendrups Bryggery for the production and sale of Heineken beer in **Sweden**. Heineken fits well into Spendrups' brand portfolio and can exploit the Swedish brewer's knowledge of the market and its distribution network.

The export of Heineken beer is making good progress in Eastern Europe.



Group volume
Western Hemisphere
in millions of hectolitres

Western Hemisphere

Heineken has built a good position in the Western Hemisphere with exports to the United States, Canada, Central and South America. Added to this, the Group owns a number of breweries in the Caribbean and licence agreements have been entered into with various brewers in Central and South America.

United States

Growth in sales of Heineken and Amstel Light remains high

The beer market in the United States grew once again. This was attributable to favourable demographic developments and an increasing interest in beer. The thriving economy also plays a part. Imported beers and the light segment were once again the fastest growing segments of the beer market.

Our exports to the United States increased by 14%. Both Heineken and Amstel Light achieved substantial growth, partly as a result of increased marketing efforts focusing particularly on the outlets for off-premise consumption. Our sales grew particularly fast in the supermarkets. On-premise sales, sales in the liquor stores and in the convenience stores also increased. Heineken beer in cans has captured a permanent place in the American market, thanks to the success of the keg-shaped can. Profitability increased considerably, in part due to the higher exchange rate of the dollar against the euro.

The distribution of our beer in the United States has improved considerably. In the course of the year we opened a number of our own depots, which enables us to supply directly from stock. It has also made the supply chain more efficient. The new approach simplifies production planning and improves the efficiency of the breweries. The lead times for distributors have been cut, which means that our beers now reach the consumer just as fast as large local beers. Virtually all orders are processed via the Internet. In mid-2001 all our beer sales in America will pass through the new system.

Canada

Large potential

Sales of Heineken beer rose again. Cooperation on distribution with Molson Breweries is proceeding very well. Heineken's potential for growth in Canada remains considerable.

Central America and the Caribbean

In August Heineken beer was introduced in **Mexico**. Distribution and sales are concentrating initially on a number of large cities and major tourist centres, among which Mexico City, Monterrey and Guadalajara.

Operations proceeded reasonably well in most of our breweries in the Caribbean and profitability increased. Sales volume of Heineken beer also rose and so the sales mix of our breweries in this region improved. Specific marketing activities reinforced the position of our brands. Cost control and improvements in efficiency had a favourable impact on profitability.

Commonwealth Breweries on the **Bahamas** acquired a local distributor, which improved the availability of its products.

The profitability of Windward and Leeward Brewery on **St. Lucia** was satisfactory. The brewery celebrated its 25th anniversary. Windward and Leeward Brewery expanded its export activities, with exports to Barbados in particular increasing.

In **Surinam** the Surinaamse Brouwerij largely completed its current investment projects. This resulted in an improvement in the brewery's efficiency.

The economy on **Curaçao** is in the throes of a recession. The Antilliaanse Brouwerij was forced to reorganize in order to adapt operations to the difficult economic circumstances.

Although the economy on **Martinique** suffered from the decline in banana exports, Brasserie Lorraine's sales volume and profitability remained stable.

HEINEKEN LAGER BEER

DIPLOME D'HONNEUR AMSTERDAM 1883

TRADE MARK

Western Hemisphere

Total sales of Heineken beer brewed under licence on **Jamaica**, **Trinidad**, in the **Dominican Republic** and in **Costa Rica** maintained the level of the preceding year.

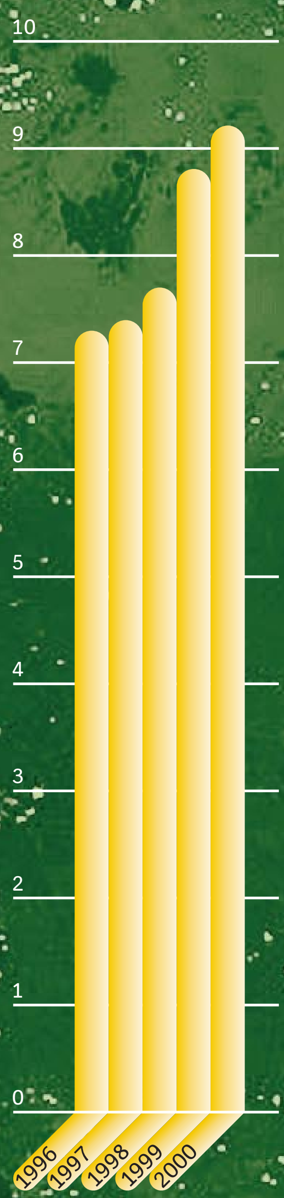
In **Puerto Rico** sales volume of imported Heineken beer increased. A major growth factor was the introduction of a new can packaging.

South America

The economic recovery in Brazil had a favourable impact on the beer market. In Argentina and Chile on the other hand the weak economy caused pressure on beer consumption. The long-term prospects for the region remain highly promising. With the rise in prosperity, beer consumption is increasing and the premium segment is growing. So the region offers plenty of potential for the further development of Heineken. We are therefore pursuing the continuing expansion of our presence in the region.

Our licencing partners Quilmes in **Argentina** and **Chile** and Kaiser in **Brazil** sold more Heineken beer than in the preceding year. In Chile especially sales volume of Heineken beer increased sharply.

Exports of Heineken beer to South America rose once again, with sales in **Colombia** in particular showing an increase.



Group volume
Africa and the Middle East
in millions of hectolitres

Africa and the Middle East

Africa

In Africa we own a number of breweries that hold substantial market shares in various countries. The breweries produce local brands and in a number of countries Amstel as well. In addition, most of the companies produce soft drinks. In some countries Heineken, Amstel or Mützig are brewed under licence and marketed by third parties. Imported Heineken, available on a modest scale, grew once again.

On the whole, 2000 was a reasonable year for Heineken in Africa. In a number of countries the political and economic situation improved and sales of beer and soft drinks recovered. In Nigeria Heineken acquired a majority interest in Nigerian Breweries, the market leader in that country. In central Africa, especially in the Democratic Republic of Congo and in Angola, our breweries once again had to operate under adverse political and economic conditions. The profitability remained at the level of 1999.

We are placing increasing emphasis on the training of our local personnel and the reinforcement of our organizations. In particular much has been invested in Africa in educating and training our employees. This approach contributed to better performances in our African companies in spite of the sometimes difficult working conditions. An additional goal of this training is reinforcement of the Heineken culture in the organizations in Africa.

Last year a programme to study health and safety aspects was set up in all our companies. At the moment plans for optimization are being prepared for each location.

The investments made to modernize our breweries and soft drinks facilities have been substantially increased. As a result, the efficiency of our breweries improved. We updated and standardized procedures and systems in every part of our organization. The improvements implemented were backed up by education and training. In this context great progress has been made in reducing water and power consumption. As part of our environmental policy all the breweries in Africa will in the next few years be equipped with a wastewater treatment plant.

At the end of December we increased our interest in Nigerian Breweries in **Nigeria** to 54% by converting a loan which had been granted to finance investments for modernizing and expanding the breweries. From 1 January 2001 Nigerian Breweries will be fully consolidated in our annual accounts. The beer market in Nigeria has a size of more than 7 million hectolitres and is the second largest beer market in Africa.

The beer market expanded thanks to the improving economy, although the reintroduction of excise duties on beer at the start of 2000 caused a slowdown in growth. Nigerian Breweries increased its sales and market share considerably, with sales of lager and malt beers in particular rising. Its profitability also increased.

Another Nigerian brewing group, Consolidated Breweries, appointed Heineken as a technical consultant. As part of the agreement we participated in a share issue, through which we acquired a 23% interest in Consolidated Breweries.

The political and economic situation in the **Democratic Republic of Congo** showed no improvement. Nonetheless, our subsidiary Bralima succeeded in raising its sales of beer and soft drinks. Sweeping government price controls and fierce competition had an adverse effect on profitability, however.

The peace agreement in **Burundi** opens the way for economic recovery. The economy has suffered badly from the trade embargo and the political situation in recent years. In 2000 we finally received permission to adjust selling prices to the rising costs, but the increase was not enough to realize a better profitability.

The situation in **Congo** improved considerably following the unrest of the last few years. Brasseries du Congo achieved higher sales and improved its profitability.


Heineken

Africa and the Middle East

In **Rwanda** excise duties on beer remained excessive, putting pressure on beer consumption. By carefully controlling costs, Bralirwa's profitability rose fractionally.
Increased competition on **Ile de la Réunion** prevented the implementation of price rises to pass on increased costs. Sales climbed and the efficiency of Brasserie du Bourbon increased, so that the profitability remained virtually stable.

The economy in **Ghana** had a difficult time, partly due to the uncertain situation prior to the elections at the end of 2000. Ghana Breweries was able to increase its sales and market share.
Competition on the beer market is fierce. Consequently, we were unable to pass on the higher costs caused by high inflation in the selling prices. As a result, the profitability remained at the same level as in the preceding financial year.

In **Chad** the sales volume of Brasserie du Logone rose thanks to greater availability of our beers.

The brewery in **Sierra Leone**, in which we hold a minority interest, was able to resume production in June 2000. During the civil war the brewery was badly damaged and out of operation for more than a year. We participated in a share issue to finance the rebuilding. As a result, our participation rose from 33% to 43%.

Sales volume of both Heineken and Amstel beer in **South Africa** encountered a declining beer market. The premium beers segment expanded. The imported volume of Heineken makes local production a realistic option.

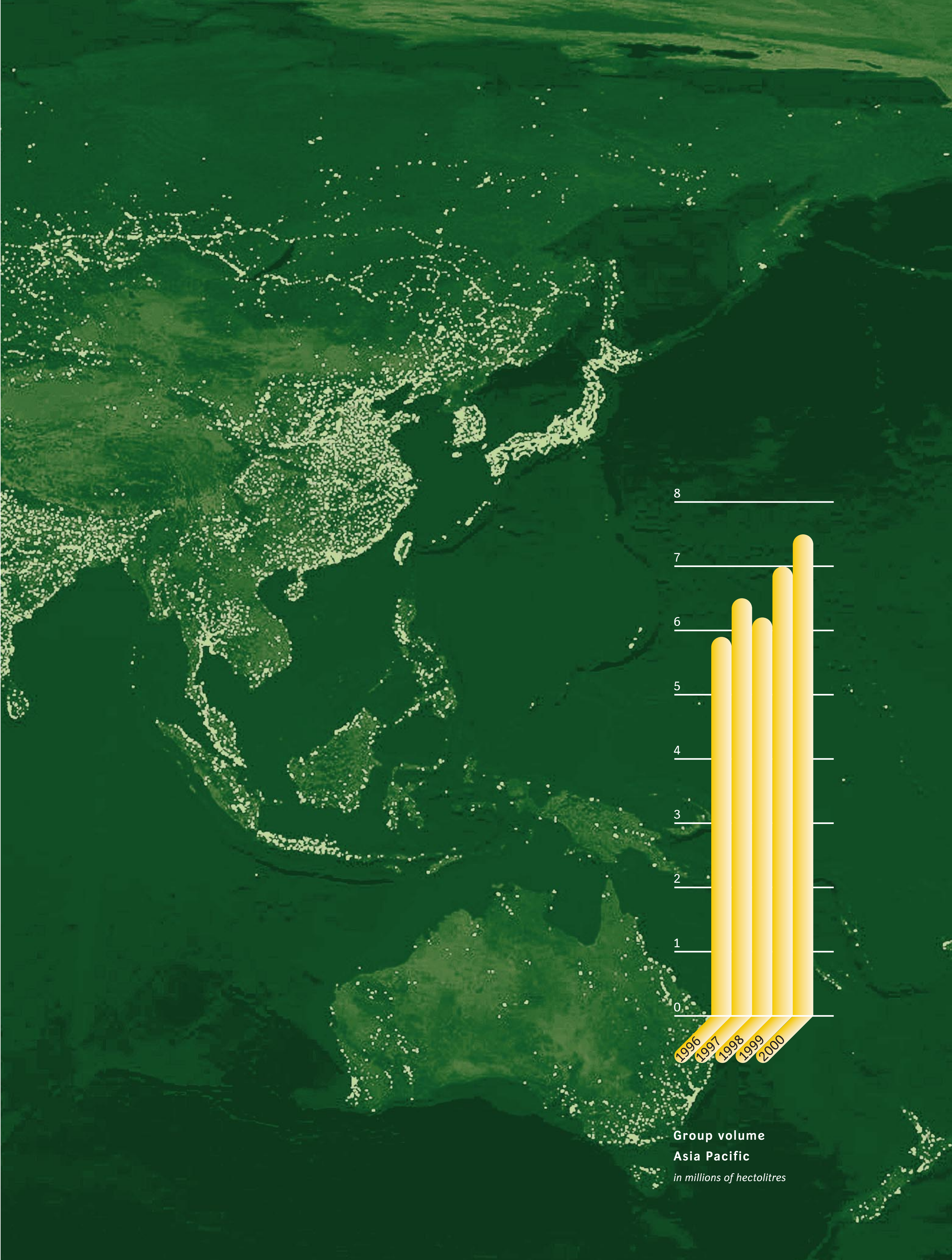
In **Cameroon** we succeeded in maintaining sales of our beers brewed under licence by Brasseries du Cameroun at last year's level. Amstel achieved strong growth and offset the decline of Mützig beer.

The demand for higher priced beers in **Morocco** fell; this was reflected in the sales of Heineken beer.

Middle East

Exports of Amstel to the Gulf states were under pressure, but Heineken performed well.

Tempo Beer Industries in **Israel**, in which we hold a minority interest of 17.8%, had a difficult year partly as a result of the tense security situation.



Group volume
Asia Pacific
in millions of hectolitres

Asia Pacific

Heineken has built up a strong position in this region. A cornerstone is Asia Pacific Breweries, a joint venture between Fraser & Neave in Singapore and Heineken, which has interests in a large number of breweries in the region. In addition, Heineken owns operating companies in Indonesia and on New Caledonia. Imported Heineken beer is available in many countries in the region and has built up a strong position particularly in China, Hong Kong and Taiwan. Added to this, a number of licence agreements for Heineken have been concluded with local breweries.

The beer market in the region showed slight growth. The share of mainstream beers increased at the expense of the growth of premium beer. In spite of this, sales of Heineken beer grew while the regional premium beer Tiger managed to maintain its sales at the previous year's level.

In **China**, competition on the country's largest regional beer market, Shanghai, once more intensified. Asia Pacific Breweries increased its participation in Shanghai Mila Brew from 70% to 97%. The brewery introduced Reeb Light onto the market and commenced a substantial programme of restructuring. The minority interest in the Tee Yih Fujian brewery in Fuzhou was sold to the majority shareholder. This brewery no longer fits in our strategy.

Hainan Asia Pacific Brewery on the Chinese island of Hainan performed very well. Sales of Anchor beer increased substantially. Also the brewery took over the Aoke brand, the second largest beer brand on the island of Hainan.

Exports of Heineken beer to China increased and sales approached the half a million hectolitres mark. In Hong Kong too Heineken resumed its advance, thanks in part to the setting up of its own sales organization. A position in Hong Kong is important because of the positive image it radiates towards mainland China. The network of distributors in China was again expanded.

The economy in **Vietnam** remained weak, which had a negative impact on beer consumption. Nonetheless, Vietnam Brewery increased its sales of Heineken beer. Sales of Tiger beer were stable. The performance of Bivina, which is positioned in the standard segment, was disappointing.

In **Thailand** Heineken beer brewed by Thai Asia Pacific Brewery continued to achieve strong growth. Sales of Amstel, which was introduced in January, have not yet come up to expectations.

In **Cambodia** the low-priced beers segment increased at the expense of mainstream and premium beers. Anchor and Tiger beer sales felt the effects of this, but Cambodia Brewery retained its leading position in the market.

Due to economic circumstances **Singapore**'s beer market shrank once again. Despite this, sales of Tiger beer by Asia Pacific Breweries Singapore still reached the 1999 level. Sales of stouts were under pressure. The brewery's market share was stable and its profitability increased.

In **Malaysia** the market decreased as a result of an increase in excise duties. Guinness Anchor Berhad increased its market share. In particular the sales volume of Tiger increased.

The profitability of the DB Group in **New Zealand** improved considerably thanks to the restructuring carried out. After spinning off its wine interests and streamlining its organizational structure, the DB Group is focusing entirely on its beer activities. Thanks to its new focus, its sales mix improved and level of costs fell, resulting in a higher profitability. Via a public offer Asia Pacific Breweries increased its participation in the brewing group from 58% to 77%.

In **Papua New Guinea** SP Holdings sold its interests in soft drinks and focused entirely on beer. The political and economic situation resulted in a lower beer consumption and the brewery felt the effects of this.

In **Indonesia** sales of beer by Multi Bintang Indonesia reached the pre-economic crisis level. Its profitability improved.

On **New Caledonia** our brewery Grande Brasserie de Nouvelle Calédonie was faced with higher pricing pressure as a result of competition, but managed to maintain its market share.


Heineken
Heineken
Heineken

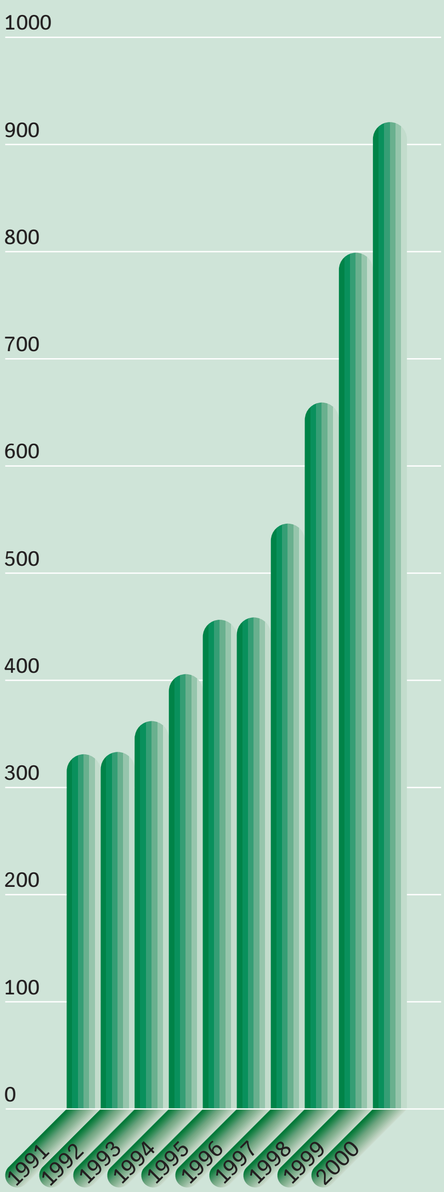
Asia Pacific

In **Kazakhstan** our minority interest, Dinal, successfully introduced Tyan Shan beer onto the market. In 2001 Dinal will expand production capacity to 300,000 hectolitres.

In **Australia** the Heineken brand put in an excellent performance and the growth in sales exceeded those of the swiftly developing premium segment. We now have our own marketing and sales organization here.

Sales of Heineken brewed by Brasserie de **Tahiti** on Tahiti stabilized following the increase in the preceding year.

Sales in **Japan** were down somewhat on 1999 in a marginally declining beer market. Our sales concentrated on the international on-premise sector in the large cities, and here Heineken achieved an increase in sales volume.

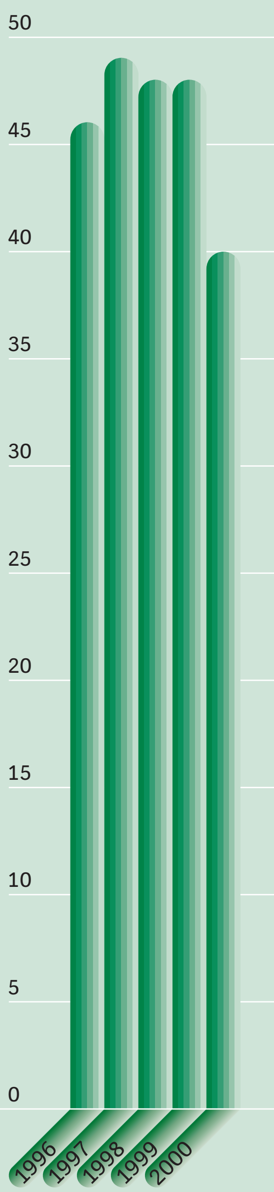


Operating profit

in millions of euros

Investments and depreciation tangible fixed assets

in millions of euros



Group funds

as a percentage of total capital employed

Financial review

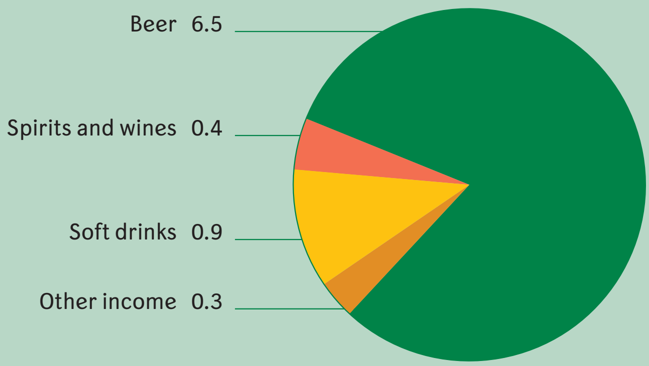
General

The preparations for the introduction of the euro are proceeding according to plan in all parts of the organization.

In order to give a better view of the Group's activities, it has been decided to provide information by segment as of the beginning of the 2000 financial year. Because only one group of products, namely beer, accounts for more than 80% of the Group's net turnover, financial information has been segmented by geographical area alone. As nearly all production facilities for exports are located in Europe, the results of these operations are accounted for under Europe.

Net turnover

in billions of euros



Net turnover and operating expenditure

Net turnover amounted to EUR 8,107 million in 2000, representing an increase of EUR 959 million, over 13%, compared to 1999. 7% of this growth was the result of the first time consolidation of a number of companies. Higher selling prices and an improved sales mix resulted in an increase of 3%, while increased sales volumes accounted for a rise of 2%. The remaining increase (1%) in net turnover was due to a more favourable exchange rate of the US dollar against the euro.

The most important change in the consolidation related to Grupo Cruzcampo in Spain, which was fully consolidated as of 1 February 2000. Cruzcampo has merged with El Aguila to form the new Heineken España company, in which we hold a 80.9 % interest. In addition, Gemer and Martiner in Slovakia, Affligem in Belgium (proportionally), as well as a number of beverage wholesalers in Poland, Italy, France and Switzerland have been consolidated.

Turnover and costs	**2000**	1999	Change (%)
in millions of euros			
Net turnover	**8,107**	7,148	13
Raw materials, other materials and services	**4,324**	3,805	14
Excise duties	**1,093**	984	11
Personnel costs	**1,301**	1,132	15
Depreciation and value adjustments	**468**	428	9
Total operating expenditure	**7,186**	6,349	13
Operating profit	**921**	799	15

Total operating expenditure rose by 13% to EUR 7,186 million. This increase can largely be attributed to the new consolidations. The cost of packaging materials showed a slight rise, while raw material costs remained stable. Energy costs showed a sharp increase due to higher oil prices. Sponsoring and advertising activities to enhance our international and local brands boosted marketing and selling expenses by 15% to EUR 1,107 million. Expressed as a percentage of net turnover, this represents an increase from 13.5% in 1999 to 13.7%.

Personnel costs rose as a result of new consolidations. In addition, personnel and other costs rose as a result of expenditure on a number of large ICT projects. The aim of these projects is to implement a number of common systems throughout the entire Heineken Group. In 2000 the costs of these projects were about EUR 40 million above the levels that may be considered normal.

Additions to the provisions for personnel schemes were higher than in 1999 due to changes in early retirement schemes.

Operating profit and net profit

Operating profit rose by 15.3% to EUR 921 million. A considerable part of this came from first time consolidations. Higher sales volumes, an improved sales mix and higher selling prices also contributed strongly to this rise. Equally important was the effect of the more favourable exchange rate of the US dollar against the euro.

Expressed as a percentage of net turnover, operating profit amounted to 11.4% as opposed to 11.2% in 1999. Earnings from non-consolidated subsidiaries and affiliated companies rose in particular due to good results achieved by Nigerian Breweries, in which we increased our participation to 42%. By exercising our right to convert a convertible loan into shares, we increased our interest in Nigerian Breweries to 54% at the end of December 2000. This means that Nigerian Breweries will be fully consolidated as of 2001.

Interest paid was up EUR 29 million due to the cost of financing the acquisition of Cruzcampo and because of higher financing costs in Poland. Interest received increased by EUR 4 million. On balance, interest charges rose by EUR 25 million. The interest cover amounted to 15 against 20 in 1999.

Expressed as a percentage of operating profit including interest, tax burden fell from 34.9% to 32.4%. This decline can be largely attributed to the effect of offsetting tax losses carried forward in Spain, although this was partly reduced by tax losses in Poland that could not be offset within the financial year. In addition, there were incidental tax benefits in Italy, Greece and France.

Minority interests in profit declined due to lower results at Żywiec Poland.

Net profit increased by 20% to EUR 621 million. Earnings per share with a nominal value of NLG 5.00 (EUR 2.27) rose from EUR 1.65 to EUR 1.98.

Operating profit and net profit	**2000**	1999	Change (%)
in millions of euros			
Operating profit	**921**	799	15
Earnings of non-consolidated companies	**59**	51	16
Interest	**– 66**	– 41	61
Profit before taxation	**914**	809	13
Taxation	**– 277**	– 265	5
Profit after taxation	**637**	544	17
Minority interests	**– 16**	– 28	– 43
Net profit	**621**	516	20

Cash flow and investments

Cash flow from operating activities rose from EUR 936 million in 1999 to EUR 1,035 million in 2000. This rise was due to a higher operating profit, higher depreciation and a reduction of working capital.

Gross investments in tangible fixed assets amounted to EUR 484 million, while disposals accounted for EUR 66 million. Important net investments were made in the Netherlands (EUR 85 million), France (EUR 77 million), Poland (EUR 53 million), Spain (EUR 41 million) and Greece (EUR 35 million). An amount of EUR 1,046 million was spent on acquisitions and increasing our interests. In particular, this related to the acquisition of Cruzcampo in Spain, as well as beverage wholesalers in Poland, and the expansion of our interests in Slovakia and Nigeria.

Cash flow statement	**2000**	1999
in millions of euros		
Cash flow from operating activities	**1,035**	936
Dividends paid	**– 160**	– 113
Investing activities	**– 1,503**	– 527
	– 628	296
Borrowings	**480**	83
Repayments on loans	**– 187**	– 97
Other financing	**42**	1
	– 293	283

Financing and liquidity

Group funds fell from EUR 2,866 million as at 31 December 1999 to EUR 2,520 million in 2000. Shareholders' equity decreased from EUR 2,618 million to EUR 2,396 million. The addition of net profit of EUR 621 million and a revaluation of EUR 60 million was offset by amortisation of goodwill amounting to EUR 778 million and a proposed dividend payout of EUR 125 million.

Provisions rose by EUR 206 million. This increase was largely due to providing for restructuring and integration of the two Spanish brewery groups. The net cash position as at 31 December 1999 (EUR 246 million) changed to a net debt of EUR 443 million in 2000, mainly as a result of financing acquisitions with cash on the one hand and long-term debts on the other hand.

Financing structure	**2000**	%	1999	%
in millions of euros				
Group funds	**2,520**	40	2,866	48
Equalization account and deferred taxes	**338**	5	326	5
Risk-bearing capital	**2,858**	45	3,192	53
Other provisions	**664**	11	475	8
Debts	**2,767**	44	2,350	39
	6,289	100	6,017	100

Appropriation of profit

Heineken N.V. achieved a net profit in 2000 amounting to EUR 621 million. In accordance with Article 12 of the company's Articles of Association, it is proposed to the Annual General Meeting of Shareholders to appropriate an amount of EUR 125 million for the payment of dividend. This proposal corresponds to a dividend of EUR 0.40 per share with a par value of NLG 5.00 (EUR 2.27). An interim dividend of EUR 0.16 was already paid on 26 September 2000. This leaves a final dividend of EUR 0.24 per share. It is proposed to add the remaining amount of EUR 496 million to the general reserves.

Restructuring of capital

It will be proposed to the Annual General Meeting of Shareholders to amend the company's Articles of Association. The proposed amendment of the Articles of Association envisages an increase in authorized share capital to an amount of EUR 2,500,000,000 and the conversion of each issued share with a par value of NLG 5.00 into a share with a par value of EUR 2.50. In principle, a 25% Dutch withholding tax is payable on the increase of the nominal value from NLG 5.00 to EUR 2.50 per share. Dutch shareholders can reclaim this tax in full through their income tax return. Furthermore a share split is proposed, such that four shares with a par value of EUR 2.50 entitle five shares with a par value of EUR 2.00.

Amsterdam, 28 February 2001

Vuursteen
Ruys
Lubsen

Heineken prizes

In 2000 His Royal Highness Prince Claus of the Netherlands presented five prizes in the field of the arts and sciences. The prizes, made available by the Heineken Foundation and the Alfred Heineken Fondsen Foundation, are awarded biannually by the Royal Netherlands Academy of Arts and Sciences and are worth a total of USD 700,000.

The Dr H.P. Heineken prize for **Biochemistry** was awarded to *James E. Rothman* (1950). He received the prize for an historic discovery, which provides a better understanding of diseases like diabetes, cancer and AIDS. At present much work is being done to develop a new generation of medicines intended to be able to check the development of AIDS. The American Rothman has given a major impetus to this development through his discovery of how proteins are transported within a cell. This discovery has provided insight into major processes such as the release of insulin into the blood stream, communication between nerve cells in the brain, and the penetration of viruses (like HIV) that infect cells. When such a process malfunctions, this plays a major role in diabetes and probably in specific forms of cancer as well.

The Dr A.H. Heineken prize for **Medicine** went to Professor *Eric R. Kandel* (1929). He received the prize for his pioneering research into the mechanisms of learning processes and the memory. The American professor used a sea snail for his research because the simple nerve system of this uncomplicated mollusc lends itself perfectly to research into learning behaviour and memory formation at cellular and molecular level. Thanks to Kandel’s research the scientific world has gained inter alia a greater understanding of the functioning of the long- and short-term memory of higher and lower animal species. His discoveries may lead to clarification of the cause of various memory disorders. Professor Kandel has meanwhile been awarded the Nobel prize for medicine.

The Dr A.H. Heineken prize for **Environmental Sciences** went to the Danish professor *Poul Harremoes* (1934). He received the prize for his research into the biological treatment of wastewater. Harremoes, who is a professor at the Technical University of Denmark, was also awarded the prize for his efforts to mobilize the scientific world with regard to research into and the reduction of water pollution. In 1992 the Dane, who has been a member of the Scientific Committee of the European Environmental Agency since 1994, received the Stockholm Water Prize.

The Dr A.H. Heineken prize for **History** was presented to historian *Jan de Vries* (1943). He received the prize for his pioneering research into the development of the European economy in the period 1500 to 1800. According to the jury De Vries ‘exposed the roots of the modern market economy’ and set out much historical data in an original and clear manner, revealing unexpected perspectives. De Vries’ research focuses on the way in which different economic factors reacted to market transactions. Jan de Vries was born in the Netherlands but has lived in the United States since his childhood and is an American citizen.

The Dr A.H. Heineken prize for **Art** was awarded to sculptor *Guido Geelen* (1961). He received the prize for the unusual and innovative way he uses clay in his works. Guido Geelen makes sculptures in which ceramics occupy an important place. He uses ceramic reproductions of utensils, which he then arranges and stacks. Work by Geelen can be seen in the collections of the Stedelijk Museum in Amsterdam, Museum Boijmans Van Beuningen in Rotterdam, Het Kruithuis and the Noordbrabants Museum in ’s-Hertogenbosch and the Rijksmuseum Kröller-Müller in Otterlo, among others.

The world of Heineken by night

Nasa Earth Observatory City Lights

The World of Heineken

Status as at 28 February 2001

Western Hemisphere

● Argentina	Quilmes Groep (15%)	Buenos Aires, Corrientes, Mendoza, San Miguel de Tucuman, Zárate, Lavallol	Heineken, Quilmes, Andes, Norte, Bieckert, Palermo
Bahamas	Commonwealth Brewery (53.2%)	Nassau	Heineken, Kalik, Guinness
● Bolivia	Quilmes Groep (15%)	Taquina, Cochabamba, Santa Cruz	Heineken, Ducal, Taquina Export, Imperial, Pilsener
● Brazil	Cervejarias Kaiser (14.2%)	Divinópolis, Feira de Santana, Gravatai, Jacarei, Ponta Grossa, Queimados, Pacatuba	Queimados, Pacatuba, Araraquara, Heineken, Kaiser, Santa Cerva
● Chile	Quilmes Groep (15%)	Santiago	Heineken, Becker
● Costa Rica	Cerveceria Costa Rica (Licence)	San José	Heineken
● Dominican Rep.	Cerveceria Nacional Dominicana (9.3%)	Santo Domingo	Heineken, Presidente
● Haiti	Brasserie Nationale d'Haïti (22.5%)	Port-au-Prince	Prestige, Guinness
● Jamaica	Desnoes & Geddes (26.3%)	Kingston	Heineken, Red Stripe, Dragon Stout, Guinness
Martinique	Brasserie Lorraine (83.1%)	Lametin	Heineken, Lorraine
Neth. Antilles	Antilliaanse Brouwerij (56.3%)	Willemstad	Amstel
● Paraguay	Quilmes Groep (15%)	Asunción, Ypané	Heineken, Bremen, Pilsen
St. Lucia	Windward & Leeward Brewery (72.6%)	Vieux-Fort	Heineken, Piton, Guinness
Surinam	Surinaamse Brouwerij (76.5%)	Paramaribo	Parbo
● Trinidad	Carib Brewery (CDC) (20%)	Port of Spain	Heineken, Stag, Carib, Guinness
● Uruguay	Quilmes Groep (15%)	Montevideo	Heineken, Pilsen

Africa and the Middle East

● Angola	Nocal (27.1%)	Luanda	Nocal, Primus
● Angola	EKA (46%)	Dondo	EKA
Burundi	Brarudi (59.3%)	Bujumbura, Gitega	Amstel, Primus, Dynamalt
● Cameroon	Brasseries du Cameroun (8.8%)	Bafoussam, Douala, Garoua, Yaoundé	Amstel, Mützig
Chad	Brasseries du Logone (100%)	Moundou	Gala, Chari, Maltina
Congo	Brasseries du Congo (50%)	Brazzaville, Pointe Noire	Amstel, Mützig, Primus, Guinness, Ngok
Dem. Republic of Congo	Bralima (94.3%)	Boma, Bukavu, Kinshasa, Kisangani, Mbandaka, Lubumbashi	Amstel, Primus, Mützig, Guinness, Torboking
Ghana	Ghana Breweries (75.6%)	Kumasi, Accra	Amstel Malta, Star, Gulder, ABC Golden Bubra, ABC Golden Lager, ABC Stout
● Israel	Tempo Beer Industries (17.8%)	Netanya	Maccabee, Gold Star, Nesher, Malt Star
● Jordan	General Investment (10.8%)	Zerka	Amstel
● Lebanon	Almaza (10%)	Beiroet	Almaza, Amstel
● Morocco	Brasseries du Maroc (2%)	Casablanca, Fès, Tanger	Heineken, Amstel
Nigeria	Nigerian Breweries (54.2%)	Aba, Enugu, Ibadan, Kaduna, Lagos,	Amstel Malta, Maltina, Star, Gulder, Legend
● Nigeria	Consolidated Breweries (22.9%)	Jjebu Ode, Owe Omamma	"33" Export, Hi-malt
Réunion	Brasseries de Bourbon (85.4%)	Saint Denis	Heineken, Bourbon, Buckler, Dynamalt, Guinness
Rwanda	Bralirwa (70%)	Gisenyi	Primus, Mützig, Guinness
● Sierra Leone	Sierra Leone Brewery (42.5%)	Freetown	Star, Guinness, Maltina
● South Africa	South African Breweries (Licence)	Capetown, Durban, Johannesburg	Amstel

● Affiliated brewery (non-consolidated)

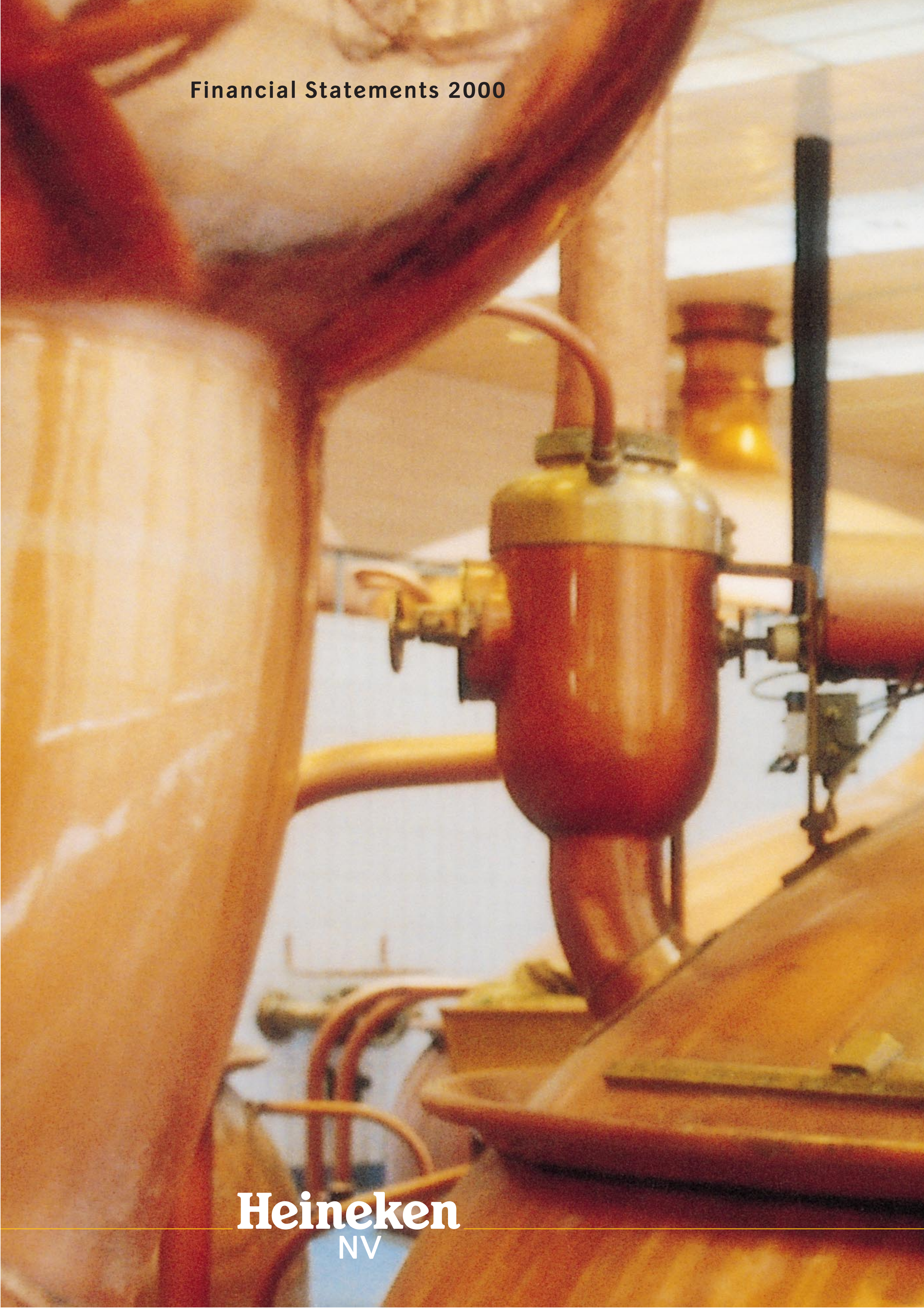
Europe

Belgium	Affligem Brouwerij BDS (95.9%)	Opwijk	Affligem, Opale
Bulgaria	Zagorka (48.6%)	Stara Zagora	Zagorka
Bulgaria	Ariana Brewery (42.8%)	Sofia	Ariana
France	Sogebra (100%)	Marseille, Mons-en-Baroeul, Schiltigheim, St. Omer	Heineken, Amstel, Buckler, Pelforth, Murphy’s Irish Stout, “33“ Export, Fischer, Kingston, Desperados, Adelscott, St. Omer
Greece	Athenian Brewery (98.8%)	Athene, Patras, Thessaloniki	Heineken, Amstel, Buckler, Murphy’s Irish Stout, Alfa
Hungary	Amstel Sörgyár (100%)	Komárom	Heineken, Amstel, Buckler, Talléros, Fregatt, Zlatý Bažant
Ireland	Murphy Brewery Ireland (100%)	Cork	Heineken, Amstel, Murphy’s Irish Stout, Buckler
Italy	Heineken Italia (100%)	Aosta, Bergamo, Cagliari, Massafra, Messina, Pedavena	Heineken, Amstel, Murphy’s Irish Stout, Buckler, Dreher, Birra Messina, McFarland, Sans Souci, Ichnusa, Birra Moretti, Classica von Wunster, Prinz
Macedonia	Pivara Skopje (25.5%)	Skopje	Skopscko, Star Lisec
The Netherlands	Heineken Nederland (100%)	’s-Hertogenbosch, Zoeterwoude	Heineken, Amstel, Kylian, Lingen’s Blond, Murphy’s Irish Stout
The Netherlands	Brand Bierbrouwerij (100%)	Wijlre	Brand
The Netherlands	Brouwerij De Ridder (100%)	Maastricht	Ridder, Wieckse Witte, Vos
Poland	Żywiec (51.6%)	Żywiec, Elblag, Warka, Leżajsk, Cieszyn, Braniewo, Łancut	Żywiec, EB, Warka, Leżajsk, Specjal
Slowakia	Heineken Slovensko (100%)	Hurbanovo, Nitra	Zlatý Bažant, Amstel, Kelt, Corgon
Slowakia	Pivovar Martiner (51.1%)	Martin	Martiner
Slowakia	Pivovar Gemer (52.5%)	Rimavská Sobota	Gemer
Spain	Heineken España (80.9%)	Madrid, Valencia, Seville, Jaen, Arano	Heineken, Aguila Amstel, Buckler, Murphy’s Irish Stout
Switzerland	Heineken Beverages Switzerland (100%)	Chur, Winterthur	Heineken, Amstel, Murphy’s Irish Stout, Calanda, Haldengut
• United Kingdom	Whitbread (Licence)	Magor, Samlesbury	Heineken, Murphy’s Irish Stout
• United Kingdom	Bulmers (Licence)	Trowbridge	Amstel

Asia Pacific

Cambodia	Cambodia Brewery (34%)	Phnom Penh	Tiger, Anchor
China	Shanghai, Mila Brew (44.9%)	Shanghai	Tiger, Reeb
China	Hainan Asia Pacific (42.5%)	Haikou	Tiger, Anchor, Aoke
Indonesia	Multi Bintang Indonesia (84.5%)	Sampang Agung, Tangerang	Bintang, Tiger, Guinness
• Japan	Kirin (Licence)	Tokyo	Heineken
• Kazakhstan	Dinal LLP (28.0%)	Almaty	Tianshan
• Malaysia	Guinness Anchor Berhad (10.8%)	Kuala Lumpur	Heineken, Tiger, Anchor, Guinness
New Caledonia	Grande Brasserie de Nouvelle Calédonie (87.3%)	Noumea	Number One, Master Lager
New Zealand	DB Groep (32.5%)	Greymouth, Mangatainoka, Otahuhu, Timaru	Heineken, DB, Murphy’s Irish Stout, Export Gold, Export Dry
Papua New Guinea	South Pacific Brewery (31.9%)	Lae, Port Moresby	SP Lager, South Pacific Export Lager, Niugini
Singapore	Asia Pacific Breweries (42.5%)	Singapore	Heineken, Tiger, Anchor, ABC Stout, Raffles Light, Baron’s
• Tahiti	Brasserie de Tahiti (Licence)	Papeete	Heineken
• Thailand	Thai Asia Pacific Brewery (14.9%)	Bangkok	Heineken
Vietnam	Vietnam Brewery (25.5%)	Ho Chi Minh City	Heineken, Tiger, Bivina
Vietnam	Hatay Brewery (25.5%)	Hatay, under construction	

Financial Statements 2000



Heineken NV

Consolidated Balance Sheet

After appropriation of profit
in millions of euros

	31 December 2000		31 December 1999	
Assets				
Fixed assets				
Tangible fixed assets	**3,276**		2,995	
Financial fixed assets	**615**		422	
		3,891		3,417
Current assets				
Stocks	**550**		490	
Accounts receivable	**1,024**		903	
Securities	**23**		42	
Cash at bank and in hand	**801**		1,165	
		2,398		2,600
		6,289		6,017
Liabilities				
Group funds				
Shareholders' equity	**2,396**		2,618	
Minority interests	**124**		248	
		2,520		2,866
Investment facilities equalization account		**26**		31
Provisions		**976**		770
Debts				
Long-term debts	**875**		490	
Current liabilities	**1,892**		1,860	
		2,767		2,350
		6,289		6,017

Consolidated Statement of Income

in millions of euros

		2000		1999
Net turnover		**8,107**		7,148
Raw materials, other materials and services	**4,324**		3,805	
Excise duties	**1,093**		984	
Personnel costs	**1,301**		1,132	
Depreciation and value adjustments	**468**		428	
Total operating expenditure		**7,186**		6,349
Operating profit		**921**		799
Earnings of non-consolidated companies		**59**		51
Interest		**– 66**		– 41
Profit before taxation		**914**		809
Taxation		**– 277**		– 265
Profit after taxation		**637**		544
Minority interests		**– 16**		– 28
Net profit		**621**		516

Consolidated Cash Flow Statement

in millions of euros

	2000	2000	1999	1999
Cash flow from operating activities				
Operating profit	**921**		799	
Earnings of non-consolidated companies	**59**		51	
Depreciation and value adjustments	**468**		428	
Changes in provisions	**– 26**		– 27	
Changes in working capital	**– 29**		– 46	
Cash flow from operations		**1,393**		1,205
Interest paid and received		**– 67**		– 42
Taxation paid on profit		**– 291**		– 227
Cash flow from operating activities		**1,035**		936
Dividends paid		**– 160**		– 113
Cash flow from operating activities less dividends paid		**875**		823
Cash flow from investing activities				
Tangible fixed assets	**– 418**		– 441	
Consolidated companies	**– 939**		– 55	
Non-consolidated companies	**– 107**		– 33	
Other financial fixed assets	**– 39**		2	
		– 1,503		– 527
Cash flow from financing activities				
Long-term borrowings	**480**		83	
Repayment of long-term debts	**– 187**		– 97	
Share-issue by group companies	**41**		–	
Investment facilities	**1**		1	
		335		– 13
Net cash flow		**– 293**		283
Other movements in funds:				
Changes in the consolidation		**– 74**		– 74
Changes in exchange rates		**– 6**		11
Movement in balance of funds		**– 373**		220
The balance of funds consists of:				
Cash in bank and in hand		**801**		1,165
Securities		**23**		42
Indebtedness to credit institutions		**– 206**		– 216
Position on 31 December		**618**		991

Notes to the Consolidated Balance Sheet, the Statement of Income and the Cash Flow Statement for the Financial Year 2000

General

The financial statements and annual report are governed by the provisions of Title 9, Book 2 of the Netherlands Civil Code.

A number of changes in the size of the consolidation took place during the financial year. The most important changes in regard to the financial statements were as follows. As of 1 February 2000 Cruzcampo in Spain was fully consolidated. After the interest in Cruzcampo was increased to 99.1%, the company was merged with El Aguila to form a new company, Heineken España, in which Heineken N.V. holds an interest of 80.9%. The Gemer and Martiner companies in Slovakia were consolidated as of 1 January 2000. As of this same date Affligem Brouwerij BDS in Belgium was proportionally (50%) consolidated. Added to these, a number of beverage wholesalers was fully consolidated. These changes resulted in an increase in net turnover of EUR 494 million and a goodwill charge of EUR 778 million to shareholders' equity.

The financial data of Heineken N.V. are incorporated in the consolidated balance sheet, statement of income and cash flow statement. Consequently, a simplified presentation has been effected for the profit and loss account of Heineken N.V., as permitted under the provisions of Title 9, Book 2, Article 402 of the Netherlands Civil Code.

The amounts given in the notes are in millions of euros, unless stated otherwise.

Consolidation principles

In the consolidated balance sheet and statement of income Heineken N.V. and its subsidiaries, with which Heineken N.V. forms a group, are shown as fully consolidated. The minority interests in Group funds and in Group profit are indicated separately. Companies in which the Heineken Group has a direct interest and exercises control with regard to management policy together with other shareholders, are proportionally consolidated if the activities of the companies concerned are closely linked with those of the Heineken Group.

Under the heading 'Changes in the consolidation' in the statements given below of the movements in various assets and liabilities, the movements relating to the increase in or reduction of our interests in consolidated companies, are shown.

Translation of foreign currencies

Hedging transactions are concluded solely to minimize the foreign exchange risks on receivables and debts as well as on future cash flows in foreign currencies which are virtually certain to occur. Forward contracts and options are used for this purpose. Before hedging, the incoming and outgoing cash flows of a given currency are netted centrally as far as is possible. Where forward contracts have been concluded to hedge positions in foreign currencies, these positions are translated at the rate of exchange at which they were hedged. The recognition of gains and losses arising from the translation of currency transactions entered into for the purpose of hedging future cash flows in foreign currencies is deferred until the time the relevant cash flows are accounted for. Commercial transactions denominated in foreign currencies are entered in the statement of income at the current spot rate or at the forward rate where forward contracts have been concluded in connection with these transactions.

The financial statements of foreign companies are translated into euro. Assets and liabilities are translated at the exchange rate on the balance sheet date. The statement of income is translated at the average monthly rate of exchange. The statement of income of companies in countries with hyperinflation is translated at the rate of exchange on the balance sheet date.

Differences in value arise as a result of the translation into euros of the shareholders' equity of the foreign consolidated companies at the beginning of the financial year and of the intra Group financing furnished to these companies. These differences are regarded as a revaluation and are credited or debited directly to Group funds, taking into account possible taxation. Other differences relating to changes in rates of exchange are incorporated in the statement of income.

Intangible assets

Goodwill, the difference between the acquisition price and the valuation – calculated in accordance with the Heineken accounting policies – of newly acquired companies in which at least a significant influence is exercised on management policy, is charged to shareholders' equity. In the case of the acquisition of beverage wholesalers, the purchase price is determined almost entirely by the customer base which, as an intangible fixed asset, is not – in accordance with the Heineken accounting policies – shown as an asset. Consequently, a significant portion of the purchase price is goodwill. Costs of other intangible assets, including brands, patents, licenses, software, research and development, are charged directly to the statement of income.

Accounting policies for the valuation of assets and liabilities

Fixed assets

Tangible fixed assets are valued at replacement cost and, with the exception of land, less accumulated depreciation. The following table of average useful life is used to determine depreciation:

Plants	30 - 40 years
Machinery and installations	10 - 30 years
Other fixed operating assets	5 - 10 years

The replacement cost is based on valuations made by internal and external experts, taking technical and economic developments into account and supported by the experience gained in the construction of breweries throughout the world. Projects under construction are stated at historical cost.
The non-consolidated companies in which a significant influence is exercised on management policy, are stated at the Heineken share in their net asset value. This net asset value is determined as far as is possible on the basis of the Heineken accounting policies. The other non-consolidated companies are valued at the cost of acquisition after deduction of the provisions deemed necessary.
Loans to non-consolidated companies and other financial fixed assets are shown at par value, less a provision for bad debts.

Current assets

Stocks obtained from third parties are valued at replacement cost. This value is based on the prices of current purchase contracts and on market prices on the balance sheet date.
Finished products and products in process are valued at manufacturing cost based on replacement cost and taking into account the stage of processing.
Stocks of spare parts are depreciated on a straight-line basis in view of the reduction of application possibility. Provisions on stocks are made up to the recoverable amount or net realizable value if this is lower than the replacement cost.
Advance payments on stocks are stated at par value. Accounts receivable are shown at par value after deduction of a provision for bad debts and after deduction of the deposit amounts due in connection with the obligation to take back own packaging materials.
Securities are valued at historical cost, or at the market price or estimated market value of unlisted securities where this is lower.
Cash at bank and in hand is stated at par value.

Revaluation

Valuation differences resulting from revaluation are credited or debited to Group funds, where applicable after deduction of an amount for deferred tax liabilities.

Investment facilities equalization account

The purpose of the investment facilities equalization account is to apportion the amounts received under arrangements in a number of countries regarding investments over the estimated life of the assets concerned.

Provisions

The provision for deferred tax liabilities is formed for timing differences in valuation between the balance sheet and the statement of financial condition for tax purposes and for the tax on profit distributions borne by the Group. The liabilities are calculated at the tax rates applicable on the balance sheet date and stated at par value. Deferred tax assets are offset against deferred tax liabilities, taking into account the terms of the tax deferrals. Net deferred tax assets are valued at zero unless their future realization can reasonably be expected.
The provision for pension liabilities is determined using the accrued benefit valuation method based on present value in accordance with actuarial principles.
Full provision is made for pension liabilities based on previous service. Back-service liabilities originating from improvements in remuneration and pension schemes are added to the provision for pension liabilities and charged directly to the statement of income.
The provision for other personnel schemes is calculated at the present value of the benefit commitment based on retirement, relocation, redundancy pay and disability, where applicable taking into account the expected degree of utilization of the relevant scheme.

Debts

Long-term debts and current liabilities are stated at par value.

Accounting policies for the determination of income

Proceeds and expenses are in principle accounted for in the statement of income at the time the relevant goods or services are supplied.
Net turnover means the proceeds from products supplied and services rendered to third parties after deduction of turnover taxes and discounts given to customers.
The consumption of raw materials and other materials is stated at replacement cost in the statement of income.
Excise duties are stated at the nominal amount incurred.
Depreciation based on replacement cost is applied on a straight-line basis in accordance with the estimated useful life of each asset, allowing for the withdrawal from the investment facilities equalization account.
The earnings of non-consolidated companies consist of the dividend received in the financial year from the investments valued at historical cost and the Heineken share in the net profit of investments valued at net asset value. The share in the earnings of investments valued at net asset value is determined as far as is possible in accordance with the Heineken accounting policies for determining income, taking into account taxation and minority interests.
Interest expenses are allocated to the period to which they relate.
The interest differences resulting from the use of financial instruments are recorded as interest income and/or expense. These interest instruments are used to hedge the risk of a reduction in

interest income on surplus cash invested in short-term bank deposits. These instruments are also used to minimize the risk of higher interest charges resulting from an increase in the rate of interest on interest-bearing liabilities.
Interest-hedging instruments are not used without an underlying position.
Taxation on profit is calculated on the income according to the financial statements on the basis of nominal rates. Allowance is made for the tax on profit distributions of investments borne by the Group and for the applicable facilities. The differences with the taxes actually payable in respect of the financial year are offset against the provision for deferred tax liabilities.

Notes to the Consolidated Balance Sheet

Tangible fixed assets	Total	Plants and sites	Machinery and installations	Other fixed operating assets	Projects under construction
Position on 1 January 2000	2,995	1,030	1,343	507	115
Changes in the consolidation	209	73	73	58	5
Investments less disposals	418	21	120	126	151
Projects completed	–	25	109	17	– 151
Revaluation	99	50	31	18	–
Depreciation and value adjustments	– 445	– 64	– 232	– 149	–
Position on 31 December 2000	3,276	1,135	1,444	577	120
This book value is composed as follows:					
Replacement cost	8,052	2,315	4,081	1,536	120
Cumulative depreciation	– 4,776	– 1,180	– 2,637	– 959	–
	3,276	1,135	1,444	577	120
The cumulative amount of the revaluations included in the book value at 31 December 2000, is:	435	196	211	28	–

Other fixed operating assets include means of transport and furniture and fittings as well as returnable packaging materials. Projects under construction also include pre-payments related to tangible fixed assets on order.

Financial fixed assets	Total	Non-consolidated companies		Other financial fixed assets
		Shares	*Loans*	
Position on 1 January 2000	422	188	1	233
Changes in the consolidation	66	– 1	–	67
Investments/loans issued	225	108	5	112
Disposals/repayments	– 79	– 1	– 2	– 76
Revaluation	– 2	– 2	–	–
Goodwill upon acquisitions	– 25	– 25	–	–
Share in net profit	32	32	–	–
Dividends received	– 12	– 12	–	–
Other value adjustments	– 12	– 12	–	–
Position on 31 December 2000	615	275	4	336

Other financial fixed assets include EUR 262 million for loans to customers; in 1999 the corresponding figure was EUR 176 million.

	2000		1999	
Stocks				
Raw materials	**85**		76	
Products in process	**51**		49	
Finished products	**139**		124	
Goods bought in for resale	**95**		89	
Non-returnable packaging materials	**58**		46	
Other stocks	**105**		100	
Advance payments on stocks	**17**		6	
		550		490
Accounts receivable				
The accounts receivable becoming due and payable in at most one year relate to:				
Accounts receivable from trade debtors	**963**		828	
Less: deposits due on packaging materials	**– 245**		– 214	
		718		614
Accounts receivable from non-consolidated companies		**42**		45
Other receivables		**140**		132
Prepayments and accrued income		**124**		112
		1,024		903
Securities				
Listed securities	**7**		3	
Unlisted securities	**16**		39	
		23		42
Cash at bank and in hand				
Cash in hand, balances at banks	**260**		154	
Short-term cash deposits	**541**		1,011	
		801		1,165

The total amount of cash at bank and in hand is freely available.

	2000		1999	
Shareholders' equity				
Position on 1 January	**2,618**		2,299	
Revaluation	**60**		35	
Goodwill upon aquisition of companies	**– 778**		– 107	
Net profit of the year	**621**		516	
Dividend of the year	**– 125**		– 125	
Position on 31 December		**2,396**		2,618

For a specification of the shareholders' equity reference may be made to the balance sheet of Heineken N.V. as at 31 December 2000 on page 75.

	2000		1999	
Minority interests				
Position on 1 January	**248**		256	
Changes in the consolidation	**– 172**		– 34	
Revaluation	**11**		13	
Minority interests in Group profit	**16**		28	
Dividend paid to minority shareholders	**– 20**		– 15	
Share issue	**41**		–	
Position on 31 December		**124**		248

	2000		1999	
Investment facilities equalization account				
Position on 1 January	**31**		38	
Facilities received	**1**		1	
Withdrawn in favour of the operating profit	**– 6**		– 7	
Other movements	**–**		– 1	
Position on 31 December		**26**		31

Provisions	Deferred tax liabilities	Pension liabilities	Other personnel schemes	Other provisions	Total
The movements can be specified as follows:					
Position on 1 January 2000	295	48	269	158	770
Changes in the consolidation	–	50	147	21	218
Revaluation/changes in exchange rates	11	– 1	1	2	13
Additions/releases	2	7	30	– 9	30
Payments	–	– 3	– 41	– 12	– 56
Other movements	4	– 1	–	– 2	1
Position on 31 December 2000	312	100	406	158	976

The provision for pension liabilities relates to pensions and life annuities which have not been funded with third parties. The average rate of interest used in calculating the present value of the provision for pension liabilities, taking account of applicable interest rates in the relevant countries, is 4% (1999: 4%).

The provision for other personnel schemes relates to several early retirement and reorganization schemes. Additions due to planned restructuring programmes are charged to the statement of income, with the exception of restructuring programmes relating to participating interests acquired during the financial year, these form part of the goodwill upon acquisition.

The other provisions mainly comprise provisions formed for consolidated companies and for sureties given. In addition, provisions have been formed for litigation and for costs relating to the introduction of the euro.

EUR 866 million of the provisions (1999: EUR 702 million) has a term in excess of one year.

	2000		1999	
Long-term debts	Total	More than 5 years	Total	More than 5 years
The debts becoming due and payable after more than one year relate to:				
Loans from credit institutions, in NLG, average interest rate 5.2%, redeemable in two terms in 2006 resp. 2008	**227**	**227**	227	227
Loans from credit institutions, in PLN, average interest rate 20.3%	**144**	**–**	78	4
Loans from credit institutions, in FRF, average interest rate 5.0%	**46**	**35**	72	–
Loans from credit institutions, in EUR, average interest rate 4.3%	**278**	**278**	–	–
Private contract loan, in EUR, interest rate 5.8%	**68**	**68**	–	–
Other private contract loans, in EUR, average interest rate 5.7% (1998: 7.2%)	**76**	**35**	72	11
Other debts, interest free	**36**	**9**	41	25
	875	**652**	490	267

In relation to the other private contract loans securities in the form of mortgages have been given to an amount of EUR 127 million (1999: EUR 112 million).

	2000		1999	
Current liabilities				
The debts becoming due and payable in at most one year are as follows:				
Repayment obligations in 2001 on private contract loans	**26**		106	
Indebtedness to credit institutions	**206**		216	
Suppliers	**529**		457	
Taxes and social security contributions	**288**		289	
Dividend	**78**		87	
Short-term deposits	**196**		166	
Debts to non-consolidated companies	**6**		11	
Other creditors	**196**		205	
Accruals and deferred income	**367**		323	
		1,892		1,860

On behalf of the government authorities in a number of countries equitable mortgages of EUR 234 million (1999: EUR 180 million) have been given on tangible assets as security for excise duties payable on beer, soft drinks and spirits, as well as for import duties payable.

	2000	1999
Off-balance sheet obligations		
Tenancy and operating leases	**52**	44
Assets on order, in so far as not included under tangible fixed assets	**68**	57
Long-term raw materials purchase contracts	**32**	72
Declarations of liability	**261**	208
Other off-balance sheet obligations	**14**	14
Financial instruments		
Contract value on 31 December		
Currency hedging instruments US-dollar	**1,061**	690
Currency hedging instruments other currencies	**246**	180
Interest hedging instruments	**945**	219

Financial instruments are used in the normal course of business to hedge the effects of fluctuations in exchange rates and interest rates on earnings.
The most important inflow of foreign currency is denominated in US dollars and is generated by export activities. The expected net cash flow in US dollars, which totals some US$ 630 million on an annual basis, is hedged well in advance by means of a combination of forward contracts and options. This policy reduces the vulnerability of export proceeds and results from short-term fluctuations in the US dollar rate and delays the impact of long-term fluctuations in the result.
As far as is possible, temporary cash surpluses are held centrally and invested in bank deposits in euros with a maximum term of one year. The risk of a reduction in interest income on these deposits due to a fall in the interest rate and the risk of an increase in interest charges due to a rise in the interest rate on interest-bearing loans, is hedged to approximately 60% through the use of interest instruments. These interest-hedging instruments include interest rate swaps, forward rate agreements, and caps and floors.
The implementation of the currency and interest policy is tied to a stringently defined policy and strict rules. Only a limited number of counterparties is used, all with excellent credit ratings. The activities are closely monitored, independently of implementation.

Notes to the Consolidated Statement of Income

Information per geographic area

In order to provide a clearer understanding of the Group's activities, it has been decided that with effect from 2000 information will be furnished per segment. As just one product group, namely beer, accounts for more than 80% of the Group's net turnover, the financial information will be segmented by geographic area only. The four regions distinguished being: Europe, Western Hemisphere, Africa and the Middle East and Asia Pacific. As nearly all production facilities for exports are located in Europe, the results of these activities will be reported under Europe. The results and assets per region are given in the table below.

Results by region	Europe (incl. export)		Western Hemisphere		Africa and the Middle East		Asia Pacific		Eliminations		Consolidated	
	2000	1999	**2000**	1999	**2000**	1999	**2000**	1999	**2000**	1999	**2000**	1999
Net turnover												
Sales proceeds third parties	**6,139**	5,410	**987**	808	**363**	284	**497**	525	**–**	–	**7,986**	7,027
Sales proceeds interregional	**1,009**	894	**–**	–	**–**	–	**–**	–	**– 1,009**	– 894	**–**	–
Total sales proceeds	**7,148**	6,304	**987**	808	**363**	284	**497**	525	**– 1,009**	– 894	**7,986**	7,027
Proceeds from services	**124**	117	**–**	–	**29**	25	**7**	5	**– 39**	– 26	**121**	121
Net turnover	**7,272**	6,421	**987**	808	**392**	309	**504**	530	**– 1,048**	– 920	**8,107**	7,148
Operating profit	**799**	706	**46**	40	**36**	37	**40**	16	**–**	–	**921**	799
Earnings of non-consolidated companies	**7**	5	**21**	17	**25**	22	**6**	7	**–**	–	**59**	51
Interest											**– 66**	– 41
Taxation											**– 277**	– 265
Net profit											**621**	516

	Europe (incl. export)		Western Hemisphere		Africa and the Middle East		Asia Pacific		Consolidated	
	2000	1999	**2000**	1999	**2000**	1999	**2000**	1999	**2000**	1999
Operational assets	**4,656**	4,028	**266**	223	**213**	186	**315**	341	**5,450**	4,778
Non-consolidated companies	**29**	24	**61**	60	**167**	88	**18**	16	**275**	188
Total assets	**4,685**	4,052	**327**	283	**380**	274	**333**	357	**5,725**	4,966
Invested cash									**564**	1,051
Total assets as per balance sheet									**6,289**	6,017
Total provisions and debts	**3,188**	2,638	**186**	133	**223**	198	**172**	182	**3,769**	3,151
Total liabilities as per balance sheet									**3,769**	3,151
Group funds									**2,520**	2,866
Investments in tangible fixed assets	**378**	395	**9**	14	**11**	13	**20**	18	**418**	440
Depreciation and value adjustments tangible fixed assets	**391**	314	**8**	8	**19**	15	**27**	48	**445**	385

	2000		1999	
Raw materials, other materials and services				
Consumption of raw materials	**439**		367	
Consumption of packaging materials	**799**		728	
Cost of goods bought in for resale	**856**		823	
Marketing and selling expenses	**1,107**		964	
Transport costs	**302**		243	
Energy and water	**127**		91	
Repair and maintenance	**140**		113	
Other expenses	**554**		476	
		4,324		3,805

The change in stocks of products in process and finished products (increase of EUR 3 million, excluding revaluation and changes in the consolidation) has been offset against the production cost, i.e. consumption of raw materials, consumption of packaging materials and excise duties, and with regard to the fixed costs in the stocks, against the other expenses.

	2000	1999
Excise duties		
Excise duties paid less refunds of excise duty	**1,093**	984

	2000		1999	
Personnel costs				
Salaries and wages	**901**		780	
Pension costs	**37**		34	
Other social security costs	**197**		173	
Other personnel costs	**173**		154	
		1,308		1,141
Personnel costs capitalized in connection with production of tangible fixed assets for own purposes		**– 7**		– 9
		1,301		1,132

The additions concerning reorganizations to the balance sheet item Provision for other personnel schemes are accounted for, inter alia, under the heading Other personnel costs.

	2000		1999	
Personnel numbers				
The average number of employees was:				
The Netherlands	**5,585**		5,647	
Rest of Europe	**20,302**		17,635	
Western Hemisphere	**860**		813	
Africa and the Middle East	**4,852**		5,421	
Asia Pacific	**1,176**		1,119	
Heineken N.V. and fully consolidated companies		**32,775**		30,635
Rest of Europe	**955**		932	
Africa and the Middle East	**546**		537	
Asia Pacific	**3,581**		4,629	
Proportionally consolidated companies		**5,082**		6,098
Heineken N.V. and consolidated companies		**37,857**		36,733

	2000		1999	
Depreciation and value adjustments				
Depreciation on tangible fixed assets	**414**		355	
Other value adjustments of tangible fixed assets	**31**		31	
		445		386
Withdrawal from investment facilities equalization account		**– 6**		– 7
Value adjustments of other assets		**29**		49
		468		428

The other value adjustments of tangible fixed assets mainly concern accelerated depreciation of two breweries in Poland which will be closed, as well as reduction of book value of production assets in various countries and book losses on assets sold.

		2000		1999
Earnings of non-consolidated companies				
Dividends received and share in net profit		**59**		51

Included here are the net earnings of companies accounted for at net asset value amounting to EUR 32 million (1999: EUR 30 million) and dividend received from investments at cost totalling EUR 27 million (1999: EUR 21 million).

		2000		1999
Interest				
Interest paid	**– 109**		– 80	
Interest received on cash deposits, etc.	**43**		39	
		– 66		– 41

Taxation

Taxation stands at 32.4% (1999: 34.9%) of the group profit before taxation not including the earnings of non-consolidated companies. The lower tax burden is mainly the result of the use of taxable losses in Spain and a number of non-recurring tax benefits in various countries.

		2000		1999
Taxation on profit		**– 277**		– 265

The main components of the income tax are:

		2000
Group profit before taxation excluding the earnings of non-consolidated companies		**855**
Income tax at the Netherlands' statutory income tax rate	**35.0%**	**299**
Effect of foreign income tax rates	**0.9%**	**8**
Non-deductible expenses	**2.0%**	**17**
Utilisation of tax loss carryforwards	**– 3.2%**	**– 27**
Not recognised tax loss carryforwards	**2.9%**	**24**
Under/over provided in previous years	**– 1.8%**	**– 15**
Tax incentives and other differences	**– 3.4%**	**– 29**
Effective tax rate	**32.4%**	**277**

Tax loss carryforwards

	2000	
The Group has tax loss carryforwards amounting to EUR 203 million at 31 December 2000, of which an amount of EUR 8 million will not expire.		
The remaining EUR 195 million expires as follows:		
Before 2001	**14**	
Before 2002	**16**	
Before 2003	**27**	
Before 2004	**71**	
Before 2005	**51**	
After 2005 but not limited	**16**	
		195

Of these tax loss carryforwards an amount of EUR 35 million is capitalized as deferred tax asset under financial fixed assets.

Notes to the Consolidated Cash Flow Statement

The consolidated cash flow statement is drawn up by the indirect method. The items of the consolidated statement of income and balance sheet have been adjusted for changes which have no effect on the receipts and payments in the financial year. Working capital comprises stocks, accounts receivable and current liabilities (excluding indebtedness to credit institutions and repayment obligations in 2000 on long-term debts). The cash flow from investing activities relates to the net amount of investments and disposals. The funds consist of cash at bank and in hand, securities and current indebtedness to credit institutions.

	Provisions	Long-term debts	Repayment obligations
Position on 1 January 2000	770	490	106
Revaluation/changes in exchange rates	13	3	–
Changes in the consolidation	218	–	9
Other non-cash movements	1	– 30	30
Cash flow statement	– 26	412	– 119
Position on 31 December 2000	976	875	26

Working capital

Position on 1 January 2000	– 144
Movement concerning dividend, interest and taxation on profit	6
Revaluation/changes in exchange rates	18
Changes in the consolidation	42
Other non-cash movements	– 36
Cash flow statement	29
Position on 31 December 2000	– 85

List of Capital Investments

of significance for the true and fair view required by law

As regards the legal entities established in the Netherlands, marked with an • below, a declaration of liability has been issued in accordance with the provisions of Article 403, Title 9, Book 2 of the Netherlands Civil Code.

Fully consolidated participations		Interest in %
• Heineken Nederlands Beheer B.V.	Amsterdam	100.0
• Heineken Brouwerijen B.V.	Amsterdam	100.0
• Heineken Nederland B.V.	Amsterdam	100.0
• Heineken International B.V.	Amsterdam	100.0
• Heineken Technical Services B.V.	Amsterdam	100.0
• Amstel Brouwerij B.V.	Amsterdam	100.0
• Amstel Internationaal B.V.	Amsterdam	100.0
• Vrumona B.V.	Bunnik	100.0
• Invebra Holland B.V.	Amsterdam	100.0
• Brouwerij de Ridder B.V.	Maastricht	100.0
• B.V. Beleggingsmaatschappij Limba	Amsterdam	100.0
• Brand Bierbrouwerij B.V.	Wijlre	100.0
• Beheer- en Exploitatiemaatschappij Brand B.V.	Wijlre	100.0
Sogebra S.A.	Paris (France)	100.0
Heineken España S.A.	Seville (Spain)	80.9
Heineken Italia S.p.A.	Pollein (Italy)	100.0
Athenian Brewery S.A.	Athens (Greece)	98.8
Murphy Brewery Ireland Ltd.*	Cork (Ireland)	100.0
Amstel Brewery Hungary Inc.	Komárom (Hungary)	100.0
Brewery Żywiec S.A.	Żywiec (Poland)	51.6
Heineken Slovensko A.S.	Nitra (Slovakia)	100.0
Heineken Beverage Switzerland A.G.	Chur (Switzerland)	100.0
Mouterij Albert N.V.	Ruisbroek (Belgium)	100.0
Ibecor S.A.	Brussels (Belgium)	100.0
Heineken USA Inc.	White Plains (United States)	100.0
Antilliaanse Brouwerij N.V.	Willemstad (Neth. Antilles)	56.3
Commonwealth Brewery Ltd.	Nassau (Bahamas)	53.2
Windward & Leeward Brewery Ltd.	Vieux Fort (St. Lucia)	72.6
Brasseries, Limonaderies et Malteries 'Bralima' S.A.R.L.	Kinshasa (R.D. Congo)	94.3
Brasseries et Limonaderies du Rwanda 'Bralirwa' S.A.	Kigali (Rwanda)	70.0
Brasseries et Limonaderies du Burundi 'Brarudi' S.A.	Bujumbura (Burundi)	59.3
Brasseries de Bourbon S.A.	St. Denis (Réunion)	85.4
Ghana Breweries Ltd.	Kumasi (Ghana)	75.6
Brasseries du Logone S.A.	Moundou (Chad)	100.0
P.T. Multi Bintang Indonesia Tbk.	Jakarta (Indonesia)	84.5

* In accordance with the provisions of Section 17 of the Republic of Ireland Companies (Amendment) Act 1986, Heineken N.V. has given irrevocable guarantees in respect of the financial year from 1 January 2000 to 31 December 2000 in respect of the liabilities, as are referred to in Section 5(c) of that Act, for the subsidiary companies Murphy Brewery Ireland Limited and Murphy Brewery Sales Limited.

Proportionally consolidated companies

Proportional consolidation of the companies listed below takes place because control in the companies concerned is exercised jointly and directly by virtue of an agreement with the other shareholders.

		Interest in %
Affligem Brouwerij BDS N.V.	Opwijk (Belgium)	50.0
Zagorka Brewery A.D.	Stara Zagora (Bulgaria)	48.0
Ariana Brewery A.D.	Sofia (Bulgaria)	42.3
Pivara Skopje A.D.	Skopje (Macedonia)	25.2
Brasseries du Congo S.A.	Brazzaville (Congo)	50.0
Asia Pacific Breweries (Singapore) Pte. Ltd.	Singapore	42.5
Shanghai Mila Brew Co. Ltd.	Shanghai (China)	44.9
Hainan Asia Pacific Brewery Ltd.	Haikou (China)	42.5
SP Holdings Ltd.	Port Moresby (Papua New Guinea)	32.1
Vietnam Brewery Ltd.	Ho Chi Minh City (Vietnam)	25.5
Cambodia Brewery Ltd.	Phnom Penh (Cambodia)	34.0
DB Group Ltd.	Auckland (New Zealand)	32.6

Non-consolidated companies valued at net asset value

Guinness Anchor Berhad	Petaling Jaya (Malaysia)	10.8
Nigerian Breweries Plc.	Lagos (Nigeria)	54.2

Other non-consolidated companies valued at cost of acquisition

Quilmes International (Bermuda) Ltd.	Hamilton (Bermuda)	15.0
Cervejarias Kaiser S.A.	Rio de Janeiro (Brazil)	14.2

Balance Sheet of Heineken N.V.

after appropriation of profit
in millions of euros

	31 December 2000		31 December 1999	
Assets				
Fixed assets				
Financial fixed assets		**2,160**		2,021
Current assets				
Accounts receivable	**6**		7	
Cash at bank and in hand	**440**		791	
		446		798
		2,606		2,819
Liabilities				
Shareholders' equity				
Issued capital	**711**		711	
General reserve	**1,685**		1,907	
		2,396		2,618
Debts				
Long-term debts	**68**		–	
Current liabilities	**142**		201	
		210		201
		2,606		2,819

Profit and Loss Account of Heineken N.V.

in millions of euros

	2000		1999	
Net profit of Group companies	**615**		497	
Other proceeds and charges	**6**		19	
Profit according to consolidated statement of income		**621**		516

Notes to the Balance Sheet and the Profit and Loss Account for the Financial Year 2000 of Heineken N.V.

General

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

	2000	1999
Executive Board members	**2.5**	3.7
Supervisory Board members	**0.2**	0.2

Remuneration

The remuneration of the members of the Executive Board comprises a fixed fee and variable fees, the most important of which is an annual profit-sharing bonus. This profit-sharing bonus is determined individually by the Supervisory Board and is linked to the dividend distributed by Heineken N.V.

The remuneration for the Executive Board members for 2000 is as follows (in thousands of euros):

		2000		1999
K. Vuursteen				
Fixed fee	**543**		543	
Variable fees	**358**		358	
		901		901
A. Ruys				
Fixed fee	**432**		432	
Variable fees	**288**		288	
		720		720
S.W.W. Lubsen				
Fixed fee	**358**		358	
Variable fees	**367**		367	
		725		725
Former members of the Executive Board		**–**		1,400

The pensions of the Executive Board members are administered by the Heineken Pension Fund. In 2000, EUR 98,000 (1999: EUR 98,000) was charged to the company for pension contributions.

As at 31 December 2000 the members of the Executive Board did not hold any convertible bonds or any option rights. The total number of shares in the company held by the members of the Executive Board as at 31 December 2000 was 3,356.

In 2000 the members of the Supervisory Board received the following remuneration per person (in thousands of euros):

	2000	1999
Chairman	**34**	34
Supervisory Board member	**29**	29

As at 31 December 2000 the Supervisory Board members did not hold any company shares, any convertible bonds or any option rights.

Accounting policies for the valuation of assets and liabilities and for determining income

Shares in Group companies are valued at net asset value calculated in accordance with the accounting policies for the valuation of assets and liabilities stated on page 58 onwards.
Accounts receivable from Group companies are stated at nominal value. Also stated at nominal value are accounts receivable, cash at bank and in hand, long-term debts and current liabilities.

Goodwill, being the negative difference between the value as calculated in accordance with the stated accounting policies and the price paid upon the acquisition of Group companies, is charged to the general reserve. Positive differences are credited to the revaluation reserve.
The difference in value of a Group company at the beginning of the financial year and at the end of the financial year is offset against the revaluation reserve or, if this is insufficient, against the general reserve, in so far as this difference in value does not relate to the changes in the paid-up share capital, the earnings of and the dividends from this Group company.

The profit and loss account has been drawn up in accordance with the accounting policies as stated on page 59 onwards.

Financial fixed assets

		Group companies	
	Total	*Shares*	*Accounts receivable*
Position on 1 January 2000	2,021	941	1,080
Revaluation	– 719	– 719	–
Profit of Group companies	615	615	–
Dividend payments by Group companies	– 277	– 277	–
Other movements	520	–	520
Position on 31 December 2000	2,160	560	1,600

	2000	1999
Accounts receivable		
Accounts receivable	**6**	7

The accounts receivable become due and payable in at most one year.

	2000	1999
Cash at bank and in hand		
Short-term cash deposits	**440**	791
Issued capital		
Position on 31 December	**711**	711

There are 313,583,740 shares of NLG 5.00 (EUR 2.27) par value outstanding. The authorized capital is NLG 5 billion (EUR 2.3 billion).

	2000	1999
General reserve		
Position on 1 January	**1,907**	1,587
Revaluation	**– 718**	– 71
Net profit of the year	**621**	516
Dividend of the year	**– 125**	– 125
Position on 31 December	**1,685**	1,907

	2000		1999	
Long-term debts	Total	More than 5 years	Total	More than 5 years
The debts becoming due and payable after more than one year relate to:				
Private contract loan, in EUR, interest 5.8%, redeemable on 2 June 2006	**68**	**68**	–	–
	68	**68**	–	–

	2000	1999
Current liabilities		
The debts becoming due and payable in at most one year are as follows:		
Repayment private contract loan	**–**	68
Taxes payable	**63**	42
Dividend	**76**	83
Other liabilities	**3**	8
	142	201

	2000		1999	
Off-balance sheet obligations	Third parties	Group companies	Third parties	Group companies
Declarations of liability	**1**	**587**	1	550

Amsterdam, 28 February 2001

The Supervisory Board

Hazelhoff
Das
Loudon
Maas
De Ruiter
De Carvalho
Van Vollenhoven
Risseeuw

The Executive Board

Vuursteen
Ruys
Lubsen

Supplementary notes

Auditors' Report

Introduction

We have audited the 2000 financial statements of Heineken N.V., Amsterdam, as included on pages 53 to 80 of this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as of December 31, 2000 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9, Book 2, of the Netherlands Civil Code.

Amsterdam, 28 February 2001

KPMG Accountants N.V.

Appropriation of profit

Article 12, paragraph 4, of the Articles of Association lays down:

'From the net profit there shall in the first place be distributed, if possible, six per cent dividend on the issued part of the share capital. The amount then remaining shall be at the disposal of the General Meeting of Shareholders.'

From the net profit it will be proposed that EUR 125 million be appropriated for payment of dividend and that EUR 496 million be added to the general reserve.

Special rights under the Articles of Association

Article 7, paragraph 2, of the Articles of Association reads: 'The appointment of the members of the Executive Board and of the Supervisory Board shall be made by the General Meeting of Shareholders from a binding nomination of at least two persons, to be drawn up for each appointment by the Supervisory Board'.

Heineken N.V. is not a 'structuurvennootschap' pursuant to the Netherlands Civil Code.

Heineken Holding N.V., a company listed on Euronext Amsterdam, holds 50.005% of the shares of Heineken N.V.

Events subsequent to the balance-sheet date

On 22 February 2001 Heineken signed an agreement with Bayerische BrauHolding AG to set up a joint venture. In the joint venture, BrauHolding International AG, Heineken will acquire an interest of 49.9%. This joint venture still requires the approval of the EU competition authorities.

Ten-year history of Heineken

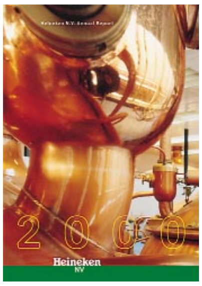
Turnover and profit *in millions of euros*	**2000**	1999	1998	1997	1996	1995	1994	1993	1992	1991
Net turnover	**8,107**	7,148	6,272	6,131	5,531	4,603	4,422	4,011	3,970	3,873
Operating profit	**921**	799	659	546	459	457	406	362	333	331
in % of net turnover	**11.4**	11.2	10.5	8.9	8.3	9.9	9.2	9.0	8.4	8.6
in % of the total capital employed	**14.6**	13.3	12.4	10.7	9.5	10.4	10.0	9.8	9.4	9.2
Interest cover	**15.0**	20.8	63.1	46.9	40.9	–	–	342.7	22.0	9.2
Net profit incl. extraordinary income	**621**	516	445	345	297	301	300	236	256	201
Net profit*	**621**	516	445	345	297	301	274	236	210	186
in % of shareholders' equity	**25.9**	19.7	19.4	14.9	14.5	14.0	13.9	13.1	12.7	12.2
Dividend	**125**	125	100	80	80	80	64	64	64	51
in % of net profit*	**20.1**	24.3	22.4	23.1	26.8	26.4	23.3	27.1	30.4	27.4
Bonus shares *in millions of euros*										
Increase in share capital	**–**	–	142	–	–	114	–	–	91	–
Cash payment	**–**	–	16	–	–	13	–	–	10	–
Distribution from reserves	**–**	–	158	–	–	127	–	–	101	–
Percentage increase	**–**	–	25	–	–	25	–	–	25	–
Per share of NLG 5.00 (EUR 2.27) *in euros*										
Cash flow from operating activities*	**3.30**	2.98	2.81	2.40	1.72	2.04	2.16	1.79	1.46	1.59
Net Profit*	**1.98**	1.65	1.42	1.10	0.95	0.96	0.87	0.75	0.67	0.59
Dividend	**0.40**	0.40	0.32	0.25	0.25	0.25	0.20	0.20	0.20	0.16
Shareholders' equity	**7.64**	8.35	7.33	7.38	6.53	6.85	6.30	5.75	5.28	4.87
Bonus shares (par value)	**–**	–	0.57	–	–	0.57	–	–	0.57	–
Cash payment	**–**	–	0.06	–	–	0.06	–	–	0.06	–
Cash flow statement *in millions of euros*										
Cash flow from operating activities	**1,035**	935	882	753	539	640	703	562	511	517
Dividend	**160**	112	114	94	93	93	77	72	77	56
Investments	**1,503**	527	728	439	840	344	334	279	292	463
Financing	**335**	– 13	80	36	111	– 70	– 179	36	– 20	– 73
Net cash flow	**– 293**	283	120	256	– 283	133	113	247	122	– 75

*Excluding extraordinary income

Financing *in millions of euros*	**2000**	1999	1998	1997	1996	1995	1994	1993	1992	1991
Capital	**711**	711	711	569	569	569	455	455	455	364
Reserves	**1,685**	1,907	1,588	1,747	1,479	1,579	1,521	1,348	1,201	1,164
Shareholders' equity	**2,396**	2,618	2,299	2,316	2,048	2,148	1,976	1,803	1,656	1,528
Minority interests	**124**	248	256	182	186	157	160	108	127	160
Group funds	**2,520**	2,866	2,555	2,498	2,234	2,305	2,136	1,911	1,783	1,688
Investment facilities equalization account	**26**	31	38	45	45	54	54	59	67	79
Provisions	**976**	770	733	769	734	637	619	581	522	544
	1,002	801	771	814	779	691	673	640	589	623
Long-term debts	**875**	490	522	412	359	192	228	210	261	292
Current liabilities	**1,892**	1,860	1,460	1,384	1,462	1,187	1,010	929	922	993
Debts	**2,767**	2,350	1,982	1,796	1,821	1,379	1,238	1,139	1,183	1,285
Total capital employed	**6,289**	6,017	5,308	5,108	4,834	4,375	4,047	3,690	3,555	3,596
Group funds ÷ other capital employed	**0.67**	0.91	0.93	0.96	0.86	1.11	1.12	1.07	1.01	0.88

Employment of capital *in millions of euros*										
Tangible fixed assets	**3,276**	2,995	2,643	2,564	2,497	2,140	2,130	1,980	1,988	2,086
Financial fixed assets	**615**	422	490	429	380	335	293	245	226	240
Fixed assets	**3,891**	3,417	3,133	2,995	2,877	2,475	2,423	2,225	2,214	2,326
Stocks	**550**	490	452	466	447	360	312	313	359	387
Accounts receivable	**1,024**	903	775	799	771	563	522	441	455	435
Cash and securities	**824**	1,207	948	848	739	977	790	711	527	448
Current assets	**2,398**	2,600	2,175	2,113	1,957	1,900	1,624	1,465	1,341	1,270
Total capital	**6,289**	6,017	5,308	5,108	4,834	4,375	4,047	3,690	3,555	3,596
Group funds ÷ fixed assets	**0.65**	0.84	0.82	0.83	0.78	0.93	0.88	0.86	0.81	0.73
Current assets ÷ current liabilities	**1.27**	1.40	1.49	1.53	1.34	1.60	1.61	1.58	1.46	1.28

Colophon



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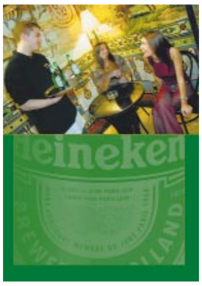

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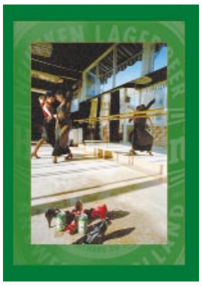

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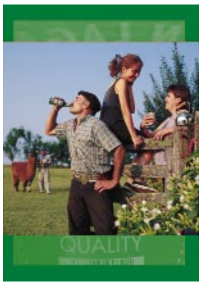

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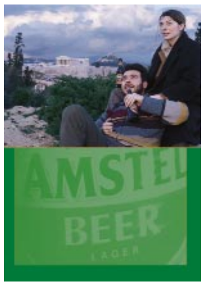

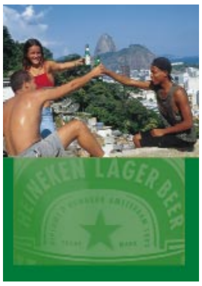

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Heineken NV