

UNILEVER PLC
COMPANY NUMBER: 41424

UNILEVER ANNUAL REVIEW 1999
AND SUMMARY FINANCIAL STATEMENT



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Unilever Annual Review 1999
And Summary Financial Statement

English Version in Pounds Sterling

Meeting everyday needs of people everywhere



Unilever's Corporate Purpose

Our purpose in Unilever is to meet the everyday needs of people everywhere – to anticipate the aspirations of our consumers and customers and to respond creatively and competitively with branded products and services which raise the quality of life.

Our deep roots in local cultures and markets around the world are our unparalleled inheritance and the foundation for our future growth. We will bring our wealth of knowledge and international expertise to the service of local consumers – a truly multi-local multinational.

Our long-term success requires a total commitment to exceptional standards of performance and productivity, to working together effectively and to a willingness to embrace new ideas and learn continuously.

We believe that to succeed requires the highest standards of corporate behaviour towards our employees, consumers and the societies and world in which we live.

This is Unilever's road to sustainable, profitable growth for our business and long-term value creation for our shareholders and employees.

A truly multi-local multinational

Unilever is dedicated to meeting the everyday needs of people everywhere. Around the world our Foods and Home & Personal Care brands are chosen by many millions of individual consumers each day. Earning their trust, anticipating their aspirations and meeting their daily needs are the tasks of our local companies. They bring to the service of their consumers the best in brands and both our international and local expertise.

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The two parent companies, Unilever N.V. (NV) and Unilever PLC (PLC), operate as nearly as is practicable as a single entity (the Unilever Group, also referred to as Unilever or the Group). This Annual Review therefore deals with the operations and results of the Unilever Group as a whole.

Driving for sustained profitable growth

1999 showed early evidence that our focus on leading brands will help realise Unilever's ambitious growth and margin targets. We are now reinforcing that strategy, with a programme to align every part of our operations behind our business goals.

Antony Burgmans and Niall FitzGerald
The Chairmen of Unilever



1999 and the path to growth

Operating margins before exceptional items rise to 11%

Excellent progress in personal care

Focus on 400 leading brands to accelerate top line growth

We have made good progress pursuing our strategy of category focus and margin improvement against a challenging economic and competitive background. Our Home & Personal Care categories all grew strongly and we saw further improved margins in Foods. We are pleased with the developments in Western Europe and the recovery in South East Asia. Marketing investments in Latin America reduced profits.

Margins before exceptional items further increased by half a percentage point to over 11%, a record.

The fourth quarter saw the business achieve the highest level of underlying growth for two years. This included good performances from businesses which are already advanced in implementing our strategy of focusing on fewer brands. This is early evidence the strategy is working. However, sales growth of 2% at constant exchange rates and underlying volume growth of 1% for the full year were disappointing.

In May 1999 our shareholders authorised a special dividend of £5 billion and a share consolidation which reduced the number of shares in issue. Earnings per share on the adjusted shareholdings rose by 9% before exceptional items.

Our objective of delivering a total return to shareholders in the top third of a group of peer companies over a three-year period was again

achieved. However, our sector as a whole suffered as investor interest focused on high technology and internet stocks and there was an even sharper decline in the Unilever share price during the fourth quarter. This has been painful for everybody in Unilever. It was all the more disappointing given the significant appreciation in the preceding three years. As a result of this decline we were below the total shareholder return benchmark measured over a single year.

We are pleased to report that the business passed the critical Year 2000 change without disruption.

Categories

Corporate Categories, which represent 86% of the total sales, continue to grow faster than the business as a whole. In 1999 they grew 3%, whereas turnover in other categories fell by 2%, largely due to disposals. We remain committed to improving the performance of these other businesses or exiting those that are not able to deliver sustained value.

Our personal care businesses had another outstanding year. Turnover and profits grew strongly in all categories and regions with total sales up 7% and profits increasing by 24%. Home care and professional cleaning also showed good sales growth but profits declined by 4% as higher expenditure to protect our strong market position in Latin America offset increases in profits in Western Europe and Asia and Pacific.

Foods profitability improved but overall foods sales declined partly due to disposals. Beverages profits were up, led by double digit volume growth in the ready-to-drink sector. Oil and dairy based foods showed a good increase in profits but markets in Europe and North America continue to contract. Ice cream sales increased but profits overall were slightly below 1998.

Regions

The global reach of the company was again an important factor. We were able to benefit from the good economic conditions in western markets. Sales and profits rose strongly in Asia and Pacific region as economies recovered from the crisis in late 1997 and 1998. In Western Europe profits and margins advanced well. In Central and Eastern Europe our business remained weak, with a slow recovery in Russia. There were notable increases in results for Africa and the Middle East. Sales and profits were affected in Latin America by difficult economic conditions in several countries coupled with a competitive challenge in our largest regional category, laundry.

People

The quality of our people was, as always, an important factor in our success during a demanding year. Unilever employees bring to the business dedication, skill and special values. It is a particular privilege to lead this team in these changing times. They are responding to new challenges with great enthusiasm. Our thanks to one and all.

The path to growth

In February 2000 we announced a series of linked initiatives to align our entire organisation behind ambitious plans for accelerating growth and expanding margins. By 2004 we will increase annual top line growth to 5% and operating margins to 15%, underpinning our commitment to double digit earnings growth.

The principal components of the plans are:

Brands We will concentrate product innovation and brand development on a focused portfolio of 400 leading brands. These have been chosen both on the basis of the strength of their current consumer appeal and their prospects for sustained growth. They include familiar brands such as *Dove*, *Lux*, *Lipton*, *Magnum*, and *Calvin Klein* fragrances. We will invest a total of £1 billion in additional marketing support over five years and by 2004, we expect this investment to have driven growth rates in the focused portfolio to at least 6% per annum.

E-business E-business is directly relevant to our growth plans in the areas of brand communication and building direct relationships with consumers. The development of online selling will be pioneered by the recently announced venture with iVillage. Alliances with AOL, Microsoft, Excite@Home and Wowgo are in place to support brand communication and build consumer understanding. E-business also offers significant opportunities in business-to-business transactions throughout the supply chain and we will be rolling out a global e-procurement system over the next two years. We are intent on achieving a rapid expansion of e-business and have committed £130 million to these initiatives in 2000 and this will grow.



Supply chain Our local businesses will be involved in developing plans to reorder our manufacturing activities into integrated regional networks in support of our brands. Our target is a world-class supply chain based on some 150 key sites plus a number producing principally for local markets. As a consequence we expect there will be a substantial reduction in the number of manufacturing sites, probably by around 100.

Simplification Concentrating on 400 brands will give us the opportunity to focus resources where they can be most effective, reduce overheads and streamline the Corporate Centre. Central to the plans will be revised knowledge and information systems to support our leading brands and the redesigned supply chain.

Under-performing businesses The remaining businesses that do not meet performance standards, or which are no longer relevant to our strategy, will be restructured or divested.

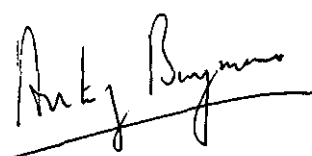
These initiatives are planned to deliver annualised savings of £1 billion by 2004. Of those savings, £750 million will be allocated to margin improvement and £250 million to increasing resources behind the 400 leading brands.

The programme is estimated to cost £3.3 billion in total, the majority of which is expected to be exceptional restructuring cost. It is likely to lead to a reduction of around 25 000 jobs over the next five years, primarily in Europe and the Americas, representing 10% of Unilever's total workforce. Provision for the costs and asset write-downs will be made as necessary consultations are completed and specific plans finalised.

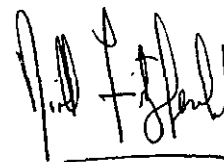
While these initiatives will lead to job losses over the five year period, they are necessary for the long-term health of the company. We will take the utmost care to implement these changes in close consultation with those affected to minimise the personal impact.

Our strategic objectives and the imperative for change are clear. To translate strategy into action, we must now align the entire Company and all our employees behind our strategic aims.

Therefore, during 2000, we will be making changes to our organisation and the way we reward people to put greater insistence on delivery. We are confident that such changes will energise the business and build the momentum for sustained outstanding performance.



Antony Burgmans



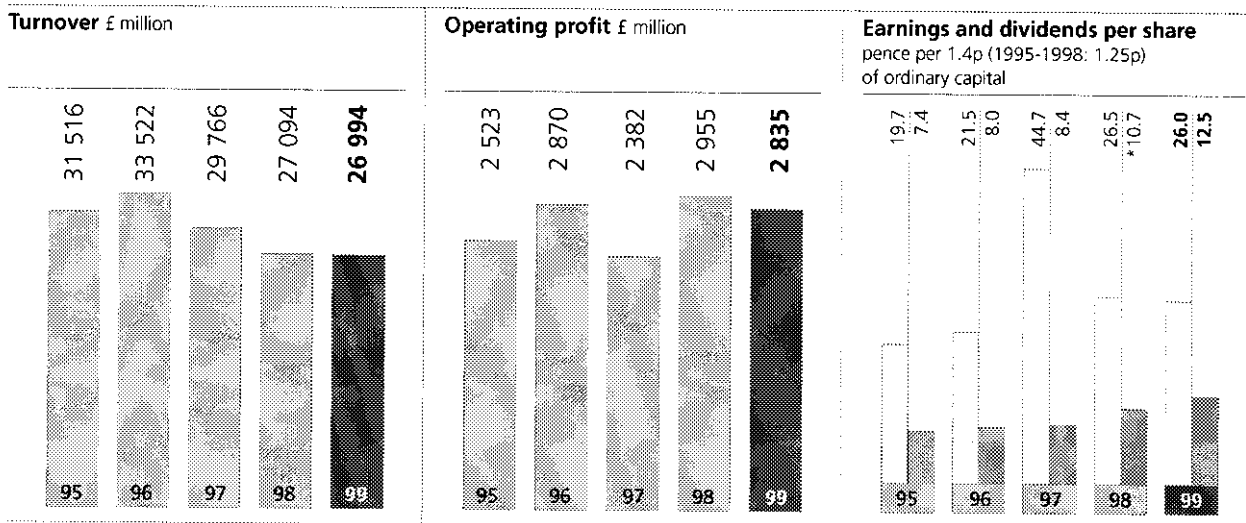
Niall FitzGerald

Chairmen of Unilever



Our Chairmen enjoy involvement in all aspects of company life. Pictured from left, Niall FitzGerald experiments at the Creative Kitchen innovation centre, Crawley, UK; Antony Burgmans visits the Loders Croklaan speciality oils and fats plant, the Netherlands; Niall FitzGerald meets a young consumer during a visit to Ghana; Antony Burgmans tries a new *Cup-a-Soup* vending machine with colleagues.

Financial Highlights



These tables above and on the facing page are Total Business results, after exceptional items, and at average current exchange rates. They include the speciality chemicals operations up to the date of disposal in July 1997 and, for earnings per share, the related disposal profit.

Combined earnings per share
Dividends per share
* Excluding 1998 special dividend

- Excellent personal care results
- Food profits* rise on slightly lower volumes
- Home care volumes up but market investment reduces profit

*before exceptional items

Foods brands

Oil and dairy based foods and bakery
Unilever's **spreads and cooking products**, sold under brands such as *Rama*, *Becel* and *Bertolli*, are favourites with consumers in over 50 countries. We also make speciality fats and frozen bakery products for professional bakeries.

Ice cream and beverages
We are the foremost global **ice cream** producer, delighting consumers with such brands as *Magnum*, *Solero*, *Cornetto* and *Carte d'Or*. We also enjoy an extremely strong international position in **tea** and related beverages, thanks to our popular *Lipton* and *Brooke Bond* brands.

Culinary and frozen foods
Our **culinary** range includes sauces, condiments, mayonnaise and soups under such top-performing brands as *Ragu*, *Calvé* and *Lawry's*. We are Europe's premier **frozen foods** producer and brand leader in frozen seafood in the United States.

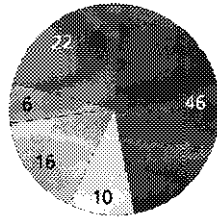


The brand names shown in *italics* in this Annual Review are trade marks owned by or licensed to companies within the Unilever Group.

The terms in **bold** constitute our 13 corporate categories. From 2000, Unilever's skin and personal wash categories will be reported as one category, skin. In this Annual Review of our 1999 performance, we retain the terms skin and personal wash.

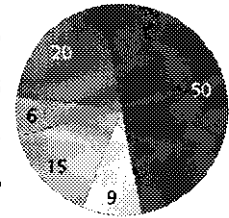
Turnover by region %

■ Europe	53	50	48	47	46
■ North America	19	21	21	21	22
■ Africa & Middle East	5	5	5	6	6
■ Asia & Pacific	14	14	15	14	16
■ Latin America	9	10	11	12	10
Year	95	96	97	98	99



Operating profit by region %

■ Europe	51	47	51	53	50
■ North America	17	22	15	21	20
■ Africa & Middle East	6	6	6	5	6
■ Asia & Pacific	15	14	16	10	15
■ Latin America	11	11	12	11	9
Year	95	96	97	98	99



- Strong progress in Asia and Pacific as regional economies recover
- Home & Personal Care profits* up in North America – Foods results lower
- Good performance in Western Europe and Africa and Middle East

*before exceptional items

Home & Personal Care brands

Home care and professional cleaning
Our leading **household care** and **laundry** brands, such as *Domestos*, *Omo* and *Comfort*, make housework easier for millions. Our **professional cleaning** business DiverseyLever provides cleaning and hygiene products and services for institutions and industry.

Personal care
Unilever's **deodorants** and **skin** brands, such as *Rexona* and *Dove*, are world leaders. We also have very strong **oral** and **hair** brands, such as *Close-Up* and *Seda/Seda*, while our *Calvin Klein* and *Elizabeth Arden* brands make us one of the world's largest producers of prestige **fragrances**.



Business Overview

Every day 150 million people choose our brands to satisfy their most fundamental needs – from feeding their families to cleaning their homes.

North America and Europe remain our largest markets. However, we are also increasingly reaching out to consumers in new and developing markets. In all, our Home & Personal Care and Foods products are sold in 150 countries. With our deep understanding of local markets and our commitment to innovation, we continue to meet and to anticipate the changing needs of our consumers – wherever they are in the world.

Results

Unilever's results are published in the currencies of its two parent companies, the guilder and the pound sterling. Fluctuations between these currencies can lead, as in 1999, to different trends for the same business. We therefore usually comment on performance at constant exchange rates (that is, the same rates as the preceding year). We also use constant exchange rates for the management of the business. To make the comparison with the previous year clear, and unless otherwise stated, the commentary throughout this Review is based on trends at constant exchange rates and also before exceptional items.

Our Home & Personal Care categories grew strongly in 1999, however, Foods volume fell. Overall turnover increased by 2% to £27 634 million and underlying volume growth of 1% was just over half that achieved in 1998. This reflected the challenging economic and competitive nature of some of our regional markets.

Operating profit increased 7% to £3 065 million. Operating margins at 11% were at an historic high. There was good margin progress in almost all regions, notably in Europe and Asia and Pacific. Profit growth in personal care was particularly strong.

Net profit was up 3%. This reflected lower interest income, due to the reduction in net funds following payment of the special dividend in mid-1999. Earnings per share taking account of the share consolidation, which reduced the number of shares, rose 9%.

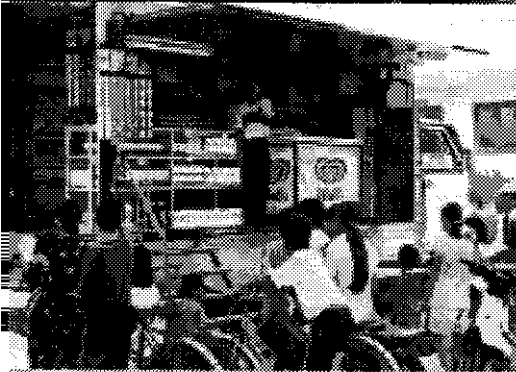
Exceptional items charge was £179 million. This compared with the 1998 net benefit of £84 million, which included profit on the disposal of Plant Breeding International, in Cambridge, UK. The 1999 charge includes restructuring and business disposals, mainly Foods, in Europe and the Americas.

We continued to make significant cost savings following restructuring in Europe and North America.

During the year, we made 27 small acquisitions and disposed of 23 businesses. At current exchange rates, £329 million was invested in acquisitions and £88 million received from disposals. Acquisitions in 1999 increased turnover by £90 million and reduced operating profit by £4 million.

Creating new channels worldwide

We aim to make our brands easily accessible to consumers, wherever they are in the world. Whether we're selling brands online or installing vending machines in the workplace, we pursue the most effective routes to consumers.



Easily accessible
Agrigel makes doorstep deliveries of frozen food to consumers in Belgium, France, Portugal and Spain (*above left*); beauty consultants train to give home demonstrations of our Aviance range in Mumbai, India (*above*); a mobile store brings our brands to Vietnamese consumers (*left*).

Consumer magazines
Our French consumer magazine gives lots of tips for daily life, publicises our latest brands and elicits feedback (*right*).



www.clearplan.com

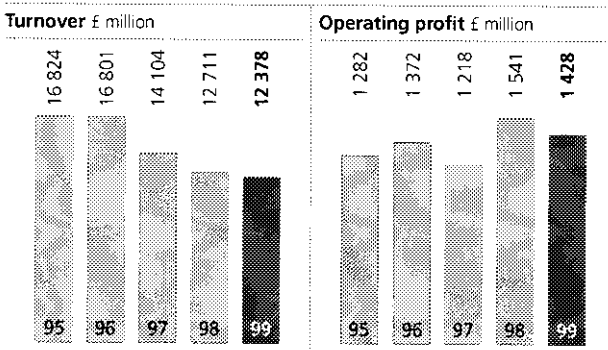
Our web site contains conception advice and user instructions for the ClearPlan Easy fertility monitor which can be bought online.



Regional Highlights

Europe

£ million	1999	1999	1998	Change at constant rates
	at current rates	at constant rates		
Turnover	12 378	12 571	12 711	(1)%
Operating profit	1 428	1 449	1 541	(6)%
Operating profit before exceptional items	1 491	1 513	1 420	7%



- Strong advances in operating profit
- Home & Personal Care sales grew strongly
- Central and Eastern Europe business weak due to continuing economic crisis

Western Europe Our results again improved. Strong improvements in operating profits and margins reflected the benefits of restructuring and supply chain efficiencies. Volumes increased but disposals and other portfolio rationalisation led to a slight fall in overall sales.

We continued the move from a national to a European structure, in order to better manage our leading brands, reduce costs and improve efficiency.

Home & Personal Care continued to drive our success, with volume growth of more than 3% and market share advances in most categories. In personal care, our deodorants, personal wash and oral categories did especially well, with deodorants enjoying another year of double digit growth. The continuing extension of *Dove*, the brand contributing most to the growth of our personal care portfolio, made a particular impact. Sales were lower in *Calvin Klein* and *Elizabeth Arden* prestige fragrance brands.

In home care, we increased market share in laundry. Tablets maintained their sector leadership

and we launched a double-layer variant. Fabric conditioners increased sales markedly on the back of a new 'easy-ironing' variant under the *Comfort* and *Snuggle* brands. Innovative brand extensions in household cleaning, including *Domestos 3-in-1*, *Domestos* hygienic wipes and *Cif Oxy-Gel*, contributed to overall growth.

In Foods, overall profits improved, but volumes were marginally down. Volumes rose in culinary, ice cream and tea, with *Lipton* ready-to-drink tea growing by more than 13%. We maintained our market share in yellow fats in a contracting market. Frozen foods volumes declined, reflecting the continued focusing of our portfolio. In December 1999 we announced the acquisition of the major French culinary company *Amora Maille*, which will improve our culinary market position and geographical coverage.

Central and Eastern Europe It was a challenging year in the region and our sales and profits were down. The economic recovery in Russia was much slower than predicted, with a knock on effect throughout Central Europe. The Turkish economy was badly hit by the natural disasters of 1999 but our company continues to perform well.

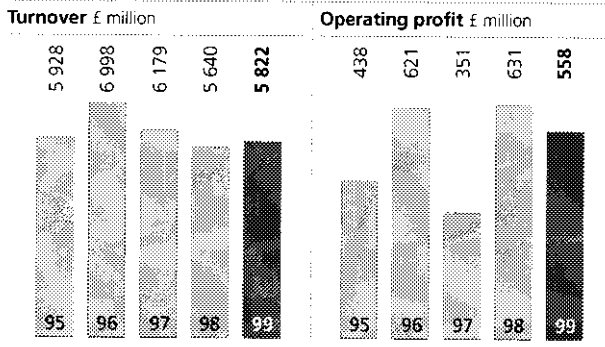
In response to these events we streamlined our operations to benefit from the eventual improvement in trading conditions. In Russia we significantly reduced the cost base of our operations and adapted our portfolio. We improved our competitive position in the market by producing packs locally and manufacturing *Rama* and *Calvé* onshore.

Falls in tea and ice cream profits in the region were partly offset by an improved performance in laundry, particularly in Turkey.

In Europe as a whole, exceptional items in 1999 mainly related to the restructuring of our Foods business. In the previous year, they included the profit on the disposal of *Plant Breeding International*.

North America

£ million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	5 822	5 683	5 640	1%
Operating profit	558	545	631	(14)%
Operating profit before exceptional items	641	626	605	3%



- Modest increase in overall operating profit
- Volume growth and market share gains in Home & Personal Care
- Foods results and volumes down

We had a mixed year in North America: Home & Personal Care achieved excellent results, but our Foods business returned a weaker performance. Overall, profits rose by 3% with sales and volumes climbing modestly.

Our Home & Personal Care business achieved a 5% volume growth, well above 1998, with profits also ahead. Our key brands flourished, with market share increases in our three priority categories of deodorants, hair and personal wash. Led by the successful relaunch of *Suave* and the strong growth of *ThermaSilk*, we achieved daily hair care category leadership. In home care, laundry experienced 4% underlying volume growth, with liquid *all* making a particular contribution.

The merger of the three mass market Home & Personal Care businesses was completed successfully, although there were short-term customer service difficulties. The size and scope of the new organisation have strengthened our position in the marketplace.

Our prestige fragrance brands returned to modest growth in North America on the strength of the Elizabeth Arden launches of *Green Tea* and *Cerruti Image*. However, Elizabeth Arden cosmetics sales were less robust. We announced the launch of a new Calvin Klein cosmetics range.

In DiverseyLever, our professional cleaning business, profits were adversely impacted by a sales reorganisation and some account losses.

We marked the first full year since the new Lipton was formed from the merger of Thomas J. Lipton and Van den Bergh Foods. After achieving strong growth in 1998, Foods volumes were 3% down with profits and margins also falling.

In tea, we successfully trialled *Lipton Cold Brew*, cold infusion tea bags aimed at the huge iced tea market. Investment in innovation also helped maintain our market share in yellow fats. By the end of the year our new blood cholesterol-level lowering spread *Take Control* had taken leadership in this new sector.

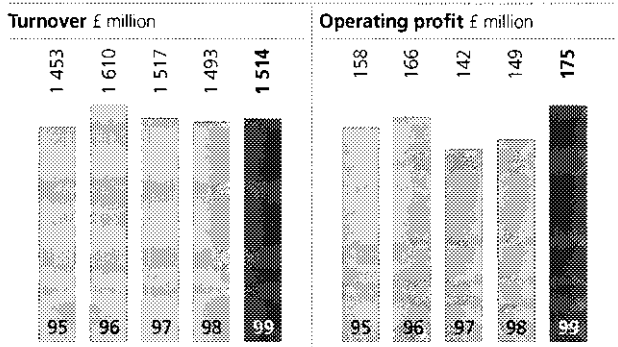
In culinary, *Wishbone* dressings and *Ragú* pasta sauce made excellent progress. However, our withdrawal from the industrial tomato business and supply chain difficulties contributed to a drop in overall culinary volumes.

We invested strongly in ice cream cabinets and sold more impulse products. However, competitive pressure saw us lose some ground in packaged ice cream.

Exceptional charges in 1999 relate to the restructuring of our Foods and Home & Personal Care businesses.

Africa and Middle East

£ million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	1 514	1 608	1 493	8%
Operating profit	175	185	149	24%
Operating profit before exceptional items	165	176	150	17%



- Healthy volume growth in corporate categories
- Advances in operating profit and margins
- Good progress in South Africa, Israel and Morocco

Our businesses in Africa and Middle East had another good year despite depressed oil prices in early 1999 and economic and political instability in parts of Africa.

Volumes grew by more than 6% in our corporate categories, operating profits climbed by 17%, sales increased by 8% and margins also rose.

In Africa, we attained excellent growth in Home & Personal Care – our largest business in the region. Laundry, oral and mass skin were strong. To increase the affordability of our brands, we launched sachet versions of toothpaste and laundry products in most African markets.

Our South African operations flourished, with share increases in priority categories. We introduced our ice cream brands to the South African townships for the first time, with smaller, more affordable products. Our businesses in Côte d'Ivoire and Ghana did well and we achieved volume growth in Nigeria.

Throughout Africa, we focused on strengthening our distribution network by developing exclusive regional agents, and on increasing the availability of our products with a more effective sales approach.

In the Middle East, our Egyptian Foods and Home & Personal Care companies were successfully merged. We developed our out-of-home tea portfolio by introducing *Lipton* branding into thousands of independent tea shops – creating new Unilever channels to consumers. Indicative of our ability to satisfy local tastes was the roll-out of *Tasbeeka*, a ready-made version of a popular tomato-based culinary product.

Arabia performed strongly, particularly in tea, where we increased market share by more than 3%. As part of our strategy of making our supply chain more efficient, we opened a new tea packing factory in Dubai.

We made good progress in Morocco, where strong growth in laundry reinforced our position. We made strides in Israel and built on our successful presence in Lebanon by launching operations in Jordan and Syria.



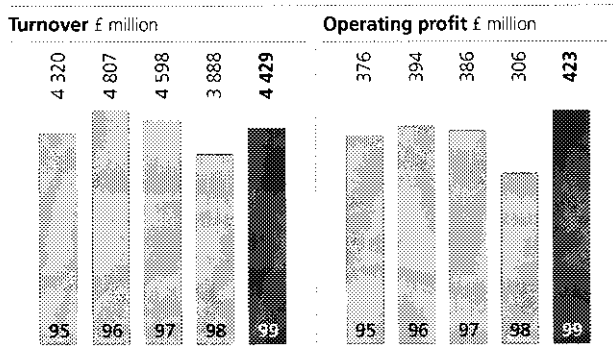
Middle East

In 1999, we expanded our coverage in Jordan, Lebanon and Syria – providing wider availability of quality, affordable products in this large, growing market.



Asia and Pacific

£ million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	4 429	4 261	3 888	10%
Operating profit	423	405	306	33%
Operating profit before exceptional items	435	417	341	23%



- Economic recovery in South East Asia
- Strong performances across countries and categories
- Margins improve by a full percentage point

Our Asia and Pacific business had a very good year across most countries in the region, benefiting from the recovery in South East Asia.

Led by a strong showing in Home & Personal Care, we achieved excellent growth in volume and profits. Foods, however, performed less well and profits were marginally below 1998. Overall margins improved by a full percentage point and there was significantly increased investment in marketing.

In India, we had another outstanding year in both volume and profit growth. Key to this growth was a powerful Home & Personal Care performance, with particularly good results in hair, laundry, mass skin and personal wash. We continued to meet consumer needs with innovation, for example, rolling out a resealable toothpaste sachet and a miniature *Rexona* deodorant stick for lower income consumers.

Foods was less buoyant in India. The business was particularly affected by disappointing tea sales which only started to recover towards the end of the year following the withdrawal of the excise duty on packaged tea imposed in 1998. However, there was an enthusiastic reception from Indian consumers to the roll-out of our tea-based beverage *Lipton Tiger*.

Our operations in China achieved double digit volume growth, largely due to the accelerating growth of the *Hazeline* range of hair products and the successful relaunch of the brand's personal wash range. However, the business remained in loss, reflecting our continued investment. We streamlined the business, moving from joint venture based operations to a three company structure focused on the core areas of home and personal care, foods and beverages, and ice cream.

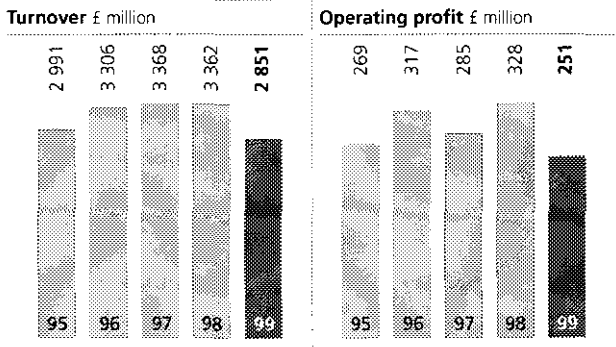
Other activities included the launch of herbal based *Zhonghua* toothpaste, entry into the large green tea market through the purchase of *Jinghua*, a leading Beijing based brand, and the acquisition of *Mountain Cream* ice cream.

In the face of last year's economic crisis in South East Asia, the strategy of adapting our portfolio and reaching out to lower income consumers was successful, leaving us well placed to benefit from the economic recovery. In Indonesia, turnover grew by a third, and in the Philippines and Vietnam, where sales were also buoyant, we achieved double digit volume growth.

We made further good progress in Japan, particularly in personal care, on the back of successful launches such as *Dove* bar and facial foam and the *Mod's Hair* care range. In Australasia, our laundry range was simplified and relaunched, making products easier for consumers to use and enabling us to reinforce our strong position. In Foods, *Flora pro.activ*, our innovative blood cholesterol-level lowering spread, sold very well. In Japan and Australia tea profits grew.

Latin America

£ million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	2 851	3 511	3 362	4%
Operating profit	251	302	328	(8)%
Operating profit before exceptional items	280	333	355	(6)%



- Devaluation in Brazil and increased competition
- Investing to safeguard our strong home care positions
- Good performance in personal care

Our Latin American business proved its resilience in a challenging year, adapting to regional recession and devaluation in Brazil and responding vigorously to competitive activity.

Sales rose by 4%, at constant exchange rates; sales declined 15% at current rates. Volumes fell, but much less sharply than private consumption. Home care profits were affected by major investments behind our market leading position in laundry. This was mostly offset by excellent results in personal care. Sales in Foods were generally lower, but overall margins and profits increased, particularly in Mexico. Overall profits declined by 6%.

We responded swiftly to the increased laundry competition. We reformulated our leading brands, were first to introduce tablets in Argentina and Chile and took steps to ensure brand availability across all price ranges. We maintained leading positions in all our key markets.

Elsewhere in home care, our new *Cif* floor cleaning range met with great success following its launch in Argentina.

In personal care, innovation helped deodorants, hair and oral to another good year. Overall personal care sales were up and we increased our market leadership in several categories. In particular, excellent progress was achieved in Brazil. In Foods, volumes fell in ice cream – though market share improved – and in yellow fats.

To counter the recession, we accelerated cost reduction plans, focused resources on leading brands and adapted our portfolio to offer consumers more affordable products, such as a reformulated *Ala* soap. We advanced plans to rationalise Brazilian ice cream production and distribution and opened a low cost Mexican ice cream factory, replacing three local facilities. Across the region, cross-border sourcing became increasingly important.

Joint ventures and acquisitions remained central to developing the business. In the Dominican Republic we acquired Sociedad Industrial Dominicana, an ice cream and home and personal care business with good coverage in several Caribbean countries. In Colombia we embarked on a joint venture with Varela, a leading home care company.

Exceptional charges in 1999 relate mainly to restructuring in our regional Foods operations.



Mexico
Children enjoy treats from the new hi-tech Mexican ice cream factory, which has brought improved cost effectiveness to ice cream production in Latin America.



An environment that fosters enterprise

Fostering an entrepreneurial spirit is vital in a world where technologies, markets and lifestyles are rapidly changing. The free exchange of knowledge between employees of different ages and nationalities is key to our ongoing success.



Unique contributions

Each of our employees makes a unique contribution. Monitoring the *Easy Iron* production line at Port Sunlight, UK (above right); experimenting at our Crawley, UK, innovation centre (above); sharing ideas about our products (above left); developing Dove for the Japanese marketplace (left); an employee at our Gorton's frozen seafood site in Massachusetts (right).



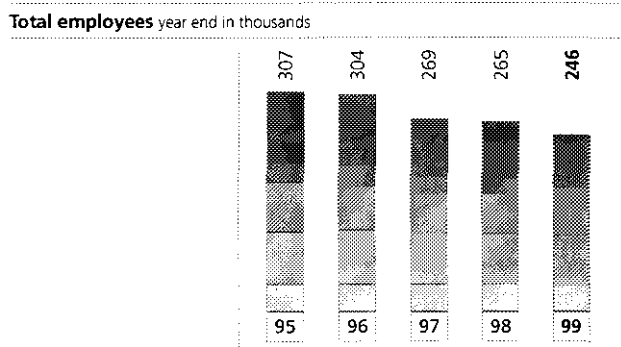
www.unilever.com

To find out about life at Unilever, would-be applicants can visit our web site careers section, where they can talk to employees and e-mail us their CVs.



People

Employees year end in thousands	95	96	97	98	99
■ Europe	102	101	84	82	76
■ North America	27	31	23	23	22
■ Africa & Middle East	72	64	58	57	48
■ Asia & Pacific	76	78	74	72	71
■ Latin America	30	30	30	31	29



Last year Kathryn Robinson spent an evening at home with a family she had never met before, watching them prepare a meal, do their laundry and play with their children.

Now a brand manager at Elida Fabergé UK, Kathryn was one of 400 graduate recruits from all over the world who went out to meet consumers in their own homes. Such training aims to bring our employees even closer to consumers and provide insights that will help us build powerful, relevant brands and channels.

The initiative is part of Unilever's Foundation programme, co-ordinated by our Marketing Academy, which was established in 1999 to further develop the skills of our marketers and to foster a spirit of enterprise. Similar academies are at work in other parts of our business.

In 1999 we also introduced career 'road maps' for young managers. These help people to plan, and take more control of, their career development. They assist individuals to build experience and expertise in a logical sequence. Building on the development tools already in place, the road maps are proving a popular innovation, giving the means and the measures for professional growth.

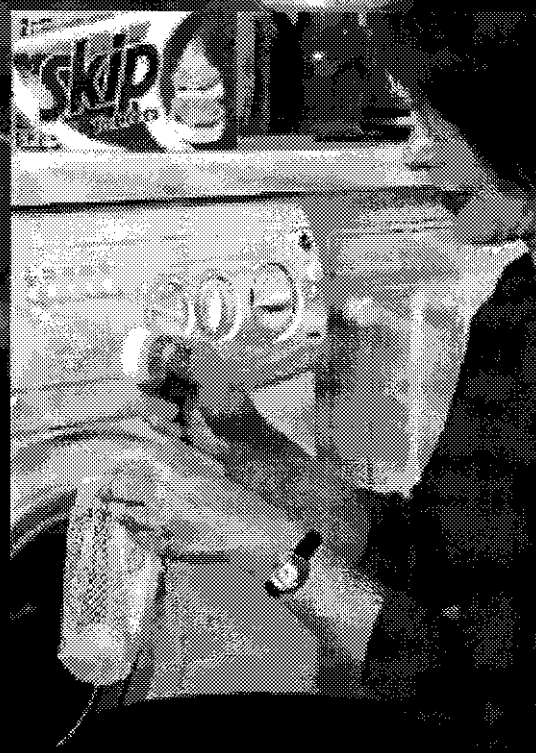
Growth is driven by leaders with certain characteristics, such as the relentless passion for winning. To assess and improve individual strengths, we have developed a 'Leadership Profile for Accelerated Growth' for our senior managers. To help them reach peak potential, they have been given their own personal development coaches and are being challenged to set themselves tougher targets directly linked to delivering superior performance.

To position the business behind our strategy for growth, in 2000 we will be making changes to the organisation and to the way we reward people. These changes will reinforce 1999 initiatives that aligned reward more closely to both Company performance and to developing the capability of the organisation to sustain strong growth.

The initiatives announced in February 2000 to accelerate top line growth and margin improvement are likely to lead to a reduction of around 25 000 jobs over the next five years. These are necessary for the long-term health of the Company; we will, however, take the utmost care to implement these changes in close consultation to minimise the personal impact.

Transforming lives with technology

From developing pioneering products such as cholesterol-level lowering spreads, to creating new formulations for traditional brands, our innovation centres use the most advanced technology to enhance the lives of consumers around the world.



Laundry innovations

In Europe we launched a new double-layer tablet (*right*) that cares as well as cleans, while in Brazil scientists at our São Paulo innovation centre (*above*) reformulated Omo to make it tougher on greasy stains.

Sizzle & Stir

The innovative oil preparation in our Sizzle & Stir chicken sauces means that the herbs and spices retain their freshness and aroma (*top*).



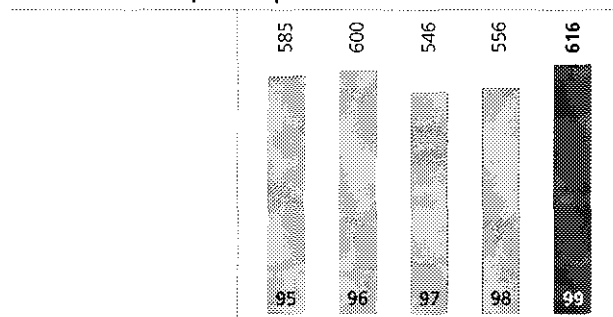
www.takecontrol.com

Recognising the continuing demand for healthy food, we developed a novel spread which helps reduce blood cholesterol levels as part of a healthy diet (*right*).



Technology & Innovation

Research and development expenditure £ million



The popularity of iced tea continues to grow. Until now, the main way to make it has been to boil water and then allow it to cool. In 1999, our scientists found a way to make the key elements of tea more soluble, allowing it to be brewed with cold water straight from the tap. The result was *Lipton Cold Brew* tea bags – a breakthrough that saves the consumer time and effort when preparing iced tea.

To develop *Dove Nutrium* skin nourishing body wash we combined our expert knowledge of the chemistry of product development and the physiology of skin. The product is sold in an innovative twin-chamber bottle which dispenses the cleansing and nourishing elements separately, improving the deposition of nutrients to the skin.

These two examples demonstrate the way we combine world-class technology with deep consumer insight to produce revolutionary new products that make a real difference to people's daily lives and set the agenda for our competitors.

Based in six laboratories and over 70 innovation centres around the world, our technology and innovation capability is focused entirely on our business goals.

In Brazil, for example, the São Paulo innovation centre worked with our European laboratories to reformulate *Omo*. An ingredient was identified and added, making this popular laundry brand more effective at removing oily stains. This helped retain our leading market position and attracted new consumers to the brand.

Technology is also used to reduce supply chain costs and enhance performance. In India, ice cream distribution costs were halved through a number of improvements, including the development of insulated boxes for carriage in hire trucks. These removed the need for dedicated vehicle fleets which stay idle out of season.

In 1999, we invested further in extending the reach of our international laboratories. For example, we expanded the key technology teams in our new Indian facility in Bangalore, completed a new Home & Personal Care laboratory in China and began upgrading our food science and nutrition facilities in Vlaardingen, in the Netherlands.

Collaboration with external agencies is an integral part of our research. In 1999, work started on the Unilever Centre, a UK research facility which we are building in partnership with the University of Cambridge. The Centre is due to open in 2000.

In 1999 Unilever spent £616 million on technology and innovation: 2.3% of our turnover. We filed 466 patent applications, an increase of more than a third on last year.

Information Technology

Hollywood hairstyle secrets were shared with our consumers via the internet, courtesy of a groundbreaking Unilever promotion.

Our *Salon Selectives* brand sponsored part of the hair and beauty section of the America Online (AOL) Oscars night web site. Tens of thousands of people logged on and chose to register their details in a bid to win a Hollywood-style beauty makeover. The result: consumers felt *Salon Selectives* could relate to, and meet, their hair care needs, the brand profile was raised and our online marketing database was boosted significantly.

This initiative, co-ordinated by our New York Interactive Brand Centre, is a prime example of how we are using internet technology to get closer to consumers. In 2000 we announced a joint venture with iVillage, the leading American online women's site, to create an interactive personal care business. We announced a similar partnership with Wowgo, the new European online company for teenage girls.

In 1999, we doubled our spending on online advertising. Integral to this expansion has been the development of our marketing alliances with leading internet companies AOL and Microsoft and the forging of a similar relationship with broadband internet provider Excite@Home.

Unilever has established a global reach of internet expertise, with interactive brand centres in key locations around the world. One of our first steps to developing direct internet channels enabled American consumers to buy Unipath's new fertility monitors online as well as through conventional retailers. The internet proves a perfect channel for selling items such as these which require detailed product information.

We are increasingly using IT to support customer – as well as consumer – relationships. During the year, we laid the ground for internet-enabled sales with our customers by conducting web-based tests with a limited number of retailers. In the UK, we worked with leading retailer Tesco to develop a shared information resource which will support effective promotion via the more efficient transfer of up to the minute information. By 2001 we expect to be working collaboratively via the internet with some of our major customers.

The internet is also a powerful tool for exploiting our scale in purchasing. In 2000, we announced that we would be working with Ariba, a leading business-to-business e-commerce system provider, to build a global online procurement platform. By 2001, we aim to use e-commerce and web-enabled systems for a significant part of our purchasing spend – saving time and money. All our computer hardware is already bought via the internet and intranet and we have successfully piloted the purchase of packaging supplies and ingredients using 'electronic auctions'.

Leveraging Unilever's knowledge and making it easily accessible to our people is the great challenge. Our extensive IT networks are now making this possible.

Year 2000

We had no Y2K-related issues of any significance during the millennium change. Our Y2K teams tested critical systems throughout the millennium weekend and confirmed within 48 hours that all our business systems around the world were operating normally.

The seamless way our people worked together emphasised the strength and coherence of Unilever's global organisation. All aspects of our three-year Y2K preparation programme were completed on schedule. This included checking, and where necessary, upgrading 100 000 internal systems, verifying the millennium readiness of almost 100 000 business partners and infrastructure providers, and preparing detailed contingency plans to protect against possible failures.

Unilever's spend for the Y2K programme amounted to £200 million. This included all external costs, associated depreciation on capital expenditure, and directly related internal costs from 1996 to the completion of the programme.



Year 2000

Key staff in Unilever's global Y2K command centre. To ensure the date change period passed smoothly, the London centre remained in 24 hour contact with all Business Groups.

Environmental Responsibility

Unilever's Viso factory in Vietnam produces detergent powders and shampoos for this important market in South East Asia. Since 1996, it has reduced rates of water pollution loading by 84%, emissions by 70% and energy use by 46%. This is just one example of our dedication to the responsible environmental management we see as an integral part of our business processes.

Environmental management

We have completed environmental audits at 90% of our factories and will have audited all sites by the end of 2000. Progress continues on certifying operations to the international environmental management system standard ISO 14001. To date we have 44 certified factories.

Eco-efficiency

We are reducing our impact on the environment by making energy and raw material use more efficient and systematically cutting factory waste. Since 1996, our Tortuguitas personal products factory in Buenos Aires has cut pollution loading by 65%, waste by 45% and energy use by 25%. In Ghana, the national Environmental Protection Agency recognised Unilever Ghana as the leader in environmental management practices in the manufacturing industry.

Unilever is working to ensure packaging does its job with minimum environmental impact. Our European ice cream operations are exceeding waste reduction demands with lighter weight ice cream wrappers, and by using more recycled materials and reduced-weight secondary packaging.

We are helping consumers to optimise product use. For instance, laundry tablets, which we have launched in Chile, Argentina and many countries in Europe, enable exact dosing which has reduced the average weight of detergent per wash.

Sustainability

The Marine Stewardship Council, now a fully independent non-profit organisation, will launch the first products from certified, sustainable fisheries in 2000. In 1999, we completed a screening programme of our fishery suppliers and continue to progress towards sourcing all fish from sustainable fisheries by 2005.

Clean water is essential for the consumption of Unilever products. We support more than 20 water stewardship projects: in the Philippines we received the 1999 Mother Nature Award from the Pollution Control Association for our factory water treatment and contribution to remediation of the Pasig River. In the UK, we are backing SWIM (Sustainable Water – Integrated Catchment Management), an inclusive, multi-disciplinary approach to improving access to and management of water resources. During 1999 we made preparations to take a leading role at the spring 2000 World Water Forum in the Netherlands.

As part of our sustainable agriculture initiative Brooke Bond Tea estates in Kericho, Kenya, have been working with farmers, environmentalists and agronomists to test sustainability indicators in tea production. Similar pilots are underway in palm oil, spinach, peas and tomatoes in eight other countries.

Unilever's commitment to sustainability was recognised in 1999 with our inclusion in the Dow Jones Sustainability Group Index. This index uses a systematic methodology to identify companies that lead the way in taking a strategic approach towards sustainable business development.

Responsible Corporate Behaviour

Unilever is committed to the highest standards of corporate behaviour towards its employees, consumers and the societies in which we operate.

This commitment is at the heart of the Unilever Corporate Purpose, and is reflected in the Company's Code of Business Principles. This code sets the framework for worldwide operational standards, covering issues such as employee health and safety, product quality and environmental impact. All Company chairmen are required to give positive assurance that these policies and principles are adhered to, and compliance is audited on a regular basis.

To succeed as a 'multi-local multinational', it is essential that Unilever's operating companies stay close to and understand evolving consumer needs and values. Unilever's long-term commitment means that not only are our branded products and services instrumental in raising living standards, but our policies of developing employees and business partners also contribute to economic development locally.

As well as pursuing high standards in our business practices, we also recognise Unilever's responsibility to wider society. We are committed to working directly and in partnership with public authorities and a range of different organisations to address important social, economic and environmental challenges. Around the world Unilever companies are active in projects that contribute to sustainable development and in initiatives to raise standards of education and health both among employees and in local communities.

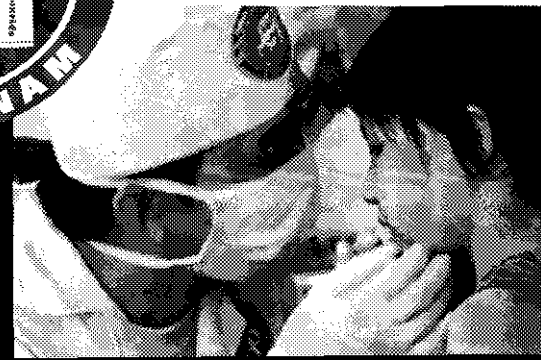
In 1999 our companies spent around £26 million on community involvement and almost £3 million was contributed to disaster relief projects in countries as far apart as Turkey, Taiwan and Colombia.

How companies interact with society is attracting increasing attention. We believe corporate social responsibility should be managed as professionally as any other business discipline. In the year 2000 several Unilever companies in different parts of the world are testing a framework to evaluate our performance in this area. The outcome of the project will help us to develop a consistent Unilever approach to managing corporate social responsibility in diverse cultures. It will also enable us to share good practice which will strengthen our local contribution around the world.

Conducting our business with respect for the communities where we operate is not only responsible corporate behaviour, it also makes good business sense. We will continue to strive to meet the highest standards and to enhance Unilever's reputation as a company that recognises its wider corporate responsibilities.

Responsible corporate behaviour

In the first major social programme of its kind in Vietnam, Unilever's Elida P/S joint venture company works with the Ministry of Health to promote dental care to children through free check-ups and education programmes. Local Unilever companies have run similar health awareness initiatives for a decade in the Arabian Gulf states and for 20 years in Sri Lanka.



Categories

Our brands are among the most popular in the world. In Foods, we are market leaders in tea, ice cream, olive oil and yellow fats. In Home & Personal Care, we lead the field in deodorants and skin.

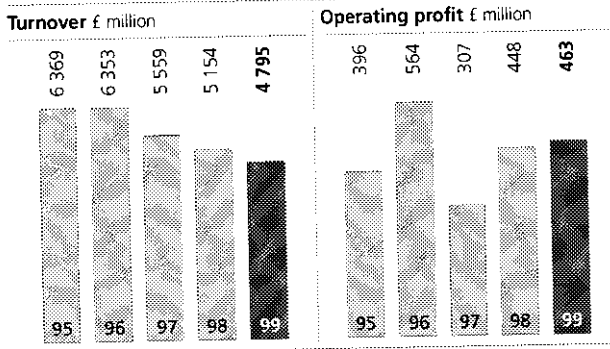
In order to accelerate growth, we aim to build a core portfolio of brands, each a leader in its market or segment. We will concentrate all our resources on this portfolio, which will include international brands and strong local 'jewels'. The prime engines of growth will include such internationally known brands as *Lipton*, *Magnum*, *Dove* and *Lux*.

In 1999, we announced plans to consolidate our 14 corporate categories into 13 by merging personal wash and skin. These categories now account for 86% of the Company's worldwide turnover. To achieve our strategic objectives, our culinary, deodorant, hair, ice cream, skin and tea categories are intended to achieve superior rates of growth. The others have objectives across broad geographic regions or specific sales channels. A full list of categories is shown in Financial Highlights (pages 6 and 7).

Foods

Oil and dairy based foods and bakery

£ million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	4 795	4 921	5 154	(5)%
Operating profit	463	475	448	6%
Operating profit before exceptional items	513	524	495	6%



Oil and dairy based foods Consumers in more than 50 countries use our spreads, oils and cooking fats and we are market leader in margarine and related spreads in most European countries and in North America.

In 1999, operating profits from our oil and dairy based foods and bakery business grew by 6% and margins improved, mainly in Europe. This reflected lower input costs and the benefits of restructuring and supply chain efficiencies.

Our yellow fats volumes fell in a declining market. In Western Europe and North America, we maintained share by continuing to stimulate consumer demand through innovative new products. In Central and Eastern Europe and Latin America volumes were down.

Food safety

Recent scares have damaged consumer confidence in food safety, particularly in Europe, where food safety is still organised largely on a national basis.

To restore public confidence, and to meet the realities of the free movement of goods in the European Union, we have strongly advocated that the EU establish a European Food Safety Authority. We therefore welcome the European Commission's white paper on food safety. This includes proposals to establish a European Food Authority, to be operational in 2002.

These proposals are an important step. However, we would prefer a more executive role for the authority than the anticipated advisory function. The authority's remit should include an improved system of novel foods regulation. This would make approval faster and more harmonised. It would also positively influence business in the EU and Europe's competitiveness.

We have strong market positions in brands promoting cardiovascular health. In 1999, we successfully added products proven to lower blood cholesterol levels under the *Take Control* and *Flora* and *Becel pro.activ* brands. They were launched in Australia, Switzerland, New Zealand and the US, where *Take Control* became category market leader in its launch year. We will introduce these products in the European Union as soon as regulatory clearance is obtained.

More and more consumers are choosing liquid oils for cooking. In North America and Northern Europe, olive oil, in particular, is becoming increasingly popular. Unilever is the world's biggest marketer of branded olive oil. In 1999, our *Bertolli* and *Puget* olive oil brands performed well, despite increased raw material costs.

Bakery Our bakery products business mainly provides speciality bakery fats, designed for professional bread, cake and pastry-making, and frozen bakery products for bakeries. Our operating profits in bakery improved in 1999, partly due to a programme of cost savings.

The future of our European bakery business is under review; it is being restructured to improve performance significantly, or it will be divested by the end of 2000.

Debate about the use of genetic modification in agriculture and food production has broadened, embracing a diversity of public concerns. Unilever has sought to play an open and constructive role and wishes to see a transparent and effective regulatory system in place, including labelling.

Biotechnology

We believe biotechnology could yield considerable benefits, yet remain sensitive to consumer opinion. We believe that the combined power of biotechnology and information technology will lead to fundamental changes in the way we live and do business and will transform our understanding of how we can improve individuals' health and wellbeing.

Unilever has a unique role to play, given the breadth of a foods to personal care portfolio that reaches over one billion households worldwide. Our efforts will focus on generating innovative consumer choices in both products and services.

Consumers drink 177 billion cups of our tea each year



Tea bars and tea shops
Lipton branding in tea shops in the Middle East and India and tea bars in the United Kingdom and North America continue to ensure our popular beverages are at the heart of the community.

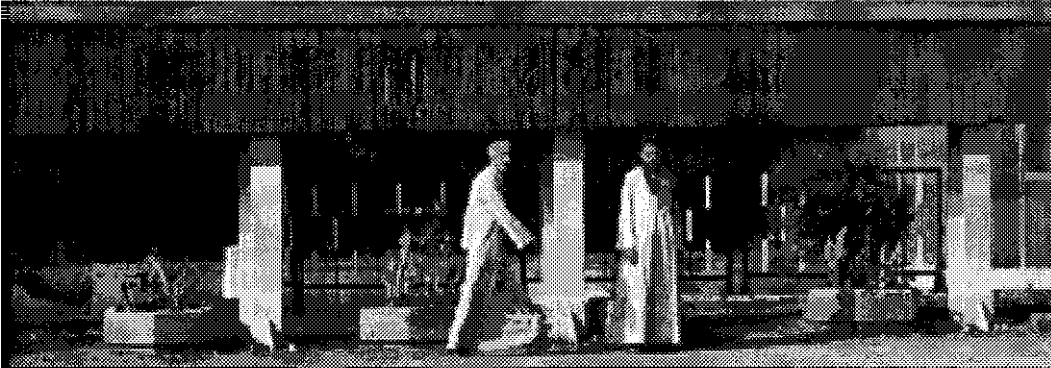
Pyramid tea bags
The continued success of pyramid tea bags in Western Europe has contributed to our very strong international position in leaf tea.

Lipton Yellow Label is marketed in over 100 countries worldwide and is our top selling beverage. Our teas can also be enjoyed in tea bars and tea shops in the United States, United Kingdom, Middle East and India.

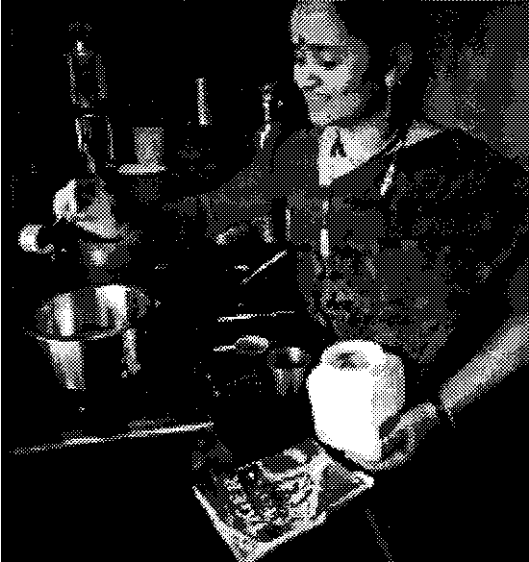
www.lipton.be



Visitors to Lipton Ice Tea's web site can play interactive volleyball, link up to major sporting event sites and learn how to make exotic cocktails.



Lipton Ice Tea
Our ice tea is increasingly popular with consumers, particularly in Europe, North America and East Asia.

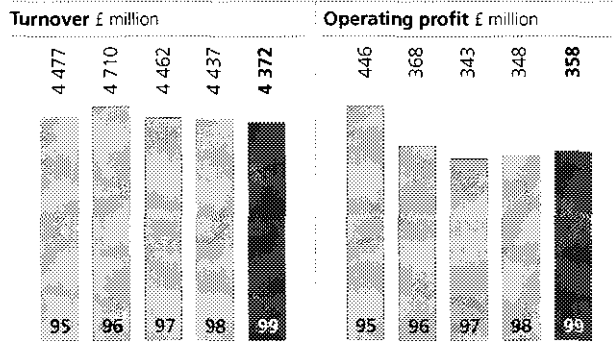


Lipton Tiger
Our new tea-based beverage, Lipton Tiger, provides the thicker consistency preferred by Indian consumers combined with high quality and excellent affordability.



Ice cream and beverages

£ million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	4 372	4 456	4 437	0%
Operating profit	358	363	348	4%
Operating profit before exceptional items	391	399	399	0%



Ice cream We are the world's leading producer of ice cream, supplying consumers in more than 90 countries. Our strategy focuses on growing leading brands such as *Magnum*, *Solero*, *Cornetto*, *Carte d'Or* and *Viennetta*, which are sold as international brands, and also on developing locally relevant varieties and extending our business with new sales channels.

In 1999 overall volumes were flat and operating profits were slightly below 1998. In Western Europe, where we benefited from a warmer summer, volumes rose by 2% and profits improved. Growth centred on demand for multi-packs and desserts, particularly *Carte d'Or*. Results fell in Central and Eastern Europe and Latin America due to economic instability and reduced consumption levels. In North America impulse volumes rose but our packaged ice cream sales and profits fell due to increased price competition.

We virtually completed the worldwide roll-out of our heart logo. This provides international recognition of our brands and enables us to further concentrate production and move products between different markets.

In 1999, new variants of our leading brands – such as the *Magnum Double* – demonstrated innovation in action. We extended our ranges of multi-packs of impulse products for in-home consumption and strengthened our position in the growing scooping sector. We also reached out to lower income consumers with more affordable products, notably in China and South Africa.

In the United Kingdom, the Competition Commission's report into the ice cream industry recommended limitations on both our freezer cabinet and distribution arrangements. We are confident the strength of our brands will sustain our business. The more significant ruling of the European courts is expected in 2000.

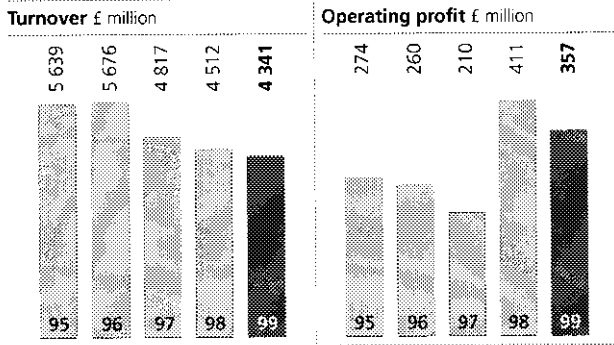
Beverages *Brooke Bond*, and our world leading brand *Lipton*, have earned us extremely strong international positions in packet tea and related drinks. We are also strong in ready-to-drink tea, which is growing throughout Europe, North America and East Asia, and have a joint venture with PepsiCo Inc. to market ready-to-drink products in North America.

Operating profits were up 7%. Volume was on a par with 1998, reflecting the temporary impact of excise duties on packaged tea in India. We enjoyed good growth in Western Europe and Africa and Middle East and saw a strong global volume increase of 14% in ready-to-drink tea.

We brought a range of innovations to our product and sales channels. In Europe, we developed our portfolio with the launch of a new harmonised range of fruit flavoured teas, *Lipton Sun Tea* and the further roll-out of *Tchaé* green tea and pyramid tea bags. In the UK, *Brooke Bond* pyramid bags were established as the top brand. In North America, we successfully test-marketed our patent-protected cold infusion tea bags.

Culinary and frozen foods

£ million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	4 341	4 420	4 512	(2)%
Operating profit	357	357	411	(13)%
Operating profit before exceptional items	436	437	445	(2)%



We used a raft of innovative approaches to bring flavour and convenience to familiar foods. In the UK, our ethnic two-step chicken sauce range, *Sizzle & Stir*, had a great year; in North America, new *Lawry's* fruit juice-based marinades swiftly gained market leadership and in Russia we started local production of mayonnaise in a new, low cost pack format.

Frozen Foods We are the leading producer of frozen foods in Europe, under the *Findus* brand in Italy and the *Birds Eye*, *Frudesa*, *Mora* and *Iglo* brands in other countries. We are brand leader in frozen seafood in the United States, under the *Gorton's* name.

Culinary Our culinary category includes ranges of cooking ingredients, sauces and soups. The acquisition of *Amora Maille* in France, announced in December 1999, will add two important brands with sales in a number of European countries. During the year we also reported the acquisition of Scandinavian culinary company *Slotts and Kockens*. To raise global awareness of our brands and achieve supply chain efficiencies, we began branding selected items with a newly designed culinary masterbrand logo.

In 1999 the refocusing of our portfolio took overall frozen foods volumes and profits below last year. We continued to focus on our strongest lines, such as meal solutions, which are one of the areas targeted for strategic growth. In 1999, our premium ready meal range *4 Salti in Padella*, first launched in Italy, continued its remarkable progress. We are now rolling it out throughout Europe. In the United States, we test-marketed innovative crispy stuffed and herb-flavoured fish fillets.

In 1999, overall culinary volumes were down although profits rose slightly. A lower sales figure reflects the disposal of our *Homann* salads business. We achieved 5% underlying volume growth in Western Europe but volumes were lower in the Americas.

Masterbrand

The popular Brazilian *Cica* range is one of 20 Unilever international brands carrying the new culinary masterbrand packaging design. By uniting our different brands with harmonised packaging, the masterbrand is creating a strong global platform for innovation and brand development.



The world's leading cleansing brand



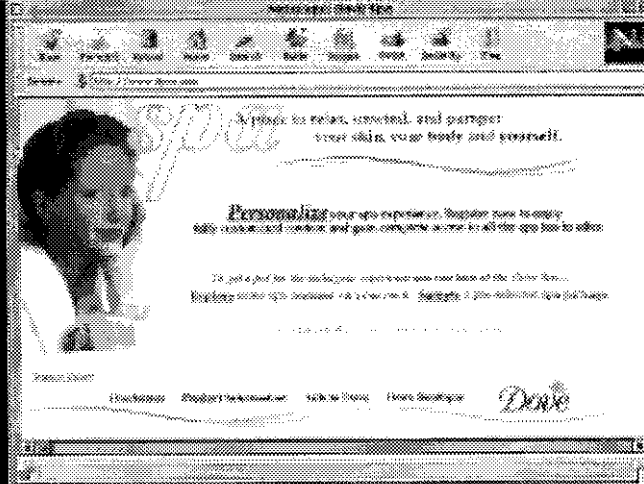
Number one
Dove has become the world's preferred cleansing brand because of a simple promise, delivered exceptionally well: Dove won't dry skin like soap because it contains 1/4 moisturising cream.



Gentle on the skin
Effective against perspiration and balanced with 1/4 moisturising cream to take care of skin, Dove deodorant has met a growing consumer demand for more gentle products.

www.dove.com

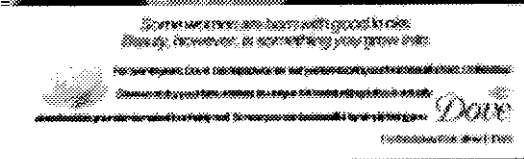
Our web site provides skin care and product information and gives consumers the opportunity to talk back to Dove.



Consumers in more than 70 countries enjoy *Dove* personal care products, which include personal wash, face care, body lotion and deodorant. This year the brand was introduced in the highly competitive Japanese market and is already the number one facial wash product.



Feminine brand
From Toledo to Taipei, *Dove's* advertising strikes an intimate chord with women everywhere, built on the brand's deep understanding of their beauty and skin care needs.



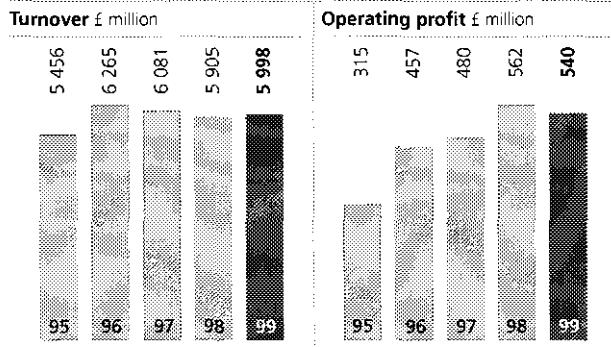
Popular new products
Dove body lotion is proving highly popular with consumers in Latin America, as is the facial wash in Asia, and the ultra moisturising body wash in Europe.



Home & Personal Care

Home care and professional cleaning

£ million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	5 998	6 250	5 905	6%
Operating profit	540	555	562	(1)%
Operating profit before exceptional items	562	576	603	(4)%



We are one of the two leading global suppliers of products for fabric and surface cleaning and hygiene in a domestic and a professional setting. DiverseyLever is a leading provider of cleaning and hygiene products and services to institutional, laundry and food and beverage customers.

Home care Overall volumes climbed by 3% across our home care businesses. We enjoyed particular growth in Africa and Middle East and Asia and Pacific, with good progress in Western Europe and North America. Although we achieved improved results and margins in Western Europe and Asia and Pacific, operating profits declined globally by 4%. This reflected major investments behind our market leading positions in Latin America.

In Europe, laundry volumes grew by almost 4% and supply chain savings boosted margins. A second generation, double-layer tablet formulation built on last year's pioneering launch helped maintain our sector market leadership. The

introduction of *Surf* powder in the Philippines met with great success while in Brazil *Brilhante* powder became the number two brand by combining the superior cleaning properties of bleach with kindness to clothes. The popularity of liquid *all* helped us to a 4% rise in laundry volumes in North America.

Some innovations, like our new 'easy-ironing' fabric conditioner, created whole new segments in the market. *Easy Iron*, which will be rolled out throughout Western Europe under the *Comfort* and *Snuggle* brands, captured a 10% share of the UK market within six months.

In Europe, in household care, we teamed up with a paper supplier to launch *Domestos* hygienic wipes. Using patented technology we created new products under the *Cif* brand name: *Cif Oxy-Gel*, a general purpose cleaner which uses bubbles to shift grime, and the *Cif* floor cleaning range. *Sunlight* dishwasher bar, another recent launch, flourished in Malaysia.

Professional cleaning DiverseyLever had another challenging year. Volumes were 1% ahead, with operating profits broadly in line with 1998.

Europe, where the business is strongest, performed better than the previous year. In North America, sales grew but profits were adversely impacted by a reshaping of part of the sales organisation. Latin America and Asia and Pacific achieved higher sales and profits, the latter region benefiting from improved economic conditions.

In Europe, we began simplifying the product portfolio and focusing on key customer segments.

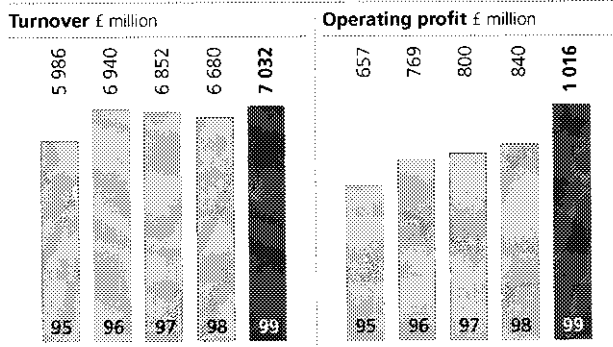


Domestos hygienic wipes

We teamed up with a paper supplier to develop *Domestos* hygienic wipes, handy disposable household wipes that clean and kill germs. Their success all around Europe has demonstrated our ability to create whole new market segments.

Personal care

£ million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	7 032	7 122	6 680	7%
Operating profit	1 016	1 034	840	23%
Operating profit before exceptional items	1 040	1 057	855	24%



We are the world leader in deodorants and skin, with important market positions in toothpaste and hair products in many countries. Our strategy focuses on growing leading brands such as *Dove*, *Lux* and *Axe*, while finding new ways to reach consumers and to make our brands affordable to those with lower incomes.

Our personal care business had an exceptional year. We achieved a significant double digit rise in operating profits across all regions, volume growth of almost 5% and a strong improvement in margins.

Dove, the brand contributing most to the growth of our personal care portfolio, had another excellent year. As part of our strategy to 'stretch' the brand and get closer to consumers, many *Dove* users in North America were individually advised of new launches, such as *Dove Nutrium*. In Japan, *Dove* facial foam became market leader in its first year.

Our hair business enjoyed another healthy year, growing by 9%. Consumer insight helped us develop variants that meet local needs. For example, in Latin America, where we are already market leaders, a formulation of *Sedal* specially designed for local hair types is proving very popular among Brazilian consumers. New variants of our premium product *ThermaSilk* and the enduringly popular *Suave* helped us to grow share in North America, taking market leadership.

Deodorants grew in many major markets including North America, Latin America and Western Europe, where we made particular inroads in the UK. *Dove* deodorant has been launched in more than 20 countries. In India, a campaign to raise awareness of deodorants among lower income consumers was led by a miniature version of the *Rexona* stick.

In oral care the launch of successful new chewing gums, *Signal* in France and *Mentadent Actigum* in Italy, showed our ability to penetrate new areas and new outlets, such as confectioners.

We are one of the world's largest producers of prestige fragrances, which are sold under the names of *Calvin Klein*, *Elizabeth Arden* and other designers. Sales of fragrance brands grew slightly during 1999. Recent Calvin Klein launches have been overshadowed by the phenomenal success of the earlier brands. However, our Calvin Klein business remains strong and profitable and we have announced the launch of a new cosmetics range. We will restructure Elizabeth Arden by the end of 2000, as part of our plans to create a fast growing international cosmetics and fragrance business.

Financial Review

The figures quoted in this Financial Review and in the Summary Financial Statement are in sterling, at current rates of exchange, unless otherwise stated. The profit and loss and cash flow information is translated at average rates of exchange for the relevant year and the balance sheet information at year-end rates of exchange.

Results

Turnover for the Group was flat at £26 994 million. Underlying volume growth of 1% was offset by the 2% slight strengthening of sterling against the basket of Unilever currencies.

Operating profit before exceptional items increased by 5%, reflecting a further strengthening in underlying margin of 0.6 percentage points of turnover to 11.2%.

Operating profit, however, fell by 4% after taking exceptional charges of £177 million, compared to net gains in 1998 of £84 million which included the profit on the disposal of Plant Breeding International, Cambridge, UK. The 1999 charge included £153 million for restructuring, which was mainly focused in our Foods businesses in Europe, North and Latin America.

An overview of operating performance, analysed by geography and by product category, is included in the Regional and Category texts on pages 11 and 24 respectively.

Income from fixed investments increased to £34 million (1998: £25 million), reflecting improved performance in our joint ventures in the US and Portugal, and the profit on a number of small disposals.

Net interest costs were £9 million, compared with an interest income in 1998 of £105 million. The swing is due to a £3.7 billion reduction in **net funds** during the year, following payment of £4 billion for the cash element of the special dividend in June 1999. **Net interest cover** for the year was more than 300 times, and over 30 times for the second half year.

The Group's effective **tax rate** reduced to 32% compared with 33% in 1998, mainly reflecting prior year tax credits.

Minority interests increased to £133 million (1998: £97 million) as a result of continued strong performance in India, and a return to profitability in Nigeria.

Net profit after exceptional items fell by 7% as a result of the negative swing in exceptional items, and the impact on net interest of the special dividend. Combined **earnings per share** fell by only 2%, from 26.45p to 26.01p, as the reduction in net income was offset by the reduction in the number of shares following the share consolidation. Combined **earnings per share before exceptional items** rose by 7%.

Return on capital employed increased to 22% from 16% in 1998. This improvement is due to the more efficient capital structure resulting from the payment of the special dividend.

The payment of the special dividend has been responsible for a reduction of the Weighted Average Cost of Capital (**WACC**) of some 0.5%.

Dividends and market capitalisation

Ordinary dividends paid and proposed on the PLC ordinary capital amount to 12.50p per 1.4p share (1998: 10.70p per 1.25p share), an increase of 17% per share. The ratio of dividends to profit attributable to ordinary shareholders increased to 45.2% (1998: 42.1%). Profit of the year retained was £992 million (1998: £1 140 million before the special dividend).

Unilever's combined **market capitalisation** at 31 December 1999 was £32.7 billion (1998: £54.9 billion).

Balance sheet

The strengthening of sterling against the basket of Unilever currencies between the two balance sheet dates resulted in a £281 million loss on retranslation of net assets. Profit retained, after accounting for dividends, currency retranslation of opening balances and of movements, and goodwill adjustments on the disposal of businesses previously acquired, increased by £806 million to £4 067 million. Total capital and reserves increased to £4 825 million (1998: £3 352 million). The issue of new 10 cents NV preference shares, to NV shareholders who opted to take the special dividend in this form, contributed £911 million.

Cash flow

Cash flow from operations increased by £698 million to £3 724 million on the strength of lower working capital outflows and improved results (before acquisitions and disposals).

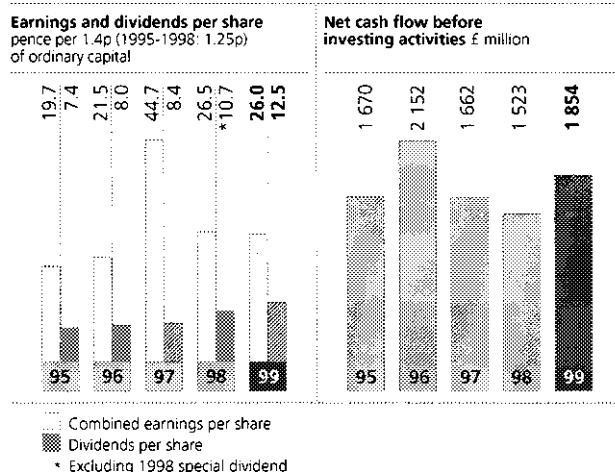
Capital expenditure was in line with last year; financial investments increased somewhat as a result of additional share purchases to meet employee share option plans. During the year 27 businesses were **acquired** for a cash consideration of £318 million and 23 businesses were **disposed** for cash proceeds of £81 million. In December 1999 Unilever agreed to purchase the French foods business Amora Maille for £460 million; this acquisition is expected to be completed in the first half of 2000.

Net funds at the end of the year were £425 million, £3 654 million lower than at the end of 1998 with the decrease reflecting the £4 billion cash payment in respect of the special dividend. Gearing remained zero at the end of 1999.

Finance and liquidity

During 1999 Unilever paid a special dividend of some £5 billion to ordinary shareholders of which approximately £1 billion was taken up by NV shareholders in the form of preference shares. After payment of the special dividend the balance sheet remains very strong, and Unilever retains its capability to raise funds in all major global debt markets at the lowest costs available to corporate borrowers.

Group policy is to finance operating subsidiaries through the mix of retained earnings, third party borrowings and loans from parent and Group financing companies that is most appropriate for the particular country and business concerned.



Methods of calculation

Return on capital employed is the sum of profit on ordinary activities after taxation, plus interest, after taxation, on borrowings due after more than one year, expressed as a percentage of the average capital employed during the year.

Net interest cover is profit on ordinary activities before net interest and taxation divided by the net interest.

Combined earnings per share is net profit attributable to ordinary capital, divided by the average number of share units representing the combined ordinary capital of NV and PLC less certain trust holdings.

WACC is calculated as the real cost of equity multiplied by the market capitalisation, plus the real after taxation interest cost of debt multiplied by the market value of the net debt, divided by the sum of the market values of debt and equity.

Total borrowings at the end of 1999 totalled £2 977 million (1998: £3 250 million). More than one third of Unilever's total borrowings are in euros, approximately one third in US dollars and the remainder spread over a large number of other currencies.

Long-term debt fell by £457 million to £1 152 million. Debt totalling £438 million was reclassified to short-term at the year end and there were no significant new long-term borrowings. The maturity profile is spread over an eight year period to 2007. Some 85% of the long-term debt was repayable within five years at the end of 1999 (1998: 60%).

Unilever has commercial paper programmes in place in the United States and Europe for short-term finance purposes. In addition, operating subsidiaries fund part of their day-to-day needs through local bank borrowings. At the end of 1999 short-term borrowings were £1 825 million (1998: £1 641 million).

Cash and current investments at the end of 1999 totalled £3 402 million (1998: £7 329 million); these funds are held in euros (52%), US dollars (17%), sterling (12%) and other currencies (19%). The funds are mainly invested in short-term bank deposits and high-grade marketable securities.

Assets held in foreign currencies are, to a considerable extent, financed by borrowings in the same currencies. Consequently, at the end of 1999 some 51% (1998: 57% before accounting for the special dividend) of Unilever's

total capital and reserves were denominated in the currencies of the two parent companies, euro and sterling. From an earnings perspective, some 43% of Unilever's 1999 net income was denominated in the euro, 14% in sterling and 15% in the US dollar.

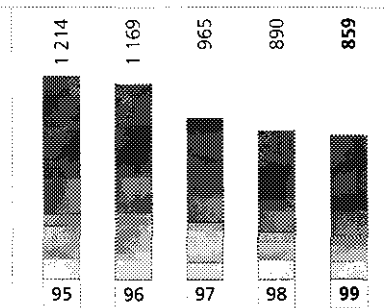
Treasury and hedging policies

Unilever's Treasury aims to be excellent in meeting the business requirements for finance and financial services, with its prime objective being to minimise the cost of debt and maintain Unilever's financial strength. The Group Treasury function is governed by financial policies and plans agreed by the directors, and operates as a cost centre. In addition to policies, guidelines and exposure limits, a system of authorities and extensive independent reporting covers all major areas of activity. Performance is monitored closely. Independent reviews are undertaken by the corporate internal audit function.

Unilever has an interest rate management policy aimed at optimising net interest and reducing volatility. This is achieved by modifying the underlying interest rate exposure of debt and cash positions through the use of straightforward derivative instruments. The proportion of fixed rate cash and fixed rate debt was reduced in 1999 in line with changes in the recommended fixing levels within this policy.

Under the Group's foreign exchange policy, trading and financial exposures are generally hedged, mainly through the use of forward foreign exchange contracts. Some flexibility is permitted within overall exposure limits.

Capital expenditure £ million	95	96	97	98	99
■ Europe	614	552	459	482	451
■ North America	210	222	163	122	146
■ Africa & Middle East	69	66	50	64	59
■ Asia & Pacific	199	209	192	106	98
■ Latin America	122	120	101	116	105



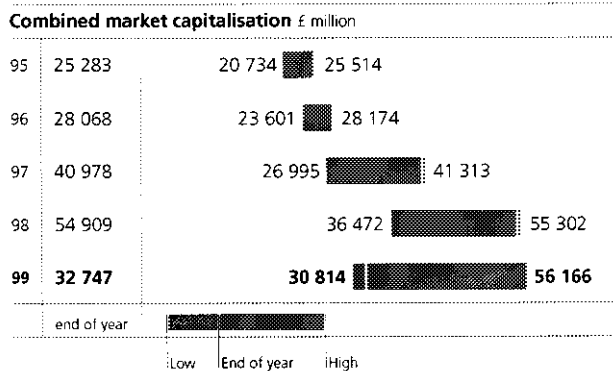
Managing market risks

The Group is exposed to a variety of market risks, including the effects of changes in foreign currency exchange rates, interest rates and credit spreads. In the normal course of business, the Group also faces risks that are either non-financial or non-quantifiable, eg country and counterparty risk.

Counterparty exposures are minimised by restricting dealing counterparties to a limited number of financial institutions that have secure credit ratings, by working within agreed counterparty limits and by setting limits on the maturity of investments. Counterparty credit ratings are closely monitored and concentration of credit risk with any single counterparty is avoided.

The Group uses straightforward derivative financial instruments, eg interest rate swaps, forward rate agreements and forward exchange contracts, to manage the market risks associated with the underlying assets, liabilities and anticipated transactions. The Group uses these derivative financial instruments to reduce risk by creating offsetting market exposures. The use of leveraged instruments is not permitted.

Further details on derivatives, foreign exchange exposures and other related information on financial instruments are given in the separate 'Unilever Annual Accounts 1999' booklet on page 29 and in the Annual Report to the United States Securities and Exchange Commission on Form 20-F.



Total Shareholder Return

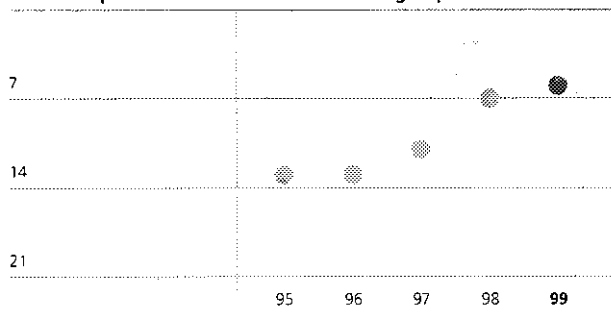
Total Shareholder Return (TSR) is a concept used to compare the performance of different companies' stocks and shares over time. It combines share price appreciation and dividends paid to show the total return to the shareholder. The absolute size of the TSR will vary with stock markets, but the relative position is a reflection of the market perception of overall performance.

The Company calculates the TSR over a three-year rolling period. This period is sensitive enough to reflect changes but long enough to smooth out short-term volatility. The return is expressed in US dollars, based on the equivalent US dollar share price for NV and PLC. US dollars were chosen to facilitate comparison with companies in Unilever's chosen reference group.

Unilever has set itself a TSR target in the top third of a reference group of 21 international consumer goods companies. Together, these give a fair reflection of its category and regional spread.

Our objective of delivering a total return to shareholders in the top third over a three year period was again achieved. However, in 1999 share prices in our sector as a whole suffered as investor interest focused on high technology and internet stocks and there was an even sharper decline in the Unilever share price during the fourth quarter. Consequently we would be below the benchmark if it were measured over a single year.

Unilever's position relative to the reference group



The reference group, including Unilever, consists of 21 companies. Unilever's position is based on TSR over a three-year rolling period.

Organisation

Top management structure

Unilever's principal executive officers are Antony Burgmans and Niall FitzGerald, the Chairmen of Unilever NV and PLC respectively. They jointly head Unilever's top decision-making body, the Executive Committee, which is responsible for overall business performance and for setting global strategy.

The Executive Committee is usually seven-strong. Its other members are the Financial Director, the Personnel Director, the Strategy & Technology Director and the Category Directors for Foods and Home & Personal Care. The Committee is supported by the Senior Corporate Officers and other senior executives at Unilever's Corporate Centre in London and Rotterdam.

In addition to regular meetings with individual Business Groups to agree and monitor strategy and plans, the Executive Committee meets with all twelve Business Group Presidents four times each year as the Executive Council, under the leadership of the Chairmen.

Business structure

Unilever is organised, and its internal results are reported, on both a product and a regional basis.

On a product basis, Category Directors are responsible for developing category strategies for implementation across Unilever's operations and they work closely with Business Groups to develop regional strategies. They are also responsible for directing and managing the allocation of corporate resources for research and development and the innovation network.

On a regional basis, Unilever's operations are organised into twelve Business Groups. These are regionally based with the exception of DiverseyLever, a worldwide grouping of professional cleaning products and services. Western Europe and North America are further sub-divided by Foods and Home & Personal Care product categories.

The individual operating companies, which form the core building blocks of the Unilever organisation, come within the Business Groups. The President of each Business Group is accountable for the performance of the companies in his group.

Legal structure

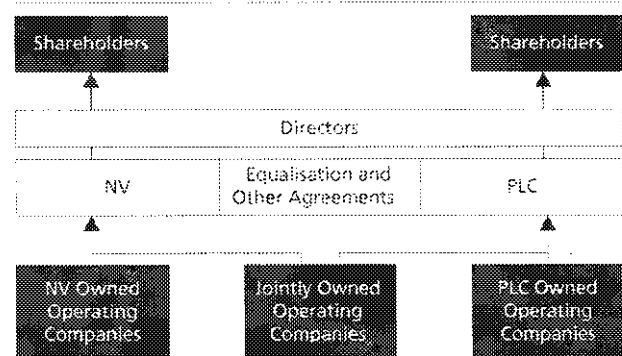
The Unilever Group was formed in 1930 by the merger of Margarine Unie and Lever Brothers. Now Unilever NV and Unilever PLC, they are the twin parent companies of one of the world's leading consumer goods groups.

NV and PLC have separate legal identities but operate as far as is practicable as a single entity. They have the same directors and are linked by a number of agreements which mean that all shareholders, whether in NV or PLC, share in the prosperity of the whole business. The Equalisation Agreement, which regulates the mutual rights of the two sets of shareholders, is particularly important.

NV and PLC are holding and service companies. Unilever's businesses are carried out by their group companies around the world. The holding companies have agreed to co-operate in all areas, to exchange all relevant business information and to ensure all group companies act accordingly. In most cases, shares in the group companies are held ultimately by NV or PLC.

Details of these arrangements are set out on page 2 of the separate 'Unilever Annual Accounts 1999' booklet. It includes an explanation of why NV and PLC, and their group companies, constitute one group for the presentation of the consolidated accounts.

Legal structure of the Group



Executive Committee of the Board



Antony Burgmans*
 Chairman, Unilever N.V.
 Aged 53. Chairman of Unilever N.V. and Vice-Chairman of Unilever PLC since 1999. Joined Unilever 1972. Appointed director 1991. Previous posts include: Personal Products Co-ordinator 91/94. Responsible for South European Foods business 94/96. Business Group President, Ice Cream & Frozen Foods – Europe and Chairman of Unilever Europe Committee 96/98. Vice-Chairman of Unilever N.V. 1998. Member, Supervisory Board of ABN AMRO Bank N.V.

Niall FitzGerald*
 Chairman, Unilever PLC
 Aged 54. Chairman of Unilever PLC and Vice-Chairman of Unilever N.V. since 1996. Joined Unilever 1967. Appointed director 1987. Previous posts include: Financial Director 87/89. Edible Fats & Dairy Co-ordinator 89/90. Member, Foods Executive 89/91. Detergents Co-ordinator 91/95. Member of Special Committee 1996.



Clive Butler*
 Category Director,
 Home & Personal Care
 Aged 53. Category Director, Home & Personal Care since 1996. Joined Unilever 1970. Appointed director 1992. Previous posts include: Corporate Development Director 1992. Personnel Director 93/96. Non-executive director of Lloyds TSB Group plc.

Patrick Cescau*
 Financial Director
 Aged 51. Financial Director since 1999. Joined Unilever 1973. Appointed director 1999. Previous posts include: Chairman, Indonesia 91/95. President, Van den Bergh Foods, USA 95/97. President, Lipton, USA 97/98. Controller and Deputy Financial Director 98/99.

Alexander Kemner*
 Category Director, Foods
 Aged 60. Category Director, Foods since 1996. Joined Unilever 1966. Appointed director 1989. Previous posts include: Food & Drinks Co-ordinator 89/90. Member, Foods Executive 89/92. Regional Director, East Asia & Pacific 93/96.

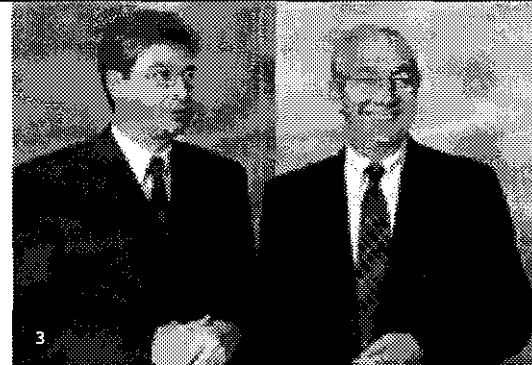
Rudy Markham*

Strategy &
 Technology Director
 Aged 53. Strategy & Technology Director since 1998. Joined Unilever 1968. Appointed director 1998. Previous posts include: Business Group President, North East Asia 96/98.

Jan Peelen*

Personnel Director
 Aged 60. Personnel Director since 1996. Joined Unilever 1966. Appointed director 1987. Retiring 2000. Previous posts include: Regional Director, East Asia & Pacific 87/92. Chairman, Foods Executive 93/96. Chairman, Supervisory Board of VVAA Groep B.V. and Member, Supervisory Board of Buhmann N.V. since 1999.

1. (L-R) Niall FitzGerald, Antony Burgmans
2. (L-R) Clive Butler, Jan Peelen, Rudy Markham
3. (L-R) Patrick Cescau, Alexander Kemner



Business Group Presidents



John Sharpe
Home & Personal Care – Europe
Aged 58. Joined Unilever 1963.
Appointed Business Group President
1996. Previous position: CEO,
Lever Europe.

Charles Strauss
Home & Personal Care –
North America
Aged 57. Joined Unilever 1986 upon
Unilever's acquisition of Ragu Foods.
Appointed Business Group President
1996. Previous position: Business Group
President, Latin America 96/99.

Bruno Lemagne
China

Aged 53. Joined Unilever 1972.
Appointed Business Group President
1998. Previous position: Chairman,
Unilever (China) Limited.

André van Heemstra
East Asia Pacific
Aged 54. Joined Unilever 1970.
Appointed Business Group President
1996. Previous position: Chairman,
Langnese-Iglo GmbH.

Ralph Kugler
Latin America
Aged 44. Joined Unilever 1979.
Appointed Business Group President
1999. Previous position: Executive
Vice-President, Latin America.



4. (L-R) Bruno Lemagne, John
Sharpe, André van Heemstra

5. (L-R) Jean Martin, Roy Brown,
Çetin Yüceuluğ

6. (L-R) Manfred Stach, Jeff Fraser,
Richard Goldstein

7. (L-R) Robert Polet, Ralph Kugler,
Charles Strauss

8. Robert Phillips

Roy Brown*
Food & Beverages – Europe
Aged 53. Joined Unilever 1974.
Appointed director 1992. Appointed
Business Group President 1996.
Chairman of Unilever Europe
Committee since 1998. Previous position:
Regional Director, Africa & Middle East
and Central & Eastern Europe and
responsible for Plantations and Plant
Science Group. Non-executive director
of GKN plc.

Robert Polet
Ice Cream &
Frozen Foods – Europe
Aged 44. Joined Unilever 1978.
Appointed Business Group President
1998. Previous position: Executive Vice-
President for Ice Cream & Frozen
Foods – Europe.

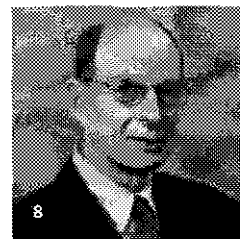
Richard Goldstein
Foods – North America
Aged 58. Joined Unilever 1975.
Appointed Business Group President
1996. Previous position: President &
CEO, Unilever United States (in which
position he continues) and Chairman &
CEO, Unilever Canada Ltd.

Çetin Yüceuluğ
DiverseyLever
Aged 54. Joined Unilever 1973.
Appointed Business Group President
1996. Previous position: CEO, Lever
Industrial International.

Manfred Stach
Africa
Aged 57. Joined Unilever 1970.
Appointed Business Group President
1998. Previous position: Chairman,
Union Deutsche Lebensmittelwerke
GmbH and National Manager,
Germany.

Jeff Fraser
Central Asia & Middle East
Aged 56. Joined Unilever 1967.
Appointed Business Group President
1996. Previous position: Operations
Member, Latin America
& Central Asia.

Jean Martin
Central & Eastern Europe
Aged 55. Joined Unilever 1968.
Appointed Business Group President
1996. Previous position: CEO, Personal
Products in Europe.



Robert Phillips*
Prestige Personal Products
Aged 61. Joined Unilever 1986 upon Unilever's
acquisition of Chesebrough-Pond's. Appointed
director 1995. Appointed Business Group
President 1996. Chairman of Unilever North
America Committee since 1996. Retiring 2000.
Previous position: Business Group President,
Home & Personal Care – North America 96/99.

* Unilever Board member

Advisory Directors

Oscar Fanjul

Aged 50. Appointed 1996. Secretary General and Under Secretary, Spanish Ministry of Industry and Energy 83/85. Chairman, Instituto Nacional de Hidrocarburos 85/95. Chairman and CEO Repsol 86/96 and Honorary Chairman since 1996. Director of Ericsson, S.A. since 1996, Tecnicas Reunidas, S.A. and Chairman, Cofir, S.A. 97/99. Member of the International Advisory Boards of the Chubb Corporation and Marsh McLennan.

Frits Fentener van Vlissingen

Aged 65. Appointed 1990. Member, Executive Board, SHV Holdings N.V. 67/75, and Chairman, 75/84. Managing Director, Flint Holding N.V. since 1984. Member, Supervisory Board, Amsterdam-Rotterdam Bank 74/91, ABN AMRO Bank N.V. since 1991 and Akzo Nobel N.V. since 1984.

Onno Ruding

Aged 60. Appointed 1990. Member of Board, Amsterdam-Rotterdam Bank 81/82. Minister of Finance, the Netherlands 82/89. Chairman, Netherlands Christian Federation of Employers 90/92. Vice-Chairman and Director, Citibank since 1992. Director of Corning Inc. since 1999.

Honorary Advisory Director The Rt Hon The Viscount Leverhulme KG TD

Aged 84. Grandson of William Lever, the founder of Lever Brothers. Appointed Honorary Advisory Director of PLC for life on his retirement as an Advisory Director in 1985.



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1. (L-R) Hilmar Kopper, Lynda Chalker
2. Onno Ruding
3. (L-R) Oscar Fanjul, Claudio Gonzalez
4. George Mitchell
5. Bertrand Collomb
6. (L-R) Frits Fentener van Vlissingen, Derek Birkin

Sir Derek Birkin TD

Aged 70. Appointed 1993. Retiring 2000. Chairman, Tunnel Holdings 75/82. Director, RTZ Corporation 82/96, CEO 85/91 and Chairman 91/96. Director, Merchants Trust 86/99. Director, Carlton Communications PLC and Merck & Co. Inc. since 1992.

Baroness Chalker of Wallasey

Aged 57. Appointed 1998. Member of Parliament for Wallasey 74/92. Created a life peer in 1992. Minister of State at the Foreign and Commonwealth Office 86/97. Director, Freeplay Energy Ltd and Capital Shopping Centres PLC since 1997 and Landell Mills Ltd since 1999.

Bertrand Collomb

Aged 57. Appointed 1994. French government administrator 66/75. Lafarge Group since 1975. Chairman and CEO, Lafarge since 1989. Member, European Round Table of Industrialists. Chairman, Institut de l'Entreprise. Director, Elf Aquitaine since 1994. Member, Supervisory Board, Allianz AG since 1998.

Claudio X Gonzalez

Aged 65. Appointed 1998. Special Advisor to the President of Mexico 88/94. Chairman and CEO Kimberly-Clark de Mexico since 1973. Director, Kimberly-Clark Corp. since 1976, Kellogg Company since 1989 and General Electric Company (USA) since 1993.

Hilmar Kopper

Aged 64. Appointed 1998. Director, Deutsche Bank 77/97, CEO 89/97 and Chairman, Supervisory Board, since 1997. Member, Supervisory Board, Bayer AG since 1988, Akzo Nobel N.V. since 1990 and DaimlerChrysler AG (Chairman) since 1998. Director of Xerox Corp. since 1999.

Senator George J Mitchell

Aged 66. Appointed 1998. Member of the US Senate 80/95 and Senate Majority Leader 88/95. Member of the law firm Verner, Lipfert, Bernhard, McPherson and Hand since 1995. Chairman of the Northern Ireland Peace Initiative 95/99. Director, Walt Disney Company, Federal Express Corp., Xerox Corp. and UNUM Insurance Corp. since 1995 and Staples, Inc. since 1998.



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Board Committees

The memberships of the other Board Committees are:

Audit Committee

Hilmar Kopper (Chairman), Claudio X Gonzalez, Onno Ruding

External Affairs and Corporate Relations Committee

Lady Chalker (Chairman), Oscar Fanjul, Senator George Mitchell

Nomination Committee

Frits Fentener van Vlissingen (Chairman), Sir Derek Birkin, Bertrand Collomb, Antony Burgmans, Niall FitzGerald

Remuneration Committee

Frits Fentener van Vlissingen (Chairman), Sir Derek Birkin, Bertrand Collomb

Senior Corporate Officers

Jos Westerborgen Joint Secretary and Head of Taxation

Stephen Williams Joint Secretary and General Counsel

Jeffrey Allgrove Controller

James Duckworth Chief Auditor

Jan Haars Treasurer

Michel Ogrizek Corporate Relations

Corporate Governance

Directors

Unilever's nine directors are each full-time executives and directors of both NV and PLC. As well as holding specific management responsibilities, they are responsible – as Directors of NV and PLC – for the conduct of the business as a whole.

The directors have set out a number of areas for which the Boards have direct responsibility for decision-making. They meet to consider the following corporate events and actions:

- Agreement of quarterly results announcements
- Approval of the Annual Report and Accounts
- Declaration of dividends
- Convening of shareholders' meetings
- Approval of corporate strategy
- Authorisation of major transactions

All other matters are delegated to committees whose actions are reported to and monitored by the Boards.

Board meetings are held in London and Rotterdam and chaired by the Chairmen of NV and PLC. The Chairmen are assisted by the Joint Secretaries, who ensure the Boards are supplied with all the information necessary for their deliberations. Information is normally supplied a week prior to each meeting.

All directors submit themselves for re-election each year and retire at the latest by the age of 62.

Advisory Directors

It is not practicable to appoint supervisory or non-executive directors who could serve on both Boards. This is because the concept of the non-executive director, as recognised in the United Kingdom, is not a feature of corporate governance in the Netherlands, and the Supervisory Board, as recognised in the Netherlands, is not adopted in the United Kingdom. However, a strong independent element is provided by Unilever's Advisory Directors.

The Advisory Directors are the principal external presence in the governance of Unilever. They are chosen for their broad experience, international outlook and independence.

One of the Advisory Directors' key roles is to assure the Boards that Unilever's corporate governance provisions are adequate and reflect, as far as possible, best practice.

The appointment of Advisory Directors is provided for in the Articles of Association of both parent companies, although Advisory Directors are not formally members of the Boards. Their terms of appointment, roles and powers are enshrined in resolutions of the Boards. They comprise all, or a majority of, the members of certain key committees of the Boards. As well as their own committee meetings, they attend the quarterly directors' meetings, and in addition other directors' and Executive Committee members' conferences, and other meetings with the Chairmen.

In addition, the Advisory Directors may meet as a body, at their discretion, and appoint a senior member as their spokesman.

Advisory Directors are appointed by resolutions of the Boards, normally for a term of three years. They are usually appointed for a maximum of three consecutive terms and retire at 70.

Advisory Director remuneration is determined by the Boards. All appointments and re-appointments are based on the recommendations of the Nomination Committee.

Board committees

The directors have established the following committees:

Executive Committee The Executive Committee comprises the Chairmen of NV and PLC and normally five other members. It is responsible for agreeing priorities and allocating resources, setting overall corporate targets, agreeing and monitoring Business Group strategies and plans, identifying and exploiting opportunities created by Unilever's scale and scope, managing external relations at the corporate level and developing future leaders.

The Executive Committee generally meets formally every two or three weeks and is chaired, alternately, by the Chairmen of NV and PLC. It also meets with specific Business Groups and Corporate Centre departments. The Committee is supplied with information by the Executive Committee Secretariat.

Audit Committee The Audit Committee normally comprises three Advisory Directors and meets at least twice a year. It reviews financial statements before publication and oversees financial reporting and control arrangements. The head of Unilever's internal audit function and its external auditors attend the Committee's meetings and have direct access to its Chairman. The Chief Auditor ensures that the Committee is supplied with necessary information.

External Affairs and Corporate Relations Committee The External Affairs and Corporate Relations Committee usually comprises three Advisory Directors and normally meets four times a year. It advises on external matters of relevance to the business – including issues of corporate social responsibility – and reviews Unilever's corporate relations strategy. The Committee is supplied with necessary information by the Head of the Corporate Relations Department.

Nomination Committee The Nomination Committee comprises three Advisory Directors and the Chairmen of NV and PLC and meets at least once a year. It recommends candidates for the positions of Director, Advisory Director and Executive Committee member. The Committee is supplied with information by the Joint Secretaries.

Remuneration Committee The Remuneration Committee normally comprises three Advisory Directors and meets at least twice a year. It reviews Unilever's

executive remuneration and is responsible for the Executive Share Option Scheme. The Committee determines specific remuneration packages for each of the directors. The Committee is supplied with information by the Head of the Private Administration Department.

Routine business committees Committees are set up to conduct routine business as and when they are necessary. They comprise any two of the directors and certain senior executives. They administer certain matters previously agreed by the Boards or the Executive Committee. The Joint Secretaries are responsible for the operation of these committees.

All committees are formally set up by Board resolution with carefully defined remits. They report regularly and are responsible to the Boards of NV and PLC.

Shareholder relations

Unilever believes it is important to both explain business developments and financial results to shareholders and to understand the objectives of investors. Within the Executive Committee, the Financial Director has lead responsibility for investor relations, with the active involvement of the Chairmen. They are supported by an Investor Relations Department which organises presentations for analysts and institutional investors, mainly held in Europe and North America.

Both NV and PLC communicate with their shareholders through the Annual General Meetings. At the AGMs, both Chairmen give a full account of the progress of the business over the last year and a review of current issues. A summary of their addresses is published on the Unilever web site and released to stock exchanges and media. Copies are freely available on request.

The Chairmen of Unilever, both in communications about the Annual General Meetings and at the actual meetings, encourage shareholders to attend and to ask questions. Question and answer sessions form an important part of the meetings in both the Netherlands and the United Kingdom.

Unilever is committed to efforts to establish more effective ways of shareholder communication. Unilever actively participates in the Shareholders Communication Channel which has been set up by a group of Dutch companies in order to facilitate direct communications with

shareholders who are otherwise unknown to them. The Shareholders Communication Channel will also be used to facilitate proxy voting in the Netherlands.

Reporting to shareholders

The directors' responsibilities are set out formally on page 4 of the separate 'Unilever Annual Accounts 1999' booklet. These cover Annual Accounts, Going Concern and Internal Control. The report to shareholders on directors' remuneration and interests is set out on pages 32 to 40 of 'Unilever Annual Accounts 1999'. The Annual Accounts also contain, on page 5, a formal statement on Corporate Governance.

The responsibility of the auditors to report on these matters is set out on page 6 of the 'Unilever Annual Accounts 1999'.

Board changes

Mr Jan Peelen and Mr Bob Phillips will retire in May 2000 and their colleagues wish to record their appreciation of their contributions to Unilever.

Mr Jan Peelen has served Unilever for 33 years, 12 of them as a director. After a period as Chairman of the Foods Executive, he has been Personnel Director. Mr Bob Phillips joined Unilever in 1986 upon the acquisition of Chesebrough-Pond's, was appointed a director in 1995, and has spent most of his Unilever career concerned with Personal Products, mainly in North America.

All directors will retire from office, in accordance with the Articles of Association of NV and PLC, at the Annual General Meetings on 3 May 2000 and, with the exceptions of Mr Jan Peelen and Mr Bob Phillips, offer themselves for re-election.

As already announced, Mr Keki Dadiseth, Mr André van Heemstra and Mr Charles Strauss have been nominated for election as directors. Mr Dadiseth and Mr van Heemstra will become members of the Executive Committee; Mr Dadiseth to undertake a review of the top organisation of Unilever and Mr van Heemstra to succeed Mr Jan Peelen as Personnel Director. Mr Strauss will succeed Mr Bob Phillips as Chairman of the North America Committee, while continuing as President of the Home & Personal Care North America Business Group.

Mr Keki Dadiseth is aged 54 and joined the Unilever Group in 1973. He became Chairman of Hindustan Lever Limited in 1993; having previously worked for the Overseas Committee in London and then been responsible in India at various times for personnel, personal products, mergers and acquisitions, and detergents.

Brief biographies of Mr van Heemstra and Mr Strauss can be found in 'Business Group Presidents' on page 41 of this Annual Review.

At the Annual General Meetings in 1999, Mr Patrick Cescau was elected a director and became Financial Director and a member of the Executive Committee. Mr Morris Tabaksblat and Mr Hans Eggerstedt duly retired as directors at those meetings and Mr Antony Burgmans became Chairman of NV and Vice-Chairman of PLC.

Advisory Directors' changes

Sir Derek Birkin will retire as an Advisory Director with effect from the Annual General Meetings in 2000. The directors wish to record their appreciation of his substantial contribution during the past seven years, particularly while a member of the Nomination and Remuneration Committees.

The Rt Hon The Lord Brittan of Spennithorne QC has been appointed as an Advisory Director with effect from 1 May 2000 until the Annual General Meetings in 2003. Lord Brittan was a member of the UK Government, as Home Secretary and as Secretary of State for Trade and Industry, and, between 1989 and 1999, of the European Commission, where he became a Vice-President, his responsibilities having included competition and trade policy.

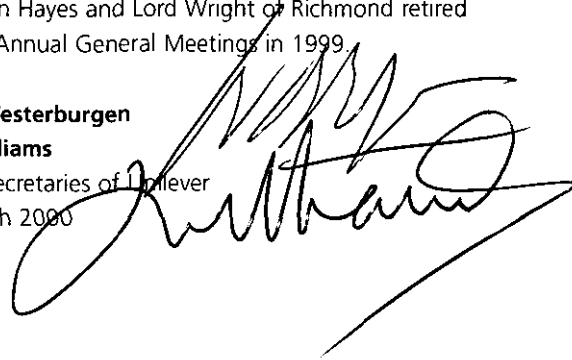
The Boards have resolved to re-appoint Mr Bertrand Collomb as an Advisory Director, also until the Annual General Meetings in 2003.

Sir Brian Hayes and Lord Wright of Richmond retired at the Annual General Meetings in 1999.

JWB Westerburgen

SG Williams

Joint Secretaries of Unilever
7 March 2000



Summary Financial Statement

Introduction

This Annual Review booklet and the separate booklet entitled 'Unilever Annual Accounts 1999' together comprise the full Annual Report and Accounts for 1999 of NV and PLC when expressed in guilders and pounds sterling respectively. This Summary Financial Statement is a summary of the Unilever Group's full annual accounts set out in 'Unilever Annual Accounts 1999'. That separate booklet also contains additional financial information and further statutory and other information which form parts of NV and PLC's full directors' reports.

For a full understanding of the results of the Group and state of affairs of NV, PLC or the Group, 'Unilever Annual Accounts 1999' should be consulted. Shareholders and others can obtain free of charge the appropriate version of 'Unilever Annual Accounts 1999' from Unilever's Corporate Relations Department. Shareholders may also elect to receive both booklets for all future years by request to the appropriate Share Registrars. See pages 51 and 52 for details.

The auditors have issued an unqualified audit report on the full accounts. The United Kingdom Companies Act 1985 requires the auditors to report if the accounting records are not properly kept or if the required information and explanations are not received. Their report on the full accounts contains no such statement.

The following summarised financial statements should be read together with the directors' report set out earlier in this Review, which mentions, to the extent applicable, any important future developments or post-balance sheet events.

Dividends

The Boards have resolved to recommend to the Annual General Meetings on 3 May 2000 the declaration of final dividends on the ordinary capitals in respect of 1999 at the rates shown in the table below. The dividends will be paid in accordance with the timetable on page 50.

NV	1999	1998
Per ordinary share	per Fl. 1.12	per Fl. 1
Interim	Fl. 0.88	Fl. 0.81
Normal final	Fl. 1.91	Fl. 1.70
Total normal	Fl. 2.79	Fl. 2.51
Special final	-	Fl. 14.50

PLC	1999	1998
Per ordinary share	per 1.4p	per 1.25p
Interim	3.93p	2.95p*
Normal final	8.57p	7.75p
Total normal	12.50p	10.70p
Special final	-	66.13p

*In previous years Advance Corporation Tax (ACT) in respect of any dividend paid by PLC was treated as part of the dividend for the purpose of equalising NV's and PLC's dividends under the Equalisation Agreement. In line with this, PLC's 1998 interim dividend was calculated by reference to the then rate of ACT (twenty/eightieths). ACT was abolished with effect from 6 April 1999 and therefore PLC's 1998 normal and special final dividends, and all 1999 dividends, have been calculated without reference to ACT.

Auditors' statement to the shareholders of Unilever N.V. and Unilever PLC

We have examined the Summary Financial Statement set out on pages 46 to 49.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Review 1999. Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement within the Annual Review 1999 with the full annual accounts and directors' report, and its compliance with the relevant requirements of section 251 of the Companies Act 1985 and the regulations made thereunder. We also read the other information contained in the Annual Review 1999 and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement.

Basis of opinion

We conducted our work in accordance with Bulletin 1999/6 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board.

Opinion

In our opinion the Summary Financial Statement is consistent with the full annual accounts and directors' report of the Unilever Group for the year ended 31 December 1999 and complies with the applicable requirements of section 251 of the Companies Act 1985, and the regulations made thereunder.

PricewaterhouseCoopers N.V.	PricewaterhouseCoopers
Registeraccountants	Chartered Accountants
Rotterdam	and Registered Auditors
	London

As auditors of Unilever N.V.

As auditors of Unilever PLC

7 March 2000

PricewaterhouseCoopers

PricewaterhouseCoopers N.V.

Accounting policies

The accounts are prepared at current rates of exchange (see page 34).

The accounts are prepared, in all material respects, in accordance with accounting principles generally accepted in the Netherlands and the United Kingdom.

The treatment of deferred taxation, for which full provision is made, complies with Dutch legislation as currently applied rather than with Accounting Standards in the United Kingdom.

NV and PLC shares held by NV, employee share trusts and subsidiaries to satisfy options are accounted for as required by Dutch law. In particular, they are deducted from capital and reserves, whereas the United Kingdom Accounting Standard, UITF Abstract 13, would classify such shares as fixed assets.

Euro reporting

The euro figures shown on pages 48 to 49 have been derived from the Unilever Group consolidated results in guilders, using the official cross-rate of €1= Fl. 2.20371, which produces a 1999 average rate of €1= £0.659; (1998: €1= £0.670) and a 1999 closing rate of €1= £0.622; (1998: €1= £0.706). This translation has been prepared solely for the convenience of users and does not form part of the audited accounts of the Unilever Group.

From 1 January 2000 the euro replaces the guilder and also becomes Unilever's principal reporting currency.

Summary Consolidated Accounts

Unilever Group

Profit and loss account for the year ended 31 December

	£ million	£ million	€ million	€ million
	1999	1998	1999	1998
Turnover	26 994	27 094	40 977	40 437
Continuing operations	26 904	27 094	40 840	40 437
Acquisitions	90	–	137	–
Operating costs	(24 159)	(24 139)	(36 674)	(36 027)
Operating profit	2 835	2 955	4 303	4 410
Continuing operations	2 839	2 955	4 309	4 410
Acquisitions	(4)	–	(6)	–
Operating profit before exceptional items	3 012	2 871	4 572	4 285
Income from fixed investments	34	25	52	37
Interest	(9)	105	(14)	156
Profit on ordinary activities before taxation	2 860	3 085	4 341	4 603
Taxation	(902)	(1 015)	(1 369)	(1 515)
Profit on ordinary activities after taxation	1 958	2 070	2 972	3 088
Minority interests	(133)	(97)	(201)	(144)
Net profit	1 825	1 973	2 771	2 944
Attributable to: NV	1 160	1 112	1 761	1 658
PLC	665	861	1 010	1 286
Dividends	(833)	(5 812)	(1 265)	(8 674)
Preference dividends	(13)	(4)	(20)	(7)
Dividends on ordinary capital	(820)	(829)	(1 245)	(1 237)
Special dividend		(4 979)		(7 430)
Profit of the year retained	992	(3 839)	1 506	(5 730)
Combined earnings per share				
Guilders/euros per Fl. 1.12 (1998: Fl. 1) of ordinary capital	5.80	5.80	2.63	2.63
Pence/€ cents per 1.4p (1998: 1.25p) of ordinary capital	26.01	26.45	39.48	39.47
On a diluted basis the figure would be:				
Guilders/euros per Fl. 1.12 (1998: Fl. 1) of ordinary capital	5.66	5.66	2.57	2.57
Pence/€ cents per 1.4p (1998: 1.25p) of ordinary capital	25.36	25.80	38.50	38.51

Directors

The directors of Unilever during 1999 are shown on pages 40, 41 and 45. Their total emoluments for the year ended 31 December 1999 were £7.0 million (1998: £7.9 million) and their aggregate gains on the exercise of share options were £0.8 million (1998: £2.4 million). All the directors participate in defined benefit pension schemes.

Unilever Group

Balance sheet as at 31 December

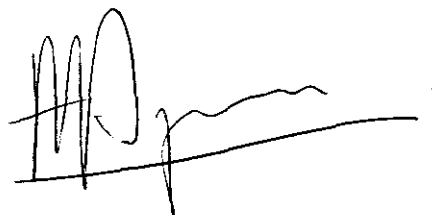
	£ million	£ million	€ million	€ million
	1999	1998	1999	1998
Fixed assets	5 972	6 085	9 606	8 620
Current assets				
Stocks	3 185	3 351	5 124	4 747
Debtors due within one year	3 569	3 618	5 742	5 126
Debtors due after more than one year	1 208	1 137	1 943	1 612
Cash and current investments	3 402	7 329	5 473	10 383
	11 364	15 435	18 282	21 868
Creditors due within one year				
Borrowings	(1 825)	(1 641)	(2 936)	(2 325)
Trade and other creditors	(5 718)	(5 917)	(9 198)	(8 384)
Special dividend		(5 130)		(7 267)
Net current assets	3 821	2 747	6 148	3 892
Total assets less current liabilities	9 793	8 832	15 754	12 512
Creditors due after more than one year				
Borrowings	1 152	1 609	1 853	2 280
Trade and other creditors	608	539	979	762
Provisions for liabilities and charges	2 848	3 044	4 582	4 314
Minority interests	360	288	579	408
Capital and reserves	4 825	3 352	7 761	4 748
Attributable to: NV	3 806	2 503	6 122	3 545
PLC	1 019	849	1 639	1 203
Total capital employed	9 793	8 832	15 754	12 512

Cash flow statement for the year ended 31 December

Cash flow from operating activities	3 724	3 026	5 654	4 514
Dividends from joint ventures	18	16	28	24
Returns on investments and servicing of finance	(103)	45	(156)	67
Taxation	(951)	(845)	(1 443)	(1 261)
Capital expenditure and financial investment	(989)	(939)	(1 501)	(1 399)
Acquisitions and disposals	(240)	226	(362)	338
Dividends paid on ordinary share capital	(834)	(719)	(1 266)	(1 073)
Special dividend	(4 014)		(6 093)	
Cash flow before management of liquid resources and financing	(3 389)	810	(5 139)	1 210
Management of liquid resources	3 740	(1 341)	5 675	(2 003)
Financing	(96)	28	(146)	42
Increase/(decrease) in cash in the period	255	(503)	390	(751)
(Decrease)/increase in net funds in the period	(3 654)	896	(5 094)	958

This Summary Financial Statement was approved by the Boards of Directors on 7 March 2000.

A Burgmans **NWA FitzGerald** Chairmen of Unilever

Financial Calendar

Annual General Meetings

NV	PLC
10.30 am Wednesday 3 May 2000 Concert- en Congresgebouw de Doelen Entrance Kruisplein Rotterdam	11.00 am Wednesday 3 May 2000 The Queen Elizabeth II Conference Centre Broad Sanctuary, Westminster London SW1P 3EE

Announcements of results

First quarter	10 May 2000	Nine months	3 November 2000
First half year	4 August 2000	Provisional for year	8 February 2001

Dividends on ordinary capital

Final for 1999	NV	PLC	NV New York Shares	PLC American Shares
Proposal announced	22 February 2000	22 February 2000	22 February 2000	22 February 2000
Ex-dividend date	5 May 2000	17 April 2000	8 May 2000	20 April 2000
Record date	4 May 2000	25 April 2000	10 May 2000	25 April 2000
Declaration	3 May 2000	3 May 2000	3 May 2000	3 May 2000
Payment date	22 May 2000	22 May 2000	30 May 2000	30 May 2000

Interim for 2000	NV	PLC	NV New York Shares	PLC American Shares
Announced	3 November 2000	3 November 2000	3 November 2000	3 November 2000
Ex-dividend date	6 November 2000	13 November 2000	8 November 2000	15 November 2000
Record date	3 November 2000	17 November 2000	10 November 2000	17 November 2000
Payment date	18 December 2000	18 December 2000	18 December 2000	26 December 2000

Preferential dividends

NV	
4% Preference	Paid 1 January
6% Preference	Paid 1 October
7% Preference	Paid 1 October
10 cents Preference	Paid 9 June and 9 December

Shareholder Information

United Kingdom capital gains tax

The market value of PLC 1.4p ordinary shares at 31 March 1982 would have been 34.580p per share.

Since 1982, PLC ordinary shares have been sub-divided on two occasions and consolidated once. Firstly, with effect on 26 June 1987, the 25p shares were split into five shares of 5p each. Secondly, with effect on 13 October 1997, the 5p shares were split into four shares of 1.25p each. Lastly, with effect on 10 May 1999 the shares were consolidated by replacing every 112 shares of 1.25p each with 100 shares of 1.4p each.

Listing details

NV The shares or certificates (depository receipts) of NV are listed on the stock exchanges in Amsterdam, London, New York and in Belgium, France, Germany, Luxembourg and Switzerland.

PLC The shares of PLC are listed on the London Stock Exchange and, as American Depository Receipts (each evidencing four ordinary shares of 1.4p each), in New York.

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Publications

Copies of the following publications can be obtained without charge from Unilever's Corporate Relations Departments.

Unilever Annual Review 1999

available in English with guilder or sterling figures, and Dutch with guilder figures; a supplement is also available in English with US dollar figures.

Unilever Annual Accounts 1999

available in English with guilder or sterling figures, and Dutch with guilder figures.

Annual Reports on Form 20-F

the filings in English, with figures in guilders and sterling, with the United States Securities and Exchange Commission.

Quarterly Results Announcements

available in English and Dutch with euro figures; with sterling or US dollar figures available as supplements in English.

Charts Booklet

available in English with guilder, sterling and US dollar figures combined in a selection of charts and data over ten years.

Environment Report

available in English. The report charts the objectives and progress made on environmental management and product life cycle assessment.

Introducing Unilever

explains our business activities worldwide – available in English with guilder, sterling or US dollar figures, and in Dutch with guilder figures.

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Web Site

www.unilever.com

Our corporate web site has seven key sections for ease of navigation:

Company

an introduction to Unilever – its corporate purpose, geographic spread, organisation and history.

Brands

details of Unilever's best-known brands plus information on DiverseyLever and interactive marketing.

Environment

our environment commitments and goals are captured along with case studies of our work in sustainable agriculture and fisheries and the global Living Lakes project. Our latest environment report is also available.

Society

details of our work in society and in the communities in which we operate – for example in schools, health care and arts sponsorship.

Finance

Unilever's annual and quarterly results, the Annual Review and Accounts and the Annual Report on Form 20-F plus a Shareholder Centre which includes key dates in our financial year; details of shareholder meetings; Unilever's financial history; share price information; and frequently asked questions and answers.

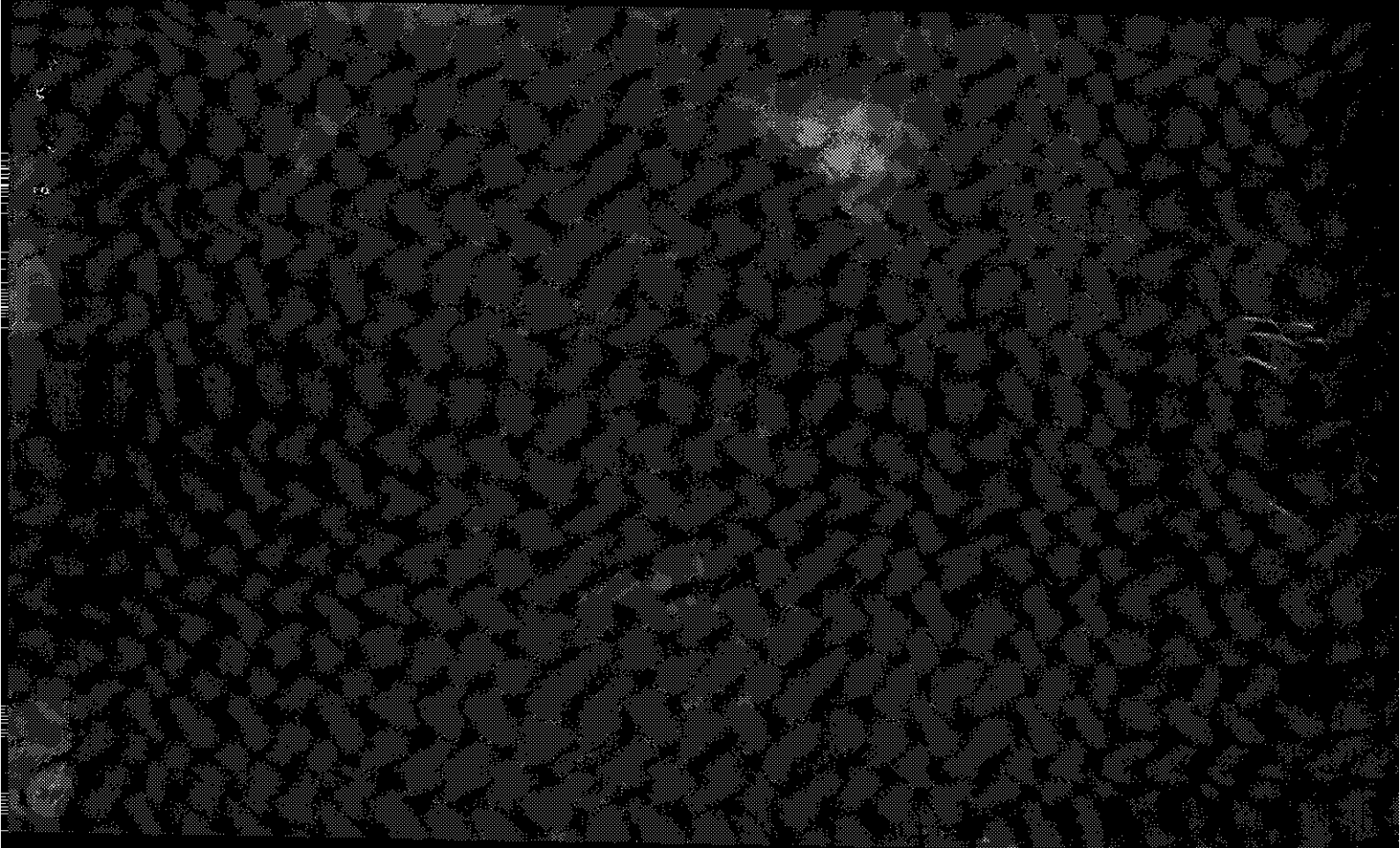
Careers

information on careers and opportunities with Unilever.

News

up-to-date information, including press releases, keynote speeches and photographs.

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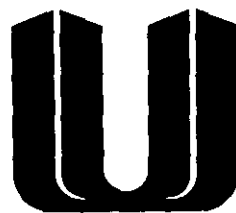
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UNILEVER ANNUAL ACCOUNTS

ENGLISH POUND STERLING



Unilever

13

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Unilever Annual Accounts 1999

This booklet and the separate booklet 'Unilever Annual Review 1999' together comprise the full Annual Report and Accounts for 1999 of Unilever N.V. (NV) and Unilever PLC (PLC) when expressed in guilders and pounds sterling respectively.

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General information

Unilever

The two parent companies, NV and PLC, operate as nearly as is practicable as a single entity (the Unilever Group, also referred to as Unilever or the Group). NV and PLC have the same directors and are linked by a series of agreements, including an Equalisation Agreement, which is designed so that the position of the shareholders of both companies is as nearly as possible the same as if they held shares in a single company.

The Equalisation Agreement provides for both companies to adopt the same accounting principles and requires as a general rule the dividends and other rights and benefits (including rights on liquidation) attaching to each Fl. 12 nominal of ordinary capital of NV to be equal in value at the relevant rate of exchange to the dividends and other rights and benefits attaching to each £1 nominal of ordinary share capital of PLC, as if each such unit of capital formed part of the ordinary capital of one and the same company. The ordinary capitals of NV and PLC are currently denominated as Fl. 1.12 and 1.4p nominal per share respectively. Applying the formula under the Equalisation Agreement, therefore, gives the result that one NV ordinary share enjoys the same dividend rights and other rights and benefits as 6.67 PLC ordinary shares.

The shares of each of NV and PLC are not convertible into or exchangeable for shares of the other. There is no fixed parity in the trading prices of the shares of NV and PLC and the relative share prices on the various markets can and do fluctuate from day to day and hour to hour for various reasons, including changes in exchange rates and taxation regimes applicable to various shareholders. Over time, the prices of the shares of NV and PLC stay in close relation to each other because the dividends and other rights and benefits attaching to those shares are fixed in the manner referred to above.

Each of NV and PLC has always paid its own dividends and, therefore, neither company has ever been called upon to make a payment to the other, as might be required under the Equalisation Agreement.

A contractual agreement has been established between NV and PLC under which each company agrees on request to guarantee the borrowings of the other or of any Unilever Group company where the other parent itself guarantees them. These arrangements are applied as a matter of Unilever's financial policy to certain significant public borrowings of each parent and of group companies. The purpose of the arrangement is for lenders of such borrowings to be able to rely on the combined financial strength of the Group.

Basis of consolidation

By reason of the operational and contractual arrangements referred to above and the internal participating interests set out in note 20 on page 20, NV and PLC and their group companies constitute a single group under Netherlands and United Kingdom legislation for the purposes of presenting consolidated accounts. Accordingly the accounts of the Unilever Group are presented by both NV and PLC as their respective consolidated accounts. These accounts are supplemented in note 33 on page 31 by additional information for the NV and PLC parts of the Group in which group companies are consolidated according to respective ownership.

General information

Companies legislation

The consolidated accounts of the Unilever Group comply with Book 2 of the Civil Code in the Netherlands and the United Kingdom Companies Act 1985. The company accounts, the notes to those accounts and the further statutory information given for each of NV and PLC comply with legislation in the Netherlands and the United Kingdom respectively. As explained under 'Group companies' on page 7, in order to give a true and fair view, the presentation of the consolidated capital and reserves differs from that specified by the United Kingdom Companies Act 1985.

Accounting standards

The accounts are prepared under the historical cost convention, in accordance with the accounting policies set out on pages 7 and 8, and comply in all material respects with applicable accounting standards in the Netherlands and the United Kingdom.

United Kingdom Statement of Standard Accounting Practice Number 15 (SSAP 15) requires that no provision should be made for deferred taxation where it is probable, based on reasonable assumptions, that a liability will not crystallise. In this respect, SSAP 15 is not in agreement with Dutch law as currently applied. For this reason, and because of the Equalisation Agreement, full provision continues to be made for deferred taxation. The effects of this departure from SSAP 15 are shown in note 6 on page 14, note 18 on page 19 and note 29 on page 27.

United Kingdom Urgent Issues Task Force Abstract 13 (UITF 13) requires that NV or PLC shares held by employee trusts to satisfy options should be classified by the sponsoring company as fixed assets. Dutch law requires such shares to be accounted for within capital and reserves. In order to comply with Dutch law and the Equalisation Agreement, the requirements of UITF 13 have not been followed. All shares held internally are accounted for in accordance with Dutch GAAP. The effects of this departure are shown in note 22 on page 22.

United Kingdom Financial Reporting Standard 12 'Provisions, Contingent Liabilities and Contingent Assets', Financial Reporting Standard 13 'Derivatives and Other Financial Instruments: Disclosures' and Financial Reporting Standard 15 'Measurement of Tangible Fixed Assets' have been applied for the first time in 1999; the application of these standards has not resulted in any prior year restatements.

OECD Guidelines

In preparing its annual accounts Unilever adheres to the disclosure recommendations of the OECD Guidelines for Multinational Enterprises.

Statements of directors' responsibilities

Annual accounts

The directors are required by Book 2 of the Civil Code in the Netherlands and the United Kingdom Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Unilever Group, NV and PLC as at the end of the financial year and of the profit or loss for that year.

The directors consider that in preparing the accounts the Group, NV and PLC have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed, except as noted under 'Accounting standards' on page 3.

The directors have responsibility for ensuring that NV and PLC keep accounting records which disclose with reasonable accuracy their financial position and which enable the directors to ensure that the accounts comply with the relevant legislation. They also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement, which should be read in conjunction with the 'Report of the auditors' set out on page 6, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

Going concern

The directors continue to adopt the going concern basis in preparing the accounts. This is because the directors, after making enquiries and following a review of the Group's budget for 2000 and 2001, including cash flows and borrowing facilities, consider that the Group has adequate resources to continue in operation for the foreseeable future.

Internal control

Unilever has a well established control environment, which is well documented and regularly reviewed. This incorporates internal control procedures which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled. The Boards of NV and PLC have also established a clear organisation structure, including delegation of appropriate authorities. The Group's control environment is supported through a Code of Business Principles, which sets standards of professionalism and integrity for its operations worldwide.

The Boards have overall responsibility for establishing key procedures designed to achieve a system of internal control and for reviewing its effectiveness. The day to day responsibility for implementation of these procedures and ongoing monitoring of risk and the effectiveness of these controls rests with the Group's senior management at individual operating company and Business Group level. Business Groups, each of which have their own Risk Committees, review, on an ongoing basis, the risks faced by their group and the related internal control arrangements and provide written reports to the Corporate Risk Committee. This is comprised mainly of Board members and chaired by the Financial Director. The Corporate Risk Committee maintains oversight, on behalf of the Boards, of the controls in place to identify, evaluate and manage risk. It reports regularly to the Boards, which retain ultimate responsibility.

Unilever's corporate internal audit function plays a key role in providing an objective view and continuing assessment of the effectiveness of the internal control systems throughout Unilever to both operating management and the Boards. The Group has an independent Audit Committee, entirely comprised of Advisory Directors. This Committee meets regularly with corporate internal audit and the external auditors.

Unilever has a comprehensive budgeting system with an annual budget approved by the Boards, which is regularly reviewed and updated. Performance is monitored against budget and the previous year through monthly and quarterly reporting routines. The Group reports to shareholders quarterly.

Unilever's system of internal control has been in place throughout 1999 and up to the date of this report, and complies with the recommendations of 'Internal Control – Guidance for Directors on the Combined Code', published by the Internal Control Working Party of the Institute of Chartered Accountants in England & Wales in September 1999.

Corporate governance

A vital factor in the arrangements between NV and PLC is their having the same directors. As the concept of the non-executive director, as recognised in the United Kingdom, is not a feature of corporate governance in the Netherlands, and the Supervisory Board, as recognised in the Netherlands, is unknown in the United Kingdom, it is not practicable to appoint supervisory or non-executive directors who could serve on both Boards. The Articles of Association of NV and PLC make provision for the appointment of Advisory Directors by the Boards and they perform many of the functions of supervisory and non-executive directors. The Audit, External Affairs and Corporate Relations, and Remuneration Committees consist exclusively of Advisory Directors and the majority of the members of the Nomination Committee are Advisory Directors. Details of the Advisory Directors, their role and the arrangements for their appointment are given on pages 42 to 45 of the 'Unilever Annual Review 1999'.

The Committee on Corporate Governance in the Netherlands issued its report 'Recommendations on Corporate Governance in the Netherlands' in 1997. NV applies the Committee's recommendations for supervisory directors to its Advisory Directors in so far as these are in line with their specific role within Unilever. NV complies with all other recommendations of the Committee, except that the Board of Directors takes the view that requests for an item to be placed on the agenda for a shareholders' meeting must be supported by more than an insignificant proportion of the shareholders and will therefore only accept requests from a shareholder or group of shareholders holding at least 1% of the voting rights attaching to the issued share capital of NV. Requests must be submitted, at the latest, 60 days prior to the date of the meeting.

PLC is required, as a company that is incorporated in the United Kingdom and listed on the London Stock Exchange, to state how it has applied the principles and how far it has complied with the provisions set out in Section 1 of the Combined Code ('the Code') appended to the Listing Rules of the London Stock Exchange.

Unilever's corporate governance arrangements are described on pages 43 to 45 of the 'Unilever Annual Review 1999'. As explained there, the Board controls the company through the Executive Committee. Responsibilities are shared by the Chairmen of NV and PLC, while the Advisory Directors perform many of the functions of the supervisory board members or non-executive directors, although they are not formally members of the Board. For the purposes of the Code, the Board has not appointed a senior independent director, on the basis that issues for the Board can be raised with whichever Advisory Director is the Chairman of the relevant Board Committee and the Advisory Directors are entitled to meet as a body and appoint a senior member as their spokesman.

Unilever's remuneration policy is contained within the report by the Boards on the Directors' remuneration and interests on pages 32 to 40 of this volume. This also deals with any non-compliance with the Code in this area.

Members of the Audit, Remuneration and Nomination Committees will be available to answer questions at the Annual General Meetings of both NV and PLC. The members attending each meeting will not necessarily include the Chairman of the Committee, since these meetings take place at about the same time in Rotterdam and London respectively.

A description of Unilever's compliance with 'Internal Control – Guidance for Directors on the Combined Code' is given on page 4.

Unilever has, since its inception, adopted the principle that it is good practice that the most senior roles in NV and PLC are shared and not concentrated in one person. As a consequence it is a principal tenet of its governance philosophy, which finds expression in two people who each combine the roles of Chairman and Chief Executive and who meet regularly for joint decision making. This carefully balanced arrangement has served Unilever's unique constitutional arrangements very well for many years and the Boards believe that to separate these roles would only introduce undesirable and unnecessary complexity. Since the Advisory Directors are not formally members of the Boards, it would be inappropriate for one of them to act as a Chairman.

In all other respects, PLC has complied with the Code throughout 1999.

Report of the auditors

Report of the auditors to the shareholders of Unilever N.V. and Unilever PLC

We have audited the accounts set out on pages 2 and 3, 7 to 31, 41 to 45 and 47 and 48.

Respective responsibilities of directors and auditors

As described on page 4, the directors are responsible for preparing the Annual Report and Accounts. This includes responsibility for preparing the accounts in accordance with applicable accounting standards in the Netherlands and the United Kingdom. Our responsibilities, as independent auditors, are established by Netherlands and United Kingdom law, relevant Stock Exchange rules and by our professional guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with Book 2 of the Civil Code in the Netherlands and the United Kingdom Companies Act 1985. We would also report to you if, in our opinion, the directors' report was not consistent with the accounts, if proper accounting records had not been kept, if we had not received all the information and explanations we require for our audit, or if information required regarding directors' remuneration and transactions was not disclosed.

We read the other information contained in the Annual Report and consider the implications for our audit report if we become aware of any material misstatements or inconsistencies with the accounts.

As auditors of Unilever PLC we review whether the statement on page 5 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the London Stock Exchange and we report if it does not. We are not required to consider whether the directors' statements on internal control cover all risks and controls or to form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands and the United Kingdom. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the most important estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Unilever Group, Unilever N.V. and Unilever PLC at 31 December 1999 and of the profit, total recognised gains and cash flows of the Group for the year then ended. In our opinion the accounts of the Unilever Group, and of Unilever N.V. and Unilever PLC respectively, have been properly prepared in accordance with Book 2 of the Civil Code in the Netherlands and the United Kingdom Companies Act 1985.

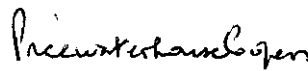


PricewaterhouseCoopers N.V.

Registeraccountants

Rotterdam

As auditors of Unilever N.V.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

London

As auditors of Unilever PLC

7 March 2000

Accounting policies

Unilever Group

Group companies

Group companies are those companies in whose share capital NV or PLC holds an interest directly or indirectly, and whose consolidation is required for the accounts to give a true and fair view.

In order that the consolidated accounts should present a true and fair view, it is necessary to differ from the presentational requirements of the United Kingdom Companies Act 1985 by including amounts attributable to both NV and PLC shareholders in the capital and reserves shown in the balance sheet. The Companies Act would require presentation of the capital and reserves attributable to PLC and NV shareholders as minority interests in the respective consolidated accounts of NV and PLC. This presentation would not give a true and fair view of the effect of the Equalisation Agreement, under which the position of all shareholders is as nearly as possible the same as if they held shares in a single company.

Net profit and profit of the year retained are presented on a combined basis on page 9, with the net profit attributable to NV and PLC shareholders shown separately. Movements in profit retained are analysed between those attributable to NV and PLC shareholders in note 21 on page 22.

Foreign currencies

Exchange differences arising in the accounts of individual companies are dealt with in their respective profit and loss accounts. Those arising on trading transactions are taken to operating profit; those arising on cash, current investments and borrowings are classified as interest.

In preparing the consolidated accounts, the profit and loss account, the cash flow statement and all movements in assets and liabilities are translated at annual average rates of exchange. The balance sheet, other than the ordinary share capital of NV and PLC, is translated at year-end rates of exchange. In the case of hyper-inflationary economies, the accounts are adjusted to remove the influences of inflation before being translated.

The ordinary share capital of NV and PLC is translated at the rate of £1 = Fl. 12 contained in the Equalisation Agreement. The difference between this and the value derived by applying the year-end rate of exchange is taken to other reserves (see note 22 on page 22).

The effects of exchange rate changes during the year on net assets at the beginning of the year are recorded as a movement in profit retained, as is the difference between profit of the year retained at average rates of exchange and at year-end rates of exchange.

Goodwill and intangible assets

No value is attributable to internally generated intangible assets. Goodwill (being the difference between the consideration paid for new interests in group companies, joint ventures and associated companies and the fair value of the Group's share of their net assets at the date of acquisition) and identifiable intangible assets purchased after 1 January 1998 are capitalised and amortised in operating profit over the period of their expected useful life, up to a maximum of 20 years. Periods in excess of 5 years are used only where the directors are satisfied that the life of these assets will clearly exceed that period. Goodwill and intangible assets purchased prior to 1 January 1998 were written off in the year of acquisition as a movement in profits retained.

On disposal of a business acquired prior to 1 January 1998, purchased goodwill written off on acquisition is reinstated in arriving at the profit or loss on disposal.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on a straight-line basis at percentages of cost based on the expected average useful lives of the assets. Estimated useful lives by major class of assets are as follows:

Freehold buildings (no depreciation on freehold land)	33 – 40 years
Leasehold land and buildings	*33 – 40 years
Plant and equipment	3 – 20 years
Motor vehicles	3 – 6 years

* or life of lease if less than 33 years

Current cost information is given in note 9 on page 15.

Fixed investments

Joint ventures are undertakings in which the Group has a long-term participating interest and which are jointly controlled by the Group and one or more other parties. Associated companies are undertakings in which the Group has a participating interest and is able to exercise significant influence.

Interests in joint ventures and associated companies are stated in the consolidated balance sheet at the Group's share of their underlying net assets.

Other fixed investments are stated at cost less any amounts written off to reflect a permanent diminution in value.

Accounting policies

Unilever Group

Current assets

Stocks are valued at the lower of cost and estimated net realisable value. Cost is mainly average cost, and comprises direct costs and, where appropriate, a proportion of production overheads.

Debtors are stated after deducting adequate provision for doubtful debts.

Current investments are liquid funds temporarily invested and are stated at their realisable value. The difference between this and their original cost is taken to interest in the profit and loss account.

Retirement benefits

The expected costs of providing retirement pensions under defined benefit schemes, as well as the costs of other post-retirement benefits, are charged to the profit and loss account over the periods benefiting from the employees' services. Variations from expected cost are normally spread over the average remaining service lives of current employees.

Contributions to defined contribution pension schemes are charged to the profit and loss account as incurred.

Liabilities arising under defined benefit schemes are either externally funded or provided for in the consolidated balance sheet. Any difference between the charge to the profit and loss account in respect of funded schemes and the contributions payable to each scheme is recorded in the balance sheet as a prepayment or provision.

Deferred taxation

Full provision is made for deferred taxation, at the rates of tax prevailing at the year-end unless future rates have been enacted, on all significant timing differences arising from the recognition of items for taxation purposes in different periods to those in which they are included in the Group accounts.

Provision is not made for taxation which would become payable if retained profits of group companies and joint ventures were distributed to the parent companies, as it is not the intention to distribute more than the dividends, the tax on which is included in the accounts.

Derivative financial instruments

The types of derivative financial instruments used by Unilever are described in note 32 on page 29 and in the Unilever Annual Review 1999 in the Financial Review section on page 37.

Changes in the value of forward foreign exchange contracts are recognised in the results in the same period as changes in the values of the assets and liabilities they are intended to hedge. Interest payments and receipts arising from interest rate derivatives such as swaps and forward rate agreements are matched to those arising from underlying debt and investment positions.

Payments made or received in respect of the early termination of derivative financial instruments are spread over the original life of the instrument so long as the underlying exposure continues to exist.

Research and development

Expenditure on research and development is charged against the profit of the year in which it is incurred.

Turnover

Group turnover comprises sales of goods and services after deduction of discounts and sales taxes. It includes sales to joint ventures and associated companies but does not include sales by joint ventures and associated companies or sales between group companies.

Transfer pricing

The preferred method for determining transfer prices for own manufactured goods is to take the market price. Where there is no market price, the companies concerned follow established transfer pricing guidelines, where available, or else engage in arm's length negotiations.

Trade marks owned by the parent companies and used by operating companies are, where appropriate, licensed in return for royalties or a fee.

General services provided by central advisory departments, Business Groups and research laboratories are charged to operating companies on the basis of fees.

Leases

Lease payments, which are principally in respect of operating leases, are charged to the profit and loss account on a straight-line basis over the lease term, or over the period between rent reviews where these exist.

Shares held by employee share trusts

The assets and liabilities of certain PLC trusts, NV and group companies which purchase and hold NV and PLC shares to satisfy options granted are included in the Group accounts. The book value of shares held is deducted from capital and reserves, and trust borrowings are included in the Group's borrowings. The costs of the trusts are included in the results of the Group. These shares are excluded from the basic earnings per share calculation.

Consolidated profit and loss account and Statement of total recognised gains and losses

Unilever Group

Consolidated profit and loss account for the year ended 31 December

	£ million	
	1999	1998
Turnover 1	26 994	27 094
Continuing operations	26 904	27 094
Acquisitions	90	
Operating costs 2	(24 159)	(24 139)
Operating profit 1	2 835	2 955
Continuing operations	2 839	2 955
Acquisitions	(4)	
Operating profit before exceptional items	3 012	2 871
Income from fixed investments 10	34	25
Interest 5	(9)	105
Profit on ordinary activities before taxation	2 860	3 085
Taxation 6	(902)	(1 015)
Profit on ordinary activities after taxation	1 958	2 070
Minority interests	(133)	(97)
Net profit	1 825	1 973
Attributable to: NV 21	1 160	1 112
PLC 21	665	861
Dividends	(833)	(5 812)
Preference dividends	(13)	(4)
Dividends on ordinary capital 7	(820)	(829)
Special dividend 7		(4 979)
Profit of the year retained	992	(3 839)
Combined earnings per share 29		
Guilders per Fl. 1.12 (1998: Fl. 1) of ordinary capital	5.80	5.80
Pence per 1.4p (1998: 1.25p) of ordinary capital	26.01	26.45
On a diluted basis the figure would be:		
Guilders per Fl. 1.12 (1998: Fl. 1) of ordinary capital	5.66	5.66
Pence per 1.4p (1998: 1.25p) of ordinary capital	25.36	25.80

See note 29 on page 27 for an explanation of the impact of the share consolidation on earnings per share.

Statement of total recognised gains and losses for the year ended 31 December

Net profit	1 825	1 973
Currency retranslation	(211)	(143)
Total recognised gains since last annual accounts	1 614	1 830

Consolidated balance sheet as at 31 December

Unilever Group

	£ million	
	1999	1998
Fixed assets	5 972	6 085
Goodwill and intangible assets 8	400	200
Tangible fixed assets 9	5 484	5 780
Fixed investments 10	88	105
Current assets		
Stocks 11	3 185	3 351
Debtors 12	4 777	4 755
Debtors due within one year 12	3 569	3 618
Debtors due after more than one year 12	1 208	1 137
Current investments 13	918	3 482
Cash at bank and in hand 14	2 484	3 847
Total current assets	11 364	15 435
Creditors due within one year	(7 543)	(12 688)
Borrowings 15	(1 825)	(1 641)
Trade and other creditors 16	(5 718)	(5 917)
Special dividend		(5 130)
Net current assets	3 821	2 747
Total assets less current liabilities	9 793	8 832
Creditors due after more than one year	1 760	2 148
Borrowings 15	1 152	1 609
Trade and other creditors 16	608	539
Provisions for liabilities and charges	2 848	3 044
Pensions and similar obligations 17	2 058	2 084
Deferred taxation and other provisions 18	790	960
Minority interests	360	288
Capital and reserves 19	4 825	3 352
Attributable to: NV:		
Called up share capital 20	134	138
Share premium account	868	17
Other reserves 22	(99)	(8)
Profit retained 21	2 903	2 356
	3 806	2 503
PLC:		
Called up share capital 20	41	41
Share premium account	94	94
Other reserves 22	(280)	(191)
Profit retained 21	1 164	905
	1 019	849
Total capital employed	9 793	8 832

Capital and reserves include amounts relating to preference shares in NV which under United Kingdom Financial Reporting Standard 4 are classified as non-equity. Minority interests in group companies are substantially all equity interests.

Consolidated cash flow statement for the year ended 31 December

Unilever Group

	£ million	
	1999	1998
Cash flow from operating activities 26	3 724	3 026
Dividends from joint ventures	18	16
Returns on investments and servicing of finance 27	(103)	45
Taxation	(951)	(845)
Capital expenditure and financial investment 27	(989)	(939)
Acquisitions and disposals 27	(240)	226
Dividends paid on ordinary share capital	(834)	(719)
Special dividend	(4 014)	
Cash flow before management of liquid resources and financing	(3 389)	810
Management of liquid resources 27	3 740	(1 341)
Financing 27	(96)	28
Increase/(decrease) in cash in the period	255	(503)

Reconciliation of cash flow to movement in net funds/(debt)

Net funds/(debt) at 1 January 28	4 079	3 183
Increase/(decrease) in cash in the period	255	(503)
Cash flow from decrease/(increase) in borrowings	99	(16)
Cash flow from (decrease)/increase in liquid resources	(3 740)	1 341
Change in net funds resulting from cash flows	(3 386)	822
Borrowings within group companies acquired	(19)	(11)
Borrowings within group companies sold	3	2
Liquid resources within group companies acquired	2	—
Liquid resources within group companies sold	—	(1)
Non cash movements	(141)	(7)
Currency retranslation	(113)	91
(Decrease)/increase in net funds in the period	(3 654)	896
Net funds/(debt) at 31 December 28	425	4 079

Notes to the consolidated accounts

Unilever Group

1 Segmental information

£ million			1999	1998
	Continuing operations	Acquisitions	Total	Total
Turnover (a)(b)				
By geographical area:				
Europe	12 349	29	12 378	12 711
North America	5 822	—	5 822	5 640
Africa and Middle East	1 514	—	1 514	1 493
Asia and Pacific	4 385	44	4 429	3 888
Latin America	2 834	17	2 851	3 362
	26 904	90	26 994	27 094
By operation:				
Foods – Oil & dairy based foods and bakery	4 795	—	4 795	5 154
– Ice cream and beverages	4 324	48	4 372	4 437
– Culinary and frozen foods	4 316	25	4 341	4 512
Home Care and Professional Cleaning	5 984	14	5 998	5 905
Personal Care	7 029	3	7 032	6 680
Other Operations	456	—	456	406
	26 904	90	26 994	27 094
Operating profit (a)				
By geographical area before exceptional items:				
Europe	1 489	2	1 491	1 420
North America	641	—	641	605
Africa and Middle East	165	—	165	150
Asia and Pacific	440	(5)	435	341
Latin America	281	(1)	280	355
Operating profit before exceptional items	3 016	(4)	3 012	2 871
Exceptional items 4 (d)	(177)	—	(177)	84
Operating profit	2 839	(4)	2 835	2 955
By operation before exceptional items:				
Foods – Oil & dairy based foods and bakery	513	—	513	495
– Ice cream and beverages	397	(6)	391	399
– Culinary and frozen foods	433	3	436	445
Home Care and Professional Cleaning	563	(1)	562	603
Personal Care	1 040	—	1 040	855
Other Operations	70	—	70	74
Operating profit before exceptional items	3 016	(4)	3 012	2 871
Exceptional items 4 (d)	(177)	—	(177)	84
Operating profit	2 839	(4)	2 835	2 955

Notes:

- (a) The analysis of turnover by geographical area is stated on the basis of origin. Turnover on a destination basis would not be materially different. Inter-segment sales between operational segments and between geographical areas are not material. For the United Kingdom and the Netherlands, the combined turnover was £3 287 million (1998: £3 298 million) and the combined operating profit was £475 million (1998: £886 million).
- (b) Group share of the turnover of joint ventures was £188 million (1998: £135 million) of which £60 million (1998: £58 million) was in Europe. These figures are not included in the analysis above.
- (c) Net operating assets are goodwill and intangible assets purchased after 1 January 1998, tangible fixed assets, stocks and debtors less trade and other creditors (excluding taxation and dividends) and less provisions for liabilities and charges other than deferred taxation and deferred purchase consideration. 1998 has been restated to include goodwill and intangible assets.
- (d) 1998 included the profit on disposal of Plant Breeding International.

Unilever Group Notes to the consolidated accounts

1 Segmental information (continued)

	£ million	
	1999	1998
Net operating assets (c)		
By geographical area:		
Europe	2 136	2 302
North America	1 241	1 227
Africa and Middle East	506	494
Asia and Pacific	932	905
Latin America	945	967
	5 760	5 895
By operation:		
Foods – Oil & dairy based foods and bakery	786	914
– Ice cream and beverages	1 556	1 581
– Culinary and frozen foods	963	958
Home Care and Professional Cleaning	1 330	1 296
Personal Care	1 027	1 029
Other Operations	98	117
	5 760	5 895

2 Operating costs

Cost of sales	(14 652)	(14 949)
Continuing operations	(14 591)	(14 949)
Acquisitions	(61)	
Distribution and selling costs	(6 670)	(6 613)
Continuing operations	(6 651)	(6 613)
Acquisitions	(19)	
Administrative expenses	(2 837)	(2 577)
Continuing operations	(2 823)	(2 577)
Acquisitions	(14)	
	(24 159)	(24 139)
Operating costs include:		
Staff costs 3	(3 839)	(4 065)
Raw materials and packaging	(11 550)	(11 860)
Amortisation of goodwill and intangibles	(15)	(6)
Depreciation of tangible fixed assets	(741)	(624)
Advertising and promotions	(3 521)	(3 476)
Research and development	(616)	(556)
Lease rentals: Plant and machinery	(72)	(85)
Other	(245)	(206)
Remuneration of auditors:		
Audit fees	(8)	(7)
Payments to PricewaterhouseCoopers for non-audit services (a)	(23)	(20)
(a) Non-audit services include due diligence work in respect of acquisitions and disposals £2 million (1998: £2 million); tax compliance and advisory services £9 million (1998: £3 million) and other general consultancy £12 million (1998: £15 million).		

3 Staff costs and employees

	£ million	
	1999	1998
Staff costs:		
Remuneration of employees	(3 227)	(3 420)
Emoluments of directors as managers	(7)	(8)
Pension costs:		
Defined benefit schemes:		
Regular cost	(195)	(198)
Other	(73)	(74)
Amortisation of surpluses/deficits 30	160	190
Defined contribution schemes	(3)	(11)
Post-retirement health benefits	(39)	(47)
Social security costs	(455)	(497)
Total staff costs	(3 839)	(4 065)

Details of the remuneration of directors which form part of these accounts are given in the following sections of the Directors' remuneration and interests report: 'Directors' pensions' on pages 33 and 34; 'Directors' emoluments' on page 35; 'Directors' interests: share options' on pages 36, 37 and 38 and 'Advisory Directors' on page 40.

The average number of employees during the year was, in thousands:

Europe	79	83
North America	22	23
Africa and Middle East	52	58
Asia and Pacific	72	73
Latin America	30	30
	255	267

4 Exceptional items

Included in operating profit		
Restructuring	(153)	(178)
Other including business disposals	(24)	262
	(177)	84
By geographical area:		
Europe	(63)	121
North America	(83)	26
Africa and Middle East	10	(1)
Asia and Pacific	(12)	(35)
Latin America	(29)	(27)
	(177)	84
By operation:		
Foods – Oil & dairy based foods and bakery	(50)	(47)
– Ice cream and beverages	(33)	(51)
– Culinary and frozen foods	(79)	(34)
Home Care and Professional Cleaning	(22)	(41)
Personal Care	(24)	(15)
Other Operations	31	272
	(177)	84

These amounts are mainly included in administrative expenses.

Unilever Group Notes to the consolidated accounts

4 Exceptional items (continued)

Exceptional items are those items within ordinary activities which, because of their size or nature, are disclosed to give a proper understanding of the underlying result for the period. These include restructuring charges associated with reorganising businesses (comprising impairment of fixed assets, costs of severance, and other costs directly attributable to the restructuring), and profits and losses on disposal of businesses. Provisions for impairment of fixed assets are recognised immediately the decision to reorganise is taken; provisions for other costs are taken when the obligation arises – normally on announcement; consequential costs within restructuring which arise in the ongoing business e.g. training, relocation and information technology, are recognised as they arise and are not normally treated as exceptional.

On 22 February 2000, the Group announced a series of linked initiatives to align the organisation behind plans for accelerating growth and expanding margins. These initiatives are estimated to cost £3.3 billion over five years, most of which is expected to be exceptional restructuring costs. Provisions for these costs and asset write downs will be made as necessary consultations are completed and plans finalised.

5 Interest

	£ million	
	1999	1998
Interest payable and similar charges:		
Bank loans and overdrafts	(104)	(129)
Bonds and other loans	(191)	(129)
Interest receivable and similar income	278	361
Exchange differences	8	2
	(9)	105

6 Taxation on profit on ordinary activities

Parent and group companies (a)	(898)	(1 013)
Joint ventures	(4)	(2)
	(902)	(1 015)
Of which:		
Adjustments to previous years	87	44
(a) United Kingdom Corporation Tax at 30.0% (1998: 31.0%)	(293)	(244)
less: double tax relief	159	52
plus: non-United Kingdom taxes	(764)	(821)
	(898)	(1 013)
Deferred taxation has been included on a full provision basis for:		
Accelerated depreciation	56	54
Other	55	(38)
	111	16
On a SSAP 15 basis the credit/(charge) for deferred taxation would be:	92	(26)
Profit on ordinary activities after taxation on a SSAP 15 basis would be:	1 939	2 028

6 Taxation on profit on ordinary activities (continued)

Europe is Unilever's domestic tax base. The reconciliation between the computed rate of income tax expense which is generally applicable to Unilever's European companies and the actual rate of taxation charged, expressed in percentages of the profit on ordinary activities before taxation, is as follows:

	%	
	1999	1998
Computed rate of tax (see below)	32	32
Differences due to:		
Other rates applicable to non-European countries	2	1
Incentive tax credits	(2)	(1)
Withholding tax on dividends	2	1
Adjustments to previous years	(3)	(1)
Other	1	1
Actual rate of tax	32	33

In the above reconciliation, the computed rate of tax is the average of the standard rates of tax applicable in the European countries in which Unilever operates, weighted by the amount of profit on ordinary activities before taxation generated in each of those countries.

7 Dividends on ordinary capital

Dividends on ordinary capital		
– Interim	(256)	(252)
– Normal final	(564)	(577)
– Special final (a)	–	(4 979)
(a) Assuming all shareholders had elected to take the cash dividend, further details are set out in note 19 on page 19 and note 20 on page 20.		

8 Goodwill and intangible assets (a)

Cost	
1 January	206
Acquisitions/disposals	218
Currency retranslation	(3)
31 December (b)	421
Amortisation	
1 January	6
Charged to profit and loss account	15
Currency retranslation	–
31 December	21
Net book value 31 December (b)	400

(a) Arising on businesses purchased after 1 January 1998.

(b) Of which identifiable intangibles have a net book value of £58 million and a cost of £62 million.

Unilever Group Notes to the consolidated accounts

9 Tangible fixed assets

	£ million	
	1999	1998
At cost less depreciation:		
Land and buildings (a)	1 698	1 804
Plant and machinery	3 786	3 976
	5 484	5 780
(a) includes: freehold land	204	216
leasehold land (mainly long-term leases)	58	54
Approximate current replacement cost of tangible fixed assets net of accumulated current cost depreciation	6 364	6 808
On a current replacement cost basis the depreciation charge to the profit and loss account would have been increased by	(170)	(172)
Commitments for capital expenditure at 31 December	154	201
	Land and buildings	Plant and machinery
Movements during 1999		
Cost		
1 January	2 609	8 080
Currency retranslation	(135)	(471)
Capital expenditure	112	747
Disposals	(123)	(704)
Acquisition/disposal of group companies	(30)	(36)
Other adjustments	7	(9)
31 December	2 440	7 607
Depreciation		
1 January	805	4 104
Currency retranslation	(48)	(260)
Disposals	(85)	(595)
Acquisition/disposal of group companies	(11)	(86)
Charged to profit and loss account (b)	78	663
Other adjustments	3	(5)
31 December	742	3 821
Net book value 31 December	1 698	3 786
Includes payments on account and assets in course of construction	50	249
(b) Including a charge of £115 million in respect of certain fixed assets written down to net realisable value in connection with restructuring projects.		

10 Fixed investments

	£ million	
	1999	1998
Share of joint ventures:		
Assets	41	53
Liabilities	(20)	(31)
Net assets	21	22
Other fixed investments	67	83
	88	105
Investments listed on a recognised stock exchange	14	8
Unlisted investments	74	97
	88	105
Market value of listed investments	23	19
Movements during the year:		
1 January	105	
Acquisitions/disposals	—	
Currency retranslation	(9)	
Additions/reductions	(12)	
Share of profits of joint ventures	4	
31 December	88	
Income from fixed investments		
Share of joint ventures' operating profit	28	20
Share of interest and other income	(3)	—
Share of joint ventures' profit before taxation	25	20
Income from other fixed investments	6	5
Profit on disposal	3	—
	34	25
11 Stocks		
Raw materials and consumables	1 303	1 443
Finished goods and goods for resale	1 882	1 908
	3 185	3 351
12 Debtors		
Due within one year:		
Trade debtors	2 620	2 628
Prepayments and accrued income	244	254
Other debtors	705	736
	3 569	3 618
Due after more than one year:		
Prepayments to funded pension schemes 17	381	403
Deferred taxation 18	732	621
Other debtors	95	113
	1 208	1 137
Total debtors	4 777	4 755

Unilever Group Notes to the consolidated accounts

13 Current investments

	£ million	
	1999	1998
Listed	831	3 431
Unlisted	87	51
	918	3 482

Current investments include short-term deposits, government securities and A- or higher rated money and capital market instruments.

14 Cash at bank and in hand

On call and in hand	855	656
Repayment notice required	1 629	3 191
	2 484	3 847

Interest rate profile and currency analysis of financial assets

Taking into account the various interest rate swaps, forward rate agreements and forward foreign currency contracts entered into by the Group, the table below sets out the interest rate profile of the Group's financial assets analysed by principal currency:

			Fixed rate	Floating rate	Total
	£ million	Weighted average interest rate	Weighted average fixing period	£ million	£ million
1999					
Sterling	50	5.3%	0.1 years	368	418
US Dollar	—	—	—	576	576
Euro	685	4.8%	1.0 years	1 080	1 765
Other	—	—	—	643	643
Total	735			2 667	3 402
1998					
Sterling	385	6.6%	1.1 years	1 043	1 428
US Dollar	—	—	—	1 593	1 593
Euro	2 097	5.1%	0.9 years	1 711	3 808
Other	—	—	—	500	500
Total	2 482			4 847	7 329

Interest on substantially all of the floating rate financial assets above is determined principally by reference to the 3 months LIBOR. In addition to the above, the Group has other fixed investments of £67 million (1998: £83 million) which are non interest bearing and have no fixed repayment date.

Unilever Group Notes to the consolidated accounts

15 Borrowings

	£ million	
	1999	1998
Bank loans and overdrafts	1 284	1 302
Bonds and other loans	1 693	1 948
	2 977	3 250
The repayments fall due as follows:		
Within 1 year:		
Bank loans and overdrafts	1 146	1 180
Bonds and other loans	679	461
Total due within one year	1 825	1 641
After 1 year but within 2 years	504	421
After 2 years but within 5 years	476	538
After 5 years: By instalments	2	3
Not by instalments	170	647
Total due after more than one year	1 152	1 609
Total amount repayable by instalments any of which are payable after 5 years	15	17
Secured borrowings – mainly bank loans and overdrafts	32	92
Of which secured against tangible fixed assets	17	32

15 Borrowings (continued)

	£ million	
	1999	1998
Bonds and other loans		
NV		
8% Notes 1999 (US \$)	—	120
9% Bonds 2000 (NLG) (a)	137	155
3½% Bonds 2001 (Swiss Frs.) (b)	116	133
5½% Notes 2001 (Deutschmarks) (c)	95	108
6% Notes 2001 (US \$) (d)	124	120
6½% Notes 2001 (US \$) (d)	155	150
6½% Bonds 2004 (NLG) (a)	99	112
7½% Bonds 2004 (French Frs.) (e)	142	161
7¼% Bonds 2004 (US \$) (d)	155	150
6½% Notes 2005 (US \$) (d)	124	120
Other	258	283
Total NV	1 405	1 612
Guilder equivalent in millions	4 980	5 033
Other group companies		
USA		
9¼% Notes 2000 (d)	248	240
Other	4	2
Other loans	36	94
Total other group companies	288	336
Total bonds and other loans	1 693	1 948

Swapped into:

- (a) floating rate guilders (range 2.9% - 3.2% at 31 December 1999)
- (b) floating rate guilders (3.1% at 31 December 1999) and United States dollars (5.8% at 31 December 1999)
- (c) floating rate Deutschmarks (3.0% at 31 December 1999) and fixed rate Canadian dollars (6.7%)
- (d) floating rate United States dollars (range 5.8% - 7.5% at 31 December 1999)
- (e) floating rate French francs (7.9% at 31 December 1999)

Derivative financial instruments are used to swap portions of the fixed rate debt described above into floating rate debt. Further details are set out in note 32 on page 29.

The average interest rate on short-term borrowings in 1999 was 9% (1998: 8%).

The day to day financing needs of Unilever's operating companies are met using short-term overdraft facilities, substantially all of which are uncommitted. In addition, at 31 December 1999 Unilever had committed borrowing facilities of £172 million, all of which mature within one year.

Unilever Group Notes to the consolidated accounts

15 Borrowings (continued)

Interest rate profile and currency analysis of financial liabilities

Taking into account the various interest rate swaps, forward rate agreements and forward foreign currency contracts entered into by the Group, the table below sets out the interest rate profile of the Group's financial liabilities analysed by principal currency:

	£ million	Weighted average interest rate	Fixed rate Weighted average fixing period	Floating rate £ million	Total £ million
1999					
US dollar	—	—	—	938	938
Euro	30	6.6%	5.5 years	1 276	1 306
Sterling	—	—	—	76	76
Other	149	6.6%	3.0 years	508	657
Total	179			2 798	2 977
1998					
US dollar	661	6.9%	3.5 years	596	1 257
Euro	217	7.2%	5.5 years	1 022	1 239
Sterling	—	—	—	21	21
Other	199	7.0%	2.5 years	534	733
Total	1 077			2 173	3 250

Interest on substantially all of the floating rate financial liabilities above is determined principally by reference to LIBOR.

In addition to the above, the Group has preference shares denominated in guilders, which have no fixed repayment date. Details of the dividends payable on these preference shares are given in note 20 on page 20.

16 Trade and other creditors

	£ million	
	1999	1998
Due within one year:		
Trade creditors	2 520	2 462
Social security and sundry taxes	261	279
Accruals and deferred income	1 303	1 294
Taxation on profits	396	456
Dividends (a)	556	599
Others	682	827
	5 718	5 917
Due after one year:		
Accruals and deferred income	85	87
Taxation on profits	412	368
Others	111	84
	608	539
Total creditors	6 326	6 456

(a) Excludes the special dividend.

17 Pensions and similar obligations

	£ million	
	1999	1998
These are predominantly long-term liabilities:		
Unfunded pension schemes	1 362	1 499
Funded pension schemes	(192)	(318)
Post-retirement health benefits	507	500
	1 677	1 681
Add asset balances reclassified as debtors after more than one year 12	381	403
	2 058	2 084
Movements during the year:		
1 January	1 681	
Currency retranslation	(154)	
Profit and loss account	150	
Payments (a)	(21)	
Acquisitions/disposals	(5)	
Other adjustments	26	
31 December	1 677	

(a) Net of refunds received from pension funds totalling £176 million.

Further details of Unilever's pension and post-retirement health benefits are given in notes 30 and 31 on page 28.

Unilever Group Notes to the consolidated accounts

18 Deferred taxation and other provisions

	£ million	
	1999	1998
Deferred taxation on:		
Accelerated depreciation	713	815
Stock reliefs	43	40
Pension and similar provisions	(346)	(325)
Short-term and other timing differences	(686)	(738)
	(276)	(208)
Less asset balances reclassified as debtors due after more than one year 12	732	621
	456	413
Restructuring provisions	226	389
Other provisions	108	158
	790	960
Movements in deferred taxation:		
1 January	(208)	
Currency retranslation	43	
Acquisition/disposal of group companies	—	
Profit and loss account	(111)	
31 December	(276)	
On a SSAP 15 basis the deferred taxation asset would be:	(114)	(45)
Movements in restructuring provisions:		
1 January	389	
Currency retranslation	(33)	
Profit and loss account – new charges	131	
– releases	(39)	
Utilisation	(222)	
31 December	226	
Restructuring provisions include primarily provisions for severance costs in connection with business reorganisations which have been announced.		
Movements in other provisions:		
1 January	158	
Currency retranslation	(7)	
Acquisition/disposal of group companies	—	
Profit and loss account	(10)	
Utilisation	(33)	
31 December	108	

19 Capital and reserves

	£ million	
	1999	1998
Movements during the year:		
1 January	3 352	7 416
Profit of the year retained	992	(3 839)
Goodwill movements	25	1
Currency retranslation	(281)	(128)
Change in book value of shares or certificates held in connection with share options	(174)	(98)
Issue of new shares under PLC share option schemes	—	—
Issue of new NV preference shares	911	—
31 December	4 825	3 352
As required by United Kingdom Financial Reporting Standard 4 capital and reserves can be analysed as follows:		
Equity:		
Ordinary capital	3 892	3 267
Non-equity:		
7% Cumulative Preference	8	9
6% Cumulative Preference	45	52
4% Cumulative Preference	21	24
10 cents Cumulative Preference	859	—
Total non-equity	933	85
	4 825	3 352

Share capital and share premium

On 9 June 1999 NV issued 211 473 785 cumulative preference shares to those shareholders who elected to receive shares instead of the special dividend. The 10 cents cumulative preference shares were issued at a notional value of Fl. 14.50 per share, which is equal to the amount of the special dividend, of which Fl. 14.40 was credited to the share premium account. Further details are set out in note 20 on page 20 and in the share premium account note on page 45.

The issued share capital of NV increased by £6 million as a result of the issue of the 10 cents cumulative preference shares. NV share premium account increased by £905 million after charging issue costs of £6 million, and reduced by £54 million as a result of exchange differences.

A small number of PLC shares were allotted during the year under the PLC 1985 Executive Share Option Schemes.

Unilever Group Notes to the consolidated accounts

20 Called up share capital

Authorised			Nominal value per share	Number of shares allotted	Allotted, called up and fully paid	
1999	1998				1999	1998
Fl. million				Fl. million		
Preferential share capital						
NV						
75	75	7% Cumulative Preference	Fl. 1 000	29 000	29	29
200	200	6% Cumulative Preference	Fl. 1 000	161 060	161	161
75	75	4% Cumulative Preference	Fl. 100	750 000	75	75
65		10 cents Cumulative Preference	Fl. 0.10	211 473 785	21	
415	350				286	265
Sterling equivalent in millions (at year-end exchange rate)					81	85
Ordinary share capital						
NV						
Fl. million				Fl. million		
1 120		Ordinary: (1999)	Fl. 1.12	571 575 900	640	
	1 000	(1998)	Fl. 1	640 165 000		640
2	2	Ordinary (shares numbered 1 to 2 400 - 'Special Shares')	Fl. 1 000	2 400	2	2
—	—	Internal holdings eliminated in consolidation (Fl. 1 000 shares)			(2)	(2)
1 122	1 002				640	640
Sterling equivalent in millions (at £1 = Fl. 12)					53	53
Total NV share capital (sterling equivalent in millions)					134	138
PLC						
£ million				£ million		
136.2		Ordinary: (1999)	1.4p	2 911 458 580	40.8	
	136.2	(1998)	1.25p	3 260 695 640		40.8
0.1	0.1	Deferred	£1 stock	100 000	0.1	0.1
—	—	Internal holdings eliminated in consolidation (£1 stock)			(0.1)	(0.1)
136.3	136.3	Total PLC share capital			40.8	40.8

The 7%, 6% and 4% preference shares of NV are entitled to dividends at the rates indicated. The 10 cents preference shares of NV are entitled to a dividend of 65% of the 6 months Euribor interest rate on their notional value of Fl. 14.50 each. A nominal dividend of ¼% is paid on the deferred stock of PLC.

The 4% cumulative preference share capital of NV is redeemable at par at the Company's option either wholly or in part. The Company has agreed that it will not buy back the 10 cents cumulative preference share capital of NV before 9 June 2004. At any time after this date, at the Company's option, Fl. 14.40 of the notional value of the preference shares is convertible into ordinary NV shares and the remaining notional value is then redeemable. The Company expects to exercise the conversion right if any preference shares remain outstanding after 1 December 2004. The other classes of preferential share capital of NV and the deferred stock of PLC are not redeemable.

Each shareholder of NV has one vote for each Fl. 0.10 of capital held of whatever class. Each shareholder of PLC has one vote for each 1.4p of capital held. N.V. Elma and United Holdings Limited (see 'Internal holdings') may not, by law, exercise any votes in general meetings of shareholders of NV, and United Holdings Limited may not exercise any votes in general meetings of PLC.

In accordance with the Equalisation Agreement and the Articles of Association of NV and PLC, if either or both companies go into liquidation, the amounts available for distribution amongst shareholders are applied firstly to the repayment of preferential capital and arrears of dividends on preferential capital, and secondly to the distribution to ordinary shareholders of any reserves that have arisen under the Equalisation Agreement. Any remaining surplus is then pooled and distributed amongst the holders of ordinary shares of both companies such that the

amount payable on each Fl. 12 nominal of ordinary capital of NV is equal at the relevant rate of exchange to the amount payable on each £1 nominal of ordinary capital of PLC. The holders of PLC's deferred stock are only entitled to repayment of capital.

The reduction in the number of NV and PLC ordinary shares in issue during the year, and the change in the nominal values of the shares, arises from the consolidation of the ordinary share capitals, which together with the payment of a special dividend, was approved at the Annual General Meeting of each company on 4 May 1999. The consolidation of the NV ordinary shares was on the basis of 100 new shares of Fl. 1.12 each for every 112 existing shares of Fl. 1 each, and the consolidation of the PLC shares was on the basis of 100 new shares of 1.4p each for every 112 existing shares of 1.25p each.

Under the arrangements for the variation of the Leverhulme Trust, shares in a group company have been issued which are convertible at the end of the year 2038 into a maximum of 207 500 000 ordinary shares of PLC.

Internal holdings

The ordinary shares numbered 1 to 2 400 (inclusive) in NV and deferred stock of PLC are held as to one half of each class by N.V. Elma – a subsidiary of NV – and one half by United Holdings Limited – a subsidiary of PLC. This capital is eliminated in consolidation. It carries the right to nominate persons for election as directors at general meetings of shareholders. The above mentioned subsidiaries have waived their rights to dividends on their ordinary shares in NV.

The directors of N.V. Elma are NV and PLC, who with Mr A Burgmans and Mr NWA FitzGerald, are also directors of United Holdings Limited.

Unilever Group Notes to the consolidated accounts

20 Called up share capital (continued)

Share options

Options granted to directors and employees to acquire ordinary shares of NV and PLC and still outstanding at 31 December 1999 were as set out in the following table. The number of share options outstanding did not change as a result of the share consolidation.

	Number of shares	Range of option prices per share	Date normally exercisable
NV Executive Share Option Scheme	303 152	€22.82 - €25.69	2000
(Shares of Fl. 1.12)	477 716	€26.55 - €32.49	2000 - 2001
	336 448	€42.79	2000 - 2002
	530 026	€64.98 - €69.29	2000 - 2003
(Shares of 1.4p)	1 131 315	€63.50	2000 - 2009
	2 224 588	£4.07	2000 - 2002
	3 490 157	£6.09 - £6.68	2000 - 2003
	7 378 275	£5.55	2000 - 2009
North American Executive Stock Option Plan	43 000	US \$ 25.69	2000 - 2002
(Shares of Fl. 1.12 of the New York Registry)	117 236	US \$ 26.81	2000 - 2003
	225 398	US \$ 25.67	2000 - 2004
	293 366	US \$ 31.60 - US \$ 31.95	2000 - 2005
	413 140	US \$ 33.89	2000 - 2006
	317 420	US \$ 48.74	2000 - 2007
	260 023	US \$ 76.69	2000 - 2008
(Shares of 1.4p in the form of American Depositary Receipts)	293 888	US \$ 69.19	2000 - 2009
	2 122 188	US \$ 6.72	2000 - 2007
	1 740 116	US \$ 10.85	2000 - 2008
	1 968 176	US \$ 9.30	2000 - 2009
PLC 1985 Executive Share Option Schemes	29 264	£1.84	2000
(Shares of 1.4p)	254 840	£2.07 - £2.27	2000 - 2001
	324 316	£2.54 - £2.62	2000 - 2002
	991 355	£2.54 - £2.83	2000 - 2003
	1 568 052	£2.83 - £2.98	2000 - 2004
	2 149 600	£3.07 - £3.08	2000 - 2005
	749 460	£3.43 - £4.07	2000 - 2006
	6 620	£4.53	2000 - 2007
	282 976	£6.68 - £6.79	2001 - 2007
	550 506	£5.55	2002 - 2009
PLC International 1997 Executive Share Option Scheme	209 276	€42.79	2000 - 2006
(Shares of Fl. 1.12)	1 436	€49.63	2000 - 2007
	325 916	€69.29 - €73.97	2001 - 2007
(Shares of 1.4p)	541 373	€63.50	2002 - 2009
	1 347 964	£4.07	2000 - 2006
	2 656	£4.53	2000 - 2007
	1 853 054	£6.68 - £6.79	2001 - 2007
	3 017 619	£5.55	2002 - 2009
NV Employee Share Option Scheme	43 970	€23.08	2000
(Shares of Fl. 1.12)	56 753	€31.19	2000 - 2001
	58 766	€42.99	2000 - 2002
	259 199	€57.63	2003
	272 150	€63.65	2004
North American Employee Stock Purchase Plan			
(Shares of Fl. 1.12 of the New York Registry)	633 913	US \$ 52.43	2000 - 2001
PLC 1985 Sharesave Scheme	127 864	£2.29	2000
(Shares of 1.4p)	5 286 263	£2.68	2000 - 2001
	5 883 004	£2.78	2001 - 2002
	8 325 975	£3.71	2002 - 2003
	5 107 309	£5.94	2003 - 2004
	6 046 903	£5.14	2004 - 2005

Unilever Group Notes to the consolidated accounts

20 Called up share capital (continued)

Share options

To satisfy options granted under NV share option schemes and under North American stock option/purchase plans, certain group companies hold certificates or depository receipts of ordinary shares of NV and of PLC. At 31 December 1999 there were options outstanding to purchase 6 066 879 Fl. 1.12 ordinary NV shares (1998: 9 670 233 Fl. 1 ordinary NV shares), and 18 923 500 1.4p ordinary PLC shares (1998: 4 949 657 1.25p ordinary PLC shares) in respect of these schemes and plans.

To satisfy options granted under the share option schemes in the United Kingdom, trusts in Jersey and the United Kingdom purchase and hold PLC shares. The book value of these shares, together with the borrowings of the trusts, is taken up in the entity accounts of PLC, as required by UITF Abstract 13. The trustees of these trusts have agreed, until further notice, to waive dividends on these shares, save for the nominal sum of 0.01p per 1.4p ordinary share. At 31 December 1999 there were options outstanding to purchase 1 078 001 Fl. 1.12 ordinary NV shares (1998: 546 328 Fl. 1 ordinary NV shares), and 43 905 600 1.4p ordinary PLC shares (1998: 42 720 873 1.25p ordinary PLC shares) in respect of these schemes.

At 31 December 1998 the Jersey trust held ordinary shares of NV for the purposes of the share option schemes in the United Kingdom. During 1999 its holding of NV shares was sold to NV, subject to an agreement to reacquire the shares at book value when needed to satisfy the exercise of the options. As a result the shares became NV 'treasury' shares, on which no dividend is payable.

The book value of all shares held in respect of stock option schemes is eliminated in consolidation by deduction from other reserves (see note 22 below).

		By PLC trusts		By NV/Group companies	
		1999	1998	1999	1998
Number of ordinary PLC shares held (1999: 1.4p, 1998: 1.25p)		42 492 210	39 623 389	19 031 246	9 750 637
Number of ordinary NV shares held (1999: Fl. 1.12, 1998: Fl. 1)		—	551 802	7 225 674	5 152 836
Book value of shares held	£ million	180	172	337	190
Market value of shares held	£ million	194	275	332	329

At 31 December 1999 the exercise price of 31 435 091 PLC options and 4 247 803 NV options was above market price. These shares are accounted for in accordance with Dutch law. Any difference between the book value of the shares and the proceeds received when the shares are sold will be dealt with in reserves. Any difference between the cost of the shares and the exercise price of the related options is charged to the profit and loss account.

21 Profit retained

£ million	NV		PLC	
	1999	1998	1999	1998
Net profit	1 160	1 112	665	861
Preference dividends	(13)	(4)	—	—
Normal dividends on ordinary capital	(467)	(485)	(353)	(344)
Special dividend		(2 823)		(2 156)
Profit of the year retained	680	(2 200)	312	(1 639)
Goodwill movements	16	(55)	9	56
Currency retranslation	(149)	(41)	(62)	(102)
Net movement during the year	547	(2 296)	259	(1 685)
Profit retained – 1 January	2 356	4 652	905	2 590
Profit retained – 31 December	2 903	2 356	1 164	905
Of which retained by:				
Parent companies	1 349	765	905	618
Other group companies	1 550	1 590	258	286
Joint ventures	4	1	1	1
	2 903	2 356	1 164	905
Cumulative goodwill written off	(4 569)	(4 585)	(1 744)	(1 753)

22 Other reserves

Adjustment on translation of NV's ordinary capital at £1 = Fl. 12	127	152	—	—
Capital redemption reserve	—	—	11	11
Book value of shares or certificates held in connection with share options ^(a)	(226)	(160)	(291)	(202)
	(99)	(8)	(280)	(191)

(a) Under UITF 13 these shares would be classified as fixed assets.

Unilever Group Notes to the consolidated accounts

23 Commitments

	£ million	
	1999	1998
Long-term lease commitments under operating leases in respect of:		
Land and buildings	808	852
Other tangible fixed assets	290	302
	1 098	1 154
The commitments fall due as follows:		
Within 1 year	218	227
After 1 year but within 5 years	556	595
After 5 years	324	332
	1 098	1 154
Other commitments	159	177
Of which payable within one year	43	60

24 Contingent liabilities

Contingent liabilities amounting to £112 million (1998: £144 million) arise from guarantees. These guarantees are not expected to give rise to any material loss. Guarantees given by parent or group companies relating to liabilities included in the consolidated accounts are not included.

Other contingent liabilities arise in respect of litigation against companies in the Group, investigations by competition authorities and obligations under environmental legislation in various countries. These are not expected to give rise to any material loss.

25 Acquisition and disposal of group companies

The net assets and results of acquired businesses are included in the consolidated accounts from their respective dates of acquisition. The following table sets out the effect of acquisitions of group companies in 1999 on the consolidated balance sheet. Acquisition accounting has been applied in all cases.

£ million	Balance sheets of acquired businesses	Adjustments to align accounting policies	Revaluations	Fair values at date of acquisition
Acquisitions				
Intangible assets	12	(4)	—	8
Fixed assets	61	(1)	5	65
Current assets	54	—	(1)	53
Creditors	(12)	(1)	—	(13)
Provisions for liabilities and charges:				
Pensions and similar obligations	—	—	—	—
Deferred taxation	—	—	(1)	(1)
Other provisions	(1)	—	1	—
Minority interests	—	7	(1)	6
Total net assets acquired	114	1	3	118
				£ million
				1999
Acquisitions				1998
Net assets acquired			118	33
Goodwill arising			211	150
Goodwill written off (a)			—	55
Consideration			329	238
Of which:				
Cash 27			318	227
Cash balances of businesses acquired 27			(13)	(10)
Current investments, cash deposits and borrowings of businesses acquired			17	11
Non cash and deferred consideration			7	10
(a) Adjustments to goodwill on acquisitions made before 1 January 1998.				

Unilever Group Notes to the consolidated accounts

25 Acquisition and disposal of group companies (continued)

	£ million	
	1999	1998
Disposals		
Intangible assets	1	—
Fixed assets	34	49
Current assets	30	32
Creditors	(14)	(14)
Provisions for liabilities and charges:		
Pensions and similar obligations	(5)	(1)
Deferred taxation	(1)	(1)
Other provisions	—	5
Minority interests	6	(10)
Net assets sold	51	60
Attributable goodwill	25	56
Profit on sale attributable to Unilever	12	328
Consideration	88	444
Of which:		
Cash 27	81	444
Cash balances of businesses sold 27	2	1
Current investments, cash deposits and borrowings of businesses sold	3	(1)
Non cash and deferred consideration	2	—

26 Reconciliation of operating profit to operating cash flows

Operating profit	2 835	2 955
Depreciation and amortisation	756	630
Changes in working capital:		
Stocks	12	(286)
Debtors	(112)	(150)
Creditors	175	118
Pensions and similar provisions less payments	119	36
Restructuring and other provisions less payments	(124)	(31)
Other adjustments	63	(246)
Cash flow from operating activities	3 724	3 026

In 1999 a charge of £177 million was booked in operating profit for exceptional items of which £153 million was charged for restructuring projects, and a net £2 million for losses on disposal of businesses. Other exceptional items comprised primarily legal and insurance settlements and amounted to £22 million.

The cash inflow relating to exceptional disposals and other items was £50 million, all of which was received in 1999.

The net cash outflow in respect of the restructuring costs is estimated at £92 million. This comprises £74 million in respect of employee compensation costs and £24 million of other related costs less proceeds of disposal of fixed assets of £6 million. Of these cash flows, £71 million arose in 1999 and £21 million is expected in 2000 and later years.

Unilever Group Notes to the consolidated accounts

27 Analysis of cash flows for headings netted in the cash flow statement

	£ million			£ million	
	1999	1998		1999	1998
Returns on investments and servicing of finance			Acquisitions and disposals		
Dividends from other fixed investments	6	5	Acquisition of group companies 25	(318)	(227)
Interest received	211	463	Cash balances of businesses acquired 25	13	10
Interest paid	(249)	(334)	Consideration paid in respect of acquisitions made in previous years	(18)	—
Preference dividend paid	(9)	(4)	Disposal of group companies 25	81	444
Dividends and other payments to minority shareholders	(62)	(85)	Cash balances of businesses sold 25	2	(1)
	(103)	45	Consideration received in respect of disposals made in previous years	—	—
				(240)	226
Capital expenditure and financial investment			Management of liquid resources		
Purchase of tangible fixed assets	(865)	(892)	Purchase of current investments	(295)	(1 100)
Disposal of tangible fixed assets	43	52	Sale of current investments	2 649	195
Acquisition/disposal of fixed investments	7	(1)	(Increase)/decrease in cash on deposit	1 386	(436)
Purchase of own shares (employee share schemes)	(174)	(98)		3 740	(1 341)
	(989)	(939)	Financing		
			Issue of ordinary share capital (employee share schemes)	—	—
			Issue of shares by group companies to minority shareholders	3	12
			Debt due within one year:		
			Increases	125	343
			Repayments	(257)	(335)
			Debt due after one year:		
			Increases	41	24
			Repayments	(8)	(16)
				(96)	28

Included as liquid resources are term deposits of less than one year, government securities and A- or higher rated money and capital market instruments.

Unilever Group Notes to the consolidated accounts

28 Analysis of net funds/(debt)

£ million	1 January 1999	Cash flow	Acquisitions/ Disposals (excluding cash & overdrafts)	Other non cash changes	Currency retranslation	31 December 1999
Cash on call and in hand	656	233			(34)	855
Overdrafts	(770)	22			75	(673)
		255				
Borrowings due within one year	(871)	132	(13)	(454)	54	(1 152)
Borrowings due after one year	(1 609)	(33)	(3)	352	141	(1 152)
		99				
Current investments	3 482	(2 354)	2	(39)	(173)	918
Cash on deposit	3 191	(1 386)	—	—	(176)	1 629
		(3 740)				
Net funds/(debt)	4 079	(3 386)	(14)	(141)	(113)	425

Other non cash changes include profits and losses on disposal and adjustments to realisable value of current investments; exchange gains and losses on borrowings; and the reclassification of long-term borrowings falling due within one year at the balance sheet date.

Unilever Group Notes to the consolidated accounts

29 Combined earnings per share

The calculations of combined earnings per share are based on the net profit attributable to ordinary capital divided by the average number of share units representing the combined ordinary capital of NV and PLC in issue during the year, after deducting shares held to meet Unilever employee share options which are not yet vested. For the calculation of combined ordinary capital the exchange rate of £1 = Fl. 12 has been used, in accordance with the Equalisation Agreement. On 10 May 1999 the 1.25p ordinary shares of PLC were consolidated, so that every 112 1.25p ordinary shares were replaced by 100 1.4p ordinary shares. The Fl. 1 ordinary shares of NV were consolidated, so that 100 Fl. 1.12 ordinary shares replaced every 112 Fl. 1 ordinary shares. This consolidation was associated with the payment on 9 June 1999 of a special dividend, so that the economic impact was that of a share buy back at fair value at that date and therefore, in accordance with United Kingdom Financial Reporting Standard 14, earnings per share for prior years have not been restated.

	Thousands of share units		Thousands of share units	
	Fl. 1.12	Fl. 1	1.4p	1.25p
	1999	1998	1999	1998
Average ordinary capital: NV	601 725	640 165	4 011 500	4 267 767
PLC	459 745	489 099	3 064 967	3 260 662
less shares held by employee share trusts and group companies	(16 287)	(13 100)	(108 583)	(87 331)
Combined average number of share units	1 045 183	1 116 164	6 967 884	7 441 098
		Fl. million		£ million
Net profit	6 106	6 488	1 825	1 973
less preference dividends	(44)	(15)	(13)	(4)
Net profit attributable to ordinary capital	6 062	6 473	1 812	1 969
Divided by the combined average number of share units equals:	Fl. 5.80	Fl. 5.80	26.01p	26.45p
Net profit	6 106	6 488	1 825	1 973
add exceptional items net of tax	408	(115)	122	(36)
Net profit before exceptional items	6 514	6 373	1 947	1 937
less preference dividends	(44)	(15)	(13)	(4)
Net profit before exceptional items attributable to ordinary capital	6 470	6 358	1 934	1 933
Divided by the combined average number of share units equals:	Fl. 6.19	Fl. 5.69	27.76p	25.97p

Earnings per share before exceptional items is provided because the directors believe it better explains the ongoing trends in the Group's performance.

The calculations of diluted earnings per share are based on (a) conversion into PLC ordinary shares of the shares in a group company which are convertible in the year 2038 as described in note 20 on page 20, and (b) the exercise of share options, details of which are set out in note 20 on page 21.

	Thousands of share units		Thousands of share units	
	Fl. 1.12	Fl. 1	1.4p	1.25p
	1999	1998	1999	1998
Combined average number of share units as above	1 045 183	1 116 164	6 967 884	7 441 098
add shares issuable in 2038	23 625	23 625	157 500	157 500
add shares under option	14 264	11 898	95 094	79 317
less shares issuable at fair value	(11 361)	(7 528)	(75 735)	(50 187)
Adjusted combined average number of share units	1 071 711	1 144 159	7 144 743	7 627 728
		Fl. million		£ million
Net profit attributable to ordinary capital as above	6 062	6 473	1 812	1 969
Divided by the adjusted combined average number of share units equals:	Fl. 5.66	Fl. 5.66	25.36p	25.80p
On a SSAP 15 basis the calculations would be:				
Net profit attributable to ordinary capital before adjustment	6 062	6 473	1 812	1 969
SSAP 15 taxation adjustment	(64)	(139)	(19)	(42)
Net profit attributable to ordinary capital on a SSAP 15 basis	5 998	6 334	1 793	1 927
Divided by the combined average number of share units equals:	Fl. 5.74	Fl. 5.67	25.73p	25.88p

Unilever Group Notes to the consolidated accounts

30 Pension schemes

In the majority of countries in which the Group operates, employees' retirement arrangements are provided by defined benefit schemes based on employee pensionable remuneration and length of service. These are either externally funded, with the assets of the scheme held separately from those of the Group in independently administered funds, or are unfunded but with provisions maintained in the Group balance sheet. All are subject to regular actuarial review. Actuarial advice is provided by both external consultants and actuaries employed by the Unilever Group.

Valuations are carried out annually for the largest schemes and at least every three years for other schemes using the projected unit method, with the aim of ensuring that as far as possible current and future regular pension charges remain a stable percentage of pensionable payroll. The actuarial assumptions used to calculate the benefit obligation vary according to the economic conditions of the country in which the scheme is situated. It is usually assumed that, over the long-term, the annual rate of return on investments will be higher than the annual increase in pensionable remuneration and in present and future pensions in payment. For the key factors influencing the actuarial valuations, the average assumptions for the principal schemes, weighted by market value, at their most recent valuation were: interest rate 7.2% p.a.; salary increases 4.6% p.a.; pension increases 3.2% p.a. Assets are generally valued at a smoothed market value by spreading gains and losses relative to the actuarial basis over a three to five year period.

At 31 December 1999 the market value of the assets of externally funded defined benefit schemes was £10 168 million (1998: £9 345 million), and net provisions in the accounts amounted to £1 170 million (1998: £1 181 million). The level of funding of all defined benefit schemes at the dates of the last valuations, in aggregate, was 124% (1998: 127%). The levels of funding represent the actuarial value of fund assets and the provisions held in the consolidated accounts at the dates of the most recent valuations expressed as a percentage of the value of benefits that had accrued to members at those dates, after allowing for expected future increases in pensionable remuneration and pensions in the course of payment.

Pension costs and company contributions to defined benefit schemes (as shown in note 3 on page 13) have been reduced in recent years principally by the amortisation of surpluses in the Group's two biggest funds, which have been amortised using the 'mortgage method'. The net amount of surplus recognised in the profit and loss account in 1999 was £160 million (1998: £190 million). It is expected that pension costs will continue to benefit from the amortisation of fund surpluses for a number of years.

In 1999 the Group received a gross cash refund of £105 million from a Netherlands fund in a surplus position, and £71 million from a Finnish fund in surplus. These cash refunds do not directly impact the pension charge for 1999 as the surplus is amortised in accordance with the Group's accounting policies. Further refunds from these funds may occur in 2000.

The Group also operates a number of defined contribution schemes. The assets of all the Group's defined contribution schemes are held in independently administered funds. The pension costs charged to the profit and loss account represent contributions payable by the Group to the funds. The market value of the assets of externally funded defined contribution schemes as at 31 December 1999 was £1 109 million (1998: £1 082 million).

31 Post-retirement health benefits

Group companies provide post-retirement health care benefits to a number of retired employees in certain countries, principally the United States, under several different plans which are predominantly unfunded. In assessing the liability in respect of these benefits, advice is obtained from independent actuaries. The valuations typically assume that medical cost inflation will fall from its current level of approximately 8.5% over the next few years and reach a constant level of approximately 5.0% by the year 2006. The weighted average discount rate has increased from approximately 6.0% at 1 January 1999 to approximately 7.5% at 31 December 1999. The net provisions in the accounts at 31 December 1999 amounted to £507 million (1998: £500 million). The level of funding of all schemes at the last valuation was, in aggregate, 109% (1998: 99%). The level of funding represents the actuarial value of plan assets and the provisions held in the consolidated accounts at the dates of the most recent valuations, expressed as a percentage of the value of the benefits that had accrued to members at those dates after allowing for increases in the costs of medical cover.

Unilever Group Notes to the consolidated accounts

32 Financial instruments

As outlined in the 'Unilever Annual Review 1999', in the Financial Review section on page 35, there are comprehensive policies in place, approved by the directors, covering the use of straightforward derivative financial instruments. These instruments are used only for hedging purposes. The accounting policies governing these instruments are in line with generally accepted practice and follow hedge accounting principles described in the accounting policies on page 8. The use of leveraged instruments is not permitted. Details of the instruments used for interest rate and foreign exchange exposure management, together with information on related exposures, are given below.

Except for the description of Unilever's currency exposures, all debtors and trade and other creditors have been excluded from the analysis below and from the interest rate and currency profiles in notes 14 and 15 on pages 16 and 18 either due to the exclusion of short-term items, as permitted by United Kingdom Financial Reporting Standard 13, or because the amounts are not material.

The reduction in the portion of fixed investments and fixed rate debt during 1999 and the position at the year end is in line with Unilever's interest rate management policy. Unilever operates an interest rate management policy aimed at optimising net interest and reducing volatility. In general, cash is invested short-term, at floating interest rates. The interest payable on debt is in general also floating, but depending on the Group's financial position, part may be fixed up to five years. This is achieved by using fixed rate long-term debt issues and derivative financial instruments such as interest rate swaps and forward rate agreements.

At the end of 1999 interest rates were fixed on approximately 22% of the projected debt for 2000 and 21% for 2001 (compared to 72% for 1999 and 50% for 2000 at the end of 1998). Interest receivable was fixed on approximately 34% of projected funds for 2000 and 15% for 2001 (compared to 31% for 1999 and 16% for 2000 at the end of 1998). Nominal values of interest rate derivative instruments are shown in the table below. These nominal values when compared to the nominal value of the underlying debt and investments do not reflect the actual level of use of financial instruments. This is because certain financial instruments have consecutive strike and maturity dates in the same underlying investments in different periods. Derivatives are primarily used to swap fixed interest long-term debt into floating rate debt or to swap floating rate investments into fixed rate investments. Whilst the nominal amounts reflect the volume of activity, they do not therefore properly reflect the amount of credit risk to which the Group is exposed. The market value of these interest rate instruments at the end of 1999 represented an unrealised and unrecognised loss of £17 million (1998: gain of £78 million). In 1998 losses of £15 million were deferred on the balance sheet. Of these derivative financial instruments 44% (1998: 50%) will mature within one year, 92% (1998: 93%) within five years and the balance within ten years.

£ million	Nominal amounts at 31 December	
	1999	1998
Interest rate swaps	2 335	3 613
Forward rate agreements	745	—
Total	3 080	3 613

Under the Group's foreign exchange policy, exposures with a maximum of one year maturity are generally hedged; this is achieved through the use of forward foreign exchange contracts. The market value of these instruments at the end of 1999 represented a recognised unrealised loss of £80 million (1998: £61 million) which was largely offset by recognised unrealised gains on the underlying assets and liabilities.

£ million	Nominal amounts at 31 December	
	1999	1998
Foreign exchange contracts – buy	1 097	3 162
-- sell	2 214	5 651
Total	3 311	8 813

Unilever Group Notes to the consolidated accounts

32 Financial instruments (continued)

The undernoted table summarises the fair values and carrying amounts of the various classes of financial instruments as at 31 December.

£ million	Fair value		Carrying amount	
	1999	1998	1999	1998
Financial assets:				
Other fixed investments	76	94	67	83
Current investments	918	3 482	918	3 482
Cash	2 484	3 847	2 484	3 847
	3 478	7 423	3 469	7 412
Financial liabilities:				
Bonds and other loans	(1 716)	(2 057)	(1 693)	(1 948)
Bank loans and overdrafts	(1 284)	(1 302)	(1 284)	(1 302)
	(3 000)	(3 359)	(2 977)	(3 250)
Derivatives:				
Interest rate swaps – assets	20	116	–	–
– liabilities	(37)	(38)	1	(14)
Forward rate agreements – liabilities	–	–	(1)	(1)
Foreign exchange contracts – assets	26	21	(80)	(61)
– liabilities	(106)	(82)	–	–

The fair values of fixed investments are based on their market value. The fair values of forward foreign exchange contracts represent the unrealised gain or loss on revaluation of the contracts to year-end rates of exchange. The fair values of bonds and other loans, interest rate swaps and forward rate agreements are based on the net present value of the discounted anticipated future cash flows associated with these instruments.

Currency exposures

Group treasury manages the foreign exchange exposures that arise from the Group's financing and investing activities in accordance with Group policies.

The objectives of Unilever's foreign exchange policies are to allow operating companies to manage the foreign exchange exposures that arise from trading activities effectively within a framework of control that does not expose the Group to unnecessary foreign exchange risks. Operating companies are required to cover substantially all foreign exchange exposures arising from trading activities and each company operates within a specified maximum exposure limit. Business Groups monitor compliance with these policies. Compliance with the Group's policies means that the net amount of monetary assets and liabilities at 31 December 1999 that are exposed to currency fluctuations is not material.

Unilever Group Notes to the consolidated accounts

33 Summarised accounts of the NV and PLC parts of the Group

The following summarised accounts present the profit and loss account and balance sheet of the Unilever Group, analysed between the NV and PLC parts of the Group according to respective ownership.

Profit and loss account for the year ended 31 December

£ million	NV		PLC	
	1999	1998	1999	1998
Turnover	18 220	18 697	8 774	8 397
Continuing operations	18 130	18 697	8 774	8 397
Acquisitions	90		—	
Operating profit	1 746	1 692	1 089	1 263
Continuing operations	1 750	1 692	1 089	1 263
Acquisitions	(4)		—	
Income from fixed investments	25	18	9	7
Interest	(25)	28	16	77
Profit on ordinary activities before taxation	1 746	1 738	1 114	1 347
Taxation	(563)	(615)	(339)	(400)
Profit on ordinary activities after taxation	1 183	1 123	775	947
Minority interests	(23)	(11)	(110)	(86)
Net profit	1 160	1 112	665	861

Balance sheet as at 31 December

Fixed assets	3 933	4 072	2 039	2 013
Current assets				
Stocks	2 020	2 188	1 165	1 163
Debtors	3 707	3 568	1 070	1 187
Debtors due within one year	2 737	2 840	832	778
Debtors due after more than one year	970	728	238	409
Cash and current investments	2 381	5 329	1 021	2 000
Creditors due within one year	8 108	11 085	3 256	4 350
	(5 405)	(8 458)	(2 138)	(4 230)
Borrowings	(1 548)	(1 418)	(277)	(223)
Trade and other creditors	(3 857)	(7 040)	(1 861)	(4 007)
Net current assets	2 703	2 627	1 118	120
Total assets less current liabilities	6 636	6 699	3 157	2 133
Creditors due after more than one year	1 634	1 992	126	156
Borrowings	1 135	1 528	17	81
Trade and other creditors	499	464	109	75
Provisions for liabilities and charges	2 283	2 345	565	699
Intra-group – NV/PLC	(1 138)	(182)	1 138	182
Minority interests	51	41	309	247
Capital and reserves	3 806	2 503	1 019	849
Total capital employed	6 636	6 699	3 157	2 133

Directors' remuneration and interests

Unilever Group

Report to the shareholders

The following comprises the report to shareholders by the Boards. In drawing up this report, the Boards have taken into account the recommendations of the Committee on Corporate Governance in the Netherlands (Peters Committee).

The Boards have also given full consideration to the Combined Code appended to the Listing Rules of the London Stock Exchange ('Combined Code') in framing the remuneration policy. PLC's statement of compliance with respect to the Combined Code, as required by the said Listing Rules, is on page 5. This report deals with any non-compliance with the Combined Code in the area of remuneration policy.

The Boards are guided by a Remuneration Committee comprising *FH Fentener van Vlissingen* (Chairman), *Sir Derek Birkin* and *B Collomb* which makes recommendations to the Boards on Unilever's framework of executive remuneration. The Committee determines, on the Boards' behalf, specific remuneration packages for each of the executive directors, including pension rights, grants of share options and any compensation payments.

Policy: directors' emoluments

The objective of Unilever's remuneration policy for directors is to motivate and retain top class business people able to direct and lead a large global company, and to reward them accordingly.

The Remuneration Committee believes that the level of remuneration of Dutch or British directors resident in their home countries should be in line with that of executive directors of major international industrial companies based in the Netherlands and the United Kingdom respectively who have similar responsibilities to a Unilever director whilst recognising Unilever's size and special features. The levels of remuneration of the Chairmen and the members of the Executive Committee take into account their special responsibilities and provide differentials comparable to those found in other major international industrial companies. A director who is not resident in his home country is paid at the level of remuneration appropriate to his place of residence if this is higher than that in his home country. Directors not of Dutch or British nationality are, in principle, to be no worse off than they would be if based in their home country in a job of comparable importance.

Levels of remuneration are reviewed annually by the Remuneration Committee in the light of external expert advice which assesses competitive levels of remuneration in the largest companies relevant to the residence of the group of Unilever directors concerned. Comparison is also made with the remuneration of other employees within Unilever.

The Remuneration Committee's policy is to seek to link reward closely to performance by using merit pay increases and bonuses based on both corporate and personal performance.

NV and PLC and their group companies constitute a single group. It is therefore the practice for directors to receive emoluments from both NV and PLC because they serve both companies. Emoluments, wherever stated, include payments from both NV and PLC. All emoluments and fees earned by directors from outside directorships and like sources are required to be paid to and are retained by Unilever.

All directors' emoluments, including those of the Chairmen, are made up of the following elements:

- (i) **Salary:**
Salaries are fixed by the Remuneration Committee. They are usually fixed in the currency appropriate to the location, the Netherlands, United Kingdom or United States, where the director is based. On the same basis as other employees, directors receive an additional month's salary in the year they complete 25 years' service with Unilever.
- (ii) **Allowances and value of benefits in kind:**
In appropriate cases, and usually in accordance with the same rules as apply to all qualifying employees, directors receive allowances to help them meet expenses incurred by virtue of their employment, for example in respect of relocation and consequential disturbance and education expenses. Certain of the London based directors receive an allowance to take account of the fact that part of their remuneration is paid in the Netherlands. Benefits in kind are items such as a company car and medical insurance.
- (iii) **Performance related payments:**
These arise primarily under an annual bonus scheme. Bonuses are set by the Remuneration Committee. The maximum cash bonus for directors is 40% of salary. Bonuses are based on achievement of a target or target range which may involve two measures of performance:
 - (a) a corporate target; and
 - (b) individual targets.

The corporate target is based on the average of the increase in earnings per share expressed in guilders and in pounds sterling. The individual targets are based on previously agreed key objectives. Directors are given the opportunity to use 25% of their cash bonuses, during the year of payment, to purchase shares in NV and PLC and to be awarded shares of equivalent value, upon condition that all the shares are retained for at least five years.

Unilever Group Directors' remuneration and interests

Report to the shareholders (continued)

Policy: directors' pensions

The aim of the Remuneration Committee is that pension and other related benefits should be in line with good practice by major companies in the Netherlands and the United Kingdom, bearing in mind the need to establish reasonable comparability between the conditions for the various nationalities of directors.

All directors are members of the normal Unilever pension schemes. Because directors are paid by both NV and PLC, they participate in both the NV and PLC normal pension schemes. The NV scheme has been on a contribution holiday since 1990. The PLC scheme has been on a contribution holiday since January 1997.

All directors are also members of their respective early retirement scheme, which provides an overall pension coverage inclusive of benefits under other Unilever schemes. The current arrangements are that directors belong to either the NV or PLC scheme, depending on their contractual arrangements. NV finances the NV scheme and PLC finances the PLC scheme. Also, under the current arrangements, in order to equalise benefits amongst the directors, those directors who are members of the NV scheme and retire at normal retirement date receive an additional lump sum amount equal to one year's final pensionable pay. The benefits received by directors under these early retirement schemes are, in most other respects, the same as those generally provided for senior management.

Under both the early retirement schemes, final pensionable pay takes into account the bonuses paid in the last three years prior to termination of service, subject to a maximum of 20% of pensionable pay. The Remuneration Committee believes that the policy of allocating a significant part of directors' emoluments to performance related payments instead of salary, whilst retaining control over the overall package of emoluments, should not affect the directors' reasonable expectations of a pension at a level that is in line with that provided by major companies in the Netherlands and the United Kingdom. The Committee does not agree with the recommendations of the Combined Code in this respect but continues to keep the development of best practice in respect of the pensionability of bonuses under review.

Directors' pensions

The pension entitlements of directors are shown separately for those in the NV and PLC early retirement schemes.

NV scheme ⁽¹⁾

	Age, at 31 December 1999		Normal Retirement Age ⁽²⁾		Contributions paid by director during 1999 Fl.	Increase in accrued pension during 1999 ⁽³⁾⁽⁴⁾ Fl.	Total accrued pension at 31 December 1999 ⁽⁴⁾ Fl.
	yrs	mths	yrs	mths			
M Tabaksblat ⁽⁵⁾	62	3	60	0	0	1 128	1 595 748
A Burgmans ⁽⁶⁾	52	11	60	0	0	117 369	765 256
H Eggerstedt ⁽⁷⁾	61	10	60	0	0	43 328	1 244 856
A Kemner	60	3	60	0	0	156 562	1 033 251
J Peelen	59	10	60	0	0	163 713	1 026 669

PLC scheme

	Age, at 31 December 1999		Normal Retirement Age ⁽²⁾		Contributions paid by director during 1999 £	Increase in accrued pension during 1999 ⁽³⁾⁽⁸⁾ £	Total accrued pension at 31 December 1999 ⁽⁸⁾ £
	yrs	mths	yrs	mths			
NWA FitzGerald	54	4	60	9	0	56 979	510 474
RD Brown	53	1	60	0	0	15 787	228 292
AC Butler	53	6	60	0	0	21 948	260 272
PJ Cescau ⁽⁹⁾	51	3	60	0	0	149 751	192 240
RHP Markham	53	10	60	0	0	44 414	251 351
RM Phillips ⁽¹⁰⁾	61	6	60	0	0	42 392	556 723

Unilever Group Directors' remuneration and interests

Report to the shareholders (continued)

Directors' pensions (continued)

- (1) The NV early retirement scheme operates on the basis of a justifiable expectation and does not provide a vested deferred entitlement. Directors leaving before age 55 are not entitled to any benefit, while those terminating service at age 55 or older can expect to receive an immediate pension under the expectations of the scheme.
- (2) Normal Retirement Age is that established for the purposes of the respective early retirement scheme for the director, and generally does not coincide with the termination date of his employment under the terms of his service contracts (see 'Service contracts' on page 40).
- (3) The increase in accrued pension during the year excludes any increase for inflation over the year, and is shown on a consistent basis with the accrued pension at the end of the year. For directors retiring during the year, the accrued pension and its increase are based on the position when the director retired. For directors appointed during the year, the increase is based on the difference between the accrued pension at the end of the year and the accrued pension immediately prior to the appointment.
- (4) For directors in the NV early retirement scheme aged 55 and over, the accrued pension is the immediate annual pension payable under all Unilever schemes. For the NV director under age 55, no pension is included in respect of the NV early retirement scheme and the accrued pension is that payable in total, under the normal Unilever schemes, ignoring any future inflationary increases. The accrued pension under the normal PLC scheme is payable from age 65, while the accrued pension under the normal NV scheme is shown payable from age 62, which is the age at which the most valuable retirement terms are provided, and includes temporary pensions converted to lifetime equivalent pensions. The additional lump sum of one year's final pensionable pay, payable on normal retirement is excluded from these pensionable amounts. Amounts paid are disclosed separately in the year of retirement.
- (5) Retired during the year. In addition to the pension benefit shown, a lump sum amount of Fl. 2 640 000 was paid on retirement.
- (6) 88% of the total accrued pension at 31 December 1999 and 82% of the increase in accrued pension correspond to the normal NV scheme.
- (7) Retired during the year. In addition to the pension benefit shown, a lump sum amount of Fl. 2 058 000 was paid on retirement.
- (8) For the PLC scheme, the accrued pension shown is that which would be paid annually from Normal Retirement Age, based on service to 31 December 1999, and includes benefits from all Unilever schemes. It does not include allowance for any future inflationary increases.
- (9) Elected on 4 May 1999. The accrued pension includes benefits (actuarially converted for consistency) under all Unilever Schemes and those earned, prior to appointment, under social security schemes.
- (10) The pension will be converted to US dollars upon retirement and will be increased in future to maintain US purchasing power.

Directors' pensions: further information

It is expected that the directors' pensions will be regularly increased in payment and in deferment in line with the increase in the consumer price index in the country, the Netherlands or United Kingdom, to which the scheme in which they participate relates. These pension increases are awarded at the discretion of NV or PLC, as appropriate, although the schemes in the United Kingdom guarantee increases in line with retail price inflation, up to a maximum of 5% per annum.

For directors in the NV early retirement scheme who are aged 55 or more, the immediate early retirement pension is shown. For the NV director who has not attained age 55 by the year end, the pension payable under the normal NV scheme is shown payable from the age at which it is most valuable, while that payable under the normal PLC scheme is payable unreduced (partly discretionary and partly by right) from age 60, and subject to a 5% per annum reduction for each year that retirement precedes age 60.

For directors in the PLC early retirement scheme, early retirement is possible from age 50 (or age 55 for PLC directors appointed after 1 January 1999), in which case the total accrued pension is reduced by 5% per annum for each year of early retirement prior to age 60.

Dependants' and children's pensions are payable under the normal and early retirement schemes in each country. Under the NV normal and early retirement schemes, the spouse's pension is 70% of the member's pension, while under the PLC early retirement scheme, the spouse's pension is 66.7% of the member's retirement pension. Under the normal PLC scheme, the spouse's pension is 50% of the member's pension.

Where, for directors in the NV early retirement scheme, the early retirement pension is shown, this amount will be reduced at age 65 by an allowance, currently Fl. 25 801, corresponding to the State benefits payable. The pension may also be subject to minor adjustments to equalise social security benefits.

Members may pay additional voluntary contributions. Neither the contributions nor the resulting benefits are included in the table of pension entitlements.

Unilever Group Directors' remuneration and interests

Report to the shareholders (continued)

Directors' emoluments

The aggregate emoluments of the directors were as follows:

	Fl.		£	
	1999	1998	1999	1998
Salary	15 878 902	15 819 554	4 747 056	4 809 837
Allowances and value of benefits in kind	2 401 242	2 416 405	717 860	734 693
Performance related payments	5 278 724	7 797 962	1 578 094	2 370 922
Total	23 558 868	26 033 921	7 043 010	7 915 452
Gains on exercise of share options ⁽¹⁾	2 585 849	8 008 505	773 049	2 434 936

The emoluments of the individual directors were as follows:

	Salary	Allowances and value of benefits in kind	Performance related payments ⁽¹⁾	Total 1999	Total 1998	Equivalent totals ⁽¹⁰⁾	
						1999	1998
Paid in guilders:							
	Fl.	Fl.	Fl.	Fl.	Fl.	£	£
M Tabaksblat ⁽²⁾	916 667	87 280	264 642	1 268 589	3 272 891	379 249	995 102
A Burgmans ⁽³⁾	1 533 333	41 507	558 483 ⁽⁹⁾	2 133 323	1 909 962	637 765	580 712
A Kemner	1 420 000	35 838	495 617 ⁽⁹⁾	1 951 455	1 858 548	583 395	565 080
J Peelen	1 420 000	286 353	409 954	2 116 307	2 151 582	632 678	654 175
Paid in pounds sterling:							
	£	£	£	£	£	Fl.	Fl.
NWA FitzGerald ⁽⁴⁾	750 000	118 550	284 525 ⁽⁹⁾	1 153 075	1 116 333	3 857 037	3 671 620
RD Brown	398 965 ⁽⁷⁾	163 623	119 757	682 345	648 196	2 282 444	2 131 915
AC Butler	400 000	41 191	153 230 ⁽⁹⁾	594 421	839 497	1 988 338	2 761 106
PJ Cescau ⁽⁵⁾	233 333	93 057	104 545	430 935	0	1 441 479	0
H Eggerstedt ⁽⁶⁾	228 750	6 872	66 040	301 662	702 795	1 009 059	2 311 491
RHP Markham	375 000	42 158	139 713 ⁽⁹⁾	556 871	363 972	1 862 733	1 197 104
Paid in US dollars:							
	\$	\$	\$	\$	\$	Fl.	Fl.
RM Phillips	1 260 521 ⁽⁸⁾	190 139	312 863	1 763 523	1 720 180	3 648 104	3 414 408
						£	£
						1 090 614	1 038 129

(1) See pages 37 and 38.

(2) Chairman of NV, retired on 31 May 1999.

(3) Chairman of NV.

(4) Chairman of PLC.

(5) Elected on 4 May 1999.

(6) Retired on 31 May 1999.

(7) Includes 25 year service award of £33 965.

(8) Includes 25 year service award of US \$ 135 521.

(9) Includes value of shares awarded under bonus scheme (see page 32).

(10) Based on average rates for the year of £1 = Fl. 3.345, £1 = US \$ 1.617, US \$ 1 = Fl. 2.069 (1998: £1 = Fl. 3.289, £1 = US \$ 1.657, US \$ 1 = Fl. 1.985).

For the years up to and including 1997 NV lent the amount of taxation charged on the grant of options under Dutch fiscal legislation to the recipients. Amounts are repaid when the options are exercised. At 31 December 1999 a total of Fl. 1.0 million (1998: Fl. 1.1 million) was lent to the directors.

No compensation for loss of office, payments for loss of office or other termination payments were paid to directors in 1999.

Unilever Group Directors' remuneration and interests

Report to the shareholders (continued)

Directors' interests: share options

Directors are generally entitled to share options on the same basis as other employees. They participate in the NV Employee Share Option Scheme and the PLC 1985 Sharesave Scheme, which are all-employee schemes, and in the International 1997 Executive Share Option Scheme.

The NV Employee Share Option Scheme was introduced in 1995 and is open to all employees in the Netherlands. The PLC 1985 Sharesave Scheme is open to all employees who work a minimum number of hours in the United Kingdom. The North American Employee Stock Purchase Plan was also introduced in 1995 and is open to all employees in the United States and Canada.

Grants of share options to directors and other senior executives in 1999 were made under the International 1997 Executive Share Option Scheme (the 'International Scheme') which was established after taking into account the guidelines and views of institutional investor committees. The International Scheme comprises the NV Executive Share Option Scheme, the Unilever PLC International 1997 Executive Share Option Scheme, the Unilever PLC 1985 Executive Share Option Scheme and the North American Executive Stock Option Plan. The Boards granted options to acquire a number of ordinary shares in NV and a number of ordinary shares in PLC of approximately equal market value.

The Boards have established benchmark grant levels (the 'normal allocation') to assist in determining actual grant levels under the International Scheme. In accordance with the undertaking made at the time the International Scheme was introduced, the Remuneration Committee has reviewed these normal allocations and has determined that they continue to be in line with those awarded by companies in Unilever's peer group. The actual level of grant made to each individual, which is decided by the Boards, who are advised by the Remuneration Committee, is dependent on certain performance criteria, group and individual, which are set annually by the Boards and the Remuneration Committee. These criteria must be satisfied before an individual can be granted an option.

The Group criterion for 1999 was that the Group's earnings per share over the three financial years preceding the date of grant of any option should have cumulatively risen by at least 6% more than the rate of inflation. If it had not, no grants would have been made.

Once the Group criterion had been met, each individual's option grant varied according to the percentage increase, above the rate of inflation, of the Group's earnings per share over the financial year preceding the date of grant. The level of grant would vary according to the amount of the percentage rise. The Remuneration Committee decided that for 1999 the targets and levels of grant would be:

EPS achieved in prior year	Level of grant as percentage of normal allocation
Inflation + less than 4%	0%
Inflation + 4%	50%
Inflation + 5%	75%
Inflation + 6%	100%
Inflation + 7%	125%
Inflation + 8% or more	150%

The normal allocations in 1999 to which the percentages above would be applied were:

	NV shares	PLC shares
Chairmen	12 000	80 000
Other directors	6 000 - 7 500	40 000 - 50 000

The price payable for each ordinary share under an option is not less than the closing price on the Stock Exchange Daily Official List on the date of grant. In normal circumstances, an option granted under the International Scheme may not be exercised earlier than three years after the date of grant.

Participants are further incentivised by the grant of 'premium options'. These are options granted to reward commitment and good performance over a five year period. The first premium options will be granted in 2002. To qualify for the grant of a premium option, the Group must have performed well over the preceding five years and each individual must not have realised free cash from the exercise of options granted in the previous five years and must have received on average at least 100% of his normal allocation over the preceding five years. Premium options will be granted over 20% of the number of shares subject to the individual's initial grant of options under the scheme.

Prior to 1997, options under the NV and PLC Executive Share Option Schemes were only granted if the Remuneration Committee was satisfied that there had been a sufficient improvement in the performance of the Group over the two to three years preceding the grant. The grant of options was discretionary. It was dependent on the Chairmen being satisfied that the grant was merited by the individual in the light of personal performance and potential for future contribution to the business. For the Boards, the Remuneration Committee had to be so satisfied. Options were phased in evenly over a three year period. The maximum number of options depended on seniority. The maximum aggregate value of the exercise prices of options that could be held at any one time was four times appropriate salary.

Unilever Group Directors' remuneration and interests

Report to the shareholders (continued)

Directors' interests: share options (continued)

Options to acquire NV ordinary shares of Fl. 1.12 each and options to acquire PLC ordinary shares of 1.4p each were granted, exercised and held during 1999 as follows:

Name		1 January Fl. 1/1.25p	Granted (g)	Exercised	31 December Fl. 1.12/1.4p	Options outstanding below market price at end of year		Options outstanding above market price at end of year	
						Number	Weighted average price	Number	Weighted average price
ABurgmans	(a)	61 512	18 000 ⁽²⁾	6 252 ⁽⁶⁾	73 260	46 260	Fl. 64.42	27 000	Fl. 144.21
	(b)	122	50 ⁽³⁾	0	172	72	Fl. 66.58	100	Fl. 133.64
	(c)	120 000	120 000 ⁽⁴⁾	0	240 000	60 000	407p	180 000	593p
	(d)	2 904	0	0	2 904	0	0	2 904	594p
NWA FitzGerald	(a)	42 932	18 000 ⁽²⁾	0	60 932	24 932	Fl. 84.37	36 000	Fl. 146.34
	(b)	50	50 ⁽³⁾	0	100	0	0	100	Fl. 133.64
	(c)	635 392	120 000 ⁽⁴⁾	0	755 392	515 392	315p	240 000	611p
	(d)	5 025	0	0	5 025	3 864	268p	1 161	594p
RDBrown	(a)	18 636	9 000 ⁽²⁾	0	27 636	9 636	Fl. 91.95	18 000	Fl. 146.34
	(c)	166 180	60 000 ⁽⁴⁾	0	226 180	106 180	364p	120 000	611p
	(d)	1 240	0	0	1 240	1 240	278p	0	0
ACButler	(a)	25 450	11 250 ⁽²⁾	0	36 700	14 200	Fl. 85.79	22 500	Fl. 146.34
	(b)	0	50 ⁽³⁾	0	50	0	0	50	Fl. 140.27
	(c)	388 212	75 000 ⁽⁴⁾	0	463 212	313 212	330p	150 000	611p
	(d)	4 652	0	0	4 652	4 652	371p	0	0
PJCescau	(a)	20 250 ⁽¹⁾	0	0	20 250	0	0	20 250	Fl. 145.62
	(c)	135 000 ⁽¹⁾	0	0	135 000	0	0	135 000	605p
	(e)	45 000 ⁽¹⁾	0	0	45 000	45 000	US \$ 38.84	0	0
	(f)	100 192 ⁽¹⁾	0	0	100 192	100 192	US \$ 6.72	0	0
AKemner	(a)	47 966	11 250 ⁽²⁾	11 524 ⁽⁷⁾	47 692	25 192	Fl. 73.54	22 500	Fl. 146.34
	(b)	122	50 ⁽³⁾	0	172	72	Fl. 66.58	100	Fl. 133.64
	(c)	150 000	75 000 ⁽⁴⁾	0	225 000	75 000	407p	150 000	611p
	(d)	6 440	0	0	6 440	6 440	268p	0	0
RHPMarkham	(a)	51 082	11 250 ⁽²⁾	0	62 332	39 832	Fl. 61.42	22 500	Fl. 146.34
	(b)	50	50 ⁽³⁾	0	100	0	0	100	Fl. 133.64
	(c)	167 292	75 000 ⁽⁴⁾	0	242 292	92 292	384p	150 000	611p
	(d)	0	3 283 ⁽⁵⁾	0	3 283	0	0	3 283	514p
JPeelen	(a)	70 858	0	10 960 ⁽⁸⁾	59 898	48 648	Fl. 66.80	11 250	Fl. 152.70
	(b)	122	50 ⁽³⁾	0	172	72	Fl. 66.58	100	Fl. 133.64
	(c)	150 000	0	0	150 000	75 000	407p	75 000	668p
	(d)	5 025	0	0	5 025	3 864	268p	1 161	594p
RMPhillips	(a)	18 000	0	0	18 000	9 000	Fl. 94.30	9 000	Fl. 152.70
	(c)	457 928	0	0	457 928	397 928	315p	60 000	668p
	(e)	71 800	0	0	71 800	71 800	US \$ 26.05	0	0
MTabaksblat	(a)	86 120	0	0	86 120 ⁽⁹⁾	86 120	Fl. 63.96	0	0
	(c)	120 000	0	0	120 000 ⁽⁹⁾	120 000	407p	0	0
HEggerstedt	(a)	50 300	0	0	50 300 ⁽⁹⁾	50 300	Fl. 62.53	0	0
	(c)	75 000	0	0	75 000 ⁽⁹⁾	75 000	407p	0	0
	(d)	3 864	0	0	3 864 ⁽⁹⁾	3 864	268p	0	0

(a) Number of NV shares the subject of options under the International Scheme.

(b) NV Employee Share Option Scheme.

(c) Number of PLC shares the subject of options under the International Scheme.

(d) PLC 1985 Sharesave Scheme.

(e) Number of NV New York shares the subject of options under the International Scheme.

(f) Number of PLC shares the subject of options in the form of American Depository Receipts under the International Scheme.

(g) Granted in the year on the basis of earnings per share in the prior year.

See also notes on page 38.

Unilever Group Directors' remuneration and interests

Report to the shareholders (continued)

Directors' interests: share options (continued)

All share options are exercisable at a range of dates between 2000 and 2009 (see note 20 on page 21). No options lapsed unexercised during the year. The market price of the ordinary shares at the end of the year was for NV Fl. 120.78 and US \$ 54.44 and for PLC 456p and US \$ 7.56, and the range during the year was between Fl. 107.98 and Fl. 163.07 and US \$ 49.50 and US \$ 88.25, and between 401p and 695p and US \$ 6.45 and US \$ 11.67 respectively. Options outstanding above and below the market prices at 31 December 1999 are set out in the table on page 37.

Notes:

Note number	Number of shares	Exercise price	Market price at date of exercise
(1)		On election as director	
(2)	all	Fl. 139.95	
(3)	all	Fl. 140.27	
(4)	all	555p	
(5)	all	514p	
(6)	6 252	Fl. 48.00	Fl. 138.37
(7)	1 876	Fl. 48.00	Fl. 138.35
	9 648	Fl. 48.70	Fl. 138.35
(8)	1 876	Fl. 48.00	Fl. 138.35
	4 312	Fl. 48.70	Fl. 138.35
	4 772	Fl. 50.30	Fl. 140.49
(9)		On date of retirement	

The exercise of all options under the NV Executive Share Option Scheme and North American Executive Stock Option Plan has always been satisfied by the transfer of shares purchased in the market at the time of grant and held until exercise. The same practice has been adopted in respect of the PLC 1985 Sharesave and Executive Share Option Schemes for grants made from 1990 onwards and in respect of the NV Employee Share Option Scheme and the North American Employee Stock Purchase Plan from their inceptions during 1995. The Board has continued the same practice with the Unilever PLC International 1997 Executive Share Option Scheme. During 1999, 2 803 641 NV shares and 17 732 079 PLC shares were purchased in the market in respect of options granted under these schemes, and 782 480 NV shares and 6 558 181 PLC shares to bring the number of shares back to the level before the share consolidation.

Unilever Group Directors' remuneration and interests

Report to the shareholders (continued)

Directors' interests: share capital

The interests in the share capitals of NV and PLC and their group companies of those who were directors at the end of 1999 and of their families were as shown in the tables below:

	1 January	31 December
NV (ordinary shares)	Fl. 1	Fl. 1.12
A Burgmans	856	6 920
NWA FitzGerald	5 504	6 175
AC Butler	–	625
A Kemner	870	1 454
RHP Markham	–	582
J Peelen	894	798
RM Phillips	8 694	7 762
NV (preference shares)		Fl. 0.10
A Burgmans	–	7 750
A Kemner	–	1 628
J Peelen	–	894
PLC (ordinary shares)	1.25p	1.4p
NWA FitzGerald	33 140	40 357
	175 632 840 ^(a)	156 815 034 ^(a)
A Burgmans	17 894	20 627
AC Butler	24 828	27 243
A Kemner	14 684	18 605
RHP Markham	43 140	43 246
J Peelen	9 342	8 340
RM Phillips	10 572	9 439
Margarine Union (1930) Limited (shares)		
NWA FitzGerald	600 ^(a)	600 ^(a)

(a) Held jointly as a trustee of the Leverhulme Trust and the Leverhulme Trade Charities Trust with no beneficial interest.

On 10 May 1999 Unilever's share capital was consolidated on the basis of 100 new shares of Fl.1.12 each for every 112 existing NV shares of Fl.1 each and 100 new shares of 1.4p each for every 112 existing PLC shares of 1.25p each.

The directors, in common with other employees of PLC and its United Kingdom subsidiaries, have beneficial interests in the undermentioned NV and PLC ordinary shares acquired for the purpose of satisfying options granted under the PLC 1985 Executive Share Option and Sharesave Schemes and the Unilever PLC International 1997 Executive Share Option Scheme.

	1 January Fl. 1/1.25p	31 December Fl. 1.12/1.4p
All directors – NV ordinary shares	551 802	–
– PLC ordinary shares	39 623 389	42 492 210

On election of P J Cescau as a director on 4 May 1999 the trusts held 42 129 131 PLC 1.25p shares and 1 099 623 NV Fl. 1 shares.

Further information, including details of the NV and PLC ordinary shares acquired by certain group companies in connection with other share option schemes, is given in note 20 on pages 21 and 22.

The only changes in the interests of the directors and of their families in NV and PLC ordinary shares between 31 December 1999 and 29 February 2000 were that:

- (i) the holding of the Unilever Employee Share Trusts has reduced to 42 318 616 PLC shares;
- (ii) Mr NWA FitzGerald acquired 30 PLC shares;
- (iii) Mr J Peelen acquired and sold 37 396 NV shares through the exercise of options granted under the NV Executive Share Option Scheme.

Unilever Group Directors' remuneration and interests

Report to the shareholders (continued)

Service contracts

NV and PLC's Articles of Association require that at every Annual General Meeting all the directors shall retire from office. All directors' contracts of service with the Unilever Group are generally terminated no later than the end of the month in which the Annual General Meeting next before or after the director's 62nd birthday occurs.

Contracts are currently determinable by the employer at not less than two years' notice. Formerly, contracts were determinable by the employer at not less than three years' notice. The Remuneration Committee believes that this change for existing directors has brought their service contracts into line with the arrangements for the existing directors of many peer group companies. The Committee has noted the recommendation in the Combined Code in favour of one year contracts but continues to be concerned to have regard to best practice, as well as legal entitlements upon termination, in both the Netherlands and the United Kingdom. Developments in both countries are kept under regular review with respect to existing directors and new appointments.

The compensation payable to a director upon the termination of his service contract will be calculated in accordance with the law applicable. The directors have service contracts with both NV and PLC. The Remuneration Committee's aim is always to deal fairly with cases of termination whilst taking a robust line in minimising any such compensation. The Remuneration Committee has given due consideration to the recommendations contained in the Combined Code regarding the merits of providing explicitly in the directors' contracts of service provisions relating to compensation commitments in the event of early termination. However the companies have to take account of the law in the Netherlands that provides that, irrespective of what the service contract may say, the termination of employment for a reason other than misconduct or negligence entitles a long serving employee to compensation comparable to at least two year's remuneration. The Committee will continue to keep its current practice under review.

In 1999 three directors served for only part of the year. In 1998 two directors served for only part of the year.

Advisory Directors

The Advisory Directors are not formally members of the Boards of NV and PLC and are therefore excluded when reference is made to directors in the preceding text.

The remuneration of the Advisory Directors is decided by the Boards. Advisory Directors receive an annual fee and are reimbursed expenses incurred in attending meetings. They do not receive any performance related bonuses, pension provisions, share options or other forms of benefit.

The annual fee paid in 1999 to each of B Collomb, O Fanjul, FH Fentener van Vlissingen, H Kopper and H O C R Ruding was Fl. 80 000 and to each of Sir Derek Birkin, Lady Chalker of Wallasey, CX Gonzalez and Senator G J Mitchell was £27 500. Sir Brian Hayes and Lord Wright of Richmond retired during the year and each received fees of £9 424.

At the end of 1999 the aggregate interests of the Advisory Directors in the share capital of NV and PLC were 8 479 (1998: 8 375) ordinary shares of NV and 1 785 (1998: 4 000) ordinary shares of PLC.

Principal group companies and fixed investments

as at 31 December 1999

Unilever Group

The companies listed below and on pages 42 and 43 are those which in the opinion of the directors principally affect the amount of profit and assets shown in the Unilever Group accounts. The directors consider that those companies not listed are not significant in relation to Unilever as a whole.

Full information as required by Articles 379 and 414 of Book 2, Civil Code, in the Netherlands has been filed by Unilever N.V. with the Commercial Registry in Rotterdam.

Particulars of PLC group companies and other significant holdings as required by the United Kingdom Companies Act 1985 will be annexed to the next Annual Return of Unilever PLC.

The main activities of the companies listed below are indicated according to the following key:

Holding companies	H
Foods	F
Home & Personal Care	P
Other Operations	O

Unless otherwise indicated the companies are incorporated and principally operate in the countries under which they are shown.

The letters NV or PLC after the name of each country indicate whether in the country concerned the shares in the companies listed are held directly or indirectly by NV and/or by PLC.

The percentage of equity capital directly or indirectly held by NV or PLC is shown in the margin, except where it is 100%. All percentages are rounded down to the nearest whole number.

Principal group companies

%	Europe	
	Austria – NV	
	Austria Frost Nahrungsmittel Ges.m.b.H.	F
	Eskimo-Iglo Ges.m.b.H.	F
	Österreichische Unilever Ges.m.b.H.	FP
	Belgium – NV	
	Unilever Belgium NV.	FPO
	Czech Republic – NV	
	Unilever ČR s.r.o.	FP
	Denmark – NV	
	Unilever Danmark A/S	FP
	Finland – NV	
	Suomen Unilever Oy	FP
	France – NV	
99	Astra-Calvé S.A.	F
99	Boursin S.A.S.	F
99	Choky S.A.	F
99	Cogesal-Miko S.A.	F
99	Elida Fabergé S.A.	P
99	Fralib S.A.	F
99	Frigedoc S.A.	F
99	Lever S.A.	P
99	Relais d'Or-Miko S.A.	F
99	Unilever France S.A.	H

%	Europe (continued)	
	Germany – NV	
	Deutsche Unilever GmbH	H
	Langnese-Iglo GmbH	F
	Lever Fabergé Deutschland GmbH	P
	Meistermarken-Werke GmbH,	
	Spezialfabrik für Back- und Grossküchenbedarf	F
	Union Deutsche Lebensmittelwerke GmbH	F
	Greece – NV	
51	'Elais' Oleaginous Products A.E.	F
	Unilever Hellas A.E.B.E.	FP
	Hungary – NV	
	Unilever Magyarország Beruházási Kft	FP
	Ireland – PLC	
	Lever Fabergé Ireland Ltd.	P
	Lyons Tea Ireland Ltd.	F
	Van den Bergh Foods Ltd.	F
	Italy – NV	
	Sagit SpA	F
	Unilever Italia SpA	FP
	The Netherlands – NV	
	DiverseyLever B.V.	P
	IgloMora Groep B.V.	F
	Lever Fabergé Nederland B.V.	P
	Loders Croklaan B.V.	F
*	Unilever N.V.	H
	Unilever Nederland B.V.	H
	UniMills B.V.	F
	Van den Bergh Nederland B.V.	F
	Poland – NV	
99	Unilever Polska S.A.	FP
	Portugal – NV	
74	IgloOlá-Distribuição de Gelados e de Ultracongelados, Lda.	F
60	LeverElida-Distribuição de Produtos de Limpeza e Higiene Pessoal, Lda.	P
	Romania – NV	
99	Unilever Romania	FP
	Russia – NV	
	Unilever SNG	FP
	Slovakia – NV	
	Unilever Slovensko spol. sr. o.	FP
	Spain – NV	
99	Frigo S.A.	F
	Frudesa S.A.	F
	Unilever España S.A.	HP
	Unilever Foods España S.A.	F

* See 'Basis of consolidation' on page 2.

Principal group companies and fixed investments

as at 31 December 1999

Unilever Group

Principal group companies (continued)

% Europe (continued)		% Africa and Middle East	
Sweden – NV		Côte d'Ivoire – PLC	
	GB Glace AB F	90	Blohorn S.A. FPO
	Lever Fabergé AB P	Democratic Republic of Congo – NV	
	Van den Bergh Foods AB F	Compagnie des Margarines, Savons et Cosmétiques au Congo s.a.r.l. FP	
Switzerland – NV		76	Plantations et Huileries du Congo O
	DiverseyLever A.G. P	Dubai – PLC	
	Lever Fabergé A.G. P	Unilever Gulf Free Zone Establishment O	
	Lipton-Sais F	Egypt – PLC	
	Meina Holding A.G. H	60	Fine Foods Egypt SAE F
	Pierrot-Lusso A.G. F		Lever Egypt SAE P
	Sunlight A.G. O	Ghana – PLC	
	Unilever Cosmetics International S.A. P	67	Unilever Ghana Ltd. FPO
	Unilever (Schweiz) A.G. O	Israel – PLC	
Turkey – NV		50	Glidat Strauss Ltd. F
82	LeverElida Temizlik ve Kişisel Bakım Ürünleri Sanayi ve Ticaret A.Ş. P		Lever Israel Ltd. P
	Unikom Gıda Sanayi ve Ticaret A.Ş. F	Kenya – PLC	
	Unilever Sanayi ve Ticaret Türk A.Ş. F	88	Brooke Bond Kenya Ltd. O
	Unilever Tüketim Ürünleri Satış Pazarlama ve Ticaret A.Ş. FP		East Africa Industries Ltd. FP
United Kingdom – PLC		Malawi – PLC	
	Birds Eye Wall's Ltd. F	Lever Brothers (Malawi) Ltd. FP	
	Calvin Klein Cosmetics (UK) Ltd. P	Morocco – PLC	
	DiverseyLever Ltd. P	Lever Maroc S.A. P	
	Elida Fabergé Ltd. P	Nigeria – PLC	
	Elizabeth Arden Ltd. P	50	Lever Brothers Nigeria PLC FP
	Lever Brothers Ltd. P	Saudi Arabia – PLC	
	Lipton Ltd. F	49	Binzagr Lever Ltd. P
*	Unilever PLC H	49	Binzagr Lipton Ltd. F
	Unilever U.K. Central Resources Ltd. O	49	Binzagr Wall's Ltd. F
	Unilever U.K. Holdings Ltd. H	49	Lever Arabia Ltd. P
	Unipath Ltd. P	South Africa – PLC	
	Van den Bergh Foods Ltd. F	Unilever South Africa (Pty.) Ltd. FP	
North America		Tanzania – PLC	
Canada – PLC		Brooke Bond Tanzania Ltd. O	
	UL Canada Inc. FP	Uganda – PLC	
	Unilever Canada Limited H	Unilever Uganda Ltd. FP	
United States of America – NV (75%); PLC (25%)		Zambia – PLC	
*	Calvin Klein Cosmetics Company P	Lever Brothers Zambia Limited FP	
	Diversey Lever, Inc. P	Zimbabwe – PLC	
*	Elizabeth Arden Co. P	Lever Brothers (Private) Ltd. FP	
*	Good Humor-Breyers Ice Cream F		
*	Gorton's F		
*	Lipton F		
	Unilever Capital Corporation O		
*	Unilever Home & Personal Care USA P		
	Unilever United States, Inc. H		

* See 'Basis of consolidation' on page 2.

* A division of Conopco, Inc., a subsidiary of Unilever United States, Inc.

Principal group companies and fixed investments

as at 31 December 1999

Unilever Group

Principal group companies (continued)

% Asia and Pacific			% Latin America		
	Australia – PLC			Argentina – NV	
	Unilever Australia Ltd.	FP		Unilever de Argentina S.A.	FP
	Bangladesh – PLC			Bolivia – NV	
61	Lever Brothers Bangladesh Ltd.	FP		Quimbol Lever S.A.	FP
	China – NV			Brazil – NV	
	Unilever (China) Ltd.	H	99	Indústrias Gessy Lever Ltda.	FP
	Unilever Foods (China) Company Ltd.	F		Chile – NV	
97	Wall's (China) Company Ltd.	F		Lever Chile S.A. (PLC 25%)	FP
	China S.A.R. – NV			Colombia – NV	
	Unilever Hong Kong Ltd.	FP		Unilever Andina (Colombia) S.A.	FP
	India – PLC		60	Varela S.A.	P
51	Hindustan Lever Ltd. (NV 2%)	FPO		Dominican Republic – NV	
	Indonesia – NV			Unilever Dominicana S.A.	P
85	P.T. Unilever Indonesia	FP		El Salvador – NV	
	Japan – NV		60	Industrias Unisola S.A.	FP
	Nippon Lever B.V.			Mexico – NV	
	(incorporated in the Netherlands)	FP		Unilever de Mexico S.A.	FP
	Japan – PLC			Netherlands Antilles – NV	
	Lever Brothers Ltd.			Unilever Becumij N.V.	O
	(incorporated in the United Kingdom)	P		Paraguay – NV	
	Malaysia – PLC			Unilever Capsa del Paraguay S.A.	FP
	Pamol Plantations Sdn. Bhd.	O		Peru – NV	
70	Unilever (Malaysia) Holdings Sdn. Bhd.	FP	99	Industrias Pacocha S.A.	FP
	New Zealand – PLC			Trinidad & Tobago – PLC	
	Unilever New Zealand Ltd.	FP	50	Lever Brothers West Indies Ltd.	FP
	Pakistan – PLC			Uruguay – NV	
67	Lever Brothers Pakistan Ltd.	FP		Sudy Lever S.A.	FP
	Philippines – NV			Venezuela – NV	
	Unilever Philippines Inc.	FP		Unilever Andina S.A.	FP
	Singapore – PLC				
	Unilever Singapore Private Ltd.	FP			
	South Korea – NV				
	Unilever Korea	P			
	Sri Lanka – PLC				
	Unilever Ceylon Ltd.	FPO			
	Taiwan – NV				
	Unilever Taiwan Ltd.	P			
	Thailand – NV				
	Unilever Thai Holdings Ltd.	FP			
	Vietnam – NV				
66	Lever HASO	P			
66	Lever VISO	P			

Principal fixed investments		
Joint ventures		
% Europe		
	Portugal – NV	
40	FIMA – Produtos Alimentares, Lda.	F
% North America		
	United States of America – NV (75%); PLC (25%)	
50	The Pepsi/Lipton Tea Partnership	F

Company accounts

Unilever N.V.

Balance sheet as at 31 December

	Fl. million	
	1999	1998
Fixed assets		
Fixed investments	2 197	1 674
Current assets		
Debtors	15 589	21 712
Current investments	1 342	587
Cash at bank and in hand	3 632	1 385
Total current assets	20 563	23 684
Creditors due within one year	(10 827)	(18 380)
Net current assets	9 736	5 304
Total assets less current liabilities	11 933	6 978
Creditors due after more than one year	3 580	3 780
Provisions for liabilities and charges	376	349
Capital and reserves	7 977	2 849
Called up share capital:		
Preferential share capital 20	286	265
Ordinary share capital 20	642	642
	928	907
Share premium account	3 076	52
Profit retained and other reserves	3 973	1 890
Total capital employed	11 933	6 978

Profit and loss account as at 31 December

Income from fixed investments after taxation	3 260	6 984
Other income and expenses	755	190
Profit of the year	4 015	7 174

Pages 7 to 31 and 41 to 45 contain the notes to the NV company accounts. For the information required by Article 392 of Book 2, Civil Code, refer to pages 6 and 46.

As the accounts of NV have been included in the consolidated accounts, the profit and loss account mentions only income from fixed investments after taxation as a separate item. The balance sheet includes the proposed profit appropriation.

The Board of Directors

7 March 2000

Notes to the company accounts

Unilever N.V.

Fixed investments

	Fl. million	
	1999	1998
Shares in group companies	2 173	2 173
Book value of PLC shares held in connection with share options (a)	276	—
Less NV shares held by group companies (a)	(252)	(499)
	2 197	1 674

(a) During 1999 NV acquired from group companies certain NV and PLC shares held in connection with share options. The PLC shares held by NV are shown as part of the NV fixed investments; NV shares still held by group companies are deducted from NV fixed investments; NV shares now held directly by NV are no longer deducted.

Debtors

Loans to group companies	8 844	7 935
Other amounts owed by group companies	6 023	13 338
Amounts owed by undertakings in which the company has a participating interest	156	155
Other	566	284
	15 589	21 712
Of which due after more than one year	2 404	2 810

Current investments

Listed stocks	1 342	587
Cost of current investments	1 338	570

Cash at bank and in hand

This includes amounts for which repayment notice is required of	3 376	1 169
---	-------	-------

Creditors

Due within one year:		
Bank loans and overdrafts	25	33
Bonds and other loans	1 400	1 253
Loans from group companies	41	26
Other amounts owed to group companies	7 488	6 284
Taxation and social security	128	126
Accruals and deferred income	348	213
Dividends	1 098	10 375
Other	299	70
	10 827	18 380
Due after more than one year:		
Bonds and other loans	3 580	3 780
Loans from group companies	—	—
	3 580	3 780
These include amounts due after more than five years:		
Bonds and other loans	439	1 698

Provisions for liabilities and charges

	Fl. million	
	1999	1998
Pension provisions	287	275
Deferred taxation and other provisions	89	74
	376	349
Of which due within one year	18	41

Ordinary share capital

Shares numbered 1 to 2 400 are held by a subsidiary of NV and a subsidiary of PLC. Additionally, 7 225 674 Fl. 1.12 ordinary shares are held by NV and other group companies and trusts. Full details are given in note 20 on pages 20, 21 and 22.

Share premium account

The share premium shown in the balance sheet is not available for issue of tax free bonus shares or for tax free repayment. For an amount of Fl. 3 045 million the premium is for Dutch tax purposes considered 'profit retained'.

Profit retained and other reserves

Profit retained 31 December	4 782	2 388
Cost of NV shares purchased and held by NV and by group companies	(809)	(498)
Balance 31 December	3 973	1 890

Profit retained shown in the company accounts and the notes thereto is less than the amount shown in the consolidated balance sheet, mainly because only part of the profits of group companies has been distributed in the form of dividends.

Contingent liabilities

These are not expected to give rise to any material loss and include guarantees given for group and other companies, under which amounts outstanding at 31 December were:

Group companies	4 120	4 303
Other	1	—
	4 121	4 303
Of the above, guaranteed also by PLC	990	868

Further statutory information

Unilever N.V.

The rules for profit appropriation in the Articles of Association (summary of Article 41)

The profit of the year is applied firstly to the reserves required by law or by the Equalisation Agreement, secondly to cover losses of previous years, if any, and thirdly to the reserves deemed necessary by the Board of Directors. Dividends due to the holders of the Cumulative Preference Shares, including any arrears in such dividends, are then paid; if the profit is insufficient for this purpose, the amount available is distributed to them in proportion to the dividend percentages of their shares. Any profit remaining thereafter is at the disposal of the General Meeting. Distributions from this remaining profit are made to the holders of the ordinary shares pro rata to the nominal amounts of their holdings. The General Meeting can only decide to make distributions from reserves on the basis of a proposal by the Board and in compliance with the law and the Equalisation Agreement.

	Fl. million	
	1999	1998
Proposed profit appropriation		
Profit of the year	4 015	7 174
Preference dividends	(44)	(15)
Profit at disposal of the Annual General Meeting of shareholders	3 971	7 159
Ordinary dividends	(1 577)	(10 889)
Profit of the year retained	2 394	(3 730)
Profit retained – 1 January	2 388	6 118
Profit retained – 31 December	4 782	2 388

Special controlling rights under the Articles of Association

See note 20 on page 20.

Auditors

A resolution will be proposed at the Annual General Meeting on 3 May 2000 for the reappointment of PricewaterhouseCoopers N.V. as auditors of NV. The present appointment will end at the conclusion of the Annual General Meeting.

JWB Westerburchen SG Williams

Joint Secretaries of Unilever N.V.
7 March 2000

Corporate Centre
Unilever N.V.
Weena 455
PO Box 760
3000 DK Rotterdam

Company accounts

Unilever PLC

Balance sheet as at 31 December

	£ million	
	1999	1998
Fixed assets		
Fixed investments	1 196	1 421
Current assets		
Cash and current investments	5	501
Debtors	1 047	2 248
Debtors due within one year	1 047	2 248
Debtors due after more than one year	—	—
Total current assets	1 052	2 749
Creditors due within one year	(1 197)	(3 406)
Net current liabilities	(145)	(657)
Total assets less current liabilities	1 051	764
Creditors due after more than one year	—	—
Capital and reserves	1 051	764
Called up share capital 20	41	41
Share premium account	94	94
Capital redemption reserve 22	11	11
Profit retained	905	618
Total capital employed	1 051	764

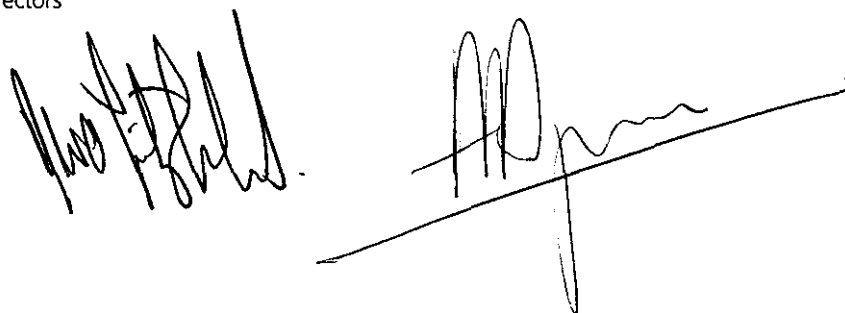
All amounts included in capital and reserves are classified as equity as defined under United Kingdom Financial Reporting Standard 4.

As permitted by Section 230 of the United Kingdom Companies Act 1985, PLC's profit and loss account does not accompany its balance sheet.

On behalf of the Board of Directors

NWA FitzGerald Chairman
A Burgmans Vice-Chairman

7 March 2000



Notes to the company accounts

Unilever PLC

Fixed investments

	£ million	
	1999	1998
Shares in group companies	1 016	1 272
Book value of PLC shares held in connection with share options	180	149
	1 196	1 421

Shares in group companies

Shares in group companies are stated at cost or valuation, less amounts written off.

Movements during the year:

1 January	1 272
Additions	218
Disposals	(474)
31 December	1 016

Shares held in connection with share options

Movements during the year:

1 January	149
Additions	81
Disposals	(50)
31 December	180

Debtors

Due within one year:		
Amounts owed by group companies	1 034	2 246
Other	13	2
	1 047	2 248
Due after more than one year:		
Amounts owed by group companies	—	—
	1 047	2 248

Creditors

	£ million	
	1999	1998
Due within one year:		
Amounts owed to group companies	940	949
Bonds and other loans	—	—
Taxation and social security	10	36
Dividends	246	2 406
Other	1	15
	1 197	3 406
Due after more than one year:		
Bonds and other loans	—	—

Profit retained

1 January	618	896
Goodwill movements	—	—
Profit of the year	643	2 222
Dividends on ordinary and deferred shares	(356)	(2 500)
31 December	905	618

Contingent liabilities

These are not expected to give rise to any material loss and include guarantees given for group companies, under which amounts outstanding at 31 December were:		
	899	1 038
Of the above, guaranteed also by NV		
	279	278

Remuneration of auditors

Parent company audit fee	1.3	1.1
Payments by the parent company for non-audit services provided by PricewaterhouseCoopers United Kingdom	3.6	0.7

Profit appropriation

The proposed appropriation of the profit of PLC is as follows:

Interim and recommended final dividends	356	2 500
Profit of the year retained	287	(278)

Further statutory information and other information

Unilever PLC

Capital and membership

At 31 December 1999 PLC had 117 980 ordinary shareholdings.

The following table analyses the registered holdings of PLC's 1.4p ordinary shares at 31 December 1999.

Number of shares	Number of holdings	%	Total shares held	%
1 – 1 000	40 749	34.54	22 855 828	0.78
1 001 – 2 500	34 850	29.54	57 350 097	1.97
2 501 – 5 000	20 302	17.21	72 263 890	2.48
5 001 – 10 000	12 247	10.38	85 908 494	2.95
10 001 – 25 000	6 467	5.48	97 409 085	3.35
25 001 – 50 000	1 498	1.27	51 534 218	1.77
50 001 – 100 000	684	0.58	47 274 912	1.62
100 001 – 1 000 000	870	0.74	273 248 508	9.39
Over 1 000 000	313	0.26	2 203 613 548	75.69
	117 980	100.00	2 911 458 580	100.00

Substantial interests in the share capital of PLC

The Register maintained by PLC pursuant to Section 211 of the Companies Act 1985 shows that at the date of signing the Report and Accounts 156 815 034 ordinary shares in PLC, representing approximately 5% of the issued ordinary capital, were held jointly by Sir Michael Angus, The Rt Hon The Viscount Leverhulme, Sir Michael Perry, NWA FitzGerald and Dr JIW Anderson as trustees of the Leverhulme Trust and the Leverhulme Trade Charities Trust.

The Register also shows the following interests in PLC's Ordinary and Deferred capital on that date:

Holder	Class	Approximate % held
Prudential Corporation plc	Ordinary	3
N.V. Elma	Deferred	50
United Holdings Limited	Deferred	50

Directors' interests

The Register of Directors' Interests in the share capital of PLC and its subsidiaries, which contains full details of the directors' PLC shareholdings and options, is open to inspection by shareholders and will be open for inspection at the Annual General Meeting.

Employee involvement and communication

Unilever's companies maintain formal processes to inform, consult and involve employees and their representatives. Most of the United Kingdom sites are accredited to the Investors in People standard. The European Foundation for Quality Management's model for measuring Business Excellence, with its strong emphasis on maximising the potential of employees, is also widely employed.

A European Works Council, embracing employee and management representatives from 15 countries of Western Europe, has been in existence for three years, and provides a forum for discussing issues that extend across national boundaries.

The directors' reports of the United Kingdom group companies contain more details about how they have communicated with their employees during 1999.

Equal opportunities and diversity

Every Unilever company in the United Kingdom has an equal opportunities policy and actively pursues equality of opportunity for all employees.

During 1999, all United Kingdom companies committed to a major UK-wide action programme to accelerate progress in achieving diversity. They are committed to having an even greater diversity at all levels within the organisation, and will continue to create an environment in which individuals' differences are appreciated and in which all employees feel valued and respected.

Charitable and other contributions

During the year group companies made financial contributions of £6 million to United Kingdom charitable organisations and assisted them with a further £1 million of support in other forms. In addition, £100 000 was given to Britain in Europe. No contribution was made for political purposes.

Further statutory information and other information

Unilever PLC

Supplier payment policies

Individual operating companies are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. The directors' reports of United Kingdom operating companies give information about their supplier payment policies as required by the Companies Act. PLC, as a holding company, does not itself make any relevant payments in this respect.

Interests in land

The majority of Unilever's land and buildings are used for the productive and distributive activities of the Group and are not held for resale. The directors take the view that any difference between their market value and the amount at which they are included in the balance sheet is not of such significance as to require that attention be drawn to it, as would be required by Schedule 7 (Part I) of the United Kingdom Companies Act 1985.

Auditors

A resolution will be proposed at the Annual General Meeting on 3 May 2000 for the reappointment of PricewaterhouseCoopers as auditors of PLC. The present appointment will end at the conclusion of the Annual General Meeting.

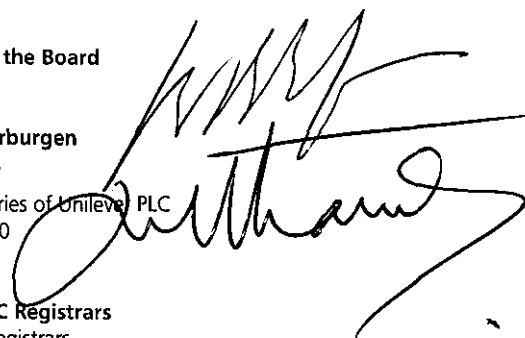
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Unilever PLC Registered Office
Port Sunlight
Wirral
Merseyside CH62 4UJ

By Order of the Board

JWB Westerburgen
SG Williams
Joint Secretaries of Unilever PLC
7 March 2000

Unilever PLC Registrars
Lloyds TSB Registrars
The Causeway
Worthing
West Sussex BN99 6DA



Five year record

Unilever Group

Consolidated profit and loss account

	£ million				
	1995	1996	1997	1998	1999
Turnover	31 516	33 522	29 766	27 094	26 994
Operating profit	2 523	2 870	2 382	2 955	2 835
Non-operating exceptional items ^(a)	—	—	2 383	—	—
Income from fixed investments	48	34	27	25	34
Interest	(255)	(251)	(73)	105	(9)
Profit on ordinary activities before taxation	2 316	2 653	4 719	3 085	2 860
Profit on ordinary activities after taxation	1 535	1 687	3 428	2 070	1 958
Net profit	1 470	1 606	3 331	1 973	1 825
Combined earnings per share ^{(b)(c)}					
Guilders per Fl. 1.12 (1998-1995: Fl. 1) of ordinary capital	3.32	3.76	9.78	5.80	5.80
Pence per 1.4p (1998-1995: 1.25p) of ordinary capital	19.70	21.54	44.74	26.45	26.01
Ordinary dividends ^(b)					
NV					
— Guilders per Fl. 1.12 (1998-1995: Fl. 1) of ordinary capital	1.55	1.75	2.23	2.51	2.79
PLC					
— Pence per 1.4p (1998-1995: 1.25p) of ordinary capital	7.35	8.01	8.42	10.70	12.50
Special ordinary dividends					
NV — Guilders per Fl. 1 of ordinary capital				14.50	
PLC — Pence per 1.25p of ordinary capital				66.13	

Consolidated balance sheet

Fixed assets ^(e)	8 856	8 067	6 107	6 085	5 972
Stocks	4 292	3 906	3 111	3 351	3 185
Debtors	4 724	4 577	4 603	4 755	4 777
Trade and other creditors ^(f)	(6 699)	(6 291)	(6 002)	(11 586)	(6 326)
	11 173	10 259	7 819	2 605	7 608
Net (funds)/debt ^(d)	1 890	1 693	(3 183)	(4 079)	(425)
Provisions for liabilities and charges	3 303	3 042	3 274	3 044	2 848
Minority interests	359	343	312	288	360
Capital and reserves ^(f)	5 621	5 181	7 416	3 352	4 825
	11 173	10 259	7 819	2 605	7 608

(a) Non-operating exceptional items in 1997 includes £2 535 million profit on sale of speciality chemicals businesses.

(b) Figures for earnings per share and dividends have been restated to reflect the four-for-one share split in October 1997.

(c) For the basis of the calculations of combined earnings per share including the treatment of the 1999 share consolidations see note 29 on page 27.

(d) Net (funds)/debt comprises borrowings less cash and current investments.

(e) Includes goodwill and intangibles purchased after 1 January 1998.

(f) 1998 includes the special dividend of £5 130 million assuming all shareholders had taken the cash dividend. Capital and reserves in 1999 reflect the increase of £911 million as a result of the preference shares issued.

Five year record

Unilever Group

Consolidated cash flow statement ^(a)

	£ million				
	1995	1996	1997	1998	1999
Cash flow from operating activities	3 235	3 812	3 854	3 026	3 724
Returns on investments and servicing of finance	(299)	(262)	(237)	61	(85)
Taxation	(660)	(716)	(1 307)	(845)	(951)
Capital expenditure and financial investment	(1 168)	(1 077)	(875)	(939)	(989)
Acquisitions and disposals	(625)	(868)	4 095	226	(240)
Dividends paid on ordinary share capital	(606)	(682)	(648)	(719)	(834)
Special dividend					(4 014)
Cash flow before management of liquid resources and financing	(123)	207	4 882	810	(3 389)
Management of liquid resources	258	(293)	(4 438)	(1 341)	3 740
Financing	(77)	294	(476)	28	(96)
Increase/(decrease) in cash in the period	58	208	(32)	(503)	255
Key ratios ^(b)					
Return on shareholders' equity (%)	26.4	29.4	48.3	24.5	42.7
Return on capital employed (%)	14.2	15.2	27.6	16.0	22.3
Operating margin (%)	8.0	8.6	8.0	10.9	10.5
Net profit margin (%) ^(c)	4.7	4.8	11.2	7.3	6.8
Net interest cover (times)	10.1	11.6	65.6	—	319.0
Net gearing (%)	24.0	23.5	—	—	—
Sterling/guilder exchange rates					
Annual average £1 = Fl.	2.53	2.62	3.18	3.29	3.35
Year-end £1 = Fl.	2.49	2.96	3.34	3.12	3.55

(a) The cash flow statement and the associated notes are presented in accordance with United Kingdom Financial Reporting Standard 1. Figures for years prior to 1996 have been restated on the same basis.

(b) Return on shareholders' equity is net profit attributable to ordinary shareholders expressed as a percentage of the average capital and reserves attributable to ordinary shareholders during the year.

Return on capital employed is the sum of profit on ordinary activities after taxation plus interest after taxation on borrowings due after more than one year, expressed as a percentage of the average capital employed during the year.

Operating margin is operating profit expressed as a percentage of turnover.

Net profit margin is net profit expressed as a percentage of turnover.

Net interest cover is profit on ordinary activities before net interest and taxation divided by net interest.

Net gearing is net debt (borrowings less cash and current investments) expressed as a percentage of the sum of capital and reserves, minority interests and net debt.

Return on shareholders' equity is substantially influenced by the Group's policy prior to 1998, of writing off purchased goodwill in the year of acquisition as a movement in profit retained. Return on capital employed and net gearing are also influenced but to a lesser extent.

(c) Net profit margin includes the profit on sale of the speciality chemicals businesses in 1997.

Five year record

Unilever Group

By geographical area

	£ million				
	1995	1996	1997	1998	1999
Turnover (a)					
Europe	16 824	16 801	14 104	12 711	12 378
North America	5 928	6 998	6 179	5 640	5 822
Africa and Middle East	1 453	1 610	1 517	1 493	1 514
Asia and Pacific	4 320	4 807	4 598	3 888	4 429
Latin America	2 991	3 306	3 368	3 362	2 851
	31 516	33 522	29 766	27 094	26 994
Operating profit (a)					
Europe	1 282	1 372	1 218	1 541	1 428
North America	438	621	351	631	558
Africa and Middle East	158	166	142	149	175
Asia and Pacific	376	394	386	306	423
Latin America	269	317	285	328	251
	2 523	2 870	2 382	2 955	2 835
Net operating assets (a)					
Europe	4 259	3 816	2 033	2 302	2 136
North America	2 036	2 066	1 107	1 227	1 241
Africa and Middle East	574	548	511	494	506
Asia and Pacific	1 155	1 110	945	905	932
Latin America	875	762	899	967	945
	8 899	8 302	5 495	5 895	5 760

By operation

Turnover (a)					
Foods	16 485	16 739	14 838	14 103	13 508
Home & Personal Care	11 442	13 205	12 933	12 585	13 030
Other Operations	989	915	702	406	456
Speciality Chemicals (b)	2 600	2 663	1 293		
	31 516	33 522	29 766	27 094	26 994
Operating profit (a)					
Foods	1 116	1 192	860	1 207	1 178
Home & Personal Care	972	1 226	1 280	1 402	1 556
Other Operations	89	74	76	346	101
Speciality Chemicals (b)	346	378	166		
	2 523	2 870	2 382	2 955	2 835
Net operating assets (a)					
Foods	4 490	4 023	3 233	3 453	3 305
Home & Personal Care	2 487	2 469	2 135	2 325	2 357
Other Operations	337	288	127	117	98
Speciality Chemicals (b)	1 585	1 522			
	8 899	8 302	5 495	5 895	5 760
Capital expenditure					
Foods	638	627	507	519	455
Home & Personal Care	344	346	351	341	380
Other Operations	29	32	22	30	24
Speciality Chemicals (b)	203	164	85		
	1 214	1 169	965	890	859

(a) See note 1 on pages 12 and 13.

(b) The principal speciality chemicals businesses were sold in July 1997. Continuing businesses previously reported as Speciality Chemicals have been reallocated to other segments.

Additional information for United States investors

Unilever Group

Unilever's consolidated accounts are prepared in accordance with accounting principles which differ in some respects from those applicable in the United States. The following is a summary of the approximate effect on the Group's net profit, combined earnings per share and capital and reserves of the application of United States generally accepted accounting principles (US GAAP).

	£ million	
	1999	1998
Net profit as reported in the consolidated profit and loss account	1 825	1 973
US GAAP adjustments:		
Goodwill	(141)	(133)
Identifiable intangibles	(74)	(73)
Restructuring costs	30	(125)
Interest	(6)	(17)
Pensions	(8)	5
Taxation effect of above adjustments	14	74
Net decrease	(185)	(269)
Approximate net income under US GAAP	1 640	1 704
Approximate combined net income per share under US GAAP		
Guilders per Fl. 1.12 (1998: Fl. 1) of ordinary capital	5.20	5.01
Pence per 1.4p (1998: 1.25p) of ordinary capital	23.35	22.84
Capital and reserves as reported in the consolidated balance sheet	4 825	3 352
US GAAP adjustments:		
Goodwill	2 434	2 798
Identifiable intangibles	1 857	1 904
Restructuring costs	65	35
Interest	345	351
Pensions	115	157
Dividends	556	5 729
Taxation effect of above adjustments	(639)	(708)
Net increase	4 733	10 266
Approximate capital and reserves under US GAAP	9 558	13 618
Net gearing under US GAAP (%) ^(a)	—	—

(a) See note (b) on page 52.

Additional information for United States investors

Unilever Group

The following is a summary of the more important differences between Unilever's accounting principles and US GAAP.

Goodwill and other intangibles

Prior to 1 January 1998 Unilever wrote off goodwill and all other intangible assets arising on the acquisition of new interests in group companies and joint ventures directly to profit retained in the year of acquisition. Under US GAAP, goodwill and identifiable intangibles, principally trade marks, are capitalised and amortised against income over their estimated useful lives, not exceeding 40 years.

There is no difference between the accounting policy applied to goodwill and intangible assets purchased after 1 January 1998 and US GAAP.

Restructuring costs

Under Unilever's accounting policy certain restructuring costs are recognised when a restructuring plan has been announced. Under US GAAP, certain additional criteria must be met before such charges are recognised.

Interest

Unilever treats all interest costs as a charge to the profit and loss account in the current period. Under US GAAP interest incurred during the construction periods of tangible fixed assets is capitalised and depreciated over the life of the assets.

Pensions

Under Unilever's accounting policy the expected costs of providing retirement pensions are charged to the profit and loss account over the periods benefiting from the employees' services. Variations from expected cost are similarly spread. Under US GAAP, pension costs are also spread, but based on prescribed actuarial assumptions.

Dividends

The proposed final ordinary dividends are provided for in the Unilever accounts in the financial year in the year to which they relate. Under US GAAP such dividends are not provided for until they become irrevocable.

Publications

Copies of the following publications can be obtained without charge from Unilever's Corporate Relations Departments.

Unilever Annual Review 1999

available in English with guilder or sterling figures, and Dutch with guilder figures; a supplement is also available in English with US dollar figures.

Unilever Annual Accounts 1999

available in English with guilder or sterling figures, and Dutch with guilder figures.

Annual Reports on Form 20-F

the filings in English, with figures in guilders and sterling, with the United States Securities and Exchange Commission.

Quarterly Results Announcements

available in English and Dutch with euro figures; with sterling or US dollar figures available as supplements in English.

Charts Booklet

available in English with guilder, sterling and US dollar figures combined in a selection of charts and data over ten years.

Environment Report

available in English. The report charts the objectives and progress made on environmental management and product life cycle assessment.

Introducing Unilever

explains our business activities worldwide — available in English with guilder, sterling or US dollar figures, and in Dutch with guilder figures.

Web site

www.unilever.com

Our corporate web site has seven key sections for ease of navigation:

Company

an introduction to Unilever — its corporate purpose, geographic spread, organisation and history.

Brands

details of Unilever's best-known brands plus information on DiverseyLever and interactive marketing.

Environment

our environment commitments and goals are captured along with case studies of our work in sustainable agriculture and fisheries and the global Living Lakes project. Our latest environment report is also available.

Society

details of our work in society and in the communities in which we operate — for example in schools, health care and arts sponsorship.

Finance

Unilever's annual and quarterly results, the Annual Review and Accounts and the Annual Report on Form 20-F plus a Shareholder Centre which includes key dates in our financial year; details of shareholder meetings; Unilever's financial history; share price information; and frequently asked questions and answers.

Careers

information on careers and opportunities with Unilever.

News

up-to-date information, including press releases, keynote speeches and photographs.

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