UNILEVER UNITED STATES, INC.

Nonconsolidated Financial Statements

December 31, 2014 and 2013

(With Independent Auditor's Report Thereon)

UNILEVER UNITED STATES, INC.

December 31, 2014 and 2013

Table of Contents

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Management of Unilever United States, Inc.:

Report on the Financial Statements

We have audited the accompanying non-consolidated financial statements of Unilever United States, Inc., which comprise the non-consolidated statement of financial position as of December 31, 2014, and the related non-consolidated statements of income (loss), comprehensive income (loss), changes in equity, and cash flows for the then year ended, and the related notes to the non-consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of Unilever United States, Inc. as of December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other Matter

The accompanying non-consolidated financial statements of Unilever United States, Inc. as of December 31, 2013 and for the year then ended were audited by other auditors whose report thereon dated April 4, 2014, expressed an unmodified opinion on those financial statements.

KPMG LLP

New York, New York
March 20, 2015

UNILEVER UNITED STATES, INC.

Nonconsolidated Statements of Financial Position

December 31, 2014 and 2013

(Dollars in thousands)

Assets	**2014**	**2013**
Noncurrent assets:		
Prepaid expenses (note 12)	$ 1,450	1,701
Investments in subsidiaries (note 3)	29,599,514	29,374,753
Funds in escrow (notes 9 and 15)	2,629	—
Deferred taxes (note 7)	42,822	46,601
Total noncurrent assets	29,646,415	29,423,055
Current assets:		
Cash and cash equivalents (note 9)	—	130
Investment in equity shares of Ultimate Parent (notes 9 and 10)	2,229	1,675
Prepaid expenses (note 12)	11,028	15,563
Net amounts due from Unilever Group affiliates (note 8)	15,550	9,594
Other current assets	36	29
Total current assets	28,843	26,991
Total assets	$ 29,675,258	29,450,046
Liabilities and Equity		
Equity (note 13):		
Called up share capital	$ 1	1
Share premium	1,341,561	1,341,561
Retained earnings	20,621,062	20,243,048
Total equity	21,962,624	21,584,610
Noncurrent liabilities:		
Liabilities to employee benefit plans (note 5)	68,413	70,522
Liabilities for share-based compensation (note 6)	30,438	38,583
Other	6	6
Total noncurrent liabilities	98,857	109,111
Current liabilities:		
Trade and other payables (note 14)	43,106	45,308
Provisions (note 15)	2,355	2,575
Liabilities to employee benefit plans (note 5)	6,665	8,171
Other payables	506	506
Liabilities for share-based compensation (note 6)	19,423	17,586
Net amounts due to Unilever Group affiliates (note 8)	797	5,629
Net amounts due to UNUS Group affiliates (note 8)	7,540,925	7,676,550
Total current liabilities	7,613,777	7,756,325
Total liabilities and equity	$ 29,675,258	29,450,046

See accompanying notes to nonconsolidated financial statements.

UNILEVER UNITED STATES, INC.

Nonconsolidated Statements of Income (Loss)

Years ended December 31, 2014 and 2013

(Dollars in thousands)

		2014	2013
Management operations:			
Operating costs (note 8)	$	(25,762)	(9,164)
Finance income (expense):			
Interest on intercompany debt (note 8)		(342,461)	(252,156)
Dividend income from affiliate (note 8)		2,000,000	—
Other investment income		8	9
Interest on benefit plans (note 5)		(3,311)	(3,628)
Other interest income (expense)		408	(546)
		1,654,644	(256,321)
Income (loss) before taxes		1,628,882	(265,485)
Income tax benefit (note 7)		(140,430)	(99,995)
Net income (loss)	$	1,769,312	(165,490)

See accompanying notes to nonconsolidated financial statements.

UNILEVER UNITED STATES, INC.

Nonconsolidated Statements of Comprehensive Income (Loss)

Years ended December 31, 2014 and 2013

(Dollars in thousands)

		2014	2013
Net income (loss)	$	1,769,312	(165,490)
Items that will not be reclassified to income:			
Actuarial gains on benefit programs, net of tax of $1.1 million in 2014 and $5.1 million in 2013		1,702	8,828
Comprehensive income (loss)	$	1,771,014	(156,662)

See accompanying notes to nonconsolidated financial statements.

UNILEVER UNITED STATES, INC.

Nonconsolidated Statements of Changes in Equity

Years ended December 31, 2014 and 2013

(Dollars in thousands)

		Total	Share capital	Share premium	Retained earnings
Equity, January 1, 2013	$	23,186,972	1	1,341,561	21,845,410
Comprehensive loss		(156,662)	—	—	(156,662)
Dividends declared		(1,445,700)	—	—	(1,445,700)
Equity, December 31, 2013		21,584,610	1	1,341,561	20,243,048
Comprehensive income		1,771,014	—	—	1,771,014
Dividends declared		(1,393,000)	—	—	(1,393,000)
Equity, December 31, 2014	$	21,962,624	1	1,341,561	20,621,062

See accompanying notes to nonconsolidated financial statements.

UNILEVER UNITED STATES, INC.

Nonconsolidated Statements of Cash Flows

Years ended December 31, 2014 and 2013

(Dollars in thousands)

		2014	2013
Cash flows from operating activities:			
Net income (loss)	$	1,769,312	(165,490)
Dividend income from affiliate		(2,000,000)	—
Income tax benefit		(140,430)	(99,995)
Post employment benefits		6,276	6,337
Share-based compensation		17,917	10,700
Interest expense		345,364	256,330
Interest earned (paid)		408	(546)
Changes in assets and liabilities:			
Prepaid expenses		4,786	1,404
Net amounts due from Unilever Group affiliates		(10,788)	2,176
Other current assets		(7)	852
Accounts payable		(2,610)	(969)
Provisions		(220)	1,728
Liabilities for share-based compensation		(24,225)	(20,114)
Other payables		—	(1,761)
Liabilities to employee benefit plans		(7,130)	(7,932)
Cash used by operating activities		(41,347)	(17,280)
Cash flows from investing activities:			
Investment in equity securities of Ultimate Parent		(82,165)	(42,946)
Funds in escrow		(2,629)	6,544
Dividend income from affiliate		2,000,000	—
Cash provided (used) by investing activities		1,915,206	(36,402)
Cash flows from financing activities:			
Dividend to Unilever Group		(1,393,000)	(1,445,700)
Net borrowings from UNUS Group affiliates		(480,989)	1,499,291
Cash (used) provided by financing activities		(1,873,989)	53,591
Net change in cash and cash equivalents		(130)	(91)
Cash and cash equivalents:			
Beginning of year		130	221
End of year	$	—	130

See accompanying notes to nonconsolidated financial statements.

(1) Organization

Unilever United States, Inc. (the Company or UNUS) is a wholly owned subsidiary of UNUS Holding BV and its subsidiaries (incorporated in the Netherlands) which itself is an indirect, wholly owned, joint subsidiary of Unilever N.V. (incorporated in the Netherlands) and Unilever PLC (incorporated in the United Kingdom) (collectively referred to as the Unilever Group or Ultimate Parent). The Company is incorporated and domiciled in the United States.

The Unilever Group is one of the world's largest suppliers of fast moving consumer goods. It manufactures, markets and sells products in the food, personal care and household products industries throughout the world. The Unilever Group conducts its business in the United States primarily through Conopco, Inc. (Conopco), an entity wholly owned by UNUS. Unilever Capital Corporation (UCC), another wholly owned subsidiary of the Company, provides financing for Unilever Group's United States operations.

As a holding company, UNUS provides management services to its operating subsidiaries (collectively the UNUS Group) and facilitates communications and the flow of information among those subsidiaries and other entities within the Unilever Group.

(2) Basis of Presentation

The accompanying financial statements of Unilever United States, Inc. represent the separate (nonconsolidated) financial statements of the Company pursuant to the exemption afforded under paragraph 4a of International Financial Reporting Standard (IFRS) 10 – *Consolidated Financial Statements*. Accordingly, the accompanying finance statements are separate financial statements of the UNUS Group. The Company's ultimate parents, Unilever N.V. and Unilever PLC, issue publicly available consolidated financial statements in accordance with International Financial Reporting Standards. These statements are available at Unilever N.V. Investor Relations Department, Weena 455, PO Box 760, 3000 DK Rotterdam, The Netherlands.

(a) Statement of Compliance

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The functional and reporting currency of the Company is the United States dollar.

(b) Basis of Measurement

The separate financial statements of the Company have been prepared on the historical cost basis unless otherwise indicated.

(c) Dividend Income

The Company's primary source of income is dividends from Conopco. These are recognized in the statement of income (loss) when the Company's right to receive payment has been established, which is generally when the dividend has been declared. However, to the extent a distribution is considered a return of capital, the carrying value of the Company's investment is reduced. There were no distributions in 2014 or 2013 that represent a return of capital.

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(d) Financial Asset

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

The Company's financial asset consists of an investment in equity shares of the Ultimate Parent. The Company acquires Unilever N.V. shares and Unilever PLC American Depository Receipts (ADRs) to satisfy obligations under share-based compensation programs in the near term. These equity securities are recorded at fair value.

Loans and receivables are financial assets with fixed and determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment charges.

(e) Cash and Cash Equivalents

Cash and cash equivalents are financial assets and include deposits, investments in money market funds and highly liquid investments that have the following characteristics:

- Are readily convertible into cash
- Have an insignificant risk of change in value; and
- Have a maturity of three months or less at acquisition

(f) Investment in Subsidiaries

Investments in the Company's subsidiaries are recorded at cost.

(g) Financial Liabilities

Financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or canceled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(h) Estimates

The preparation of nonconsolidated financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income, and expenses and the disclosure of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and judgments are evaluated continuously and are

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based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in applicable subsequent periods.

Significant estimates and judgments involved in the preparation of these financial statements include the following:

- the measurement of defined benefit obligations and assets and the allocation thereof to subsidiaries
- allocation of income tax obligations to subsidiaries
- the measurement of share-based compensation and the allocation thereof to subsidiaries

(i) Share-Based Compensation

The Company purchases shares of its Ultimate Parent (Unilever N.V. shares and Unilever PLC ADRs) to settle share based compensation awards and therefore considers its award programs to be cash-settled plans in these separate nonconsolidated financial statements. Accordingly, compensation expense determined under share-based compensation plans is adjusted at the end of each reporting period through profit and loss to reflect the fair value of the related liability.

(j) Pensions and Similar Obligations

The Company sponsors one funded defined benefit pension plan and several unfunded defined pension and welfare benefit plans for its employees and the employees of its subsidiaries. The most significant plans are open to substantially all employees and are subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). ERISA sets general and specific standards regarding requirements including, but not limited to plan participation, minimum funding, and participant vesting. In addition, the significant plans are subject to provisions of the Internal Revenue Code governing deductibility of plan contributions and the exemption of plan trusts from income tax.

The operating and financing components related to defined benefit plans are recognized separately in the statements of income (loss). Operating costs (service costs) represent the cost of accruing benefits to employees during the year plus the cost of other events such as plan amendments involving enhanced benefits for prior service or termination and curtailments. The amount charged or credited to finance costs is a net interest expense calculated by applying the liability discount rate to the net defined benefit liability or asset. Differences between the expected return on assets and return actually achieved and any changes in the liabilities over the year due to changes in assumptions or experience within the plans are recognized immediately in the statements of comprehensive income (loss).

The liabilities to employee benefit plans in the statements of financial position are comprised of the present value of the defined benefit plan obligation (determined using the projected unit credit method) allocable to UNUS. That liability is discounted using rates based on high quality corporate bonds with maturities commensurate with the duration of pension liability, less the fair value of plan assets allocable to UNUS. All of the Company’s defined benefit plans are subject to annual independent actuarial valuations prepared as of the reporting date.

With respect to defined contribution plans, the Company records an expense in the statements of income (loss) equal to its contribution payable to each plan. The Company's obligation under defined contribution plans is limited to the amounts required to be contributed each year. The assets and liabilities of defined contribution plans are not reflected in these nonconsolidated financial statements.

(k) Income Taxes

The Company files its tax returns on a consolidated basis with the UNUS Group for U.S. federal purposes and in many states in which it conducts business. Income taxes reflected in these financial statements are determined using the pro rata method whereby current and deferred income taxes are allocated to members of the group based on each member's relative contribution to the group's consolidated income tax expense or benefit.

Income taxes are comprised of current and deferred tax. Current taxes are based on the enacted or substantively enacted tax rates and are recognized in the statement of income (loss) except to the extent that they relate to items recognized directly in equity. Current tax benefit may also include adjustments to amounts recorded for tax assets and liabilities in prior years.

The Company recognizes deferred taxes using the liability method on its temporary differences and on any carryforwards except to the extent benefits are not expected to be utilized by the consolidated UNUS Group. Deferred taxes are based on the expected manner of realization or settlement using tax rates enacted or substantively enacted as of the fiscal year end. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax is related to the same regulatory authority. Deferred taxes are not provided on temporary differences related to investments in subsidiaries to the extent that it is probable they will not reverse in the foreseeable future.

(l) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) arising from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation is available. Provisions are discounted if the effect is material to the nonconsolidated financial statements. No provisions were discounted in these nonconsolidated financial statements.

(m) Impairment of Assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

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Annually, in accordance with IAS 36 – *Impairment of Assets*, the Company determines whether indicators of asset impairment exist, particularly with respect to its investments in subsidiaries and its receivables from entities within the Unilever Group. There were no such indicators of impairment in 2014 or 2013 and therefore no impairments have been recorded in the nonconsolidated financial statements.

(n) New Accounting Pronouncements

Following is a brief description of amendments to accounting pronouncements that became effective during the periods of the nonconsolidated financial statements presented:

IAS 19 – *Employee Benefits (revised)* was effective January 1, 2013. This accounting pronouncement changes certain disclosure requirements for post-employment benefit plans and restricts the number of accounting options available to defined benefit pension plans. The return on pension plan assets and finance charge have been replaced by a net interest expense or income calculated by applying the liability discount rate to the net defined benefit liability. Administration costs by pension funds will now be recognized as an expense when the administrative services are performed.

IAS 1 – *Presentation of Financial Statements* – was amended effective January 1, 2013 to require that items of other comprehensive income that will likely reverse in future periods be presented separately from those items that will not reverse in future periods. This change has been incorporated into the nonconsolidated financial statements.

IAS 27 – *Separate Financial Statements and* IFRS 10 – *Consolidated Financial Statements* were amended effective January 1, 2014. IFRS 10 was amended to define an investment entity and provide an exception from the requirement to consolidate subsidiaries for investment entities.

IAS 27 was updated to require additional disclosure requirements for investment entities. These amendments to IFRS had no effect on the Company.

IAS 32 – *Financial Instruments: Presentation* was amended effective January 1, 2014 to clarify when an entity can offset financial assets and financial liabilities. This amendment had no effect on the Company's nonconsolidated financial statements.

IAS 36 – *Impairment of Assets* was amended effective January 1, 2014 to change disclosure requirements for certain assets that are impaired. This amendment had no effect on the Company's nonconsolidated financial statements.

IAS 39 – *Financial Instruments: Recognition and Measurement* was amended effective January 1, 2014 to change certain hedging requirements. This amendment had no effect on the Company's nonconsolidated financial statements.

IFRS 12 – *Disclosures of Interests in Other Entities*, effective January 1, 2013, requires enhanced disclosures of the nature, risks and financial effects associated with interests in subsidiaries. IFRS 12 is not applicable to the Company's separate nonconsolidated financial statements.

IFRS 13 – *Fair Value Measurement* explains how to measure fair value and enhances fair value disclosures. The standard does not significantly change the measurement of fair value but codifies it in one place.

Amendments to IFRS 7 – *Financial instruments*: Disclosures introduces new disclosures of information about the significance of financial instruments to an entity.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2014 and have not been applied in preparing these separate nonconsolidated financial statements. None of these are expected to have a significant effect on the separate nonconsolidated financial statements of the Company.

(3) Investments in Subsidiaries

Following is a summary of the Company's investments in wholly owned subsidiaries as of December 31, 2014 and 2013:

Subsidiary	Country of incorporation	Principal place of business	2014	2013
			(dollars in thousands)	
Conopco, Inc.	U.S.	U.S.	$ 29,596,067	29,371,306
UCC	U.S.	U.S.	3,447	3,447
			$ 29,599,514	29,374,753

UCC provides financing for all entities within the UNUS Group. It has no other independent operations.

The carrying value of the Company's investment in Conopco is adjusted for the following:

- Acquisition of equity shares of the Ultimate Parent
- Contribution of income tax receivables

During the years ended December 31, 2014 and 2013 the Company acquired equity shares of its Ultimate Parent, which were then provided to employees of Conopco, of $81.6 million and $41.7 million, respectively. The contribution of such amounts is not recovered from Conopco, and as such is treated as an increase in the Company's investment in Conopco. In addition, during the years ended December 31, 2014 and 2013, the Company generated income tax receivables of $143.1 million and $103.6 million, respectively, which are used to offset income taxes payable by Conopco in the Company's consolidated income tax returns. These income tax receivables are not recovered from Conopco, and as such, are treated as an increase to the Company's investment in Conopco.

The cost basis of Conopco as of January 1, 2013 was deemed cost based on its fair value as of that date. Fair value was determined by management using an independent valuation specialist using both the discounted cash flow and comparable market company approaches with equal weighting given to each technique.

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During the year ended December 31, 2014 the Company received dividends totaling $2 billion from Conopco. No dividends were received in 2013.

(4) Employee Compensation

Staff and management costs for the years ended December 31, 2014 and 2013 consist of the following:

		2014	2013
		(dollars in thousands)	
Staff costs:			
Remuneration of employees	$	27,241	28,900
Social security		2,600	2,967
Post-employment benefits		1,557	3,267
Share-based payments		15,372	8,407
	$	46,770	43,541
Key management compensation:			
Salaries and short-term benefits	$	7,069	9,633
Post-employment benefits		119	199
Share-based payments		2,546	2,308
	$	9,734	12,140

Staff includes all persons not included within key management. Key management includes members of the Executive leadership team and other (executive and nonexecutive) Company officers.

Total staff and key management compensation of $56.5 million and $55.7 million for 2014 and 2013, respectively are presented in the statements of income (loss) within operating costs. All compensation, with the exception of share-based payments, is rebilled to affiliates. The above amounts represent gross costs incurred including amounts paid related to group entities that the Company is reimbursed for. Refer to note 8 for a summary of amounts comprising the operating costs, net of rebilling to affiliates, for the years ended December 31, 2014 and 2013.

(5) Post Retirement Benefit Plans

Defined Benefit Plans

General

The Company sponsors pension and welfare benefit plans for both its employees and the employees of its subsidiaries under six pension plans and two welfare benefit plans. The Company's primary postretirement benefit plan is the Unicare Retirement Plan which is also the only funded postretirement benefit plan. It is the Company's policy to contribute the minimum required contribution and comply with applicable U.S. law. The Company may increase its contribution above the minimum if appropriate to its tax and cash position and the funded position of the Plan. The Company has a stated policy of allocating net defined benefit cost among UNUS Group entities based on the ratio that the pensionable salaries of an individual employer bears to the pensionable salaries of all employers under the Plan.

Benefits under pension plans are generally determined based on years of service and pensionable remuneration. Benefits under welfare benefit plans, including post-retirement healthcare plans, are defined in the plan documents.

The Company serves as the entity for the recording of the UNUS Group's defined benefit pension and welfare obligations in order to report the UNUS Group's financial position and results of operations to Unilever Group. For purposes of preparing these separate nonconsolidated financial statements, the UNUS Group's pension liabilities have been allocated to its subsidiaries based on the ratio of the benefit obligations related to the subsidiaries' employees (current and retired), to the total of all benefit obligations under the Plan.

For the years ended December 31, 2014 and 2013, the defined benefit cost related to the Plan was based on the ratio of pensionable salaries in UNUS to the total of all pensionable salaries in the Plan.

Investment Strategy

The Company follows Unilever Group policy guidelines with respect to the investment of pension assets. Those guidelines require the allocation of plan assets to various classes of investments with the goal of controlling risk and maintaining the right balance between risk and long-term returns in order to limit the cost of the plans to the Company. The diversification of plan assets is such that the failure of a single investment would not impact the overall level of plan assets. The Plan continues to invest a significant proportion of assets in equities which offer the best returns over the long run commensurate with an acceptable level of risk. The plans expose the Company to investment risk, interest rate risk, and longevity risk. In order to mitigate such risks the plan also has significant investments in bonds and other alternative investments.

Plan Assumptions

The following represent the significant assumptions in the determination of the benefit obligation under the Company's pension and other post-retirement plans as of December 31, 2014 and 2013:

	2014	**2013**
Discount rate	3.80%	4.70%
Inflation	2.30	2.30
Rate of salary increase	3.00	3.50
Weighted average return on assets	5.60	4.70
Long-term medical care rate	5.00	5.00
Number of years a current pensioner is expected to live past 65:		
Men	21.60	20.40
Women	23.80	22.68
Number of years a future pensioner currently aged 45 is expected to live past 65:		
Men	23.30	20.89
Women	25.50	23.22

Mortality assumptions are based on the table RP-2014 with generational mortality improvements using scale BB. This table has a built in allowance for future improvements in longevity.

Sensitivities

The sensitivity of pension and post-retirement health benefit liabilities to changes in key assumptions are as follows:

	Change in assumptions	Change in liabilities
Discount rate	Increase by 0.1%	(1.40)%
Inflation	Increase by 0.1%	—
Long-term medical care rate	Increase by 0.1%	—

An equivalent decrease in the indicated discount and inflation rates would have a commensurate effect in the opposite direction. Sensitivity analyses have been determined based on reasonably possible changes in the respective assumptions occurring at the end of the reporting period and may not be representative of an actual change. The analysis is based on a change in the key assumption while holding all other assumptions constant. The methods and types of assumptions used in preparing the sensitivity analysis did not change when compared to the prior period.

Valuations of other post-employment benefit plans assume a higher initial level of medical cost inflation, which drops from 7% to the long-term rate of 5% within 5 years. Healthcare cost trend assumptions can have a significant impact on the amounts reported for healthcare plans.

Statement of Income (Loss)

Net defined benefit cost of the plans charged to the statement of income (loss) for the Company and for the plans as a whole for the years ended December 31, 2014 and 2013 are as follows:

	Company		The plans	
	2014	**2013**	**2014**	**2013**
	(dollars in thousands)			
Charged to operating profit:				
Current service cost	$ 3,459	4,109	40,040	51,854
Special termination benefits	—	—	10,787	3,237
Past service cost	(494)	(1,400)	(28,194)	(31,139)
Settlements/curtailments	—	—	(3,920)	(16,890)
Total operating costs	$ 2,965	2,709	18,713	7,062
Charged to finance costs:				
Interest on retirement benefits	$ 6,669	6,472	101,160	94,529
Expected return on assets	(3,358)	(2,844)	(66,776)	(56,197)
Finance costs	$ 3,311	3,628	34,384	38,332

Statement of Comprehensive Income (Loss)

Net defined benefit cost of the plans charged to comprehensive income (loss) for the Company and for the plans as a whole for the years ended December 31, 2014 and 2013 are as follows:

	Company		The plans	
	2014	**2013**	**2014**	**2013**
	(dollars in thousands)			
Actual return less expected return on plan assets	$ (5,302)	2,472	103,637	44,509
Experience gains (losses)	19,248	867	(40,778)	49,601
Changes in assumptions	(11,186)	10,654	(270,710)	233,054
Net actuarial gain (loss) recognized in comprehensive income (loss)	$ 2,760	13,993	(207,851)	327,164

(Continued)

Statement of Financial Position

The assets, liabilities and deficit position of pension and other post-employment benefit plans at December 31, 2014 and 2013 related to the Company's participation in such plans are as follows:

	2014		2013	
	Pension plans	**Other post-employment benefit plans**	**Pension plans**	**Other post-employment benefit plans**
	(dollars in thousands)			
Principal plan assets:				
Equities	$ 22,373	—	31,155	—
Bonds	36,957	—	39,221	—
Other	4,698	—	4,472	—
	64,028	—	74,848	—
Present value of liabilities:				
Principal plans	70,992	11,329	75,695	13,372
Other plans	56,785	—	64,474	—
	127,777	11,329	140,169	13,372
Pension liability net of assets	$ 63,749	11,329	65,321	13,372
Funded plans in deficit	$ 6,964	—	847	—
Unfunded plans	56,785	11,329	64,474	13,372
	$ 63,749	11,329	65,321	13,372

(Continued)

The assets, liabilities and deficit position of pension and other post-employment benefit plans at December 31, 2014 and 2013 related to the Plan as a whole are as follows:

	2014		2013	
	Pension plans	**Other post-employment benefit plans**	**Pension plans**	**Other post-employment benefit plans**
	(dollars in thousands)			
Principal plan assets:				
Equities	$ 510,483	—	619,563	—
Bonds	843,225	—	779,966	—
Other	107,191	—	88,937	—
	1,460,899	—	1,488,466	—
Present value of liabilities:				
Principal plans	1,631,063	499,139	1,505,317	471,171
Other plans	181,607	10,238	180,700	7,883
	1,812,670	509,377	1,686,017	479,054
Pension liability net of assets	$ 351,771	509,377	197,551	479,054
Funded plans in deficit	$ 170,164	—	16,851	—
Unfunded plans	181,607	509,377	180,700	479,054
	$ 351,771	509,377	197,551	479,054

As of December 31, 2014 and 2013 the Plan's investment in equity shares of the Ultimate Parent totaled $189 thousand and $190 thousand, respectively. As of December 31, 2014 and 2013, the Company's share of the investment in equity shares of the Ultimate Parent totaled $8 thousand and $10 thousand, respectively.

Reconciliation of Changes in Assets and Liabilities

Changes in the assets and liabilities of the Plan related to the Company's participation in the plans are as follows:

	2014		2013	
	Assets	Liabilities	Assets	Liabilities
	(dollars in thousands)			
Balance, January 1	$ 74,848	153,541	79,705	173,986
Current service cost	—	3,459	—	4,109
Special termination benefits	—	—	—	—
Past service costs	—	(494)	—	(1,400)
Settlements/curtailments	—	—	—	—
Interest income	3,358	—	2,844	—
Interest costs	—	6,669	—	6,472
Actuarial (loss) gain	(5,302)	(8,063)	2,472	(11,521)
Employer contributions	7,131	—	7,932	—
Benefit payments	(16,007)	(16,007)	(18,105)	(18,105)
Balance, December 31	$ 64,028	139,105	74,848	153,541

Changes in the assets and liabilities of the Plan as a whole are as follows:

	2014		2013	
	Assets	Liabilities	Assets	Liabilities
	(dollars in thousands)			
Balance, January 1	$ 1,488,466	2,165,071	1,580,500	2,609,636
Current service cost	—	40,040	—	51,854
Special termination benefits	—	10,787	—	3,237
Past service costs	—	(28,194)	—	(31,139)
Settlements/curtailments	—	(3,920)	—	(16,890)
Expected return on plan assets	66,776	—	56,197	—
Interest costs	—	101,160	—	94,529
Plan mergers	—	—	—	—
Actuarial gain (loss)	103,637	311,489	44,509	(282,655)
Employer contributions	76,406	—	70,761	—
Benefit payments	(274,386)	(274,386)	(263,501)	(263,501)
Balance, December 31	$ 1,460,899	2,322,047	1,488,466	2,165,071

Cash Flow

The Company's cash flow related to pensions and other post–employment benefits includes contributions to its funded plan and benefits paid under unfunded plans. Amounts paid in 2014 and 2013 as well as an estimate for amounts to be paid in 2015 related to the Company's participation in the plans are as follows:

		(Estimate) 2015	2014	2013
			(dollars in thousands)	
Company contributions to funded plans:				
Defined benefit	$	—	—	—
Defined contribution		2,097	2,016	2,337
Benefits paid under unfunded plans		6,665	7,131	7,932
Cash flow	$	8,762	9,147	10,269

Amounts paid in 2014 and 2013 as well as an estimate for amounts to be paid in 2015 related to the plans as a whole are as follows:

		(Estimate) 2015	2014	2013
			(dollars in thousands)	
Company contributions to funded plans:				
Defined benefit	$	—	—	—
Defined contribution		46,768	44,950	50,100
Benefits paid under unfunded plans		71,415	76,406	70,761
Cash flow	$	118,183	121,356	120,861

The Company's principal defined benefit pension plan was closed to new participants in 2007. In 2012, the benefits of certain plan participants were frozen. The benefits of most of the remaining plan participants will be frozen in 2017.

Defined Contribution Plan

The Company operates the UNICare Savings Plan (the Plan), a defined contribution plan open to eligible employees of UNUS Group except employees located in Puerto Rico and employees covered by a collective bargaining agreement. The Plan is a qualified retirement plan under section 401(a) of the Internal Revenue Code of 1986 and is subject to the provisions of the Employee Retirement Income Security Act of 1974.

Under the Plan, the Company matches employee elective deferrals on a sliding scale based on the individual employee's participation status in the Company's primary defined benefit pension plan. In addition, the Company makes a nonelective contribution equal to 4% of compensation for all eligible employees employed after January 1, 2007, whether or not they make elective deferrals to the Plan. The Company's matching and nonelective contributions for the years ended December 31, 2014 and 2013 were $2.2 million and $2.5 million, respectively and as of those dates amounts owed to the Plan, included in accounts payable and accrued expenses, totaled $125 thousand and $129 thousand, respectively. It is the Company's policy to fund the Plan on a current basis.

(6) Share-Based Payments

The Company has several share-based programs and one share option program for UNUS Group employees which are covered by the Unilever North America 2002 Omnibus Equity Compensation Plan as amended in November 2012 (the Omnibus Plan). The Omnibus Plan provides for the granting of options on up to 121.5 million Unilever N.V (New York Registry) shares, 117.9 million shares of Unilever PLC ADRs, 6 million ordinary shares of Unilever N.V and 1.3 million ordinary shares of Unilever PLC (collectively, the Shares) to key UNUS Group employees. The Company purchases shares of Unilever N.V. and Unilever PLC ADRs to satisfy its share-based compensation program obligations and, as of December 31, 2014, held 30.3 thousand of Unilever N.V shares and 25.8 thousand of Unilever PLC ADRs. As of December 31, 2013, the Company held 33.1 thousand Unilever N.V. shares and 8.4 thousand Unilever PLC ADRs. For the years December 31, 2014 and 2013, share-based compensation expense totaled $17.9 million and $10.7 million, respectively. As of December 31, 2014 and 2013 liabilities related to share-based compensation awards totaled $49.9 million and $56.2 million, respectively.

(a) Performance Share Programs

Global Performance Share Program (GPSP)

The GPSP, together with its predecessor plan, the North American Performance Share Program, provides for the granting of Share awards to qualified employees within certain manager classes which vest over a three year performance period at levels ranging from 0% to 200% of a target award depending upon the achievement of specific performance conditions. The North American Performance Share Program terminated in 2013.

Generally, awards are made annually covering the year of the grant and the subsequent two years. Shares are issued at the end of each three-year performance period based on actual performance versus the pre-established criteria. Individuals receive the shares issued only if they remain eligible at the end of the three year performance period. Performance metrics of the GPSP relate to sales growth, operating cash flow and core operating margin improvement. Certain employees may elect to defer the payment of vested shares until retirement. Awards are settled in Unilever NV shares or Unilever PLC ADRs in the year following the year in which the awards vest. However, the Company may elect to settle awards under the GPSP in cash.

Global Share Incentive Program (GSIP)

The GSIP, which operates in a manner very similar to the GPSP, is limited to certain executives. Share awards vest over a three year period at levels ranging from 0% to 200% of a target award depending on the achievement of specific performance conditions. Performance metrics for the GSIP program include those of the GPSP program as well as one additional metric – total shareholder return. Under the GSIP, employees have more flexibility with respect to selecting the type of Shares to be received.

Awards are settled in Unilever NV shares or Unilever PLC ADRs in the year following the year in which the awards vest. However, the Company reserves the right to settle the Shares in cash.

Management Co-Investment Program (MCIP)

The MCIP, together with its predecessor plan, the Employee Share Bonus Program (ESBP), allows certain employees who are eligible to participate in the GPSP and GSIP to invest up to 60% of their annual bonus in Shares (the Investment Shares), for which they are immediately vested. Under the MCIP, the Company matches each Investment Share with up to one additional Share (the Match Shares). Each employee’s right to receive Match Shares is subject to a three year vesting period and the achievement of specific performance conditions. The number of match Shares awarded can range from 0% to 200% of the target award.

MCIP participants who either are, or eligible to be, participants of the GPSP are subject to the GPSP performance conditions. MCIP participants who either are or are eligible to be participants of the GSIP are subject to the GSIP performance conditions. Match Shares are distributed at the end of the vesting period based on actual performance versus the pre-established criteria.

The ESBP operates in a manner similar to the MCIP with certain differences. Under the ESBP, the Company matches purchased Shares on a one-to-one basis and a participant’s right to receive the matching Shares is subject only to a three or five year vesting period without regards to performance criteria.

Compensation expense under the GPSP, GSIP and MCIP, which is charged over the performance period, is initially determined on the date of the award based on the fair value of the target shares awarded and the number of Shares expected to vest; the expense is updated annually for changes in the actual number of Shares expected to vest, changes in the fair value of the underlying Shares and the fair value of the liability to be settled.

Compensation expense under the ESBP is initially determined at the grant date based on the fair value of the matching Shares and adjusted annually over the vesting period based on changes in the current price of the Shares and the value of the liability at each reporting date.

Dividends related to the target award under the GPSP, GSIP and MCIP are credited to each employee and converted into additional target shares which are subject to the same vesting criteria as the original target shares. Dividends on ESBP matching Shares are credited to the employee and converted into additional matching Shares at settlement.

A summary of the status of performance share programs as of December 31, 2014 and 2013 and the changes therein during the years then ended are as follows:

		Number of shares	
		2014	**2013**
Outstanding, January 1		1,304,846	1,480,088
Awarded		822,878	673,357
Distributed		(568,332)	(843,782)
Forfeited		(23,705)	(4,817)
Outstanding, December 31,		1,535,687	1,304,846
Fair value per share award as of year end	$	39.04	40.28

(b) Option Award Program

Employee Share Option Program (ESOP)

Under the ESOP certain executives were granted options to acquire Shares at an option price that equals the market value on the date the options are granted. The options became exercisable over a three year period from the date of the grant with a maximum term of 10 years. No options have been awarded under the ESOP since 2005 and all outstanding, unexercised options will expire in 2015.

Compensation expense related to awards under the option plans is initially measured on the date of grant using the Black-Scholes option pricing model and current market assumptions. Option pricing models require the use of highly subjective assumptions, including expected stock price volatility, which when changed, can materially affect fair value estimates.

Options are revalued at each reporting period through profit and loss. Following is a summary of the weighted average inputs to the Black-Scholes option pricing model used to estimate the fair value of options outstanding as of December 31:

		2014	**2013**
Unilever N.V. shares:			
Share price	$	39.04	40.23
Exercise price		22.26	21.94
Expected volatility		16.00%	16.00%
Expected option term (years)		0.7	0.3
Expected dividend yield		3.86%	3.47%
Risk-free interest rate		0.09%	0.08%
Unilever PLC ADRs:			
Share price	$	40.48	41.20
Exercise price		21.86	21.39
Expected volatility		15.00%	15.00%
Expected option term (years)		0.7	0.3
Expected dividend yield		3.72%	3.39%
Risk-free interest rate		0.20%	0.08%

Stock price volatility is based on the historical volatility of the Ultimate Parent’s Shares.

For the years ended December 31, 2014 and 2013, compensation expense under the ESOP (included in total share-based payment compensation above) amounted to $1 thousand and $627 thousand, respectively. As of December 31, 2014 and 2013, liabilities related to the ESOP (included in total share-based payment liabilities above) amounted to $60 thousand and $3.6 million, respectively.

A summary of the changes in the status of options awarded and outstanding for the years ended December 31, 2014 and 2013 follows:

	2014		**2013**	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Unilever N.V. shares:				
Outstanding, January 1	99,699	$ 21.94	274,712	$ 21.10
Exercised	(93,786)	21.96	(165,017)	20.67
Forfeited	(4,143)	21.99	(9,996)	19.56
Outstanding, December 31	1,770	$ 22.26	99,699	$ 21.94
Exercisable at December 31:				
Shares	1,770		99,699	
Range of exercise prices	$22.26–$22.27		$20.46–$22.27	
Weighted average life	0.7 year		0.3 year	
Unilever PLC ADRs:				
Outstanding, January 1	92,845	$ 21.39	265,803	$ 21.01
Exercised	(87,049)	21.38	(161,129)	20.84
Forfeited	(4,025)	21.42	(11,829)	20.34
Outstanding, December 31	1,771	$ 21.86	92,845	$ 21.39
Exercisable at December 31:				
Shares	1,771		92,845	
Range of exercise prices	$21.76–$21.89		$19.72–$21.89	
Weighted average life	0.7 year		0.3 year	

(Continued)

(7) Income Taxes

The Company files taxes in the United States at the U.S. Federal and State level as part of a consolidated group and is able to utilize any losses. The tax expense (benefit) recognized in 2014 and 2013 are as follows:

		2014	2013
		(dollars in thousands)	
Current tax:			
Current year benefit	$	(143,150)	(103,644)
Deferred tax:			
Initial/reversal of temporary differences		2,720	3,649
Income tax benefit	$	(140,430)	(99,995)

The reconciliation between the U.S. Federal statutory tax rates and the effective tax rate charged is as follows:

	2014	2013
U.S. Federal tax rate	35.0%	35.0%
Differences due to:		
Nondeductible expenses	—	(0.1)
State taxes, net of federal benefit	(0.6)	2.8
Nontaxable dividends	(43.0)	—
Effective tax rate	(8.6)%	37.7%

Deferred tax movements in 2014 are as follows:

		January 1, 2014	Profit and loss	OCI	December 31, 2014
			(dollars in thousands)		
Pension and similar obligations	$	24,795	(528)	(1,059)	23,208
Share based compensation		22,333	(2,520)	—	19,813
Other		(527)	328	—	(199)
	$	46,601	(2,720)	(1,059)	42,822

Deferred tax movements in 2013 are as follows:

		January 1, 2013	Profit and loss	OCI	December 31, 2013
		(dollars in thousands)			
Pension and similar obligations	$	30,608	(648)	(5,165)	24,795
Share based compensation		25,477	(3,144)	—	22,333
Other		(670)	143	—	(527)
	$	55,415	(3,649)	(5,165)	46,601

Deferred tax to be settled after 12 months at December 31, 2014 and 2013 is $43,021 thousand and $47,128 thousand, respectively.

Deferred tax liabilities are not recorded with respect to the outside basis differences for investments in subsidiaries, where the Company is in a position to control the timing of the reversal of the temporary difference and it is probable that such difference will not reverse in the foreseeable future. The Company has determined that it is impractical to determine the amount of taxes that would be payable if the temporary differences were to reverse. Based on the assumption of nominal tax bases in the investments in subsidiaries, the deferred tax liabilities related to the outside basis difference would be approximately $11 billion as of December 31, 2014 and 2013.

(8) Related Party Transactions

Related parties include people and entities that have or are subject to the influence or control of the UNUS Group or the Unilever Group.

The Company provides administrative services to entities in the UNUS Group and receives administrative and other services from the Unilever Group. All balances with Unilever Group and UNUS Group entities are uncollateralized and interest-bearing. It is Unilever Group's policy to charge interest on all intercompany debt. During the years ended December 31, 2014 and 2013, interest on intercompany debt ranged from 2.8% to 3.8% and from 1.6% to 3.5%, respectively.

The Company has provided Conopco with two unsecured, noninterest bearing lines of credit totaling $9.5 million to fund the environmental remediation of two sites in New Jersey. The letters of credit automatically renew on an annual basis and can only be terminated by the Company with the permission of the New Jersey Department of Environmental Protection. There were no amounts outstanding under either line of credit as of December 31, 2014 and 2013 or during the years ended December 31, 2014 and 2013.

All balances due to and from affiliates within the UNUS Group are presented as a single net amount in the statements of financial position as the Company has both the legal right and the intent to offset amounts due to and from these affiliates.

Amounts owed to and from different affiliates within the Unilever Group are presented separately in the statement of financial position as these amounts are settled on a current basis. Where the Company has the legal right of offset, amounts due to and from the same affiliate within the Unilever Group but outside the UNUS Group have been presented on a net basis.

Net amounts owed to UNUS Group affiliates at December 31, 2014 and 2013 total $7.5 billion and $7.7 billion, respectively. Net amounts owed from Unilever Group affiliates at December 31, 2014 and 2013 total $14.8 million and $4.0 million, respectively. Net interest expense on affiliate debt totaled $342 million and $252 million for the years ended December 31, 2014 and 2013, respectively.

A summary of amounts comprising the operating costs for the years ended December 31, 2014 and 2013 follows:

		2014	2013
		(dollars in thousands)	
Compensation (note 4)	$	56,504	55,681
Nonpersonnel costs		18,297	25,417
		74,801	81,098
Amounts rebilled to affiliates		(49,039)	(71,934)
Operating costs	$	25,762	9,164

Dividends paid to Unilever Group totaled $1.39 billion and $1.45 billion for the years ended December 31, 2014 and 2013, respectively.

The Company is the guarantor of debt issued by Unilever N.V, and Unilever PLC. In addition, the Company guarantees certain debt of its subsidiaries. The guarantees generally require performance in the event of a default under the terms of the debt agreements. The Company considers the possibility of default remote and, therefore, has not reflected any liabilities associated with these guarantees in the nonconsolidated financial statements. The outstanding amounts of these guarantees as of December 31, 2014 and 2013 are summarized as follows:

		2014	2013
		(dollars in thousands)	
Debt of subsidiaries	$	13,338,000	14,262,000
Debt of Ultimate Parent		6,572,000	6,088,000
Total guarantees	$	19,910,000	20,350,000

(9) Financial Assets and Liabilities

Financial Assets

Financial assets at December 31, 2014 and 2013 are comprised of the following:

		2014		2013	
		Current	Noncurrent	Current	Noncurrent
		(dollars in thousands)			
Cash in bank	$	—	—	130	—
Funds in escrow		—	2,629	—	—
Equity shares of Ultimate Parent		2,229	—	1,675	—
	$	2,229	2,629	1,805	—

Cash and cash equivalents at December 31, 2013 are all considered current assets and consist of cash in bank.

Financial Liabilities

The Company's primary financial liabilities consist of trade payables and amounts due to affiliated entities discussed in notes 14 and 8, respectively.

(10) Fair Value of Financial Instruments

The Company's financial instruments subject to fair value reporting on a recurring basis consist of shares of the Ultimate Parent (Unilever N.V and Unilever PLC). The value of such shares as of December 31, 2014 and 2013 totals $2,229 thousand and $1,675 thousand, respectively. These assets are classified in the Level 1 fair value hierarchy – quoted prices for identical instruments.

(11) Risk Management

(a) Credit Risk

Credit risk is the risk of financial loss if counter-party fails to meet its contractual obligation. Credit risk related to cash and cash equivalents and funds in escrow is limited since the Company places its deposits in high-quality financial institutions and monitors those institutions on a regular basis. The Company does not require collateral from its financial institutions and has not suffered any losses.

(b) Liquidity Risk

Liquidity risk relates to the Company's ability to meet its financial obligations as they come due. As indicated in note 1 the Company is a holding entity that provides management services to its subsidiaries. The Company's primary source of income is dividends from these subsidiaries, the timing of which is initiated by management of companies in the UNUS Group. The Company has no line of credit. As such, the Company is dependent upon its subsidiaries to provide it with financing, in the form of inter-company loans, to enable it to satisfy its obligations to unrelated parties as they come due. While amounts due to affiliated entities are considered demand debt, the timing of the settlement of any significant balance would need to be agreed with management of companies in the UNUS Group or the Unilever Group. Substantially all of it is not expected to be settled in the near term. Furthermore, the Company has an unrestricted ability to withdraw funds from its subsidiaries.

(c) Market Risk

Due to the nature of UNUS's operations, its direct exposure to market risk is considered minimal. The Company is exposed to limited currency risk related to obligations to foreign, third party vendors. The Company has interest rate risk due to the amount of inter-company debt on its balance sheet. A 50 basis point increase (decrease) in interest rates would result in an increase (decrease) in finance charges on amounts due to affiliated entities by approximately $38 million ($38 million) based on the average amounts outstanding for the year ended December 31, 2014.

The Company does not have any derivative financial instruments.

(12) Prepaid Expenses

Prepaid expenses are recorded at amortized cost and consist of the following:

		2014	2013
		(dollars in thousands)	
Noncurrent:			
Software costs	$	973	973
Other		477	728
		1,450	1,701
Current:			
Insurance		3,358	3,970
Duty and taxes		7,199	8,996
Other		471	2,597
		11,028	15,563
	$	12,478	17,264

(13) Equity

The Company considers total equity (share capital, share premium and retained earnings) to be part of managed capital. The primary goal of capital management is to achieve the Ultimate Parent's objectives which include assuring the entity continues as a going concern and optimizing returns to the Ultimate Parent's shareholders. The authorized and issued share amounts of the Company's capital as of December 31, 2014 and 2013 is as follows:

		Authorized	Issued
		(dollars in thousands)	
Preferred $73.50 par	$	7,350	—
Common $0.333 par		3	1
	$	7,353	1

As of December 31, 2014, and 2013, the entity had authorized Preferred and Common shares of 100,000 and 10,000, respectively. At December 31, 2014 and 2013, the Company had 3,155 Common shares outstanding; no preferred shares have been issued.

(14) Trade and Other Payables

The following summarizes current trade and other payables which are initially recorded at fair value and subsequently carried at amortized cost:

		2014	2013
		(dollars in thousands)	
Employee benefits and withholding taxes	$	33,063	32,962
Trade payables		5,038	5,728
Other		5,005	6,618
	$	43,106	45,308

The fair value of trade payables approximates carrying value.

(15) Legal Proceedings and Provisions

Environmental Remediation

A 1997 stock sale of certain Company subsidiaries triggered the New Jersey Industrial Site Recovery Act (ISRA). Pursuant to ISRA and its implementing regulations, the Company was obligated to establish a financial assurance in connection with its ISRA obligations to investigate and, if necessary, remediate the industrial establishments that were sold. As such, the Company established a $7 million “Remediation Trust Fund” to cover numerous sites. At December 31, 2014 and 2013 amounts in the trust fund totaled $2,629 thousand – and $0, respectively.

The New Jersey Department of Environmental Protection (NJDEP) is the beneficiary of the Trust and, all earnings of the fund are added to the corpus and are not available to the Company except as determined by the NJDEP and the applicable regulatory provisions.

In light of changes to the regulatory provisions governing financial assurance obligations and, recognizing the degree of remedial work that had been completed at the involved sites, in 2013, the NJDEP authorized the Company to terminate the original Trust Agreement and create two separate Trust Agreements for the two remaining sites requiring remediation. As such, the original Trust was terminated and the funds were returned to the Company. Thereafter, (in 2014) two separate “Remediation Trust Fund Agreements” were created; one funded at $2.275 million and, the second funded at $302 thousand.

The Company reflected a $2.4 million and $2.6 million provision related to these environmental issues as of December 31, 2014 and 2013, respectively included in other noncurrent liabilities in the statement of financial position. Amounts charged to profit and loss in 2014 and 2013 related to site remediation totaled $0 and $2.4 million, respectively. Changes in provisions as of and for the years ended December 31, 2014 and 2013 follow:

		2014	**2013**
		(dollars in thousands)	
Balance, January 1	$	2,575	847
Current year expense		—	2,401
Payments		(220)	(673)
Balance, December 31	$	2,355	2,575

The timing of payments from the escrowed funds is largely outside the Company's control; therefore, it is not possible to predict when the provision will ultimately settle.

Other Matters

The Company is indirectly involved in legal proceedings that have arisen through the normal course of business in its operating subsidiaries. The majority of these matters relate to consumer product liability, allegedly deceptive advertising and environmental remediation liability issues related to Conopco and its subsidiaries' operations. In many of these matters the Company is named as a defendant. While the Company is named as a defendant in such matters, the Company does not believe it is probable that the settlement or other resolution of legal obligations related to such matters will result in an outflow of economic benefits from the Company. Provisions for liabilities related to these matters, if any, are recorded in the financial statements of the individual operating subsidiaries and are not considered material to those entities' operations.

(16) Events After the Reporting Period

No events have occurred after the reporting period which require disclosure in or adjustment to the nonconsolidated financial statements.

(17) Approval of the Financial Statements

The financial statements were approved by management and authorized for release on March 20, 2015.