Unilever Annual Report & Accounts and Form 20-F 2000

meeting everyday needs of
people everywhere

Unilever

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.

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.

Cautionary Statement

This Annual Report & Accounts and Form 20-F 2000 contains forward-looking statements based on our best current information and what we believe to be reasonable assumptions about anticipated developments. Statements including such words as 'believes', 'expects', 'anticipates', 'intends', 'plans', 'estimates', 'assumes', 'will', 'may', 'should', 'risk', and other similar expressions are intended to identify such forward-looking statements. Because of the risks and uncertainties that always exist in any operating environment or business we cannot make assurances that these expectations will prove correct. Actual results and developments may differ materially depending upon, among other factors, currency values, competitive pricing, consumption levels, costs, environmental risks, physical risks, risks related to the integration of acquisitions, legislative, fiscal and regulatory developments and political and social conditions in the economies and environments where Unilever operates. You are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements are made as of the date of the Annual Report & Accounts and Form 20-F 2000 and are not intended to give any assurance as to future results.

Risks and uncertainties that could cause actual results to vary from those described in our forward-looking statements include those given under the sections entitled 'About Unilever' on page 5, 'Operating Review' on page 7, 'Financial Review' on page 25 and 'Risk Factors' on page 29, to which you should refer.

Contents

Unilever N.V. (NV) is a public limited company registered in the Netherlands, which has listings of shares or certificates (depositary receipts) of NV on the stock exchanges in Amsterdam, London and New York and in Belgium, France, Germany, Luxembourg and Switzerland.

Unilever PLC (PLC) is a public limited company registered in England which has shares listed on the London Stock Exchange and, as American Depositary Receipts, on the New York Stock Exchange.

The two parent companies, NV and PLC, operate as nearly as is practicable as a single entity (together referred to as Unilever, the Group or the Unilever Group). 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.

This publication is produced in both Dutch and English and comprises the full Annual Report and Accounts for 2000 of NV and PLC. This document complies with the Netherlands and the United Kingdom regulations and also forms the NV and PLC Annual Reports on Form 20-F to the Securities and Exchange Commission in the United States of America for the year ended 31 December 2000. It is made available to all shareholders who request or elect to receive it.

From 1 January 2000, Unilever has adopted the euro as its principal reporting currency. Details of the change are explained on page 7. The effect of exchange fluctuations means that the trends shown may differ significantly from those previously shown in sterling.

The separate publication, 'Unilever Annual Review 2000', containing a Summary Financial Statement with figures expressed in euros, with translations into pounds sterling and US dollars, is also published in Dutch and English. It is a short form document that is prepared in accordance with the United Kingdom regulations for Summary Financial Statements. The Unilever Annual Review 2000 is mailed to all registered shareholders and to other shareholders who are either entitled or have asked to receive it.

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

Financial highlights at current rates of exchange

Group turnover € million

2000	**47 582**
1999	40 977
1998	40 437

Group operating profit BEIA[(a)] € million

2000	**5 729**
1999	4 595
1998	4 293

Group operating profit € million

2000	**3 302**
1999	4 303
1998	4 410

Combined earnings per share and dividends

	Ordinary shares of NV			Ordinary shares of PLC		
	Fl. 1.12 2000	Fl. 1.12 1999	Fl. 1 1998	**1.4p 2000**	1.4p 1999	1.25p 1998
Basic earnings per share	**€1.07**	€2.63	€2.63	**€0.16**	€0.39	€0.39
	Fl. 2.36	Fl. 5.80	Fl. 5.80	**9.79p**	26.01p	26.45p
Basic earnings per share BEIA[(a)]	**€3.21**	€2.83	€2.59	**€0.48**	€0.42	€0.39
	Fl. 7.07	Fl. 6.24	Fl. 5.71	**29.34p**	27.96p	26.04p
Diluted earnings per share	**€1.05**	€2.57	€2.57	**€0.16**	€0.39	€0.39
	Fl. 2.31	Fl. 5.66	Fl. 5.66	**9.55p**	25.36p	25.80p
Dividend per share (excluding special dividend)[(b)(d)]	**€1.43**	€1.27	€1.14			
	Fl. 3.15	Fl. 2.79	Fl. 2.51	**13.07p**	12.50p	10.70p
Special dividend per share[(b)]			€6.58			
			Fl.14.50			66.13p

Combined earnings per share and dividends for shares traded on New York Stock Exchange (on a UK/Netherlands GAAP[(c)] basis) in US dollars

	NV New York shares			American Depositary Receipts of PLC		
	Fl. 1.12 2000	Fl. 1.12 1999	Fl. 1 1998	**5.60p 2000**	5.60p 1999	5.00p 1998
Basic earnings per share	**$0.99**	$2.80	$2.92	**$0.59**	$1.68	$1.75
Basic earnings per share BEIA[(a)]	**$2.96**	$3.01	$2.88	**$1.77**	$1.81	$1.73
Diluted earnings per share	**$0.96**	$2.73	$2.85	**$0.58**	$1.64	$1.71
Dividend per share (excluding special dividend)[(d)(e)(f)]	**$1.30**	$1.19	$1.25	**$0.76**	$0.76	$0.69
Special dividend per share[(e)]			$6.95			$4.23

(a) Before exceptional items and amortisation of goodwill and intangibles.
(b) Dividends of NV were declared and paid in guilders for 1998 and 1999, and in euros for 2000. For the purposes of this comparison, values have been converted at the official conversion rate of €1.00 = Fl. 2.20371, and rounded to two decimal places. Full details of dividends for the period 1996 to 2000 are given on page 121.
(c) Generally accepted accounting principles.
(d) It is not possible to make a direct comparison between dividends paid before and after 6 April 1999 because of the abolition of United Kingdom ACT (Advance Corporation Tax) from that date. For further details see page 121.
(e) Rounded to two decimal places.
(f) Actual dividends payable for 2000 on NV New York shares and American Depositary Receipts of PLC may differ from those shown above, which include final dividend values calculated using the rates of exchange ruling on 7 February 2001 (€1.00 = US$0.93180, £1.00 = US$1.4612).

Chairmen's statement – 2000 and the Path to Growth

- Continued momentum in growth of leading brands
- Operating margins reach a record 12.1% of sales
- Acquisitions bring powerful brands and strong management
- Strong €6.7 billion cash flow from operations
- The new divisions will drive forward Foods and Home & Personal Care
- Forging an enterprise culture

We are pleased to report on the successful delivery of the first year of the Path to Growth strategy that we announced in February 2000.

In 2000, there was continuing momentum in the sales of our leading brands, which grew at 3.8%. Operating margins, before exceptional items and amortisation of goodwill (BEIA), reached a record 12.1% and earnings per share, before exceptional items, grew by 10.5%, on a basis consistent with the Path to Growth targets.

In Path to Growth, we are committed to delivering annual top line growth of 5-6% and operating margins of over 16%, by 2004. This will be achieved by focusing on Unilever's leading brands and supporting them with strong innovation, increased marketing support, a supply chain based on around 150 key sites, simpler business processes and the restructuring or divestment of under-performing businesses.

Path to Growth progress

The total cost of the programme was estimated at €5 billion over five years, yielding annual savings of €1.5 billion. In addition, we expected a further €1.6 billion savings from the move to global buying. One year on, we can report good progress and execution in line with our plan. The growth rate of leading brands gained momentum, quarter-by-quarter, in 2000. The acquisition of Bestfoods, together with Amora Maille, Slim·Fast and Ben & Jerry's added further outstanding brands to our portfolio. They also brought strong, experienced management who are helping to ensure a smooth integration.

Significant progress has been made in adapting the supply chain to serve our focused brand portfolio. We forecast a reduction of around 100 manufacturing sites by 2004. In 2000 we closed or exited from 23, with a 5 300 reduction in headcount. Restructuring costs of €1.8 billion charged in 2000 are in line with the plans announced in February 2000 and at the time of acquiring Bestfoods.

New organisation structure

In August 2000, we announced a new organisation structure, based on two divisions, to give sharper focus to Foods and Home & Personal Care. The two divisions, including the integrated Unilever Bestfoods business, were operating as planned by 1 January 2001.

We moved swiftly in executing the divestment programme announced around the acquisition of Bestfoods and, in early 2001, we successfully concluded agreements to sell a number of European food brands and the Bestfoods Baking Company.

In further moves, we completed the sale of our European bakery business in 2000 and of Elizabeth Arden in January 2001. We have now placed our successful and profitable Prestige fragrance brands within a single organisation, Unilever Cosmetics International, dedicated to growth.

In 2000, operating profit BEIA, grew by 10%, excluding the contribution from Bestfoods. Total operating margins reached record levels, increasing by almost a full percentage point to 12.1%. Cash flow from operations was strong at €6.7 billion, up by more than €1 billion from the previous year.

The sharp fall in the share price in late 1999 and early 2000 seriously affected our Total Shareholder Return (TSR) ranking. In our peer group of 21 international businesses we dropped to 13th place, measured over three years. Successful execution of the Path to Growth will generate substantial and sustained value for shareholders. We are committed to achieving a sustained top third TSR ranking.

Categories

Sales of home care and professional cleaning products grew by 4% over 1999, with personal care up by 6%. Skin and hair care products and deodorants grew even faster, with *Dove* continuing to grow at over 20%. The successful launch of the *mod's hair* care range in Japan was particularly notable. In laundry we held market share gains made in recent years and grew share in Latin America.

In Foods, excluding Bestfoods, sales grew by 1%. Growth in our ice cream, beverages and culinary and frozen foods businesses was offset by a decline in oil and dairy based foods and bakery. Our cholesterol-lowering spreads are now market leading in Australia, Brazil, North America and key European markets. Building on its Mediterranean image, the *Bertolli* brand volume grew by more than 20% and the range is being extended.

Regions

Asia and Pacific continued its powerful recovery, with sales up 7%. North America also performed strongly, with sales growing by 9%, excluding Bestfoods. Operating profit BEIA was up by 20%. Sales and profits grew in Latin America after the intense competitive activity in 1999. Europe

Comments refer to results before exceptional items and amortisation and at constant rates of exchange.

Chairmen's statement

showed good progress in leading brands but overall sales were held back by a poor ice cream season and a decline in the 'tail' brands. Africa and Middle East sales grew by 3%, with operating profits up by 9%.

Sustainable development

We have made good progress in our commitment to sustainable development. Our focus is on sustainable agriculture, water stewardship and renewable marine stocks. Early in 2001 we published our first Social Review. This sets out Unilever's approach to corporate social responsibility. This is a companion document to our online Environment Report which demonstrates continuing progress in reducing our global environmental impact.

The Unilever team

2000 was a year of enormous effort by our people throughout the organisation. Without their commitment, the substantial progress described here would not have been achieved. Our thanks are due to all of them.

Throughout its history, Unilever has successfully adapted to change. However, today the intensity and pace of change are unprecedented. In the last year we have done much to improve the quality of the leadership team. This has involved significant changes to the composition of the top team and how it works together. We have radically adjusted the remuneration of our managers which is now sharply directed towards variable reward for delivery of growth and shareholder value. We are committed to building a team with a passion for growth and winning.

The way ahead

In 2001, we will continue to meet the milestones outlined in our Path to Growth strategy. We expect to see increased momentum in the growth of our leading brands and to continue to expand profit margins. Our divestment programme will both reduce borrowings and further simplify our business. We confidently reaffirm our strong commitment to the objective of sustainable low double digit earnings growth.

Antony Burgmans and Niall FitzGerald
Chairmen of Unilever

About Unilever

Description of business

Unilever is one of the world's leading suppliers of fast moving consumer goods in foods, household care and personal product categories.

Business structure

During the year ended 31 December 2000, Unilever was organised, and its internal results were reported, on both a product and a regional basis.

On a product basis, Category Directors were responsible for developing category strategies for implementation across Unilever's operations and they worked closely with Business Groups to develop regional strategies. They were 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 were organised into 12 Business Groups. These were regionally based with the exception of DiverseyLever, a worldwide grouping of professional cleaning products and services. Western Europe and North America were further sub-divided by Foods and Home & Personal Care product categories.

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

In August 2000, Unilever announced an evolution of its top management structure, creating two global divisions – one for Foods and one for Home & Personal Care (HPC), with effect from 1 January 2001.

These global divisions' operations are organised into Business Groups on a regional basis, with the exception of DiverseyLever and Prestige within HPC and the global businesses of Ice Cream and Frozen Foods and Foodservice within the Foods Division.

Foods

Oil and Dairy Based Foods We are the global category leader in margarine and related spreads in most countries in Europe and North America. We sell spreads, oils and cooking fats in more than 100 countries.

In Western Europe and North America, consumer interest remains strong in spreads offering qualities related to 'health' and 'taste', although overall consumption in the sector is declining. Important brands in these markets are *Becel* (the Netherlands), *Flora* (UK), *Fruit d'Or* (France), *Rama* (Germany) and *Country Crock* and *Take Control* (US). We are category leader in branded olive oil in many countries in Western Europe and North America. Our most important international brand is *Bertolli*.

We sold our European Bakery Supplies Business in the second half of the year and on 19 February 2001 we announced an agreement to sell the Bestfoods baking business for a debt free price of €1.9 billion. The sale is subject to customary conditions, including regulatory approval.

Ice cream and beverages We are the world's leading producer of ice cream, with sales in more than 90 countries worldwide. Important household names are *Wall's, Langnese, Ola* and *Algida* in Europe and *Ben & Jerry's*, (acquired in 2000), *Good Humor* and *Breyers* in the United States. Ice cream products such as *Magnum, Solero, Cornetto, Carte d'Or* and *Viennetta* are brands sold internationally as part of local or international household brands.

We have important positions in packet tea and tea-related drinks in many regions through our *Lipton* and *Brooke Bond* brands. *Lipton* is the world's leading brand in tea and iced tea. Sales of ready-to-drink teas are growing throughout Europe, North America and East Asia. We have a joint venture with PepsiCo Inc., which markets ready-to-drink products in North America and Mexico.

Culinary and frozen foods We are the leading producer of frozen foods in Europe, under the *Birds Eye* brand in the United Kingdom and *Iglo* brand in most other European countries. We also market frozen seafood in the United States under the *Gorton's* brand.

We have a significant pasta sauce business under the *Ragú* brand. We also sell bouillons and other cooking aids in Europe, North America, Australasia, Egypt and sub-Saharan Africa. In the United Kingdom, *Colman's* is a significant brand in meal sauces and condiments and the acquisition of Amora Maille in France added important brands covering condiments, mayonnaise and vinegar-based products with sales in a number of European countries. Salad dressings, spices and seasonings are marketed in the United States under the *Wishbone* and *Lawry's* brands.

The acquisition of Bestfoods in October 2000 has significantly strengthened our position in the culinary category by adding major international brands such as *Knorr* and *Hellmann's* and a strong global foodservice business. In addition, the acquisition of Slim·Fast Foods in May 2000 has enhanced our functional food products range, primarily in the United States.

On 29 January 2001 we announced an agreement to sell our dry soup and sauces business in Europe for a debt free price of €1 billion. These include the *Blå Band* brand in Denmark, Finland and Sweden, the *Batchelors* brand in the United Kingdom, the *McDonnels* brand in Ireland, the *Oxo* brand in Belgium, Ireland and the United Kingdom, the *Royco* brand in Belgium, France and Portugal and

About Unilever

Bestfoods' *Lesieur* range of mayonnaise products in France. The sale is conditional on approval by the European Commission Mergers Task Force and subject to consultative procedures before completion. The businesses are being divested as a result of undertakings given to the European Commission in connection with the acquisition of Bestfoods which was completed in October 2000.

Home & Personal Care

Home care and professional cleaning We are one of the global leaders in the domestic and professional home care markets. In the home care sector our products have been developed to meet the diverse requirements of consumers to clean and care for their homes and clothes. In laundry, they include tablets for convenience, traditional powders and liquids for soaking, washing by hand and by machine. In developing and emerging markets, soap bars are available for lower income consumers. In household care our products are designed to tackle most cleaning and hygiene needs around the home.

Our home care brands are available in over 100 countries, many of them holding leading market positions. Our most international home care brands include *Omo*, *Surf*, *Skip*, *all*, *Comfort*, *Wisk*, *Cif*, *Domestos* and, in the UK, *Persil*.

DiverseyLever provides cleaning and hygiene products and services to customers in over 60 countries. The business holds leading positions in major sectors such as hospitality, foodservice, health care and food and beverage production.

Personal Care We are the world leader in skin cleansing, deodorants and anti-perspirants. In skin cleansing our most international brands include *Lux*, *Dove* and *Lifebuoy*. *Rexona*, *Impulse* and *Degree* are the key brands in deodorants and anti-perspirants while *Axe/Lynx* is the leading international brand in the male personal care range.

We have important market shares in toothpastes, skin care and hair products in many countries. Toothpastes are sold widely under the *Signal*, *Close-Up* and *Mentadent* brands while in skin care *Pond's*, *Vaseline* and *Fair & Lovely* are important internationally. Hair shampoos are available internationally under the *Sunsilk*, *Seda*, *Organics* and *Timotei* brands. We hold leading positions in North America where the key brands are *Suave*, *ThermaSilk*, *Salon Selectives* and *Finesse*.

Our Prestige fragrances business is one of the world's largest. We sell a number of fragrances under the *Calvin Klein* name. Brands include *Obsession*, *Eternity* and *Escape* while in recent years *cK One* and *cK be* have been introduced to appeal to the youth market.

During 2000 we agreed to sell the Elizabeth Arden cosmetics business while retaining the Prestige designer fragrance brands *Cerruti*, *Lagerfeld*, *Chloé* and *Valentino*. These brands, together with *Nautica*, *Vera Wang* and *BCBG* fragrance, complete our extensive portfolio of Prestige fragrances.

Other Operations

To support our consumer brands, we own oil plantations in the Democratic Republic of Congo, Côte d'Ivoire, Ghana and Malaysia and tea plantations in India, Kenya and Tanzania.

Operating review - highlights

Basis of reporting and discussion

The commentary throughout this operating review is, unless otherwise indicated, based on the results of the Group including acquisitions made each year, at constant rates of exchange and before exceptional items and amortisation of goodwill and intangibles.

Our accounting policies are based on United Kingdom generally accepted accounting principles (GAAP) and Netherlands GAAP which differ in certain respects from United States GAAP. The principal differences are described on page 99. We have shown reconciliations to the approximate net income and capital and reserves under US GAAP on page 98.

Reporting currency and exchange rates

From 1 January 2000, Unilever has adopted the euro as its principal reporting currency. For the years prior to the introduction of the euro in January 1999, euro values have been derived by converting values previously reported in guilders using the official conversion rate announced on 31 December 1998 of €1.00 = Fl. 2.20371. The effect of exchange fluctuations over time means that the trends shown may differ significantly from those previously shown in sterling and from those which would arise if these euro amounts had been translated from the historic sterling accounts.

Foreign currency amounts for results and cash flows are translated from underlying local currencies into euros using annual average exchange rates; balance sheet amounts are translated at year-end rates except for the ordinary capital of the two parent companies. These are translated at the rate prescribed by the Equalisation Agreement of £1 = Fl. 12, and thence to euros at the official rate of €1.00 = Fl. 2.20371 (see Control of Unilever page 112).

To eliminate the effect of exchange rate fluctuations in the following discussion, we have expressed certain of our key year-on-year comparisons at constant rates of exchange. This means using the annual average rates for the prior year. For each two-year period, the year-on-year comparisons in euros are the same as those which would arise if the results were shown in sterling or US dollars at constant exchange rates.

Details of exchange rates used in preparation of these accounts and of the noon buying rates against the US dollar are given on page 96.

Unilever Group

2000 results compared with 1999

Overall group turnover increased by 7% to €43 793 million. Of the increase, 5% related to the net impact of acquisitions and disposals in the year, and there was underlying volume growth of 2%, double the rate of growth achieved in 1999.

Group operating profit, before exceptional items and amortisation of goodwill and intangibles, increased by 16% for the year. Of this increase, 7% related to the impact of acquisitions and the remainder reflects benefits arising from restructuring.

Operating margins, before exceptional items and amortisation of goodwill and intangibles, were at an historic high of 12.1%.

Operating profit decreased by 27% as a result of significant exceptional items and an increase in the amortisation charge of €363 million as a result of acquisitions in the year.

Exceptional items

On 22 February 2000 we announced a series of linked initiatives as part of a programme to accelerate growth and expand margins. These initiatives consist of focusing resources on our leading brands, rationalising certain manufacturing sites and re-organising or divesting under-performing businesses. The total programme is estimated to cost €5 billion, the majority of which is expected to be exceptional. Included in operating profit in 2000 was a €1.8 billion exceptional charge and €100 million of associated costs in relation to this programme, €1.1 billion relating to restructuring and €0.7 billion for other items, principally business disposals. The key disposals were the European bakery business, which gave rise to a profit of €149 million and the sale of Elizabeth Arden, completed in January 2001, which gave rise to the recognition of a loss of €742 million after writing back goodwill which was charged direct to shareholders' funds on the acquisition of the business in 1989. Exceptional items also include approximately €100 million in relation to restructuring arising from the integration of Bestfoods.

Details of movements in all restructuring provisions are given in note 19 on page 62.

Under US GAAP, certain of the restructuring charges in each year would not have been recognised until certain additional criteria had been met, and would then have been included as a charge in subsequent years. Details of the US GAAP adjustments relating to the restructuring charges are given on page 98.

Amortisation of goodwill and intangibles

The amortisation charge increased by €363 million to €386 million as a result of the significant acquisitions made during the year. Of the charge for the year €266 million relates to Bestfoods.

Operating review - highlights

1999 results compared with 1998
Overall turnover increased by 2% to €40 977 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 €4 303 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%.

Acquisitions and disposals
During 2000 we made 20 acquisitions. The most important were:
- Bestfoods - Foods international
- Amora Maille - Culinary products in France
- Ben & Jerry's - Ice cream primarily in the United States
- Codepar/SPCD - Home & personal care in Tunisia
- Cressida - Foods and Home & personal care in Central America
- Jaboneria - Foods and Home & personal care in Ecuador
- Slim•Fast - Nutritional bars and beverage products in the United States

At current exchange rates, €30 561 million was invested in acquisitions.

In 2000 we disposed of 27 businesses for a total consideration of approximately €642 million. Disposals included the European Bakery Supplies Business, Benedicta, a culinary business in France, and various other smaller businesses and brands.

On 24 January 2001 we announced the completion of our sale of the Elizabeth Arden business for a consideration of approximately €244 million.

On 29 January 2001 we announced an agreement to sell our dry soup and sauces businesses in Europe for a debt free price of €1 billion. The sale is conditional on approval by the European Commission Mergers Task Force and subject to consultative procedures before completion. Annual sales of the businesses total approximately €435 million. The businesses are being divested as a result of undertakings given to the European Commission in connection with the acquisition of Bestfoods which was completed in October 2000.

On 19 February 2001 we announced an agreement to sell the Bestfoods Baking Company for a debt free price of €1.9 billion. The sale is subject to the satisfaction of customary conditions, including regulatory approvals. The assets and liabilities of this business, after adjustment to their proceeds of sale, have been included within the annual accounts as acquired businesses held for resale.

Public takeover offers made by Unilever during 2000 and 1999 related to the following acquisitions:

On 13 November 1999, following an offer through its subsidiary Mavibel B.V., Unilever acquired 60% of Varela S.A. in Colombia for a consideration of €57 million.

During 1999, through its subsidiary Unilever Peru, Unilever acquired 98% of the outstanding labour shares of Industrias Pacocha S.A. in Peru for a consideration of €9 million.

On 14 March 2000, following a joint offer by Unilever and its subsidiary Hindustan Lever Limited (HLL) for the 34.97% of the shares in Rossell Industries Limited, India, not already owned by Unilever, Lipton India Exports Limited, a wholly owned subsidiary of HLL acquired 24.59% of the shares for a consideration of €43 million.

On 15 May 2000, following an all cash public tender offer, Unilever, through its US subsidiary Conopco, Inc., acquired Ben & Jerry's Homemade, Inc. for an aggregate consideration of €345 million.

On 4 October 2000, following an all cash public merger transaction, Unilever, through its subsidiary Unilever United States, Inc., acquired Bestfoods for an aggregate consideration of €26 083 million.

On 31 December 2000, following an offer made by Unilever, through its Tunisian subsidiary, Société de Cosmetiques Détergent et Parfumerie, for the 9.21% of the shares in Société de Produits Chimiques Détergents not already owned by Unilever, 8.1% of the shares had been acquired for a consideration of €4 million.

On 23 January 2001, following an offer, made in November 2000, through its subsidiary, Hindustan Lever Limited, for the 24.62% of the shares in International Bestfoods Limited India, not already owned by Bestfoods, Unilever acquired 7.99% of the shares for a consideration of €2 million.

Operating review by region

Europe

	Group turnover € million	Group operating profit BEIA[(a)] € million	Group operating profit € million
2000	**19 816**	**2 459**	**1 774**
1999	18 790	2 270	2 167
1998	18 971	2 123	2 299

€ million	2000 at current 2000 rates	2000 at constant 1999 rates[(b)]	1999 at current 1999 rates	1998 at current 1998 rates	Change at constant rates 2000 over 1999	Change at constant rates 1999 over 1998
Group turnover	19 816	19 219	18 790	18 971	2%	(1)%
Group operating profit BEIA [(a)]	2 459	2 415	2 270	2 123	6%	7%
Exceptional items	(542)	(534)	(96)	180		
Amortisation of goodwill and intangibles	(143)	(140)	(7)	(4)		
Group operating profit	1 774	1 741	2 167	2 299	(20)%	(6)%
Group operating margin	9.0%	9.1%	11.5%	12.1%		
Group operating margin BEIA [(a)]	12.4%	12.6%	12.1%	11.2%		

(a) Before exceptional items and amortisation of goodwill and intangibles. (b) See page 7.

2000 results compared with 1999

Western Europe In Western Europe, our Home & Personal Care business achieved sales growth of 3%.

Progress was led by our *Dove* brand which grew by 18%, boosted by new range extensions. Further impetus to growth came from a range of innovative launches, including colour laundry tablets, *Domestos/Cif* easy-to-use wipes, *Easy Iron* fabric conditioner and new variants of *Axe/Lynx* deodorant.

Foods in Western Europe had a mixed year as sales of ice cream and beverages suffered from a poor summer season. It was a more encouraging story in the other categories, leading to overall growth of 3%. In spreads and cooking products, volumes developed favourably with the introduction of *Flora/Becel pro·activ* cholesterol-lowering spread. *Bertolli* blended olive oil spreads added momentum in the second half of the year. The culinary products business performed well, led by the continuing growth of *Sizzle & Stir* cooking sauces and the sales of Amora Maille which were 7% ahead of last year. In frozen foods, our *4 Salti in Padella* range of high quality ready meals brought innovation and growth to the sector. Our planned exit from low margin commodity businesses reduced sales but improved margins. Our tea business grew with the roll-out of pyramid tea bags and *Lipton Tchaé*.

The overall sales level in Western Europe also reflected our disposal of under-performing businesses, including the sale of our European bakery operation.

Central and Eastern Europe There was a modest improvement in overall market conditions, however the impact of the financial crisis in Turkey held back sales in the fourth quarter.

Personal care achieved high single digit volume growth, driven by deodorants and hair products. Overall, lower prices held back sales growth, as we passed on lower edible oil input costs, repositioned our spread and tea brands in Russia and responded to competitive pressures in spreads and laundry in Poland and Turkey.

1999 results compared with 1998

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 improve management of 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 Iron* 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

Operating review by region

Europe continued
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 has improved our culinary market position and geographical coverage.

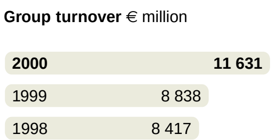
Central and Eastern Europe It was a challenging year in the region and our sales and profits were down. The economic recovery in Russia was much slower than predicted, with a knock-on effect throughout Central Europe. The Turkish economy was badly hit by the natural disasters of 1999 but our company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

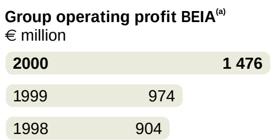
In response to these events we streamlined our operations to benefit from the eventual improvement in trading conditions. In Russia we significantly reduced the cost base of our operations and adapted our portfolio. We improved our competitive position in the market by producing packs locally and manufacturing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

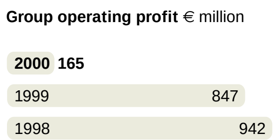
Falls in tea and ice cream profits in the region were partly offset by an improved performance in laundry, particularly in Turkey.

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	2000 at current 2000 rates	2000 at constant 1999 rates(b)	1999 at current 1999 rates	1998 at current 1998 rates	Change at constant rates 2000 over 1999	Change at constant rates 1999 over 1998
Group turnover	11 631	10 027	8 838	8 417	13%	1%
Group operating profit BEIA (a)	1 476	1 269	974	904	30%	3%
Exceptional items	(1 132)	(977)	(126)	39		
Amortisation of goodwill and intangibles	(179)	(149)	(1)	(1)		
Group operating profit	165	143	847	942	(83)%	(14)%
Group operating margin	1.4%	1.4%	9.6%	11.2%		
Group operating margin BEIA (a)	12.7%	12.7%	11.0%	10.7%		

(a) Before exceptional items and amortisation of goodwill and intangibles. (b) See page 7.

2000 results compared with 1999

Sales rose by 13%, with a strong contribution from Bestfoods, Slim•Fast and Ben & Jerry's. Operating margins showed a significant increase, as the benefits of restructuring, portfolio improvement and procurement savings came through.

Although Bestfoods' sales in the fourth quarter were around €100 million short of our expectations, this was largely as a result of action taken to reduce trade inventories in the United States in both the retail and foodservice channels.

In Foods, our ice cream, tea and culinary products businesses achieved good sales growth. In ice cream, the most significant contributions came from the *Breyers Parlor* take home range and from new *Popsicle* and *Klondike* novelties. In culinary products, *Lipton* meal makers, driven by *Sizzle & Stir*, led the advance, while *Lipton Cold Brew* was a key player in tea's success. In the US, we successfully launched a creamy fruit variant of *Brummel & Brown* spreads.

In Home & Personal Care, volumes grew by 4% as a result of an active and strongly supported innovation programme. *Dove*, *Caress* and *Suave* led growth in personal care and in hair care we have relaunched *Salon Selectives*.

Our fabric care business maintained its overall market position, despite price competition, and the launch of laundry tablets began well.

In our Prestige fragrance business we sold much of the Elizabeth Arden business and launched *Nautica* and *Calvin Klein Truth*.

1999 results compared with 1998

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

Operating review by region

North America continued

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 related to the restructuring of our Foods and Home & Personal Care businesses.

Operating review by region

Africa and Middle East

Group turnover € million		Group operating profit BEIA[a] € million		Group operating profit € million	
2000	**2 447**	**2000**	**281**	**2000**	**244**
1999	2 298	1999	251	1999	266
1998	2 228	1998	225	1998	223

€ million	2000 at current 2000 rates	2000 at constant 1999 rates[b]	1999 at current 1999 rates	1998 at current 1998 rates	Change at constant rates 2000 over 1999	Change at constant rates 1999 over 1998
Group turnover	2 447	2 369	2 298	2 228	3%	8%
Group operating profit BEIA [a]	281	273	251	225	9%	17%
Exceptional items	(36)	(33)	15	(1)		
Amortisation of goodwill and intangibles	(1)	(1)	—	(1)		
Group operating profit	244	239	266	223	(10)%	24%
Group operating margin	10.0%	10.1%	11.6%	10.0%		
Group operating margin BEIA [a]	11.5%	11.5%	10.9%	10.1%		

(a) Before exceptional items and amortisation of goodwill and intangibles. (b) See page 7.

2000 results compared with 1999

In Africa and Middle East, overall sales were up by 3%, with profits increasing by 9%.

The momentum in Africa was driven by progress across all our key categories, with particularly strong performances from laundry, oral care, deodorants and culinary products. We increased the direct coverage of outlets with the roll-out of a distribution model based on our experience in rural India.

In South Africa, we introduced laundry tablets, with other innovative launches including *Omo* liquid bleach, *Flora pro·activ* and *Lipton Ice Tea*.

Unilever consumer product businesses are being supplied with innovative tea products from our East African plantations.

In the Middle East, sales stagnated in adverse business conditions and we concentrated on maintaining market positions.

1999 results compared with 1998

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.

Operating review by region

Asia and Pacific

	Group turnover € million	Group operating profit BEIA[(a)] € million	Group operating profit € million
2000	**8 038**	**901**	**776**
1999	6 723	669	642
1998	5 803	510	457

€ million	2000 at current 2000 rates	2000 at constant 1999 rates[(b)]	1999 at current 1999 rates	1998 at current 1998 rates	Change at constant rates 2000 over 1999	Change at constant rates 1999 over 1998
Group turnover	8 038	7 228	6 723	5 803	7%	10%
Group operating profit BEIA [(a)]	901	822	669	510	23%	24%
Exceptional items	(109)	(94)	(18)	(52)		
Amortisation of goodwill and intangibles	(16)	(14)	(9)	(1)		
Group operating profit	776	714	642	457	11%	33%
Group operating margin	9.7%	9.9%	9.6%	7.9%		
Group operating margin BEIA [(a)]	11.2%	11.4%	9.9%	8.8%		

(a) Before exceptional items and amortisation of goodwill and intangibles. (b) See page 7.

2000 results compared with 1999

Sales in the year were 7% ahead of 1999, driven by excellent performances in South East Asia and Japan. Profitability rose significantly across the region, while at the same time we maintained a high level of marketing support.

Our businesses in South East Asia and Japan generated double digit sales growth in each quarter. Progress was broad-based, in both category and geography.

In skin care and hair care, innovation and strong marketing support levels helped us to good results. Brand successes included the performance of *Dove*, *Pond's*, *mod's hair* and *Lux* in Japan and *Vaseline* shampoo in the Philippines. In Australasia, we achieved sales growth in ice cream and gained market share in laundry.

In China, a repositioned *Omo* and new variants of *Zhonghua* toothpaste helped both brands achieve volume growth above 20%. In Taiwan, *Dove* shampoo vied for the number one market position.

We made further progress in sales of consumer brands in India as our renewed focus on building mass market share began to have an impact. At the premium end of the laundry market, *Surf* continued to perform well. Overall sales revenues were affected by our exit from the imported fertiliser business and by the impact of lower edible oil prices.

1999 results compared with 1998

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.

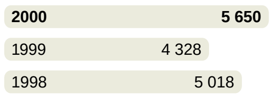
Operating review by region

Asia and Pacific continued

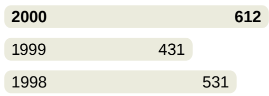
We made further good progress in Japan, particularly in personal care, on the back of successful launches such as *Dove* bar and facial foam and the *mod's hair* care range. In Australasia, our laundry range was simplified and relaunched, making products easier for consumers to use and enabling us to 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

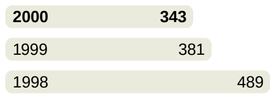
Group turnover € million



Group operating profit BEIA[(a)] € million



Group operating profit € million



€ million	2000 at current 2000 rates	2000 at constant 1999 rates[(b)]	1999 at current 1999 rates	1998 at current 1998 rates	Change at constant rates 2000 over 1999	Change at constant rates 1999 over 1998
Group turnover	5 650	4 950	4 328	5 018	14%	4%
Group operating profit BEIA [(a)]	612	534	431	531	24%	(5)%
Exceptional items	(173)	(152)	(44)	(41)		
Amortisation of goodwill and intangibles	(96)	(82)	(6)	(1)		
Group operating profit	343	300	381	489	(21)%	(8)%
Group operating margin	6.1%	6.1%	8.8%	9.8%		
Group operating margin BEIA [(a)]	10.8%	10.8%	10.0%	10.6%		

(a) Before exceptional items and amortisation of goodwill and intangibles. (b) See page 7.

2000 results compared with 1999

Sales growth for the year of 14% reflected a significant contribution from Bestfoods and other acquisitions. There were encouraging signs of growth in Brazil, while Mexico continued to perform strongly. Recovery was slower in Argentina and North Latin America.

In laundry, volume growth progressed during the year with share gains in Brazil and Argentina. In personal care, brand focus continued to deliver very good progress in Brazil.

In Foods, growth was spurred by an excellent performance in our Mexican business in ice cream, spreads and culinary. We also saw the first signs of recovery in our ice cream operations in Brazil.

1999 results compared with 1998

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 14% 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 related mainly to restructuring in our regional Foods operations.

Operating review by category

Foods

In 2000, we began the transformation of our Foods business in line with the Path to Growth strategy.

The acquisition of Bestfoods brought us leadership in the culinary category, a strong position in the expanding foodservice sector and outstanding talent. It followed several other complementary acquisitions: Slim·Fast, the US market leader in weight management products; Ben & Jerry's, which gave us a strong foothold in premium ice cream, and Amora Maille, which brought us strong culinary brands and geographic expansion in Southern Europe.

We also announced key disposals. These included the sale of such brands as *Royco*, *Batchelors* and *Oxo* as part of regulatory requirements for the Bestfoods acquisition, and the sale of the Bestfoods Baking Company and our bakery business in Europe, due to the brand focus programme.

The portfolio development driven by acquisitions and disposals, along with the new global structure, place the Foods division in a good position to meet its Path to Growth targets.

Health and wellness Functional foods – that is, foods and beverages with scientifically-based nutritional or health benefits – are an important growth area for Unilever. Within two years, these products have achieved high double digit growth and sales of more than €1 billion, on a year-on-year comparison. Results are incorporated in the figures below.

A dedicated Unilever team focuses on maximising opportunities for these foods across all brands and categories. Research and development and marketing concentrate on a few areas selected on the basis of comprehensive consumer research and Unilever expertise.

Following our acquisition of Slim·Fast, we have started to roll out the brand and product range beyond the US. *Flora* and *Becel* cholesterol-lowering products have now been introduced in 16 countries and have gained strong consumer acceptance.

Annapurna, our nutritionally-enhanced staples range, is now being extended in to Africa, following its success in India. The Bestfoods acquisition further expanded our portfolio for developing markets, bringing us *AdeS* soydrinks and *Maizena* corn products.

Food safety Restoring public confidence in food safety remains an important issue on which we will continue to express our views, openly and constructively.

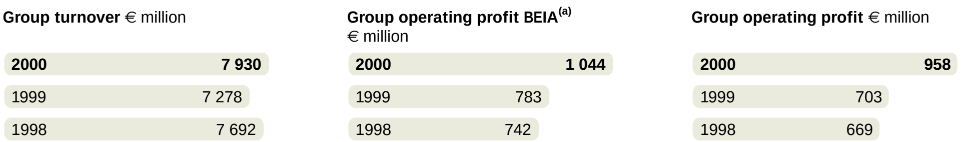
We welcome the establishment of the European Food Authority but believe its anticipated advisory remit is too limited. We remain convinced that the authority must have executive powers if it is to meet future challenges effectively and respond decisively.

An executive authority will also be in the best position to deal with issues arising from developments in food technology, such as the emergence of new functional foods. If European food producers are to remain competitive, the existing novel foods regulatory system must be improved.

It is clearly in the interests of ourselves and our customers that there is confidence in food safety. To this end, a transparent and effective regulatory system should be in place.

Operating review by category

Oil and dairy based foods and bakery



€ million	2000 at current 2000 rates	2000 at constant 1999 rates(b)	1999 at current 1999 rates	1998 at current 1998 rates	Change at constant rates 2000 over 1999	Change at constant rates 1999 over 1998
Group turnover	7 930	7 420	7 278	7 692	2%	(5)%
Group operating profit BEIA (a)	1 044	988	783	742	26%	6%
Exceptional items	(22)	(13)	(75)	(70)		
Amortisation of goodwill and intangibles	(64)	(55)	(5)	(3)		
Group operating profit	958	920	703	669	31%	6%
Group operating margin	12.1%	12.4%	9.7%	8.7%		
Group operating margin BEIA (a)	13.2%	13.3%	10.8%	9.6%		

(a) Before exceptional items and amortisation of goodwill and intangibles. (b) See page 7.

2000 results compared with 1999

Oil and dairy based foods In 2000 we continued to be world category leader in margarine and related spreads and in branded olive oil.

Margins improved, reflecting lower raw material costs and the continued benefits from supply chain improvements.

In many countries, we increased our share in margarine and related cooking products. Against the background of a declining market our volumes were on par with last year. Our cholesterol-lowering spreads *Flora/Becel pro·activ* were launched with great success in ten European countries, following clearance from the European Union. By the end of the year, the spreads were available in sixteen countries around the world.

In margarines, consumers responded positively to the addition of micro-nutrients and calcium to some of our main brands, including *Blue Band* and *Country Crock*.

The dairy spread and olive oil categories are growing at an annual rate of 4%. We are developing these categories as part of our strategy to stimulate growth. In 2000, new range extensions increased sales of our *Brunch* and *Creme Bonjour* dairy spreads. In the United States, *Brummel & Brown* yoghurt-based spreads achieved double digit growth, following the launch of creamy fruit variants.

Bertolli – the world's leading olive oil – grew in all markets and was launched in five new Northern European countries. It is being extended actively into spreads, cooking products and dressings.

Bakery In October 2000, we sold our European Bakery Supplies Business. This followed a strategic review of the business, first announced as part of our Path to Growth strategy. The review concluded that the interests of the business, and its employees, would be better served by joining a group with a core interest in bakery.

1999 results compared with 1998

Oil and dairy based foods 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.

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 the *Flora* and *Becel pro·activ* brands. They were launched in Australia, Switzerland, New Zealand and the United States, where *Take Control* became category market leader in its launch year.

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.

Operating review by category

Oil and dairy based foods and bakery continued

Bakery Our bakery products business mainly provided 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.

Ice cream and beverages

	Group turnover € million	Group operating profit BEIA[a] € million	Group operating profit € million
2000	**7 601**	**647**	**367**
1999	6 637	601	543
1998	6 622	596	519

€ million	2000 at current 2000 rates	2000 at constant 1999 rates[b]	1999 at current 1999 rates	1998 at current 1998 rates	Change at constant rates 2000 over 1999	Change at constant rates 1999 over 1998
Group turnover	7 601	7 002	6 637	6 622	5%	0%
Group operating profit BEIA [(a)]	647	608	601	596	1%	0%
Exceptional items	(260)	(244)	(50)	(76)		
Amortisation of goodwill and intangibles	(20)	(17)	(8)	(1)		
Group operating profit	367	347	543	519	(36)%	4%
Group operating margin	4.8%	5.0%	8.2%	7.8%		
Group operating margin BEIA [(a)]	8.5%	8.7%	9.0%	9.0%		

(a) Before exceptional items and amortisation of goodwill and intangibles. (b) See page 7.

2000 results compared with 1999

Ice cream In ice cream, our acquisition of Ben & Jerry's further strengthened our leadership position, giving us a presence in the super premium sector for the first time. We plan to make the brand an element of our worldwide portfolio, while still retaining its unique personality and appeal.

Excluding acquisitions, overall ice cream volumes were in line with 1999. We enjoyed a particularly good performance in North America and achieved strong growth in the recovering markets of East Asia Pacific. However, volumes in Europe were down due to low impulse sales.

In response to rising out-of-home demand for scooped and soft ice cream, we successfully extended our *Carte d'Or* dessert range. In particular, *Carte d'Or Artisanal*, a range of indulgent ice cream recipes based on artisanal parlours and traditional desserts, achieved excellent results in Europe. In the US, sales of *Breyers* packaged ice cream increased by over 10%, driven by the innovation of the *Breyers Parlor* range.

The next significant development in the European Commission's investigation into our distribution arrangements for ice cream in Ireland is expected in late 2001. Then, the Court of First Instance will hear our appeal against the Commission's negative ruling in the matter of cabinet exclusivity.

Beverages Our focus on our leading brands, *Lipton* and *Brooke Bond*, helped tea sales increase by 4%. In Europe, volumes grew but operating margin fell due to increased marketing investment and a rise in raw material costs.

'Paint the World Yellow' – the *Lipton* marketing campaign which has seen us brand everything from windsurfing boards to Chevrolets – continued to raise brand awareness around the globe. Both hot and cold *Lipton Yellow* brands recorded good growth, particularly in Portugal, France, Arabia, Egypt and Poland. Geographic expansion of *Lipton* ready-to-drink (RTD) iced tea continued, with launches in Egypt, South Africa and Eastern Europe.

In October, we reached a major distribution agreement with Japanese drinks manufacturer Suntory. This will strengthen the position of *Lipton* RTD across Japan, particularly via the thriving vending machine channel.

In North America, *Lipton Cold Brew*, our patent-protected cold infusion teabags was successfully rolled-out. We also launched *Lipton* brewed iced tea vending machines. *Lipton Tchaé* green tea continued its expansion in North America and Europe.

1999 results compared with 1998

Ice cream 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.

Operating review by category

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 further to concentrate production and move products between different markets.

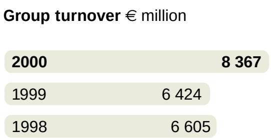
In 1999, new variants of our leading brands – such as the *Magnum Double* – demonstrated innovation in action. We extended our ranges of multi-packs of impulse products for in-home consumption and strengthened our position in the growing scooping sector. We also reached out to lower income consumers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

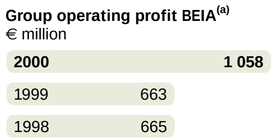
In the United Kingdom, the Competition Commission's report into the ice cream industry recommended limitations on both our freezer cabinet and distribution arrangements. We are confident the strength of our brands will sustain our business.

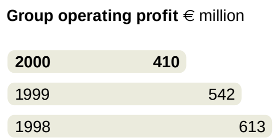
Beverages Operating profits were up 7%. Volume was on a par with 1998, reflecting the temporary impact of excise duties on packaged tea in India. We enjoyed good growth in Western Europe, Africa and Middle East and saw a strong global volume increase of 14% in ready-to-drink tea.

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 United Kingdom, *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	2000 at current 2000 rates	2000 at constant 1999 rates(b)	1999 at current 1999 rates	1998 at current 1998 rates	Change at constant rates 2000 over 1999	Change at constant rates 1999 over 1998
Group turnover	8 367	7 832	6 424	6 605	22%	(2)%
Group operating profit BEIA (a)	1 058	986	663	665	49%	(2)%
Exceptional items	(322)	(314)	(120)	(51)		
Amortisation of goodwill and intangibles	(326)	(291)	(1)	(1)		
Group operating profit	410	381	542	613	(30)%	(13)%
Group operating margin	4.9%	4.9%	8.4%	9.3%		
Group operating margin BEIA (a)	12.6%	12.6%	10.3%	10.1%		

(a) Before exceptional items and amortisation of goodwill and intangibles. (b) See page 7.

2000 results compared with 1999

Culinary Culinary volumes rose significantly – reflecting our acquisition of Bestfoods and Amora Maille. Excluding acquisitions, sales rose by 4%. There were improvements in all regions except Latin America, where sales of tomato-based products fell. Growth was particularly strong in Asia and Pacific where sales rose by 10%. In both Western Europe and North America sales grew by 4%.

We continued to apply innovations to our product formulations, for example, capitalising on *Sizzle & Stir*'s great success in the UK with a spicy variant *Stir it Up*. In Australia, we successfully launched *Continental* ethnic noodle sauces.

In Europe, our market leading position in mayonnaise and mustard was extended by the acquisition of Amora Maille, the major player in these categories in France. In North America, *Just 2 Good* salad dressings were launched with great success and sales of *Lawry's* marinades continued growing well. In cooking ingredients, innovations included a range of *Kissan* spice blends in India.

Frozen foods Our frozen foods portfolio is now focused on a few strong brands. In line with our strategy, we made good progress in cutting less profitable lines. This portfolio realignment, combined with low cost manufacturing and new technologies, contributed to increased margins. The category is expected to show good, sustainable growth from the end of 2001.

Operating review by category

Culinary and frozen foods continued
Our brand leadership was further improved by the very successful roll-out of meal solutions in key European countries – such as the *4 Salti in Padella* range of frozen recipe dishes – and the promising launch of the high quality *Hot & Steamy* microwave-heated snack range.

1999 results compared with 1998
Culinary The acquisition of Amora Maille in France, announced in December 1999, added 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, 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.

We used a raft of innovative approaches to bring flavour and convenience to familiar foods. In the United Kingdom, 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 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.

Operating review by category

Home & Personal Care

In Home & Personal Care, it was a year of growth across most categories and regions, with particular advances in personal care.

Our success was a direct result of concentrating our resources behind fewer, stronger brands with international reach and consumer appeal. We rolled out new innovations tailored to consumer needs, with further impetus coming from the economic recovery in South East Asia and Latin America. The major portfolio change was the sale of much of our Elizabeth Arden business and the reconfiguration of our Prestige brands, scheduled for completion in early 2001.

Home care and professional cleaning

	Group turnover € million	Group operating profit BEIA[(a)] € million	Group operating profit € million
2000	**10 258**	**917**	**578**
1999	9 106	858	819
1998	8 813	902	839

€ million	2000 at current 2000 rates	2000 at constant 1999 rates[(b)]	1999 at current 1999 rates	1998 at current 1998 rates	Change at constant rates 2000 over 1999	Change at constant rates 1999 over 1998
Group turnover	10 258	9 439	9 106	8 813	4%	6%
Group operating profit BEIA [(a)]	917	856	858	902	-%	(4)%
Exceptional items	(323)	(297)	(34)	(61)		
Amortisation of goodwill and intangibles	(16)	(15)	(5)	(2)		
Group operating profit	578	544	819	839	(34)%	(1)%
Group operating margin	5.6%	5.8%	9.0%	9.5%		
Group operating margin BEIA [(a)]	8.9%	9.1%	9.4%	10.2%		

(a) Before exceptional items and amortisation of goodwill and intangibles. (b) See page 7.

2000 results compared with 1999

Home care We are one of the main players in the domestic home care market which includes products for fabric and surface cleaning and domestic hygiene. Many of our brands hold market leading positions including *Omo*, *Surf*, *Skip*, *all*, *Comfort/Snuggle*, *Wisk*, *Cif* and *Domestos*.

Excluding acquisitions, overall sales rose by 2% across our home care business. We performed particularly well in Asia and Pacific. Our home care operating margin was slightly down, notably in North America and Latin America. However, this decline was partly offset by improvements in margin in Asia and Pacific.

In South Latin America, we were particularly pleased by the development of our laundry market share, in the face of intense competition. The investment in defending our market share was the main factor in the decline in operating margin in the region.

The principal engine for growth continued to be our ability to innovate successfully and to extend that innovation throughout the world. In laundry, we have maintained our clear leadership in tablets. These are now available in more than 30 countries, having been launched most recently in South Africa and Latin America. The close of the year saw the beginning of the roll-out in the important North American market under the *Wisk* brand. In Europe the second generation formulation has further expanded the market.

2000 also saw the successful roll-out of our *Easy Iron* fabric conditioner variant. Based on a patented silicone formulation, this product is now available throughout Europe.

Other successes included rapid growth in India with *Vim* dishwash bar, which has a formulation relevant to markets throughout Asia and Africa and the roll-out of *Domestos* wipes in Europe. There was good consumer reception for the novel *Refresh/Keep Fresh* range of fabric and clothing fresheners and *Cif Oxy-Gel* general purpose cleaner, which was rolled out successfully throughout Europe.

Professional cleaning DiverseyLever is a provider of cleaning and hygiene products and services. These are sold to institutional customers such as hotels, hospitals, laundries and to the food and beverage industry.

During 2000 we maintained our leadership in Europe and made progress in improving our performance in North America. We entered into a strategic global partnership agreement with ISS, the world's foremost facility services provider. We also concluded a series of long term supply and service contracts with major international customers.

Implementation of a comprehensive plan for simplifying the product line, organisation and supply chain across Europe is under way.

Operating review by category

Operations in North America have now been consolidated under a common management whose priority is to facilitate the integration of recent acquisitions.

1999 results compared with 1998

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 *Brilhiante* 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 Iron* 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 United Kingdom market within six months.

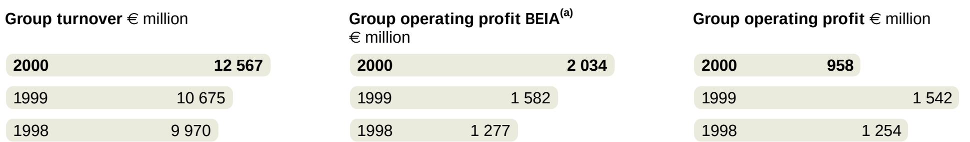
In Europe, in household care, we teamed up with a paper supplier to launch *Domestos* hygienic wipes. Using patented technology we created new products under the *Cif* brand name: *Cif Oxy-Gel*, a general purpose cleaner which uses bubbles to shift grime, and the *Cif* floor cleaning range. *Sunlight*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

Personal care



€ million	2000 at current 2000 rates	2000 at constant 1999 rates[b]	1999 at current 1999 rates	1998 at current 1998 rates	Change at constant rates 2000 over 1999	Change at constant rates 1999 over 1998
Group turnover	12 567	11 321	10 675	9 970	6%	7%
Group operating profit BEIA [a]	2 034	1 846	1 582	1 277	17%	24%
Exceptional items	(1 069)	(926)	(37)	(22)		
Amortisation of goodwill and intangibles	(7)	(7)	(3)	(1)		
Group operating profit	958	913	1 542	1 254	(41)%	23%
Group operating margin	7.6%	8.1%	14.4%	12.6%		
Group operating margin BEIA [a]	16.2%	16.3%	14.8%	12.8%		

(a) Before exceptional items and amortisation of goodwill and intangibles. (b) See page 7.

2000 results compared with 1999

We are the world leader in products for skin cleansing, deodorants and antiperspirants. We also have important positions in toothpastes, skin care and hair care products in many countries. Our personal care brands include *Dove*, *Sunsilk*, *Lux*, *Rexona/Sure*, *Pond's*, *Suave*, *Axe/Lynx* and *Vaseline*.

Our personal care business enjoyed another very good year. Increases in both turnover and operating profit were recorded in all regions as the economic recovery in Asia Pacific and, more recently, Latin America, gathered momentum.

Once again, the most significant contributor to growth was *Dove*. As well as recording a strong performance in its core category of skin care, where it remains the world's leading cleansing product, the brand is proving to be equally robust when extended into other markets. The launch of *Dove* deodorant in Europe, Latin America and, more recently, North America has been a major success. In Japan, the *Dove* portfolio now embraces facial foam, a bar and a body wash

Operating review by category

Personal care continued

and, coupled with the continued success of *Pond's*, we have now built a skin business in Japan approaching €200 million.

One of the year's marketing priorities was the global re-building of *Lux*, as a contemporary and effective beauty treatment. An early launch, in Brazil, returned encouraging results. We remained leader of the personal wash sector in North America, partly due to a positive consumer reaction to the new *Caress* formulation.

In addition to the successful extension of the *Dove* brand, *Rexona* and *Axe/Lynx* have continued to drive growth in our deodorant business. A rationalisation of *Rexona*'s ingredients and packaging, helped achieve a single global mix and supply chain savings and made selecting the right product easier for consumers. *Axe/Lynx* has recently extended into further male grooming markets – razors and shaving preparations, and a range of hair products designed for men.

Our hair care business enjoyed another good year, growing by almost 10%. Overall growth was driven by a strong performance of the *Sunsilk* masterbrand, particularly in Asia and Pacific and Latin America. There was a successful entry into the youth hair care segment with *mod's hair* in Japan, *Seda* did well in Brazil, and an all time high share was achieved by *Suave*. Exploration of alternative business channels has seen the entry of the *Sunsilk* brand into salons in India.

In oral care we followed a strategy of selective investment, both in geography and products. The business saw good growth from the *Signal* masterbrand in Europe and *Close-Up* in Asia and Pacific. We entered the electric toothbrush market in Italy and France, a local initiative that followed our call for increased enterprise across all aspects of our business. The year also saw the completion of the roll-out of our dental chewing gum business through Europe and its first extension into developing markets.

Our Prestige fragrances business is one of the largest in the world. We sell fragrances under the *Calvin Klein* name as well as other premier designers such as *Cerruti*, *Lagerfeld*, *Chloé*, and *Valentino*. In 2000, we agreed the sale of much of the Elizabeth Arden business to concentrate on growing our designer fragrance business.

Marketing highlights during the year included the launch of the *Calvin Klein* fragrance *Truth* and the development of the *Nautica* range.

1999 results compared with 1998

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 proved 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 United Kingdom. *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.

During 1999, Prestige fragrances were sold under the names of *Calvin Klein*, *Elizabeth Arden* and other designers. Sales of fragrance brands grew slightly during 1999. *Calvin Klein* launches were overshadowed by the phenomenal success of the earlier brands. However, our Calvin Klein business remained strong and profitable and during the year we announced the launch of a new cosmetics range.

Operating review - other information

Technology and innovation

To get the most benefit from investment, all research and development is now aligned with our leading brands. Our Path to Growth strategy requires us to exploit the potential of these brands to the full, so our investment will now be aimed at fewer, larger, projects.

In 2000 we spent €1 187 million on research and development: 2.5% of our turnover. We filed 423 new patent applications.

Information technology

The internet continues to change the way we do business. In the US, we are trialling the Ariba internet buying system, allowing us to order many items – from hotel rooms to delivery vans – quickly and simply, at bulk-buy rates.

We have joined with other leading consumer goods manufacturers to form Transora, an online trading network. We believe that such networks will reduce our business costs and improve efficiencies.

We are also working with distributors and other customers to sell products over the net. We have already started selling frozen food online directly to restaurants – making despatch easier and quicker.

Internet technology also helps us to share innovation and best practice around the world. Our internet capability depends on sophisticated internal systems. These are being harmonised progressively to improve efficiency and save costs.

Environmental responsibility

In 2000 we were recognised as one of the world's most environmentally responsible businesses – coming first in our industry sector of the Dow Jones Sustainability Index.

In our search for sustainable development we focus on three areas where we can make a real difference – fish, water and agriculture. We are on course to source all fish from sustainable fisheries by 2005.

For maximum impact, we work with partners around the world. For example, we played a key role at the 2000 World Water Forum in The Hague, leading the international CEO panel. On agriculture, we set up an expert external advisory board. Its task is to advise and inform our business and suppliers on new sustainability standards.

We are reducing our overall impact on the environment, while increasing manufacturing output.

Our latest Environment Report is available online at www.unilever.com.

Responsible corporate behaviour

Unilever has a strong tradition of actively engaging with the societies in which we operate. We believe that by doing business in a responsible and sustainable way we play our part in extending prosperity and providing opportunities for all.

During 2000 we developed a framework to evaluate our performance as a responsible corporate citizen. We recently published our first Social Review which reports on our activities, highlights our achievements and maps the way forward. It can be viewed on our website, at www.unilever.com.

Our commitment to responsible corporate behaviour is underpinned by our Code of Business Principles. The Code sets out the basis for worldwide operational standards, such as product quality and employee health and safety, and deals with such issues as conflicts of interest and bribery. All our company chairmen are required to re-affirm their adherence to these principles each year.

Around the world Unilever companies spent more than €50 million on community involvement. Working in partnership with others, we support projects that improve healthcare, raise levels of education and encourage local economic and cultural activity. In 2000, Unilever was a founding signatory of the UN Global Compact, which aims to foster practical ways for companies to contribute to wider social development.

Competition

We have a wide and diverse set of competitors in our consumer goods businesses. Many of our competitors also operate on an international scale, but others have a narrower regional or local focus.

Competition is intense and challenging. We aim to compete and give value to our consumers and customers in three ways:

- by continually developing new and improved products;
- by sharing our innovations and concepts with our businesses all around the world; and
- by striving to lower the cost of our sourcing, manufacturing and distribution processes whilst still maintaining, and improving, the quality of our products.

We support efforts to create a more open competitive environment through the liberalisation of international trade. We also support the fuller implementation of the Single European Market and inclusion of other European countries in the European Union.

Exports

We sell our products in nearly all countries throughout the world and manufacture in many of them. Inside the European Union we make many of our products in only a few countries, for sale in all of them.

We also export a wide range of products to countries where we do not make them. We often use this export trade to develop new markets before building local manufacturing facilities, usually through our facilities in neighbouring countries.

Operating review - other information

People

year end in thousands	1996	1997	1998	1999	**2000**
Europe	101	84	82	76	**82**
North America	31	23	23	22	**39**
Africa & Middle East	64	58	57	48	**46**
Asia & Pacific	78	74	72	71	**84**
Latin America	30	30	31	29	**44**
Total	304	269	265	246	**295**

Unilever's new organisation is designed to create an enterprise culture. Our leaders must be role models in this transformation. In selecting the top team for our new divisional structure, we consciously chose individuals with the right leadership skills to develop the business. These appointments included the most talented employees from Bestfoods.

To foster enterprise, and to retain the best people, our new reward system is linked firmly to business performance and includes a shares component. Indeed, share ownership is being actively encouraged company-wide, to bring employee and shareholder interests closely together.

Our knowledge is what gives us our competitive advantage. The technology of the internet is being used to great effect to increase information sharing and to accelerate learning. Best practice is becoming common practice.

We have greatly increased our emphasis on internal and external communication. During the year, all employees were fully briefed on the Path to Growth strategy and are regularly updated on its progress. There was a major initiative to improve the communications effectiveness of our senior business leaders.

The realignment behind our biggest brands, within two dedicated divisions, offers great opportunities for growth, career moves and personal development. As announced in 2000, the sharpened brand focus also involves a programme of business disposals and redundancies. Our commitment to pursue this programme in a fair and open manner is being honoured and will continue to guide our actions.

Related party transactions

Other than those disclosed in these accounts, there were no related party transactions that were material to the Group or to the related parties concerned that require to be reported in 2000 or the preceding two years. Transactions with related parties are conducted in accordance with the transfer pricing policies described on page 49 and consist primarily of sales to joint ventures. These are disclosed on the face of the profit and loss account on page 50. Information concerning guarantees given by the Group is stated in note 25 on page 69 and under 'Mutual guarantee of borrowings' on page 114.

Intellectual property

We have a number of patents, and we conduct some of our operations under licences which are based on patents or trademarks owned or controlled by others. We are not dependent on any one patent or group of patents. We protect our brands and technology in every available way.

Description of our properties

We have interests in properties in most of the countries where there are Unilever operations, however none is material in the context of the Group as a whole. The properties are used predominantly to house production and distribution activities and as offices. There is a mixture of leased and owned property throughout the Group. There are no environmental issues affecting the properties which would have a material impact upon the Group. See the schedule of principal group companies and fixed investments on page 101 and details of tangible fixed assets in note 10 on page 58.

Legal proceedings

We are not involved in any legal proceedings and do not have any obligations under environmental legislation which we expect to lead to a material loss. None of our directors or officers are involved, in any way, in any material legal proceedings against us.

Financial review

The figures quoted in this review are in euros, 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.

For definitions of key ratios referred to in this Review please refer to page 93.

Results – 2000 over 1999

Total turnover, which includes Group turnover plus the Group's share of joint venture turnover, rose by 16% to €48 066 million.

Group turnover also increased 16% to €47 582 million. €2 945 million, representing 7% of this growth, came from the impact of acquisitions in 2000, primarily Bestfoods. On the basis of 1999's results, the impact of disposals, principally the European bakery business, was a reduction in turnover of approximately €500 million. Underlying volume growth was 2%, compared with 1% in 1999. The remaining increase was driven by the 9% weakening of the average exchange rate for the euro against the basket of Unilever currencies.

The Group's share of joint venture turnover increased by 70% to €484 million, as a result of the acquisition of Bestfoods' joint ventures in Africa & Middle East and Asia & Pacific.

Group operating profit before exceptional items and amortisation increased by 25% for the year to €5 729 million, with underlying margin up 0.8 percentage points to 12.0% as the benefits of restructuring and buying savings are realised. Acquisitions made in the year contributed €415 million, of which €280 million relates to Bestfoods. €416 million of the overall increase was the result of the weakening of the average euro rate between the two years.

Amortisation of goodwill and intangibles was €435 million, compared with €23 million in 1999, reflecting the impact of acquisitions, notably Slim·Fast, Ben & Jerry's, Cressida, Amora Maille and Bestfoods. The amortisation of Bestfoods' goodwill in the period was €301 million.

Exceptional items increased to €1 992 million from €269 million in 1999. The majority of the exceptional charges relate to our Path to Growth programme announced on 22 February 2000. This initiative consists of focusing resources on our leading brands, rationalising manufacturing sites to improve supply chain efficiency and reduce costs, and reorganising or divesting under-performing businesses. The total programme is estimated to cost €5 billion, the majority of which is expected to be exceptional. €1.9 billion of the 2000 exceptional items relates to this programme. Of this amount, €1.1 billion relates to restructuring and €0.8 billion for other items, principally business disposals. The key disposals were the European bakery business which gave rise to a profit of €143 million and the sale of Elizabeth Arden, completed in January 2001, which gave rise to the recognition of a loss in 2000 of €859 million after writing back goodwill which had been charged direct to shareholders funds on the acquisition of the business in 1989. Exceptional items also include approximately €100 million in respect of restructuring arising from the integration of Bestfoods.

As a result of the amortisation and exceptional items charged above, Group operating profit was down 23% to €3 302 million.

Share of operating profit of joint ventures increased to €57 million (1999: €42 million) with the Bestfoods' joint ventures contributing €12 million.

An overview of operating performance by region and product category is included in the Regional and Category texts on pages 9 and 15 respectively.

Net interest cost was €632 million compared with €14 million in 1999. This significant increase reflects a €27 billion increase in debt during the year following the Bestfoods acquisition in October 2000 and other acquisitions during the year, together with a reduction in cash following the payment of the special dividend in 1999. Included in the interest cost is a €37 million exceptional charge which primarily reflects the fees charged on the unused portion of the financing facility put in place prior to the Bestfoods acquisition. Net interest cover for the year was just over five times; for the fourth quarter interest cover was negative as a result of the amortisation of goodwill and the very high level of exceptional items together with the high level of debt since the Bestfoods acquisition. The net interest cover on the basis of EBITDA (bei), (see page 93 for definition), was eleven times for the year and four times for the final quarter.

The Group's effective tax rate rose to 51.5% from 31.5% in 1999. The increase was a result of Bestfoods goodwill amortisation, which is not tax deductible, and net tax relief of only 14% on exceptional items. This low rate arises because tax relief was already obtained in prior years on the goodwill writeback on the businesses disposed. The underlying tax rate for normal trading operations was 34% before the inclusion of Bestfoods goodwill amortisation, the same level as in 1999.

Minority interests increased 7% to €215 million due almost entirely to the weakening of the euro.

Net profit fell by 60% as a result of the high level of exceptional items and amortisation of goodwill, increased interest costs due to higher borrowings and the impact of the non-tax deductibility of some of these charges. Combined earnings per share was similarly down 59%. Combined earnings per share before exceptional items and amortisation increased by 14%.

Financial review

Return on capital employed fell to 8% from 22% in 1999. The decline is due to the decrease in profit after tax, combined with the increase in long term borrowings.

Results - 1999 over 1998

Total turnover was 1.5% higher at €41 262 million.

Group turnover increased 1.3% to €40 977 million. Underlying volume growth of 1% was partly offset by the slight strengthening of the euro against the basket of Unilever currencies.

The Group's share of joint venture turnover increased to €285 million from €202 million in 1998.

Group operating profit before exceptional items and amortisation increased by 7%, reflecting a further strengthening in underlying margin of 0.5 percentage points of turnover to 11.1%.

Amortisation of goodwill and intangibles rose to €23 million from €8 million in 1998.

Exceptional charges of €269 million in 1999 compare with net gains in 1998 of €125 million which included the profit on the disposal of Plant Breeding International in the United Kingdom. The 1999 charge included €232 million for restructuring.

Operating profit fell by 2% as a result of the above exceptional charges and amortisation of goodwill and intangibles.

Share of operating profit of joint ventures increased to €42 million (1998: €30 million) reflecting improved performance in our joint ventures in the United States and Portugal.

Net interest costs were €14 million, compared with an interest income in 1998 of €156 million. The change was due to a €5.1 billion reduction in net funds during the year, following payment of €6.1 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 net interest cover on the basis of EBITDA (bei) was 412 times in 1999.

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

Minority interests increased to €201 million (1998: €144 million) as a result of continued strong performance in India, and a return to profitability in Nigeria.

Net profit fell by 6% as a result of the negative swing in exceptional items, and the impact on net interest of the special dividend. Combined earnings per share was unchanged at 39.48 euro cents per 1.4p of PLC ordinary capital and €2.63 per Fl. 1.12 of NV ordinary capital, 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 and amortisation rose by 9%.

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 was responsible for a reduction of the Weighted Average Cost of Capital (WACC) of some 0.5%. 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.

2000

Dividends and market capitalisation

Ordinary dividends paid and proposed on PLC ordinary capital amount to 13.07p per 1.4p share (1999: 12.50p), an increase of 5% per share. Ordinary dividends paid and proposed on the NV ordinary capital amount to €1.43 per Fl. 1.12 share (1999: €1.27), an increase of 13% per share. The ratio of dividends to profit attributable to ordinary shareholders increased to 133.3% (1999: 45.2%).

Unilever's combined market capitalisation at 31 December 2000 was €65.3 billion (1999: €52.7 billion).

Balance sheet

The euro weakened slightly against the basket of Unilever currencies between the two balance sheet dates. The resulting exchange gain on the translation of opening balances was offset by the exchange loss on the movement resulting from the equity injection into the US. Profit retained, after accounting for dividends and currency retranslation of opening balances and of movements, increased by €603 million to €7 146 million; the goodwill adjustment on disposal of Elizabeth Arden, included in the result for the year, was a writeback from reserves. Thus there was no net impact on profit retained.

Total capital and reserves increased to €8 169 million (1999: €7 761 million) reflecting the above movements in retained profits less the value of shares purchased in respect of employee share option plans.

Cash flow

Cash flow from operations increased by €1 084 million to €6 738 million driven by the impact of acquistions and by an improvement in results before exceptional items and amortisation together with further reductions in working capital, primarily in stocks. This was partially offset by cash flows in relation to exceptional charges and a €550 million payment to settle share options and similar obligations in Bestfoods consequent to the change of control.

Financial review

Capital expenditure at €1 356 million was in line with previous years.

During the year 20 businesses were acquired for a cash consideration of €27 777 million of which €23 623 million relates to Bestfoods. Other major acquisitions include Cressida, Amora Maille, Ben & Jerry's and Slim·Fast. During 2000, 27 businesses were disposed of for cash proceeds of €626 million, of which the most significant was the European bakery business.

Net debt at the end of the year was €26 468 million compared with €684 million net funds at the end of 1999. This swing is due to the borrowings made to fund the acquisition of businesses.

Finance and liquidity

Unilever's financial strategy supports the objective of a top third position in the Total Shareholder Return peer group, as described on page 29. The fundamental elements of the financial strategy are:

- Appropriate access to equity and debt capital
- Sufficient flexibility for tactical acquisitions
- A1/P1 short term rating
- Sufficient resilience against economic turmoil
- Optimal weighted average cost of capital, given the constraints above

To manage the implementation of this strategy the following ratios are used as key indicators:

- Net interest cover based on Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and exceptional items
- Net gearing
- Funds From Operations after interest and tax (FFO) and before exceptional items over lease adjusted net debt

Definitions and further details on these ratios are given on pages 92 and 93.

Financial ratios that are consistent with our strategy are an EBITDA (bei) net interest cover greater than eight times, a net gearing less than 45% and FFO (bei) over lease adjusted net debt greater than 60%. Levels outside these targets, such as have arisen in 2000, are acceptable for a period following major acquisitions.

Group policy is to finance operating subsidiaries through a mix of retained earnings, third party borrowings and loans from parent and group financing companies that is most appropriate to the particular country and business concerned. To ensure maximum flexibility in meeting changing business needs, Unilever's cash is concentrated centrally in the parent and finance companies.

During 2000, total debt increased substantially following a number of acquisitions, including Amora Maille, Cressida, Ben & Jerry's, Slim·Fast and Bestfoods.

Unilever maintains access to global debt markets through an infrastructure of short-term debt programmes, principally US domestic and euro commercial paper programmes, and long-term debt programmes, principally the US Shelf registration and euro market Debt Issuance Programme. Debt in the international markets is, in general, issued in the name of NV, PLC or Unilever Capital Corporation with the joint credit strength of NV and PLC.

In advance of the acquisition of Bestfoods, a revolving credit facility agreement of US$22 billion was put in place together with a money market commitment of US$3 billion. At year-end, following debt issues, Unilever had reduced the size of the revolving credit facility agreement to US$5 billion. The revolving credit facility agreement was further reduced to US$3 billion in January 2001. Further details on these facilities are given in note 16 on page 61.

The initial financing for the acquisition of Bestfoods consisted of private placements issued in June and July, swapped to US dollars and euros amounting in total to approximately US$1.2 billion and €0.5 billion respectively, 13 months floating rate notes issued in August 2000, US$6 billion and €1.5 billion, commercial paper and available cash. The majority of the commercial paper was refinanced by the issue of a US$7 billion Global Bond in October including tranches with maturities between two and ten years. In November and December eurobonds were issued raising in total €2.75 billion, US$375 million and £225 million with maturities up to three years.

Borrowings at the end of 2000 totalled €29 741 million (1999: €4 789 million). Taking into account the various cross currency swaps and other derivatives, 72% of Unilever's borrowings were in US dollars, 15% in euros and 9% in sterling with the remainder spread over a large number of other currencies.

Long-term borrowings increased by €11 213 million to €13 066 million at the end of 2000, the majority of the increase being the result of the financing of the Bestfoods acquisition. At the end of 2000 short-term borrowings were €16 675 million (1999: €2 936 million), including €483 million of long-term debt reclassified to short-term at the year-end. Taking into account the long-term debt acquired with Bestfoods, the maturity profile extends to 2097. At the end of 2000, 75% of the long-term debt is repayable within 5 years (1999: 85%).

Cash and current investments reduced substantially following the acquisitions in 2000. Cash and current investments at the end of 2000 totalled €3 273 million (1999: €5 473 million); these funds were held in euros (37%), sterling (23%), US dollars (7%), and other currencies (33%). The funds are mainly to support day-to-day needs and are predominantly invested in short-term bank deposits and high-grade marketable securities.

Financial review

Treasury and hedging policies

Unilever's Treasury objective is to maintain Unilever's financial strength and flexibility within the context of the long-term financial strategy set out in the 'Finance and liquidity' section above.

Unilever's Treasury operates as a cost centre and is governed by policies and plans agreed by the directors. 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 cost 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 fixing was increased significantly following the increase in debt resulting from the various acquisitions in 2000.

Under the Group's foreign exchange policy, trading and financial transaction exposures are generally hedged, mainly through the use of forward foreign exchange contracts. Some flexibility is permitted within overall exposure limits. Assets held in foreign currencies are, to a considerable extent, financed by borrowings in the same currencies.

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, for example country and counterparty risks.

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, for example 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.

The following discussion about our risk management activities includes 'forward-looking' statements that involve risk and uncertainties. Our actual results could differ materially from those projected. See the 'Cautionary Statement' at the front of this document.

The analysis below presents the sensitivity of the fair value of the financial and derivative instruments the Group held at 31 December 2000, to the hypothetical changes described below.

Interest rate risk

The fair value of debt, investments and related hedging instruments is affected by movements in interest rates. The analysis shows the sensitivity of the fair value of interest rate sensitive instruments to a hypothetical 10% change in the interest rates across all maturities as at 31 December 2000.

Foreign exchange rate risk

The fair value of debt, investments and hedging instruments, denominated in currencies other than the functional currency of the entities holding them, are subject to exchange rate movements. The analysis shows the sensitivity of these fair values to a hypothetical 10% change in foreign exchange rates as at 31 December 2000.

Fair value changes

	Sensitivity to a hypothetical 10% adverse movement in rates as at 31 December (€ million)	
	2000	1999
Interest rate risk	338	4
Foreign exchange rate risk	1	16

Further details on derivatives, foreign exchange exposures and other related information on financial instruments are given in note 30 on page 74.

Supply risk and commodities contracts

Unilever's products are manufactured from a number of raw materials. While materials are expected to be in adequate supply, any shortages or disruptions in supply would have a material adverse effect on gross margin.

Some of our businesses, principally edible fats companies in Europe, may use forward contracts in a number of oils to hedge future requirements. We purchase forward contracts in bean, rape, sunflower, palm, coconut and palm kernel oils, almost always for physical delivery. We may also use futures contracts to hedge future price movements; however, the amounts are not material. The total value of open futures contracts at the end of 2000 was not material.

In addition, our plantations businesses may use forward contracts for physical delivery of palm oil and tea under strictly controlled policies and exposure limits. We did not have any outstanding futures contracts at the end of 2000.

Distribution

Unilever's products are generally sold through its sales force and through independent brokers, agents and distributors to chain, wholesale, co-operative and independent grocery

Financial review

accounts, foodservice distributors and institutions. Products are distributed through distribution centres, satellite warehouses, company-operated and public storage facilities, depots and other facilities.

Unilever has undertaken several initiatives to work with its customers to accelerate the development of product categories, to optimise the flow of merchandise and the inventory levels of its customers. These include efficient consumer response (ECR) to achieve optimal stock management, automatic stock replenishments and just-in-time delivery using electronic data interchange (EDI) to co-ordinate stock levels in stores and at Unilever's warehouses. ECR is also a process used by Unilever and retailers to understand, and deliver against, consumer demand and expectations.

Impact of price changes

Information concerning the impact of price changes is restricted to tangible fixed assets and depreciation. See note 10 on page 58.

Risk factors

Particular risks and uncertainties that could cause actual results to vary from those described in forward-looking statements within this Annual Report & Accounts and Form 20-F 2000 include those described on page 28 and the following:

- Unilever operates in more than 90 countries, and in each country, the business is subject to varying degrees of risk and uncertainty related to local regulation, political and social climate and other factors.
- Unilever's ability to continue to achieve lower costs and increases in reliability and capacity utilisation.
- Unilever may not be able to improve revenue and profitability in light of high levels of competitive activity and the economic volatility in emerging markets.
- Unilever's ability to maintain key customer relationships.
- Unilever's continuation of substantial growth in significant developing markets such as China and the rest of Southeast Asia, Mexico, Brazil and the rest of Latin America and the countries of Central and Eastern Europe.
- Unilever's ability to successfully manage regulatory, tax and legal matters.
- Unilever's ability to continue to innovate.
- Unilever's ability to achieve the Path to Growth programme, which consists of focusing resources on leading brands, closing manufacturing sites and re-organising or divesting under-performing businesses.
- Unilever's ability to integrate acquired businesses including Amora Maille, Ben & Jerry's, Bestfoods and Slim•Fast (all of which were acquired during 2000) and to realise expected strategic benefits.
- Unilever's ability to effectively implement throughout the Group the organisational changes announced during 2000.

All of the above risks could materially affect the Group's business, its turnover, operating profit, net profit, net assets and liquidity.

Total shareholder return

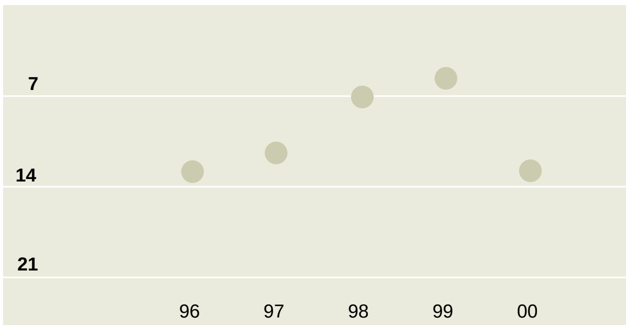
Total Shareholder Return (TSR) is a concept used to compare the performance of different companies' stocks and shares over time. It combines share price appreciation and dividends paid to show the total return to the shareholder. The absolute size of the TSR will vary with stock markets, but the relative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

The company calculates 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's TSR target is to be in the top third of a reference group of 21 international consumer goods companies. During 2000, there were two changes to the reference group as a result of acquisitions in the industry.

At the end of 1999 we were positioned 7th and during 2000 we fell to 13th, outside our target position which remains the top third of our reference group.

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.

Significant changes

Any important developments and post-balance sheet events that have occurred since 31 December 2000 have been noted in this Annual Report & Accounts and Form 20-F 2000. Otherwise, there have been no significant changes since the year end.

Corporate governance

History and organisational structure of Unilever

NV and PLC are the two parent companies of the Unilever Group of companies. NV was incorporated under the name Naamlooze Vennootschap Margarine Unie in the Netherlands in 1927. PLC was incorporated under the name Lever Brothers Limited in Great Britain in 1894.

Since 1930 when the Unilever Group was formed, NV and PLC have operated, as nearly as is practicable, as a single entity. They have the same directors, adopt the same accounting principles, and are linked by a series of agreements. The Equalisation Agreement, which regulates the mutual rights of the two sets of shareholders, is particularly important. It makes the position of the shareholders of both companies, as far as possible, the same as if they held shares in a single company.

NV and PLC are separate companies, with separate stock exchange listings and different shareholders. You cannot convert or exchange the shares of one for shares of the other and the relative share prices on the various markets can, and do, fluctuate. This happens for a number of reasons, including changes in exchange rates. However, over time the prices of NV and PLC shares do stay in close relation to each other, in particular because of our equalisation arrangements.

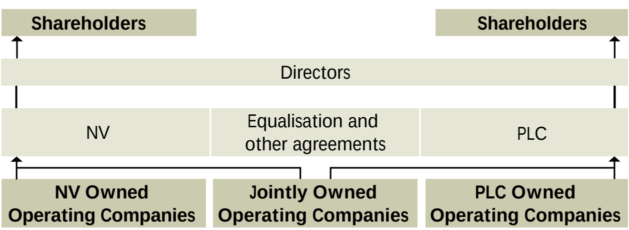
NV and PLC are holding and service companies. Our businesses are carried out by our Group companies around the world. The holding companies have agreed to co-operate in all areas, to exchange all relevant business information and to ensure all group companies act accordingly. In most cases, shares in the group companies are held ultimately by either NV or PLC. The main exception is that US companies are owned by both – 75% by NV and 25% by PLC. These arrangements are designed to create a balance between the funds generated by the NV and PLC parts of the Group. Shares in Bestfoods' companies worldwide were acquired by Unilever United States, Inc. As a result they are currently ultimately owned by NV and PLC in the ratio 75:25.

See page 101 for a listing of the Group's principal subsidiaries and also Control of Unilever on page 112.

Directors

The Chairmen and all of the directors are full-time executives and directors of both NV and PLC and, as well as holding specific management responsibilities, they are responsible for the conduct of the business as a whole. The Chairmen of NV and PLC are the principal executive officers of Unilever.

Legal structure of the Group



During 2000, our operations worldwide were organised into 12 Business Groups, each with a Business Group President.

With effect from 1 January 2001, our operations have been organised into two global divisions – Foods and Home & Personal Care (HPC) – headed by Division Directors. For details of the Division Directors and Business Presidents, see pages 33 to 35.

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.

Directors are elected by shareholders at the Annual General Meetings of NV and PLC, to hold office until the end of the next AGM. For details of the nomination procedure for directors, see Control of Unilever on page 112. All directors submit themselves for re-election each year and retire at the latest by the age of 62. They are executive officers, and cease to hold executive office on ceasing to be directors. We appoint our other executive officers, who are full-time, for an indefinite period. None of our directors or executive officers is elected under any arrangement or understanding.

All of our directors have been with Unilever full-time for at least five years, and in most cases for most of their business careers. For details see pages 33 to 35.

There are no family relationships between any of our directors or executive officers.

Advisory Directors

The Advisory Directors are the principal external presence in the governance of Unilever. The role of an Advisory Director involves giving advice to the Boards in general, and to the Executive Committee in particular, on business, social and economic issues. One of their key roles is to assure the Boards that our corporate governance provisions are

Corporate governance

adequate and reflect, as far as possible, best practice. They serve on certain key Board committees, the roles and membership of which are described below.

The appointment of Advisory Directors is provided for in the Articles of Association of both parent companies, although they are not formally members of the Boards. They are therefore not entitled to vote at meetings of the Boards and bear no legal responsibility for the Boards' actions. Their terms of appointment, role and powers are enshrined in resolutions of the Boards. As well as Board committee meetings, they attend the quarterly directors' meetings, 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.

Our Advisory Directors are chosen for their broad experience, international outlook and independence. They are appointed by resolutions of the Boards, normally for an initial term of three to four years and thereafter for terms of three years. They are usually appointed for a maximum of three consecutive terms and retire at age 70.

Their 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 five other members: the two Division Directors for Foods and for Home & Personal Care; the Corporate Development Director; the Financial Director; and the Personnel Director. Members of the Executive Committee are appointed by all of the directors for one year at a time. The Executive Committee is responsible for agreeing priorities and allocating resources, setting overall corporate targets, agreeing and monitoring Divisional 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 three to four weeks and is chaired, alternately, by the Chairmen of NV and PLC. The Committee is supplied with information by the Executive Committee Secretariat.

Audit Committee The Audit Committee comprises a minimum of three Advisory Directors and meets at least three times a year. It is chaired by Hilmar Kopper, and its other members are Claudio X Gonzalez, Onno Ruding and, with effect from 6 February 2001, Oscar Fanjul. The Committee's meetings are attended by the Head of Corporate Audit and our external auditors who have direct access to its Chairman. It reviews the overall risk management and control environment, financial reporting arrangements and standards of business conduct. The Head of Corporate Audit ensures that the Committee is supplied with necessary information.

Corporate Risk Committee The Corporate Risk Committee currently comprises the Financial Director, the Foods Director, the Home & Personal Care Director, the Personnel Director, the General Counsel, the Head of Corporate Audit and the Controller. It meets at least twice a year. The objective of the Committee is to assist the Board to carry out its responsibilities to ensure effective systems of risk management and internal control. It reports to the Boards, the Executive Committee and, as relevant, to the Audit Committee. The Committee is supplied with information by the Controller.

External Affairs and Corporate Relations Committee
The External Affairs and Corporate Relations Committee currently comprises four Advisory Directors and normally meets four times a year. It is chaired by Lady Chalker, and its other members are Lord Brittan, Senator George Mitchell and, with effect from 6 February 2001, Charles R Shoemate, who has replaced Oscar Fanjul, upon his appointment to the Audit Committee. The Committee advises on external matters of relevance to the business – including issues of corporate social responsibility – and reviews our corporate relations strategy. The Committee is supplied with necessary information by the Head of the Corporate Relations Department.

Nomination Committee The Nomination Committee comprises a minimum of three Advisory Directors and the Chairmen of NV and PLC and meets at least once a year. It is chaired by Frits Fentener van Vlissingen and its other members are Antony Burgmans, Bertrand Collomb, Niall FitzGerald and Lord Simon. It recommends to the Boards 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 is chaired by Frits Fentener van Vlissingen, and its other members are Bertrand Collomb and Lord Simon. It reviews executive remuneration and is responsible for the executive share option plans. 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.

Corporate governance

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.

Requirements in the Netherlands and the UK

Unilever is subject to corporate governance requirements in both the Netherlands and the United Kingdom.

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. However, a strong independent element has long been provided by Unilever's Advisory Directors, who 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. See pages 33 to 35 for details.

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 United Kingdom Listing Rules.

As already explained, the Boards control 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 Boards. For the purposes of the Code, the Boards have not appointed a senior independent director, on the basis that issues for the Boards 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 36 to 44. This also deals with aspects of 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 45.

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 Chairman. In all other respects, PLC has complied with the Code throughout 2000.

Shareholder relations

We believe it is important to both explain the 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. Such presentations are generally made available on our website. In addition, during 2000, quarterly teleconference briefings were introduced which are accessible by telephone or via our website. For further information visit our website at www.unilever.com.

Both NV and PLC communicate with their respective shareholders through the Annual General Meetings. At the AGMs, each Chairman gives a full account of the progress of the business over the last year and a review of the current issues. A summary of their addresses is published on our website and released to stock exchanges and media. Copies are freely available on request.

Corporate governance

Our Chairmen, 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. We are committed to efforts to establish more effective ways of shareholder communication. We actively participate in the Shareholders Communication Channel which facilitates proxy voting in the Netherlands.

Electronic communication is becoming an important medium for shareholders, providing ready access to shareholder information and reports, and for voting purposes. With the development of practices in the United Kingdom, the United States, and in the Netherlands, we shall be seeking to extend the use of electronic communication with shareholders during 2001.

Reporting to shareholders

The directors' responsibilities are set out formally on page 45. The report to shareholders on directors' remuneration and interests is set out on pages 36 to 44.

The responsibility of the auditors to report on these matters is set out on page 46.

Directors

Antony Burgmans* [1]
Chairman, Unilever N.V.
Aged 54. Chairman of Unilever N.V. and Vice-Chairman of Unilever PLC since 4 May 1999. Joined Unilever 1972. Appointed director 8 May 1991. Previous posts include: Vice-Chairman of Unilever N.V. 1998. Business Group President, Ice Cream & Frozen Foods – Europe and Chairman of Unilever Europe Committee 96/98. Responsible for South European Foods business 94/96. Personal Products Co-ordinator 91/94. Member, Supervisory Board of ABN AMRO Bank N.V. and International Advisory Board of Allianz AG.

Niall FitzGerald* [1]
Chairman, Unilever PLC
Aged 55. Chairman of Unilever PLC and Vice-Chairman of Unilever N.V. since 7 May 1996. Joined Unilever 1967. Appointed director 20 May 1987. Previous posts include: Vice-Chairman of Unilever PLC 1994. Detergents Co-ordinator 91/95. Member, Foods Executive 89/91 Edible Fats & Dairy Co-ordinator 89/90. Financial Director 87/89. Non-executive director of Merck & Co Inc. and Telefonaktiebolaget LM Ericsson.

Roy Brown
Chairman, Europe Committee
Aged 54. Joined Unilever 1974. Appointed director 6 May 1992. Retiring 2001.Previous posts include: President, Foods and Beverages Europe 96/00. Regional Director, Africa & Middle East and Central & Eastern Europe 92/96. Non-executive director of GKN plc and Thus PLC.

Clive Butler*
Corporate Development Director
Aged 54. Corporate Development Director since 1 January 2001. Joined Unilever 1970. Appointed director 6 May 1992. Previous posts include: Category Director, Home & Personal Care 1996. Personnel Director 93/96. Corporate Development Director 1992. Non-executive director of Lloyds TSB Group plc.

Patrick Cescau*
Foods Director
Aged 52. Foods Director since 1 January 2001. Joined Unilever 1973. Appointed director 4 May 1999. Previous posts include: Financial Director 1999. Controller and Deputy Financial Director 98/99. President, Lipton, USA 97/98. President, Van den Bergh Foods, USA 95/97. Chairman, Indonesia 91/95.

Keki Dadiseth*
Home & Personal Care Director
Aged 55. Home & Personal Care Director since 1 January 2001. Joined Unilever 1973. Appointed director 3 May 2000. Previous posts include: Hindustan Lever Chairman, 1996, Vice-Chairman and Managing Director 1995. Non-executive director of The Indian Hotels Company.

André van Heemstra*
Personnel Director
Aged 55. Personnel Director since 3 May 2000. Joined Unilever 1970. Appointed director 3 May 2000. Previous posts include: Business Group President East Asia Pacific 1996. Chairman, Langnese-Iglo 1992.

Alexander Kemner*
Member of the Executive Committee
Aged 61. Joined Unilever 1966. Appointed director 3 May 1989. Retiring 2001. Previous posts include: Category Director, Foods 96/00. Regional Director, East Asia & Pacific 93/96. Member, Foods Executive 89/92. Food & Drinks Co-ordinator 89/90.

Rudy Markham*
Financial Director
Aged 54. Financial Director since 4 August 2000. Joined Unilever 1968. Appointed director 6 May 1998. Previous posts include: Strategy & Technology Director 1998. Business Group President, North East Asia 96/98. Chairman, Nippon Lever Japan 92/96. Group Treasurer 86/89.

Charles Strauss
Business President Home & Personal Care North America and Global Prestige Business
Aged 58. Joined Unilever 1986 upon Unilever's acquisition of Ragú Foods. Appointed director 3 May 2000. Previous posts include: Business Group President, Latin America 96/99. President, Lever Brothers USA 93/96. Chairman, Langnese-Iglo 89/92.

* Member Executive Committee of the Board

Advisory Directors

The Rt Hon The Lord Brittan of Spennithorne QC [2]
Aged 61. Appointed 2000. Vice-Chairman UBS Warburg. Member of the European Commission and Vice-President 89/99. Member of the UK Government 79/86. Home Secretary 83/85 and Secretary of State for Trade and Industry 85/86.

Baroness Chalker of Wallasey [3]
Aged 58. Appointed 1998. Director Freeplay Energy Ltd, Landell Mills Ltd and Ashanti Goldfields Company Ltd. UK Minister of State at the Foreign and Commonwealth Office 86/97. Created life peer in 1992. Member of Parliament for Wallasey 74/92

Bertrand Collomb [1,4]
Aged 58. Appointed 1994. Chairman and CEO, Lafarge S.A. Director Crédit Commercial de France, Total Fina Elf and Atco. Member, Supervisory Board, Allianz AG and Advisory Board Banque de France.

Corporate governance

Oscar Fanjul[7]
Aged 51. Appointed 1996. Chairman, Hidroeléctrica del Cantábrico S.A. Director Banco Bilbao Vizcaya, Ericsson, S.A., Tecnicas Reunidas, S.A. Member of the International Advisory Boards of the Chubb Corporation and Marsh McLennan. Chairman and CEO Repsol 86/96. Secretary General and Under Secretary, Spanish Ministry of Industry and Energy 83/85.

Frits Fentener van Vlissingen[5,6]
Aged 67. Appointed 1990. Managing Director Flint Holding N.V. Chairman Supervisory Boards of CSM N.V. and Draka Holdings N.V. Deputy Chairman Supervisory Boards of Akzo Nobel N.V. and of SHV Holdings.

Claudio X Gonzalez[7]
Aged 66. Appointed 1998. Chairman and CEO Kimberly-Clark de Mexico S.A. Director Kellogg Company, General Electric Company (USA), Banco National de Mexico and Telefonos de Mexico. Member Advisory Board J P Morgan. Special Advisor to the President of Mexico 88/94.

Hilmar Kopper[8]
Aged 65. Appointed 1998. Chairman Supervisory Board Deutsche Bank (formerly CEO) and of DaimlerChrysler AG. Director of Xerox Corp. and member Supervisory Boards Akzo Nobel N.V., Bayer AG and Solvay S.A.

Senator George J Mitchell[2]
Aged 67. Appointed 1998. Member of the law firm Verner, Liipfert, Bernhard, McPherson and Hand. Director Federal Express Corp., UNUM Insurance Corp., Xerox Corp. and Staples Inc. Member of the US Senate 80/95 and Senate Majority Leader 88/95. Chairman of the Northern Ireland Peace Initiative 95/99.

Onno Ruding[7]
Aged 61. Appointed 1990. Vice-Chairman and Director, Citibank N.A. Director Corning Inc., Pechiney S.A., and RTL Group. Member Advisory Board Robeco Groep. Netherlands Minister of Finance 82/89.

Charles R Shoemate[2]
Aged 61. Appointed 2001. Director CIGNA Corporation, International Paper Company and Texaco Inc. Chairman & Chief Executive Officer of Bestfoods 90/00 and President 88/90.

The Lord Simon of Highbury CBE[1,4]
Aged 61. Appointed 2000. Member of the Advisory Board of LEK Consulting and of the European Advisory Board of Morgan Stanley Dean Witter. UK Government Minister 97/99. Group Chief Executive of BP 92/95 and Chairman 95/97.

[1] Member Nomination Committee
[2] Member External Affairs and Corporate Relations Committee
[3] Chairman External Affairs and Corporate Relations Committee
[4] Member Remuneration Committee
[5] Chairman Nomination Committee
[6] Chairman Remuneration Committee
[7] Member Audit Committee
[8] Chairman Audit Committee

Business Presidents

Foods

Regions

Manfred Stach, Europe Aged 58. Joined Unilever 1970. Appointed Business President 1998. Previous position: Business Group President Africa.

Neil Beckerman, North America Aged 45. Joined Unilever 2000 upon Unilever's acquisition of Bestfoods. Appointed Business President 1 January 2001. Previous Position: Vice-President, Bestfoods and President, Bestfoods Grocery.

John Rice, Latin America & Slim-Fast Worldwide. Aged 49. Joined Unilever 1981. Appointed Business President 1 January 2001. Previous Position: President & Chief Executive Officer, Lipton USA.

Global Businesses

Diego Bevilacqua, Foodservice Aged 47. Joined Unilever 2000 upon Unilever's acquisition of Bestfoods. Appointed Business President 1 January 2001. Previous position: Vice-President Bestfoods and President Bestfoods, Asia.

Robert Polet, Ice Cream & Frozen Foods Aged 45. Joined Unilever 1978. Appointed Business President 1998. Previous position: Business Group President Ice Cream & Frozen Foods Europe.

Function

Jean Martin, Bestfoods integration Aged 56. Joined Unilever 1968. Appointed Business President 1996. Previous position: Business Group President Central & Eastern Europe.

Anthony Simon, Marketing Aged 55. Joined Unilever 2000 upon Unilever's acquisition of Bestfoods. Appointed Business President 1 January 2001. Previous position: Vice-President Strategies and Core Businesses Bestfoods.

Home & Personal Care

Regions

Ralph Kugler*, Europe Aged 45. Joined Unilever 1979. Appointed Business President 1999. Previous position: Business Group President Latin America.

Charles Strauss, North America and Global Prestige Business. Unilever Director see page 33.

Anton Lenstra, Africa, Middle East & Turkey Aged 52. Joined Unilever 1989. Appointed Business President 2000. Previous position: Vice-President Home & Personal Care Europe. Also provides representation of the region on the Foods Executive.

Jeff Fraser, Central Asia & China Aged 57. Joined Unilever 1967. Appointed Business President 1996. Previous position: Business Group President Central Asia & Middle East.

*In succession to John Sharpe who retires on 1 April 2001 after 37 years' service.

Corporate governance

Tex Gunning, East Asia Pacific Aged 50. Joined Unilever 1982. Appointed Business President 2000. Previous position: Business Group President East Asia Pacific. Also represents the region on the Foods Executive.

Bruno Lemagne, China (until August 2001) Aged 54. Joined Unilever 1972. Appointed Business President 1998. Previous position: Chairman, Unilever (China) Limited.

Harish Manwani, Latin America Aged 47. Joined Unilever 1976. Business President from 1 April 2001. Previous position: Senior Vice-President, Home & Personal Care Category Group.

Global Businesses

Çetin Yüceluğ, DiverseyLever Aged 55. Joined Unilever 1973. Appointed Business President 1996. Previous position: CEO, Lever Industrial International.

Function

Simon Clift, Marketing Aged 43. Joined Unilever 1982. Appointed Business President 1 January 2001. Previous position: Chairman Personal Care Category Group, Latin America.

Corporate Officers

Jos Westerburgen, Joint Secretary Aged 58. Appointed 4 May 1988. Years of service on 31 December 2000: 17.

Stephen Williams, Joint Secretary and General Counsel Aged 53. Appointed 1 December 1986. Years of service on 31 December 2000: 14.

Jeffrey Allgrove, Controller Aged 48. Appointed 4 May 1999. Years of service on 31 December 2000: 23.

Jan Haars, Treasurer Aged 49. Appointed 1 August 1997. Years of service on 31 December 2000: 3.

Board changes

Keki Dadiseth, André baron van Heemstra and Charles Strauss were elected as directors and Jan Peelen and Bob Phillips retired as directors at the Annual General Meetings on 3 May 2000. All other directors held office throughout the year.

Following their election as directors, Keki Dadiseth and André baron van Heemstra became members of the Executive Committee. Rudy Markham was appointed as Financial Director on 4 August 2000. On 1 January 2001, Patrick Cescau was appointed as Foods Director, responsible for Unilever's Foods business worldwide, Keki Dadiseth was appointed as Home & Personal Care Director, responsible for HPC worldwide, including DiverseyLever, and Clive Butler was appointed as Corporate Development Director.

In accordance with the Articles of Association of NV and PLC, all existing directors will retire from office at the Annual General Meetings on 9 May 2001 and, with the exceptions of Roy Brown and Alexander Kemner, who will be retiring and not seeking re-election, will offer themselves for re-election. Jos Westerburgen will be retiring from the office of Joint Secretary on 1 July 2001. Their colleagues wish to record their appreciation of the retiring directors' and Joint Secretary's substantial contributions to Unilever over long and distinguished careers.

Details of Directors' service contracts are given on page 41.

Advisory Directors' changes

The Rt Hon The Lord Brittan of Spennithorne QC was appointed as an Advisory Director with effect from 1 May 2000 until the Annual General Meetings in 2003. The Lord Simon of Highbury CBE was appointed as an Advisory Director with effect from 9 May 2000 until the Annual General Meetings in 2003.

The Boards have resolved to re-appoint Baroness Chalker of Wallasey, Claudio X Gonzalez and Hilmar Kopper as Advisory Directors, until the Annual General Meetings in 2004. Charles R Shoemate was appointed as Advisory Director with effect from 1 February 2001 until the Annual General Meetings in 2004. Mr Shoemate was the former Chairman and Chief Executive Officer of Bestfoods prior to its acquisition by Unilever.

The Boards have also resolved to appoint Professor Wim Dik as an Advisory Director from 9 May 2001 until the Annual General Meetings in 2004. Professor Wim Dik, aged 62, is a professor at the Delft University of Technology and former Chairman and CEO of Koninklijke KPN NV, Royal Dutch Telecom. He will serve on the Nomination and Remuneration Committees.

Sir Derek Birkin retired as an Advisory Director with effect from the Annual General Meetings in 2000.

It is with great regret that the directors record the death on 4 July 2000 of The Rt Hon The Lord Leverhulme KG TD, the grandson of William Lever, the founder of Lever Brothers. Lord Leverhulme had been an Honorary Advisory Director since 1985, having been previously an Advisory Director since 1949.

Remuneration report

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 ('the Code') appended to the United Kingdom Listing Rules in framing the remuneration policy. PLC's statement of compliance with respect to the Code is on page 32. This report deals with any non-compliance with the Code in the area of remuneration policy.

The Boards are guided by a Remuneration Committee comprising F H Fentener van Vlissingen (Chairman), B Collomb and, with effect from 9 May 2000, Lord Simon of Highbury. Sir Derek Birkin was a member of the Remuneration Committee until May 2000.

The Remuneration Committee makes recommendations to the Boards on Unilever's framework of executive remuneration. The Committee determines, on the Boards' behalf, specific remuneration packages for members of the Board, including pension rights, grants of share options and any compensation payments.

Remuneration of Directors and Executive Officers

The aggregate amount of remuneration paid by the Unilever Group to all directors and executive officers for services in all capacities during 2000 was €16 029 915 (£9 757 049).

The aggregate amount set aside by the Unilever Group during 2000 to provide pension, retirement or similar benefits for directors and executive officers was €831 962 (£506 368).

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 based on performance.

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 Board take into account their special responsibilities and provide differentials comparable with 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.

(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 for the year 2000 is 60% of salary. Bonuses are based on achievement of a target or target range which involve two measures of performance:

(a) a corporate target; and
(b) individual targets.

The corporate target is based on a combination of the increase in earnings per share and turnover expressed in euros and in pounds sterling. The individual targets are based on previously agreed key objectives.

Starting with the payment in 2001 of the bonus for 2000, one quarter of the annual bonuses for directors are paid in shares in NV and PLC and the directors are then awarded shares of equivalent value, upon condition that all the shares are retained for at least three years.

Remuneration report

Starting in 2000, each director is required to build up a shareholding in NV and PLC. Currently it is the intention that this shareholding should be built up to the equivalent of one and a half times their salary over a period of five years.

As explained in the letter from the Chairmen to the shareholders concerning the Annual General Meetings to be held in 2001, there are proposals to introduce a share based long term incentive plan and amend the current remuneration arrangements for Directors in other respects with effect from the year 2001.

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, with the exception of a US based director who participates in the normal US schemes. The NV scheme has been on a contribution holiday since 1990. The PLC scheme has been on a contribution holiday since January 1997. The US schemes, with the exception of the 401(k) scheme, are non-contributory.

All directors are also members of their respective early retirement schemes, 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 appointed prior to 31 December 1998 who are members of the NV scheme and retire at or after normal retirement date, receive an additional lump sum amount equal to one year's final pensionable pay. For directors who are members of the NV scheme and appointed after 1 January 1999, the additional lump sum of one year's final pensionable pay is no longer provided. 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 base 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 reconsidered this topic during 2000 in the light of the recommendations of the Code and decided that the current arrangements should be kept in place. It will, however, continue to keep under review the development of best practice in respect of the pensionability of bonuses.

Directors' pensions: further information

This information is supplemental to the accompanying table.

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 relating to the currency in which the benefits are defined. 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 entitlement is shown in the accompanying table.

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 early retirement scheme, the spouse's pension is 70% of the member's pension for directors appointed before 31 December 1998 and 66.7% for directors appointed after 1 January 1999. Under the PLC early retirement scheme, the spouse's pension is 66.7% of the member's retirement pension. Under the normal NV scheme, the spouse's pension is 70% of the member's pension, while under the normal PLC scheme, the spouse's pension is 50% of the member's pension.

For directors in the NV early retirement scheme aged over 55 and who are members of the Dutch social security system, the amount will be reduced at age 65 by an allowance 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 (including member contributions into a US 401(k) plan where appropriate) nor the resulting benefits are included in the table of pension entitlements.

Remuneration report

Directors' pensions

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

	Age, at 31 December 2000 yrs	mths	Normal Retirement Age (2) yrs	mths	Contributions paid by director during 2000	Increase in accrued pension during 2000 (3)(4)(10)	Total accrued pension at 31 December 2000 (4)(10)
NV scheme (1)					€	€	€
A Burgmans (5)	53	11	60	0	0	64 454	421 033
A Kemner	61	3	60	0	0	30 412	511 472
J Peelen (6)	60	10	60	0	0	36 038	501 920
A R van Heemstra (7) (8) (13)	54	11	60	0	0	40 814	279 156
					US$	US$	US$
C B Strauss (7) (9) (13)	57	11	60	0	0	264 885	584 732
PLC scheme					£	£	£
N W A FitzGerald	55	4	60	9	0	34 027	561 347
R D Brown	54	1	60	0	0	11 350	247 176
A C Butler	54	6	60	0	0	30 565	299 426
P J Cescau (7) (11)	52	3	60	0	0	51 925	250 509
K B Dadiseth (7) (13)	55	0	60	0	0	79 462	188 452
R H P Markham	54	10	60	0	0	30 949	290 595
R M Phillips (12)	62	6	60	0	0	33 437	597 743

(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. All directors participating in the NV scheme are members of the Dutch social security system except for Mr C B Strauss.

(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 41).

(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 directors 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. For NV directors appointed before 31 December 1998, 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) 89% of the total accrued pension at 31 December 2000 and 94% of the increase in accrued pension correspond to the normal NV scheme.

(6) Retired during the year. In addition to the pension benefit shown, a lump sum amount of €827 695 was paid on retirement.

(7) Elected after 1 January 1999. The accrued pension includes benefits (actuarially converted for consistency) under all Unilever schemes and those earned, prior to appointment, under social security schemes.

(8) 99% of the total accrued pension at 31 December 2000 and 92% of the increase in accrued pension correspond to the normal NV scheme.

(9) Benefits based on a US Dollar denominated salary. Benefits will be increased in payment at the same time as pensions under the normal NV pension scheme. The increase will be based on a US denominated index derived using the same principles as those applied for normal pension increases under the normal NV pension scheme.

(10) 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 2000, and includes benefits from all Unilever schemes. It does not include allowance for any future inflationary increases.

(11) Benefits payable under the PLC scheme will be converted into Euros at the exchange rate prevailing at date of appointment.

(12) Retired during the year. The pension was converted to US dollars upon retirement and will be increased in future to maintain US purchasing power.

(13) Appointed in 2000.

Remuneration Report

Directors' interests: share capital

The interest in the share capitals of NV and PLC and their group companies of those who were directors at the end of 2000 and of their families were as shown in the tables below:

	1 January	31 December
NV (Fl. 1.12 ordinary shares)		
A Burgmans	6 920	13 966
N W A FitzGerald	6 175	7 919
R D Brown	—	—
A C Butler	625	1 587
P J Cescau	—	842
K B Dadiseth	—[a]	—
A R van Heemstra	—[a]	1 176
A Kemner	1 454	1 454
R H P Markham	582	26 638
C B Strauss	1 233[a]	3 371
NV (Fl. 0.10 preference shares)		
A Burgmans	7 750	7 750
A Kemner	1 628	1 628
PLC (1.4p ordinary shares)		
N W A FitzGerald	40 357	58 165
	156 815 034[b]	156 815 034[b]
A Burgmans	20 627	28 921
R D Brown	—	—
A C Butler	27 243	34 847
P J Cescau	—	6 654
K B Dadiseth	—[a]	—
A R van Heemstra	—[a]	8 834
A Kemner	18 605	25 045
R H P Markham	43 246	50 136
C B Strauss	—[a]	15 832[c]
Hindustan Lever Limited (ordinary shares)		
K B Dadiseth	107 490[a]	107 490
Margarine Union (1930) Limited (shares)		
N W A FitzGerald	600[b]	600[b]

(a) Upon election on 3 May 2000.
(b) Held jointly as a trustee of the Leverhulme Trust and the Leverhulme Trade Charities Trust with no beneficial interest. The holding of 156 815 034 PLC ordinary shares represents 5.39% of the ordinary issued share capital of PLC.
(c) Held as American Depositary Receipts (ADR's).

The directors, in common with other employees of PLC and its United Kingdom subsidiaries, had beneficial interests in 42 492 210 PLC ordinary shares at 1 January 2000 and 40 194 092 PLC ordinary shares at 31 December 2000, acquired by the Unilever Employee Share Trusts for the purpose of satisfying options under the PLC Executive Option plans and the UK Employee Sharesave Plan. On election of K B Dadiseth, A R baron van Heemstra and C B Strauss as directors on 3 May 2000 the trusts held 41 969 815 PLC ordinary shares.

The voting rights of the directors who hold interests in the share capitals of NV and PLC are the same as for other holders of the class of shares indicated. Except as stated above, none of the director's shareholdings amounts to more than 0.01% of the issued shares in that class of share.

Further information, including details of the NV and PLC ordinary shares acquired by certain group companies in connection with other share option plans, is given in note 21 on page 65.

The only changes in the interests of the directors and their families in PLC ordinary shares between 31 December 2000 and 28 February 2001 were that:

(i) The holding of the Unilever Employee Share Trusts reduced to 39 889 498 PLC shares.
(ii) N W A FitzGerald acquired 12 PLC shares.

There were no changes in the interests of the directors and of their families in NV ordinary shares during that period.

Remuneration report

Directors' emoluments

The aggregate emoluments of the directors were as follows:

	€		£	
	2000	1999	2000	1999
Salary	7 854 620	7 205 532	4 781 108	4 747 056
Allowances and value of benefits in kind	1 265 478	1 089 636	770 297	717 860
Performance related payments	4 826 260	2 395 381	2 937 744	1 578 094
Total	13 946 358	10 690 549	8 489 149	7 043 010
Gains on exercise of share options (1)	2 075 600	1 173 407	1 263 418	773 049

The emoluments of the individual directors were as follows:

	Salary	Allowances and value of benefits in kind	Performance related payments (7)	Total 2000	Total 1999	Equivalent totals (8) 2000	Equivalent totals (8) 1999
Paid in euros:	€	€	€	€	€	£	£
A Burgmans (2)	839 493	19 494	441 088	1 300 075	968 060	791 356	637 765
A R van Heemstra (3)	350 923	64 180	238 452	653 555		397 819	
A Kemner	703 359	17 337	283 454	1 004 150	885 532	611 226	583 395
J Peelen (4)	287 394	5 187	130 190	422 771	960 338	257 341	632 678
Paid in pounds sterling:	£	£	£	£	£	€	€
N W A FitzGerald (5)	800 000	105 142	424 531	1 329 673	1 153 075	2 184 447	1 750 247
R D Brown	380 000	166 549	166 250	712 799	682 345	1 171 018	1 035 728
A C Butler	445 000	46 852	209 205	701 057	594 421	1 151 728	902 268
P J Cescau	400 000	177 958	533 775(6)	1 111 733	430 935	1 826 406	654 115
K B Dadiseth (3)	237 334	156 076	157 708	551 118		905 402	
R H P Markham	420 000	40 446	225 666	686 112	556 871	1 127 176	845 271
Paid in US dollars:	US$	US$	US$	US$	US$		
R M Phillips (4)	500 000	5 229	230 000	735 229	1 763 523	€798 326 £485 941	€1 655 437 £1 090 614
C B Strauss (3)	666 667	13 882	610 000	1 290 549		€1 401 304 £852 974	

(1) See pages 43 and 44.
(2) Chairman of NV.
(3) Elected on 3 May 2000.
(4) Retired on 31 May 2000.
(5) Chairman of PLC.
(6) Emoluments include an incentive payment of £318 439 paid in 2000 which relates to an appointment prior to joining the main Board.
(7) Includes value of shares awarded under bonus scheme in respect of both 1999 and 2000.
(8) Based on average rates for the year of £1.00 = €1.643, £1.00 = US$1.513, US$1.00 = €1.086 (1999: £1.00 = €1.518, £1.00 = US$1.617, US$1.00 = €0.9389).

For the years up to and including 1997, NV loaned 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 2000 a total of €0.14 million (1999: €0.45 million) was loaned to the directors.

No compensation for loss of office, payments for loss of office or other termination payments were paid to directors in 2000.

Remuneration report

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 closest to the director's 62nd birthday occurs.

Contracts are currently terminable by the employer at not less than two years' notice. The Remuneration Committee believes that the current service contracts are not out of line with the arrangements of many peer group companies but has noted the recommendation in the Code in favour of one-year contracts. The Committee continues to have regard to best practice in both the Netherlands and the United Kingdom and keeps developments in both countries under regular review. Accordingly, the Committee has recommended that, as part of the changes of remuneration arrangements being proposed for implementation in 2001, it would be appropriate to make the directors' service contracts terminable by one year's notice with effect from 2001.

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 Code regarding the merits of providing explicitly in the directors' contracts of service provisions relating to compensation commitments in the event of early termination. The Committee will continue to keep its current practice under review.

In 2000 five directors served for only part of the year. In 1999 three directors served for only part of the year.

Share options

Unilever introduced share options for directors and other senior managers during 1985 in the United Kingdom and the Netherlands and during 1992 for North America. Types of share options for employees generally were introduced during 1985 in the United Kingdom, 1995 in the Netherlands and North America, and 2000 in Germany and France.

Directors are generally entitled to share options on the same basis as other employees. They participate in the UK Employee Sharesave Plan and the Netherlands Employee Option Plan, which are all-employee plans, and in the International Plan, as described in note 34 on pages 79 to 89.

Grants of share options to directors and other senior executives in 2000 were made under the International 1997 Executive Share Option Scheme (the 'International Plan'). Under the International Plan, which was established in 1997 after taking into account the guidelines and views of institutional investor committees, 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, as described in Note 34 on pages 79 to 89.

The Boards have established benchmark grant levels (the 'normal allocation') to assist in determining actual grant levels under the International Plan. In accordance with the undertaking made at the time the International Plan 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 2000 was that the Group's earnings per share, adjusted to exclude certain exceptional items and one-off events, 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 adjusted 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 2000 the targets and levels of grant would be:

Adjusted EPS growth achieved in 1999	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 adjusted EPS growth for 1999 was inflation +6% which produced a 100% level of grant for 2000.

The normal allocations in 2000 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 Plan may not be exercised earlier than three years after the date of grant.

Remuneration report

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 in respect of initial grants of options made in 1997. 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. Amongst the changes planned for implementation in 2001, it is proposed that no grants of premium options will be made in respect of initial grants of options made after 2000 and this incentive will be withdrawn.

Under the terms of options to acquire ordinary shares under the NV Executive Option Plan, some individuals may be or have been granted the right to elect to receive the equivalent cash value instead of receiving shares on the exercise of their options. This right is rescindable by the company (NV or a wholly owned subsidiary of NV) which granted such options, while they remain unexercised. It is the general intention of the company that this right will remain extended where it may be unduly disadvantageous to an individual not to have such a right.

Under the terms of the PLC Unilever 1985 Unapproved Executive Share Option Scheme (formerly the Unilever PLC Expatriate Share Option Scheme), PLC has the right to substitute the equivalent cash value for any individual's right to acquire shares on the exercise of their options. It is not PLC's intention to exercise this right except in circumstances where it may be unduly disadvantageous to an individual were it not to do so.

Unilever meets the obligations under its option plans by transferring previously purchased shares to directors and employees as the options are exercised.

Options to purchase securities from NV, PLC or their subsidiaries

Options held by directors and employees to acquire ordinary shares of NV and PLC at 31 December 2000 are shown in note 21 on page 65.

Options over the following number of shares were granted, exercised, forfeited or expired between 31 December 2000 and 28 February 2001.

	Granted		Exercised, forfeited or expired	
	Shares of 1.4p	Shares of Fl. 1.12	Shares of 1.4p	Shares of Fl. 1.12
UK Employee Sharesave Plan	-	-	508 190	-
PLC Executive Option Plans	-	-	144 106	5 755
NV Executive Option Plan	-	-	60 400	15 468
Netherlands Employee Option Plan	-	-	-	22 000
German Employee Option Plan	-	-	-	8 655
French Employee Option Plan	-	-	-	11 400
Restricted Share Plan	-	-	-	-

	Granted		Exercised, forfeited or expired	
	Shares of 1.4p in the form of American Depositary Receipts	Shares of Fl. 1.12 of the New York Registry	Shares of 1.4p in the form of American Depositary Receipts	Shares of Fl. 1.12 of the New York Registry
NA Executive Option Plan	-	-	-	5 800
NA Employee Purchase Plan	-	-	-	30 764

As at 28 February 2001 the directors and officers as a group held options to purchase the following ordinary shares:

3 641 503 shares of 1.4p
464 589 shares of Fl. 1.12
454 828 shares of 1.4p (held as 113 707 ADR's)
215 915 shares of Fl. 1.12 of the New York Registry

Remuneration report

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 2000 as follows:

						Options outstanding below market price at end of year		Options outstanding above market price at end of year	
Name		1 January Fl. 1.12/1.4p	Granted (g)	Exercised	31 December Fl. 1.12/1.4p	Number	Weighted average price	Number	Weighted average price
A Burgmans	(a)	73 260	12 000[2]	5 964[10]	79 296	70 296	€40.87	9 000	€69.29
	(b)	172	50[3]	32[11]	190	190	€53.44	—	—
	(c)	240 000	80 000[4]	—	320 000	260 000	457p	60 000	668p
	(d)	2 904	—	—	2 904	—	—	2 904	594p
N W A FitzGerald	(a)	60 932	12 000[2]	—	72 932	54 932	€47.54	18 000	€69.29
	(b)	100	50[3]	—	150	150	€58.11	—	—
	(c)	755 392	80 000[4]	—	835 392	715 392	359p	120 000	668p
	(d)	5 025	2 382[5]	3 864[12]	3 543	2 382	425p	1 161	594p
R D Brown	(a)	27 636	6 000[2]	—	33 636	24 636	€49.95	9 000	€69.29
	(c)	226 180	40 000[4]	—	266 180	206 180	416p	60 000	668p
	(d)	1 240	—	—	1 240	1 240	278p	—	—
A C Butler	(a)	36 700	7 500[2]	1 884[10]	42 316	31 066	€49.74	11 250	€69.29
	(b)	50	50[3]	—	100	100	€58.36	—	—
	(c)	463 212	50 000[4]	—	513 212	438 212	371p	75 000	668p
	(d)	4 652	—	—	4 652	4 652	371p	—	—
P J Cescau	(a)	20 250	17 643[6][7]	—	37 893	28 893	€58.80	9 000	€69.29
	(c)	135 000	124 626[8][9]	—	259 626	199 626	496p	60 000	668p
	(e)	45 000	—	—	45 000	45 000	US$38.84	—	—
	(f)	100 192	—	—	100 192	100 192	US$6.72	—	—
K B Dadiseth	(a)	19 500[1]	—	—	19 500	15 000	€49.02	4 500	€69.29
	(c)	149 428[1]	—	—	149 428	119 428	398p	30 000	668p
A R van Heemstra	(a)	44 312[1]	—	7 780[13]	36 532	27 532	€48.37	9 000	€69.29
	(c)	273 276[1]	—	—	273 276	213 276	422p	60 000	668p
A Kemner	(a)	47 692	—	2 984[10]	44 708	33 458	€44.44	11 250	€69.29
	(b)	172	50[3]	32[11]	190	190	€53.44	—	—
	(c)	225 000	—	—	225 000	150 000	481p	75 000	668p
	(d)	6 440	—	6 440[12]	—	—	—	—	—
R H P Markham	(a)	62 332	7 500[2]	25 184[10]	44 648	33 398	€47.03	11 250	€69.29
	(b)	100	50[3]	—	150	150	€58.11	—	—
	(c)	242 292	50 000[4]	—	292 292	217 292	435p	75 000	668p
	(d)	3 283	—	—	3 283	3 283	514p	—	—
C B Strauss	(e)	154 200[1]	—	—	154 200	136 200	US$31.73	18 000	US$72.94
	(f)	260 000[1]	—	—	260 000	140 000	US$6.06	120 000	US$10.08
	(h)	381[1]	—	—	381	381	US$52.43	—	—
J Peelen	(a)	59 898	—	37 396[14]	22 502[15]	11 252	€42.79	11 250	€69.29
	(b)	172	—	—	172[15]	172	€47.90	—	—
	(c)	150 000	—	—	150 000[15]	75 000	407p	75 000	668p
	(d)	5 025	—	—	5 025[15]	3 864	268p	1 161	594p
R M Phillips	(a)	18 000	—	—	18 000[15]	9 000	€42.79	9 000	€69.29
	(c)	457 928	—	—	457 928[15]	397 928	315p	60 000	668p
	(e)	71 800	—	—	71 800[15]	71 800	US$26.05	—	—

(a) Number of NV shares the subject of options under the International Plan.
(b) The Netherlands Employee Option Plan.
(c) Number of PLC shares the subject of options under the International Plan.
(d) UK Employee Sharesave Plan.
(e) Number of NV New York shares the subject of options under the International Plan.
(f) Number of PLC shares the subject of options in the form of American Depositary Receipts under the International Plan (1 ADR equivalent to 4 shares)
(g) Granted in the year on the basis, where applicable, of earnings per share in the prior year.
(h) NA Employee Purchase Plan over NV New York shares.

See also notes on page 44.

Remuneration report

All share options are exercisable at a range of dates between 2001 and 2010 (see note 21 on page 65). No options lapsed unexercised during the year. The market price of the ordinary shares at the end of the year was for NV €67.40 and US$62.94 and for PLC 573p and US$34.56, and the range during the year was between €40.99 and €70.90 and US$39.88 and US$64.19, and between 335p and 584p and US$21.75 and US$34.81 respectively. Options outstanding above and below the market prices at 31 December 2000 are set out in the table on page 43.

Notes:

Note	Number of shares	Exercise price	Market price at date of exercise
(1)	all	On election as a director	
(2)	all	€42.83	
(3)	all	€53.05	
(4)	all	347p	
(5)	all	425p	
(6)	7 500	€42.83	
(7)	10 143	€65.40	
(8)	50 000	347p	
(9)	74 626	536p	
(10)	all	€22.82	€52.53
(11)	all	€50.87	€65.70
(12)	all	268p	441p
(13)	all	€25.69	€53.98
(14)	all	€26.55	€46.75
(15)	all	On date of retirement	

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 this report.

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 2000 to each of B Collomb, O Fanjul, F H Fentener van Vlissingen, H Kopper and H O C R Ruding was €36 302 and to each of Lady Chalker of Wallasey, C X Gonzalez and Senator G J Mitchell was £27 500. The Rt Hon The Lord Brittan of Spennithorne QC and Lord Simon of Highbury CBE were appointed during the year and each received fees of £18 333. Sir Derek Birkin retired during the year and received fees of £9 393.

As at 28 February 2001, the aggregate interests of the Advisory Directors in the share capital of NV and PLC were 14 188 (31 December 1999: 8 479) Ordinary Fl. 1.12 shares of NV and 6 384 (31 December 1999: 1 785) Ordinary 1.4p shares of PLC. The voting rights of the Advisory Directors are the same as for other holders of the class of share indicated.

Statement 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 47.

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 independent auditors' set out on page 46, 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 2001 and 2002, 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 risk management and 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 organisational 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 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 is a Committee of the Board and 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, and to the Audit Committee.

Unilever's corporate internal audit function plays a key role in providing an objective view and continuous assessment of the effectiveness of the risk management and related 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 risk management has been in place throughout 2000 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. The Boards have carried out an annual review of the effectiveness of the systems of risk management and internal control during 2000, and have ensured that the necessary actions have been taken to address any weaknesses or deficiencies arising out of that review.

It is Unilever's policy to bring acquired companies within the Group's governance procedures as soon as is practicable and, in any event, by the end of the first full year of operation. Businesses acquired during 2000, such as Ben & Jerry's Homemade Inc., Slim•Fast Foods and Cressida, are already subject to Unilever's procedures and the application of these procedures to Bestfoods will be completed by the end of June 2001.

Report of independent auditors

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

We have audited the accounts set out on pages 47 to 90, 97 to 106 and 108 to 109.

Respective responsibilities of directors and auditors

As described on page 45, the directors are responsible for preparing the Annual Report & Accounts and Form 20-F. 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 & Accounts and Form 20-F 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 32 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the United Kingdom's Financial Services Authority 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 opinion

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands, the United Kingdom and the United States. An audit includes an 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.

The Netherlands and United Kingdom 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 2000 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.

United States opinion

In our opinion, the accounts present fairly, in all material respects, the financial position of the Unilever Group at 31 December 2000 and 1999, and the results of its operations, total recognised gains and its cash flows for each of the three years in the period ended 31 December 2000, in accordance with the general information, Accounting Standards and the accounting policies on pages 47 to 49.

The accounting principles applied vary in certain significant respects from accounting principles generally accepted in the United States. The approximate effect of the major differences in the determination of net profit and capital and reserves is shown on page 98.

PricewaterhouseCoopers N.V. Registeraccountants Rotterdam, The Netherlands	PricewaterhouseCoopers Chartered Accountants and Registered Auditors London, England
As auditors of Unilever N.V.	As auditors of Unilever PLC

5 March 2001

Accounting information and policies

Unilever Group

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.

Basis of consolidation

By reason of the operational and contractual arrangements referred to above and the internal participating interests set out in note 21 on page 65, 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 notes 22 and 23 on page 69 and note 35 on page 90 by additional information for the NV and PLC parts of the Group in which group companies are consolidated according to respective ownership.

Reporting currency

Historically, the consolidated financial statements of the Unilever Group have been prepared in both guilders and sterling. With effect from 1 January 2000, Unilever replaced the guilder and sterling with the euro for reporting purposes. The consolidated financial statements for years ended 31 December 1999 and 1998 have been restated to euros at the rate of €1.00 = Fl. 2.20371, the fixed conversion rate announced on 31 December 1998. The consolidated financial statements reported in euro depict the same trends as previously reported in guilders. However, they do not necessarily represent the same trends as previously reported in sterling. Also, the trends shown by the consolidated financial statements may not be comparable with those of other companies that also report in euros if those other companies previously reported in a currency other than the guilder.

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 48, 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 and comply in all material respects with applicable accounting principles in the Netherlands and with United Kingdom Accounting Standards.

The accounting policies of the Unilever Group are set out on pages 47 to 49. Material variations from United States generally accepted accounting principles are set out on pages 98 to 100.

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 7 on page 57, note 19 on page 62 and note 31 on pages 75 and 76.

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 23 on page 69.

United Kingdom Financial Reporting Standard 16 'Current tax' became mandatory for accounting periods ending on or after 23 March 2000. The adoption of the standard did not have a material impact on Unilever's reported financial position or results.

United Kingdom Financial Reporting Standard 17 'Retirement benefits' mandates that certain disclosures relating to retirement benefits be made in financial statements for accounting periods ending on or after 22 June 2001. The full requirements of the standard, which will change the basis of accounting for retirement benefits, are required to be implemented for accounting periods ending on or after 22 June 2003. This standard will have a significant impact on Unilever's reported results.

United Kingdom Financial Reporting Standard 18 'Accounting policies' becomes mandatory for accounting periods ending on or after 22 June 2001. Unilever's policy is already entirely consistent with this new standard.

Accounting information and policies

Unilever Group

United Kingdom Financial Reporting Standard 19 'Deferred tax' becomes mandatory for accounting periods ending on or after 23 January 2002 and requires that full provision be made for deferred tax assets and liabilities. As indicated above, Unilever already provides fully for deferred tax balances and therefore it is anticipated that the standard, together with its disclosure requirements, will be adopted by Unilever for the year ending 31 December 2001, with no material impact on reported financial position or results of operations.

Recent changes in reporting requirements under US GAAP are discussed on pages 99 and 100.

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 NV and PLC shareholders as minority interests in the respective consolidated accounts of PLC and NV. 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 50, 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 22 on page 69.

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 acquisition balance sheet of Bestfoods was translated at the exchange rates prevailing at the date of the acquisition on 4 October 2000. The results of Bestfoods for the period following its acquisition have been translated at the average rates of exchange for that period.

The ordinary share capital of NV and PLC is translated at the rate contained in the Equalisation Agreement of £1 = Fl. 12 (equivalent to €5.445). The difference between this and the value derived by applying the year-end rate of exchange is taken to other reserves (see note 23 on page 69).

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 five 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	33-40 years
(no depreciation on freehold land)	
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 10 on page 58. Fixed assets are subject to review for impairment in accordance with United Kingdom Financial Reporting Standard 11 'Impairment of Fixed Assets and Goodwill', and US SFAS 121. Any impairment in the value of such fixed assets is charged to the profit and loss account as it arises.

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.

Accounting information and policies

Unilever Group

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

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

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 plans, 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 plans are charged to the profit and loss account as incurred.

Liabilities arising under defined benefit plans 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 plans and the contributions payable to each plan 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 from those in which they are included in the Group accounts.

Provision is made for taxation which will become payable if retained profits of group companies and joint ventures are distributed to the parent companies only to the extent that such distributions are planned.

Derivative financial instruments

The types of derivative financial instruments used by Unilever are described in note 30 on page 74 and in the Financial review on pages 27 and 28.

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, development and market support costs

Expenditure on research and development and on market support costs such as advertising 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. Total turnover includes the Group share of the turnover of joint ventures.

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.

Trademarks 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 for the year ended 31 December

Unilever Group

	2000	1999	1998
			€ million
Total turnover	**48 066**	41 262	40 639
Continuing operations	**44 961**	41 262	40 639
Acquisitions	**3 105**		
Less: Share of turnover of joint ventures	**(484)**	(285)	(202)
Group turnover 1	**47 582**	40 977	40 437
Continuing operations	**44 637**	40 977	40 437
Acquisitions	**2 945**		
Operating costs 2	**(44 280)**	(36 674)	(36 027)
Group operating profit before exceptional items and amortisation of goodwill and intangibles	**5 729**	4 595	4 293
Exceptional items 4	**(1 992)**	(269)	125
Amortisation of goodwill and intangibles 5	**(435)**	(23)	(8)
Group operating profit 1	**3 302**	4 303	4 410
Continuing operations	**3 363**	4 303	4 410
Acquisitions	**(61)**		
Add: Share of operating profit of joint ventures	**57**	42	30
Total operating profit	**3 359**	4 345	4 440
Continuing operations	**3 408**	4 345	4 440
Acquisitions	**(49)**		
Other income from fixed investments 11	**(4)**	10	7
Interest 6	**(632)**	(14)	156
Profit on ordinary activities before taxation	**2 723**	4 341	4 603
Taxation on profit on ordinary activities 7	**(1 403)**	(1 369)	(1 515)
Profit on ordinary activities after taxation	**1 320**	2 972	3 088
Minority interests	**(215)**	(201)	(144)
Net profit	**1 105**	2 771	2 944
Attributable to: **NV** 22	**675**	1 761	1 658
PLC 22	**430**	1 010	1 286
Dividends	**(1 458)**	(1 265)	(8 674)
Preference dividends	**(44)**	(20)	(7)
Dividends on ordinary capital 8	**(1 414)**	(1 245)	(1 237)
Special dividend 8			(7 430)
Result for the year retained	**(353)**	1 506	(5 730)
Combined earnings per share 31			
Euros per Fl. 1.12 (1998: Fl. 1) of ordinary capital	**1.07**	2.63	2.63
Euro cents per 1.4p (1998: 1.25p) of ordinary capital	**16.08**	39.48	39.47
On a diluted basis the figures would be:			
Euros per Fl. 1.12 (1998: Fl. 1) of ordinary capital	**1.05**	2.57	2.57
Euro cents per 1.4p (1998: 1.25p) of ordinary capital	**15.69**	38.50	38.51

See note 31 on page 75 for an explanation of the impact of the share consolidation in 1999 on earnings per share.

References relate to notes on pages 53 to 90, which form an integral part of the consolidated financial statements. Amounts previously reported in guilders have been restated and are now reported in euros using the official conversion rate of €1.00 = Fl. 2.20371 that became effective on 1 January 1999.
Accounting policies of the Unilever Group are set out on pages 47 to 49.
Variations from United States generally accepted accounting principles and Regulation S-X are outlined on pages 98 to 100.

Consolidated statement of total recognised gains and losses and cash flow statement for the year ended 31 December

Unilever Group

Consolidated statement of total recognised gains and losses

			€ million
	2000	1999	1998
Net profit	**1 105**	2 771	2 944
Currency retranslation	**(237)**	380	(615)
Total recognised gains since last annual accounts	**868**	3 151	2 329

Consolidated cash flow statement

			€ million
	2000	1999	1998
Cash flow from operating activities 27	**6 738**	5 654	4 514
Dividends from joint ventures	**38**	28	24
Returns on investments and servicing of finance 28	**(798)**	(156)	67
Taxation	**(1 734)**	(1 443)	(1 261)
Capital expenditure and financial investment 28	**(1 061)**	(1 501)	(1 399)
Acquisitions and disposals 28	**(27 373)**	(362)	338
Dividends paid on ordinary share capital	**(1 365)**	(1 266)	(1 073)
Special dividend		(6 093)	
Cash flow before management of liquid resources and financing	**(25 555)**	(5 139)	1 210
Management of liquid resources 28	**2 464**	5 675	(2 003)
Financing 28	**22 902**	(146)	42
Increase/(decrease) in cash in the period	**(189)**	390	(751)

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

Net funds/(debt) at 1 January 29	**684**	5 778	4 820
Increase/(decrease) in cash in the period	**(189)**	390	(751)
Cash flow from (increase)/decrease in borrowings	**(22 920)**	150	(25)
Cash flow from increase/(decrease) in liquid resources	**(2 464)**	(5 675)	2 003
Change in net funds resulting from cash flows	**(25 573)**	(5 135)	1 227
Borrowings within group companies acquired	**(3 113)**	(29)	(17)
Borrowings within group companies sold	**2**	4	3
Liquid resources within group companies acquired	**13**	3	—
Liquid resources within group companies sold	**—**	—	(2)
Non cash movements	**455**	(211)	(10)
Currency retranslation	**1 064**	274	(243)
Increase/(decrease) in net funds in the period	**(27 152)**	(5 094)	958
Net funds/(debt) at 31 December 29	**(26 468)**	684	5 778

References relate to notes on pages 53 to 90, which form an integral part of the consolidated financial statements. Amounts previously reported in guilders have been restated and are now reported in euros using the official conversion rate of €1.00 = Fl. 2.20371 that became effective on 1 January 1999.

Accounting policies of the Unilever Group are set out on pages 47 to 49.

Variations from United States generally accepted accounting principles and Regulation S-X are outlined on pages 98 to 100.

Consolidated balance sheet as at 31 December

Unilever Group

	€ million 2000	1999
Fixed assets	**37 463**	9 606
Goodwill and intangible assets 9	**26 467**	643
Tangible fixed assets 10	**9 839**	8 820
Fixed investments 11	**1 157**	143
Current assets		
Stocks 12	**5 421**	5 124
Debtors 13	**9 817**	7 685
Debtors due within one year 13	**7 254**	5 742
Debtors due after more than one year 13	**2 563**	1 943
Acquired businesses held for resale	**1 666**	
Current investments 14	**660**	1 477
Cash at bank and in hand 15	**2 613**	3 996
Total current assets	**20 177**	18 282
Creditors due within one year	**(28 364)**	(12 134)
Borrowings 16	**(16 675)**	(2 936)
Trade and other creditors 17	**(11 689)**	(9 198)
Net current assets	**(8 187)**	6 148
Total assets less current liabilities	**29 276**	15 754
Creditors due after more than one year	**14 085**	2 832
Borrowings 16	**13 066**	1 853
Trade and other creditors 17	**1 019**	979
Provisions for liabilities and charges	**6 404**	4 582
Pensions and similar obligations 18	**4 419**	3 311
Deferred taxation and other provisions 19	**1 985**	1 271
Minority interests	**618**	579
Capital and reserves 20	**8 169**	7 761
Attributable to: **NV:** Called up share capital 21	**420**	420
Share premium account	**1 397**	1 396
Other reserves 23	**(553)**	(364)
Profit retained 22	**5 036**	4 670
	6 300	6 122
PLC: Called up share capital 21	**222**	222
Share premium account	**151**	151
Other reserves 23	**(614)**	(607)
Profit retained 22	**2 110**	1 873
	1 869	1 639
Total capital employed	**29 276**	15 754

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.

References relate to notes on pages 53 to 90, which form an integral part of the consolidated financial statements. Amounts previously reported in guilders have been restated and are now reported in euros using the official conversion rate of €1.00 = Fl. 2.20371 that became effective on 1 January 1999.

Commitments and contingent liabilities are shown in notes 24 and 25 on page 69.

Accounting policies of the Unilever Group are set out on pages 47 to 49.

Variations from United States generally accepted accounting principles and Regulation S-X are outlined on pages 98 to 100.

Notes to the consolidated accounts

Unilever Group

1 Segmental information

					€ million
			2000	1999	1998
	Continuing operations	**Acquisitions[(e)]**	**Total**	Total	Total
Group turnover [(a)(b)]					
By geographical area:					
Europe	**18 784**	**1 032**	**19 816**	18 790	18 971
North America	**10 443**	**1 188**	**11 631**	8 838	8 417
Africa and Middle East	**2 438**	**9**	**2 447**	2 298	2 228
Asia and Pacific	**7 952**	**86**	**8 038**	6 723	5 803
Latin America	**5 020**	**630**	**5 650**	4 328	5 018
Group turnover	**44 637**	**2 945**	**47 582**	40 977	40 437
By operation:[(d)]					
Foods – Oil & dairy based foods and bakery	**7 077**	**853**	**7 930**	7 278	7 692
– Ice cream and beverages	**7 286**	**315**	**7 601**	6 637	6 622
– Culinary and frozen foods	**6 707**	**1 660**	**8 367**	6 424	6 605
Home care and professional cleaning	**10 159**	**99**	**10 258**	9 106	8 813
Personal care	**12 556**	**11**	**12 567**	10 675	9 970
Other Operations	**852**	**7**	**859**	857	735
Group turnover	**44 637**	**2 945**	**47 582**	40 977	40 437
Group operating profit [(a)(c)]					
By geographical area before exceptional items and amortisation:					
Europe	**2 336**	**123**	**2 459**	2 270	2 123
North America	**1 267**	**209**	**1 476**	974	904
Africa and Middle East	**281**	**—**	**281**	251	225
Asia and Pacific	**910**	**(9)**	**901**	669	510
Latin America	**520**	**92**	**612**	431	531
	5 314	**415**	**5 729**	4 595	4 293
Exceptional items 4	**(1 907)**	**(85)**	**(1 992)**	(269)	125
Amortisation of goodwill and intangibles 5	**(44)**	**(391)**	**(435)**	(23)	(8)
Group operating profit	**3 363**	**(61)**	**3 302**	4 303	4 410
By operation before exceptional items and amortisation:					
Foods – Oil & dairy based foods and bakery	**912**	**132**	**1 044**	783	742
– Ice cream and beverages	**640**	**7**	**647**	601	596
– Culinary and frozen foods	**751**	**307**	**1 058**	663	665
Home care and professional cleaning	**912**	**5**	**917**	858	902
Personal care	**2 033**	**1**	**2 034**	1 582	1 277
Other Operations	**66**	**(37)**	**29**	108	111
	5 314	**415**	**5 729**	4 595	4 293
Exceptional items 4	**(1 907)**	**(85)**	**(1 992)**	(269)	125
Amortisation of goodwill and intangibles 5	**(44)**	**(391)**	**(435)**	(23)	(8)
Group operating profit	**3 363**	**(61)**	**3 302**	4 303	4 410

(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 €5 377 million (1999: €4 990 million, 1998: €4 922 million) and the combined operating profit was €716 million (1999: €721 million, 1998: €1 323 million).

(b) Group share of the turnover of joint ventures was €484 million (1999: €285 million, 1998: €202 million) of which €108 million (1999: €91 million, 1998: €64 million) was in Europe, €77 million (1999: €64 million, 1998: €46 million) in North America, €216 million (1999: €98 million, 1998: €69 million) in Africa and Middle East, €53 million (1999: €2 million, 1998: €2 million) in Asia and Pacific and €30 million (1999: €30 million, 1998: €21 million) in Latin America. These figures are not included in the analysis above.

(c) Group share of the operating profit of joint ventures was €57 million (1999: €42 million, 1998: €30 million) of which €18 million (1999: €16 million, 1998: €4 million) was in Europe, €24 million (1999: €22 million, 1998: €20 million) in North America, €8 million (1999: €3 million, 1998: €2 million) in Africa and Middle East, €5 million (1999: €(1) million, 1998: €(1) million) in Asia and Pacific and €2 million (1999: €2 million, 1998: €5 million) in Latin America. These figures are not included in the analysis above.

(d) Certain sales by the group company in India which were previously classified as culinary and frozen foods are now reported as arising from other operations. Figures for previous years have been restated accordingly.

(e) Within the figures for acquisitions, Bestfoods accounts for turnover of €1 798 million and an operating loss of €(97) million. Of the turnover, €787 million originates from Europe, €532 million from North America, €27 million from Asia and Pacific and €452 million from Latin America. Of the operating loss, €(102) million originates from Europe, €(1) million from North America, €(2) million from Asia and Pacific and €8 million from Latin America.

(f) 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.

Notes to the consolidated accounts
Unilever Group

1 Segmental information continued

	2000	1999
		€ million
Net operating assets		
By geographical area:[f]		
Europe	**12 443**	3 435
North America	**11 891**	1 996
Africa and Middle East	**806**	814
Asia and Pacific	**1 487**	1 499
Latin America	**7 526**	1 520
	34 153	9 264
By operation:[f]		
Foods – Oil & dairy based foods and bakery	**3 313**	1 264
– Ice cream and beverages	**2 518**	2 502
– Culinary and frozen foods	**24 587**	1 549
Home care and professional cleaning	**1 983**	2 140
Personal care	**1 582**	1 652
Other Operations	**170**	157
	34 153	9 264

Additional segmental information as required by SFAS 131

Unilever is organised as a matrix; accordingly segmental information is provided in accordance with SFAS 131 on the basis of product categories. For management reporting purposes Unilever uses a number of measures of segment performance at constant average rates of exchange (that is, the same rates as in the preceding year). The internal management measure of profit which is most consistent with operating profit reported in the accounts is 'Trading Result'. This measure differs from operating profit, mainly because it excludes amortisation of goodwill and intangibles and includes depreciation on the basis of replacement cost. There are a number of other adjustments, including the application of an inflation charge on working capital which is added back to arrive at operating profit, and certain other statistical items. Fixed assets are measured at depreciated replacement cost for management reporting purposes.

€ million

	2000			1999			1998		
	At constant 1999 rates	**Exchange rates adjustments**	**At current 2000 rates**	At constant 1998 rates	Exchange rates adjustments	At current 1999 rates	At constant 1997 rates	Exchange rates adjustments	At current 1998 rates
Group turnover									
By operation:[d]									
Foods – Oil & dairy based foods and bakery	**7 420**	**510**	**7 930**	7 345	(67)	7 278	7 803	(111)	7 692
– Ice cream and beverages	**7 002**	**599**	**7 601**	6 651	(14)	6 637	6 801	(179)	6 622
– Culinary and frozen foods	**7 832**	**535**	**8 367**	6 468	(44)	6 424	6 610	(5)	6 605
Home care and professional cleaning	**9 439**	**819**	**10 258**	9 327	(221)	9 106	9 179	(366)	8 813
Personal care	**11 321**	**1 246**	**12 567**	10 629	46	10 675	10 717	(747)	9 970
Other Operations	**779**	**80**	**859**	824	33	857	816	(81)	735
Total	**43 793**	**3 789**	**47 582**	41 244	(267)	40 977	41 926	(1 489)	40 437
Trading result									
By operation:									
Foods – Oil & dairy based foods and bakery	**965**	**47**	**1 012**	653	(4)	649	651	(14)	637
– Ice cream and beverages	**414**	**34**	**448**	558	6	564	530	1	531
– Culinary and frozen foods	**691**	**70**	**761**	506	9	515	584	—	584
Home care and professional cleaning	**519**	**34**	**553**	813	(8)	805	858	(19)	839
Personal care	**909**	**44**	**953**	1 515	1	1 516	1 360	(102)	1 258
Other Operations	**27**	**(1)**	**26**	77	1	78	437	32	469
Trading result	**3 525**	**228**	**3 753**	4 122	5	4 127	4 420	(102)	4 318
Amortisation of goodwill and intangibles 5			**(435)**			(23)			(8)
Other adjustments			**(16)**			199			100
Group operating profit			**3 302**			4 303			4 410

Notes to the consolidated accounts

Unilever Group

1 Segmental information continued

€ million

	2000			1999			1998		
	At constant 1999 rates	**Exchange rates adjustments**	**At current 2000 rates**	At constant 1998 rates	Exchange rates adjustments	At current 1999 rates	At constant 1997 rates	Exchange rates adjustments	At current 1998 rates
Depreciation and amortisation charge									
By operation:									
Foods – Oil & dairy based foods and bakery	**314**	**22**	**336**	264	(2)	262	225	(3)	222
– Ice cream and beverages	**335**	**26**	**361**	349	(1)	348	296	(10)	286
– Culinary and frozen foods	**541**	**52**	**593**	200	1	201	202	(1)	201
Home care and professional cleaning	**433**	**26**	**459**	282	(1)	281	270	(8)	262
Personal care	**364**	**26**	**390**	245	2	247	213	(10)	203
Other Operations	**75**	**4**	**79**	66	—	66	20	1	21
Total	**2 062**	**156**	**2 218**	1 406	(1)	1 405	1 226	(31)	1 195
Other adjustments			**(264)**			(258)			(256)
Charged to profit and loss account			**1 954**			1 147			939
Total assets									
By operation:									
Foods – Oil & dairy based foods and bakery			**5 768**			3 366			
– Ice cream and beverages			**4 857**			4 129			
– Culinary and frozen foods			**29 712**			3 267			
Home care and professional cleaning			**5 580**			4 821			
Personal care			**5 033**			4 321			
Other Operations			**1 454**			3 323			
Total			**52 404**			23 227			
Corporate			**5 963**			6 625			
Other adjustments			**(727)**			(1 964)			
Total assets			**57 640**			27 888			
Capital expenditure									
By operation:									
Foods – Oil & dairy based foods and bakery	**169**	**9**	**178**	185	(1)	184	211	5	216
– Ice cream and beverages	**294**	**22**	**316**	368	(17)	351	412	(21)	391
– Culinary and frozen foods	**195**	**15**	**210**	163	(8)	155	168	—	168
Home care and professional cleaning	**345**	**29**	**374**	311	(2)	309	302	(18)	284
Personal care	**220**	**25**	**245**	270	(2)	268	239	(13)	226
Other Operations	**30**	**3**	**33**	36	1	37	44	—	44
Total	**1 253**	**103**	**1 356**	1 333	(29)	1 304	1 376	(47)	1 329
Geographic analysis									
Group turnover:									
United Kingdom and Netherlands	**5 077**	**300**	**5 377**	4 930	60	4 990	4 811	111	4 922
United States	**9 153**	**1 466**	**10 619**	7 672	324	7 996	7 471	158	7 629
Other	**29 563**	**2 023**	**31 586**	28 642	(651)	27 991	29 644	(1 758)	27 886
Total	**43 793**	**3 789**	**47 582**	41 244	(267)	40 977	41 926	(1 489)	40 437
Tangible fixed assets:									
United Kingdom and Netherlands			**1 675**			1 625			
United States			**2 226**			1 613			
Other			**5 938**			5 582			
Total			**9 839**			8 820			

Notes to the consolidated accounts

Unilever Group

2 Operating costs

	2000	1999	1998
			€ million
Cost of sales	**(25 221)**	(22 241)	(22 311)
Continuing operations	**(23 681)**	(22 241)	(22 311)
Acquisitions [(a)]	**(1 540)**		
Distribution and selling costs	**(12 045)**	(10 126)	(9 870)
Continuing operations	**(11 451)**	(10 126)	(9 870)
Acquisitions [(a)]	**(594)**		
Administrative expenses [(b)]	**(7 014)**	(4 307)	(3 846)
Continuing operations	**(6 142)**	(4 307)	(3 846)
Acquisitions [(a)]	**(872)**		
	(44 280)	(36 674)	(36 027)

(a) Bestfoods accounts for €914 million of cost of sales, €428 million of distribution and selling costs and €553 million of administrative expenses.
(b) Includes amortisation of goodwill and intangibles.

	2000	1999	1998
Operating costs include:			
Staff costs 3	**(6 905)**	(5 828)	(6 067)
Raw materials and packaging	**(18 085)**	(17 531)	(17 701)
Amortisation of goodwill and intangibles	**(435)**	(23)	(8)
Depreciation of tangible fixed assets	**(1 519)**	(1 124)	(931)
Advertising and promotions	**(6 545)**	(5 345)	(5 188)
Research and development	**(1 187)**	(935)	(830)
Lease rentals:[(c)]			
Plant and machinery	**(148)**	(109)	(127)
Other	**(411)**	(371)	(308)
Remuneration of auditors:[(d)]			
Audit fees	**(14)**	(12)	(10)
Audit related services [(e)]	**(10)**	(3)	(3)
Other payments to PricewaterhouseCoopers for non-audit services:			
Tax	**(4)**	(14)	(5)
General consulting	**(42)**	(18)	(22)

(c) Lease rentals:	2000	1999	1998
Minimum lease payments	**(563)**	(479)	(439)
Contingent lease payments	**(8)**	(11)	(4)
	(571)	(490)	(443)
Less: Sub-lease income	**12**	10	8
	(559)	(480)	(435)

(d) All paid to PricewaterhouseCoopers except for €1 million of audit fees paid to other auditors.
(e) Audit related services principally comprise work on shareholder and other circulars, and due diligence in respect of acquisitions and disposals. In addition, €6 million has been charged to the cost of the Bestfoods acquisition.

All fees paid to PricewaterhouseCoopers are reviewed by the Audit Committee, who consider whether the services provided are compatible with maintaining the auditor's independence.

3 Staff costs and employees

	2000	1999	1998
			€ million
Staff costs:			
Remuneration of employees	**(5 827)**	(4 899)	(5 105)
Emoluments of directors as managers	**(14)**	(11)	(12)
Pension costs:			
Defined benefit schemes:			
Regular cost	**(324)**	(252)	(237)
Special termination benefits	**(88)**	(44)	(58)
Other	**(117)**	(111)	(111)
Amortisation of surpluses/deficits 33	**309**	243	284
Defined contribution schemes	**(8)**	(4)	(16)
Post-retirement health benefits	**(77)**	(59)	(70)
Social security costs	**(759)**	(691)	(742)
Total staff costs	**(6 905)**	(5 828)	(6 067)

Details of the remuneration of directors which form part of these accounts are given in the following sections of the Remuneration report: 'Directors' pensions' on pages 37 and 38; 'Directors' emoluments' on page 40; 'Share options' on pages 41 to 44 and 'Advisory Directors' on page 44.

The average number of employees during the year was, in thousands:	2000	1999	1998
Europe	**76**	79	83
North America	**27**	22	23
Africa and Middle East	**46**	52	58
Asia and Pacific	**79**	72	73
Latin America	**33**	30	30
	261	255	267

4 Exceptional items

	2000	1999	1998
Included in operating profit			
Restructuring	**(1 150)**	(232)	(266)
Other, principally business disposals	**(842)**	(37)	391
	(1 992)	(269)	125
By geographical area:			
Europe	**(542)**	(96)	180
North America	**(1 132)**	(126)	39
Africa and Middle East	**(36)**	15	(1)
Asia and Pacific	**(109)**	(18)	(52)
Latin America	**(173)**	(44)	(41)
	(1 992)	(269)	125
By operation:			
Foods – Oil & dairy based foods and bakery	**(22)**	(75)	(70)
– Ice cream and beverages	**(260)**	(50)	(76)
– Culinary and frozen foods	**(322)**	(120)	(51)
Home care and professional cleaning	**(323)**	(34)	(61)
Personal care	**(1 069)**	(37)	(22)
Other Operations	**4**	47	405
	(1 992)	(269)	125

These amounts are mainly included in administrative expenses.

Notes to the consolidated accounts

Unilever Group

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. Costs associated with restructurings, such as training and information technology development costs, are recognised as they arise and are not treated as exceptional.

The exceptional item charge in 2000 principally relates to a series of linked initiatives, (the 'Path to Growth') announced on 22 February 2000 to align the organisation behind plans for accelerating growth and expanding margins. These initiatives are estimated to cost €5 billion over five years, most of which is expected to be exceptional restructuring costs. Provisions for these costs and asset write downs are being recognised as necessary consultations are completed and plans finalised. In 2000 €2.0 billion has been charged to the accounts, of which €1.9 billion is exceptional.

Exceptional items in 2000 include a profit of €143 million on the disposal of the European bakery businesses and a loss of €859 million on the agreed disposal of Elizabeth Arden.
In 1998, exceptional items included the profit on disposal of Plant Breeding International.

5 Amortisation of goodwill and intangibles

€ million	2000	1999	1998
By geographical area:			
Europe	**(143)**	(7)	(4)
North America	**(179)**	(1)	(1)
Africa and Middle East	**(1)**	—	(1)
Asia and Pacific	**(16)**	(9)	(1)
Latin America	**(96)**	(6)	(1)
	(435)	(23)	(8)
By operation:			
Foods – Oil & dairy based foods and bakery	**(64)**	(5)	(3)
– Ice cream and beverages	**(20)**	(8)	(1)
– Culinary and frozen foods	**(326)**	(1)	(1)
Home care and professional cleaning	**(16)**	(5)	(2)
Personal care	**(7)**	(3)	(1)
Other Operations	**(2)**	(1)	—
	(435)	(23)	(8)

6 Interest

	2000	1999	1998
Interest payable and similar charges:			
Bank loans and overdrafts	**(221)**	(159)	(192)
Bonds and other loans	**(787)**	(290)	(192)
Interest receivable and similar income	**374**	422	538
Exchange differences	**12**	13	2
	(622)	(14)	156
Less: interest capitalised on businesses held for resale	**27**	—	—
Add: exceptional interest	**(37)**	—	—
	(632)	(14)	156

Exceptional interest principally comprises fees paid on the unused financing facility put in place prior to the acquisition of Bestfoods.

7 Taxation on profit on ordinary activities

€ million	2000	1999	1998
Parent and group companies [(a)(b)]	**(1 392)**	(1 364)	(1 512)
Joint ventures	**(11)**	(5)	(3)
	(1 403)	(1 369)	(1 515)
Of which:			
Adjustments to previous years			
United Kingdom taxes	**(5)**	(18)	2
Other taxes	**36**	150	64
(a) United Kingdom Corporation Tax at 30.0% (1999: 30.0%, 1998: 31.0%)	**(455)**	(445)	(364)
less: double tax relief	**334**	241	78
plus: non-United Kingdom taxes	**(1 271)**	(1 160)	(1 226)
	(1 392)	(1 364)	(1 512)
(b) Of which, tax on exceptional items amounted to	**283**	84	(73)
Deferred taxation has been included on a full provision basis for:			
Accelerated depreciation	**119**	85	80
Other	**153**	83	(56)
	272	168	24
On a SSAP 15 basis the credit/(charge) for deferred taxation would be:	**262**	140	(39)
Profit on ordinary activities after taxation on a SSAP 15 basis would be:	**1 310**	2 944	3 025

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 of ordinary activities before taxation is as follows:

%	2000	1999	1998
Computed rate of tax (see below)	**32**	32	32
Differences due to:			
Other rates applicable to non-European countries	**2**	2	1
Incentive tax credits	**(2)**	(2)	(1)
Withholding tax on dividends	**3**	2	1
Adjustments to previous years	**(2)**	(3)	(1)
Non-deductible goodwill impairment	**13**	—	—
Non-deductible goodwill amortisation	**4**	—	—
Other	**2**	1	1
Actual rate of tax	**52**	32	33

In the above reconciliation, the computed rate of tax is the average of the standard rate 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.

Notes to the consolidated accounts

Unilever Group

7 Taxation on profit on ordinary activities continued

Analyses of European and non-European profit on ordinary activities before taxation, and of the actual taxation charge thereon, are as follows:

€ million

	2000	1999	1998
Profit on ordinary activities before taxation			
Europe:			
Parent and group companies	**1 871**	2 347	2 653
Joint ventures	**14**	12	5
	1 885	2 359	2 658
Outside Europe:			
Group companies	**796**	1 957	1 920
Joint ventures	**42**	25	25
	838	1 982	1 945
Total	**2 723**	4 341	4 603
Taxation on profit on ordinary activities			
Europe:			
Parent and group companies			
Taxes payable	**(970)**	(760)	(1 090)
Deferred taxation	**295**	128	108
of which:			
Accelerated depreciation	**110**	95	119
Other	**185**	33	(11)
Joint ventures	**(5)**	(4)	(2)
	(680)	(636)	(984)
Outside Europe:			
Group companies			
Taxes payable	**(694)**	(772)	(446)
Deferred taxation	**(23)**	40	(84)
of which:			
Accelerated depreciation	**9**	(10)	(39)
Other	**(32)**	50	(45)
Joint ventures	**(6)**	(1)	(1)
	(723)	(733)	(531)
Total	**(1 403)**	(1 369)	(1 515)

8 Dividends on ordinary capital

	2000	1999	1998
Dividends on ordinary capital			
Interim	**(475)**	(389)	(377)
Normal final	**(939)**	(856)	(860)
Special final [(a)]			(7 430)
Total	**(1 414)**	(1 245)	(8 667)

(a) Assuming all shareholders had elected to take the cash dividend. Further details are set out in note 20 on page 63 and note 21 on page 64.

9 Goodwill and intangible assets [(a)]

€ million

	2000	1999
At cost less amortisation		
Goodwill	**25 256**	550
Intangible assets	**1 211**	93
	26 467	643

Movements during 2000	Goodwill	Intangible assets
Cost		
1 January	**575**	**100**
Acquisitions [(b)]/disposals	**26 019**	**1 166**
Currency retranslation	**(932)**	**(11)**
31 December	**25 662**	**1 255**
Amortisation		
1 January	**25**	**7**
Charged to profit and loss account	**397**	**38**
Currency retranslation	**(16)**	**(1)**
31 December	**406**	**44**
Net book value 31 December	**25 256**	**1 211**

(a) Arising on businesses purchased after 1 January 1998.
(b) Balances currently provisional. See note 26 on page 70.

Intangible assets principally consist of trademarks.

10 Tangible fixed assets

	2000	1999
At cost less depreciation:		
Land and buildings [(a)]	**3 212**	2 730
Plant and machinery	**6 627**	6 090
	9 839	8 820
(a) includes: freehold land	**380**	328
leasehold land (mainly long-term leases)	**70**	93
Approximate current replacement cost of tangible fixed assets net of accumulated current cost depreciation	**10 982**	10 237
On a current replacement cost basis the depreciation charge to the profit and loss account would have been increased by	**(264)**	(258)
Commitments for capital expenditure at 31 December	**392**	248

Notes to the consolidated accounts
Unilever Group

10 Tangible fixed assets continued

€ million

Movements during 2000	Land and buildings	Plant and machinery
Gross		
1 January	**3 924**	**12 235**
Currency retranslation	**45**	**118**
Capital expenditure	**155**	**1 201**
Disposals	**(168)**	**(1 123)**
Acquisition [(b)]/disposal of group companies	**843**	**1 939**
Other adjustments	**30**	**(30)**
31 December	**4 829**	**14 340**
Depreciation		
1 January	**1 194**	**6 145**
Currency retranslation	**13**	**43**
Disposals	**(50)**	**(854)**
Acquisition/disposal of group companies	**254**	**1 066**
Charged to profit and loss account [(c)]	**204**	**1 315**
Other adjustments	**2**	**(2)**
31 December	**1 617**	**7 713**
Net book value 31 December	**3 212**	**6 627**
Includes payments on account and assets in course of construction	**78**	**571**

(b) Balances currently provisional. See note 26 on page 70.
(c) Including a charge of €386 million in respect of certain fixed assets written down to net realisable value in connection with restructuring projects.

11 Fixed investments

€ million

	2000	1999
Share of joint ventures:		
Assets[(a)]	**969**	67
Liabilities	**(152)**	(33)
Net assets	**817**	34
Other fixed investments	**340**	109
	1 157	143
Investments listed on a recognised stock exchange	**24**	23
Unlisted investments	**1 133**	120
	1 157	143
Market value of listed investments	**24**	37
Movements during the year:		
1 January	**143**	
Acquisitions/disposals	**1 143**	
Currency retranslation	**(101)**	
Additions/reductions	**(35)**	
Share of profits of joint ventures	**7**	
31 December	**1 157**	

(a) Includes goodwill on consolidation of €632 million, the amortisation charge for which, taken within share of operating profit of joint ventures, was €8 million in 2000.

11 Fixed investments continued

€ million

	2000	1999	1998
Other income from fixed investments			
Share of interest and other income of joint ventures	**(1)**	(5)	—
Income from other fixed investments	**3**	10	7
Profit/(loss) on disposal	**(6)**	5	—
	(4)	10	7

12 Stocks

	2000	1999
Raw materials and consumables	**2 217**	2 096
Finished goods and goods for resale	**3 204**	3 028
	5 421	5 124

13 Debtors

	2000	1999
Due within one year:		
Trade debtors	**5 461**	4 214
Prepayments and accrued income	**498**	392
Other debtors	**1 295**	1 136
	7 254	5 742
Due after more than one year:		
Prepayments to funded pension schemes 18	**748**	613
Deferred taxation 19	**1 627**	1 178
Other debtors	**188**	152
	2 563	1 943
Total debtors	**9 817**	7 685

14 Current investments

	2000	1999
Listed	**74**	1 337
Unlisted	**586**	140
	660	1 477

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

Notes to the consolidated accounts

Unilever Group

15 Cash at bank and in hand

	€ million 2000	1999
On call and in hand	**1 235**	1 376
Repayment notice required	**1 378**	2 620
	2 613	3 996

Interest rate profile and currency analysis of financial assets

Taking into account the various interest rate swaps 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 € million	Fixed rate Weighted average interest rate	Fixed rate Weighted average fixing period	Floating rate € million	Total € million
2000					
Sterling	**—**	**—**	**—**	**744**	**744**
US Dollar	**—**	**—**	**—**	**228**	**228**
Euro	**56**	**6.3%**	**0.1 years**	**1 168**	**1 224**
Indian Rupee	**—**	**—**	**—**	**471**	**471**
Other	**—**	**—**	**—**	**606**	**606**
Total	**56**			**3 217**	**3 273**
1999					
Sterling	80	5.3%	0.1 years	592	672
US Dollar	—	—	—	927	927
Euro	1 102	4.8%	1.0 years	1 737	2 839
Other	—	—	—	1 035	1 035
Total	1 182			4 291	5 473

Interest on substantially all of the floating rate financial assets above is determined principally by reference to 3 months LIBOR.
In addition to the above, the Group has other fixed investments of €340 million (1999: €109 million) which are non-interest bearing and have no fixed repayment date.

16 Borrowings

	€ million 2000	1999
Bank loans and overdrafts	**2 849**	2 065
Bonds and other loans	**26 892**	2 724
	29 741	4 789
The repayments fall due as follows:		
Within 1 year:		
Bank loans and overdrafts	**2 649**	1 845
Bonds and other loans	**14 026**	1 091
Total due within one year	**16 675**	2 936
After 1 year but within 2 years	**4 036**	806
After 2 years but within 3 years	**3 103**	48
After 3 years but within 4 years	**721**	26
After 4 years but within 5 years	**1 915**	696
After 5 years: By instalments	**3**	4
Not by instalments	**3 288**	273
Total due after more than one year	**13 066**	1 853
Total amount repayable by instalments any of which are payable after 5 years	**29**	25
Secured borrowings – mainly bank loans and overdrafts	**104**	51
Of which secured against tangible fixed assets	**89**	28

16 Borrowings continued

	€ million 2000	1999
Bonds and other loans		
NV		
9.000% Bonds 2000 (Guilders)	**—**	220
3.500% Bonds 2001 (Swiss Frs.)	**197**	186
5.125% Notes 2001 (Deutschmarks)	**153**	153
6.000% Notes 2001 (US$)	**215**	200
6.625% Notes 2001 (US$)	**269**	250
0.300% Notes 2001 (Japanese Yen)	**1 358**	—
Floating rate notes 2001 (€)	**1 499**	—
Floating rate notes 2001 (US$)	**269**	—
Floating rate notes 2002 (US$)	**2 418**	—
6.500% Bonds 2004 (Guilders)	**159**	159
7.125% Bonds 2004 (French Frs.)	**228**	228
7.250% Bonds 2004 (US$)	**269**	250
6.625% Notes 2005 (US$)	**215**	200
Other	**586**	414
Total NV	**7 835**	2 260
PLC		
Sonia indexed note 2001 (£)	**160**	—
Floating rate notes 2001 (£)	**200**	—
Floating rate notes 2001 (US$)	**403**	—
Eonia indexed note 2002 (€)	**500**	—
Floating rate notes 2002 (€)	**999**	—
5.375% Notes 2003 (€)	**1 248**	—
Other	**1 558**	—
Total PLC	**5 068**	—

Notes to the consolidated accounts

Unilever Group

16 Borrowings continued

	€ million 2000	€ million 1999
Other group companies:		
United States		
9.125% Notes 2000	**—**	399
Floating rate notes 2001 (US$)	**6 450**	—
6.750% Notes 2003 (US$)	**1 612**	—
6.875% Notes 2005 (US$)	**1 612**	—
6.150% Bonds 2006 (US$)	**306**	—
7.125% Bonds 2010 (US$)	**1 881**	—
7.000% Bonds 2017 (US$)	**151**	—
7.250% Bonds 2026 (US$)	**303**	—
6.625% Bonds 2028 (US$)	**233**	—
Other	**1 320**	7
Other countries	**121**	58
Total other group companies	**13 989**	464
Total bonds and other loans	**26 892**	2 724

Derivative financial instruments are mainly used to swap portions of the floating rate debt described above into fixed rate debt. Further details are set out in note 30 on page 74.

The average interest rate on short-term borrowings in 2000 was 7% (1999: 9%).

The day to day financing needs of Unilever's operating companies are met using short-term overdraft facilities, substantially all of which are uncommitted. To support the funding of the Bestfoods acquisition, Unilever entered into a committed US$22 billion revolving credit facility agreement which was reduced to US$5 billion at year end, following the medium- and long-term debt issues in 2000. On 3 January 2001 the revolving credit facility agreement was further reduced to US$3 billion.

In addition, at 31 December 2000 Unilever had a money market commitment agreement with a number of banks totalling US$3 billion. Under the money market commitment, the underwriting banks agree, subject to certain conditions and during a certain defined period, to subscribe for notes to be issued of maturities between one and three years.

Both the revolving credit facility and the money market commitment mature within 1 year. The intention is to put new arrangements in place during the first half of 2001.

Interest rate profile and currency analysis of financial liabilities

Taking into account the various interest rate swaps 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:

	Fixed rate € million	Fixed rate Weighted average interest rate	Fixed rate Weighted average fixing period	Floating rate € million	Total € million
2000					
US Dollar	**14 342**	**6.7%**	**5.1 years**	**7 039**	**21 381**
Euro	**170**	**5.9%**	**1.7 years**	**4 403**	**4 573**
Sterling	**1 142**	**6.4%**	**1.8 years**	**1 392**	**2 534**
Other	**267**	**5.1%**	**23.0 years**	**986**	**1 253**
Total	**15 921**			**13 820**	**29 741**
1999					
US Dollar	—	—	—	1 509	1 509
Euro	48	6.6%	5.5 years	2 053	2 101
Sterling	—	—	—	122	122
Other	240	6.6%	3.0 years	817	1 057
Total	288			4 501	4 789

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 21 on page 64.

Notes to the consolidated accounts

Unilever Group

17 Trade and other creditors

	2000	1999
	€ million	
Due within one year:		
Trade creditors	**5 386**	4 053
Social security and sundry taxes	**438**	419
Accruals and deferred income	**2 709**	2 095
Taxation on profits	**1 027**	638
Dividends	**944**	894
Others	**1 185**	1 099
	11 689	9 198
Due after more than one year:		
Accruals and deferred income	**231**	137
Taxation on profits	**565**	662
Others	**223**	180
	1 019	979
Total trade and other creditors	**12 708**	10 177

18 Pensions and similar obligations

These are predominantly long-term liabilities:		
Unfunded pension plans	**1 663**	2 191
Funded pension plans	**794**	(308)
Post-retirement health benefits	**1 214**	815
	3 671	2 698
Less asset balances reclassified as debtors due after more than one year 13	**748**	613
	4 419	3 311
Movements during the year:		
1 January	**2 698**	
Currency retranslation	**34**	
Profit and loss account	**305**	
Payments [(a)]	**178**	
Acquisitions/disposals	**449**	
Other adjustments	**7**	
31 December	**3 671**	

(a) Net of refunds received from pension funds totalling €514 million.

Further details of Unilever's pension and post-retirement benefits are given in note 33 on pages 77 to 79.

19 Deferred taxation and other provisions

	2000	1999
	€ million	
Deferred taxation on:		
Accelerated depreciation	**1 051**	1 147
Stock reliefs	**59**	69
Pension and similar provisions	**(748)**	(556)
Short-term and other timing differences	**(1 177)**	(1 103)
	(815)	(443)
Less asset balances reclassified as debtors due after more than one year 13	**1 627**	1 178
	812	735
Restructuring provisions	**650**	363
Other provisions	**523**	173
	1 985	1 271
Movements in deferred taxation:		
1 January	**(443)**	
Currency retranslation	**48**	
Acquisition/disposal of group companies	**(152)**	
Profit and loss account	**(272)**	
Other movements	**4**	
31 December	**(815)**	
On a SSAP 15 basis provision for deferred taxation would be:	**(451)**	(183)
Movements in restructuring provisions:		
1 January	**363**	
Currency retranslation	**9**	
Profit and loss account:		
new charges	**677**	
releases	**(40)**	
Utilisation	**(359)**	
31 December	**650**	

Restructuring provisions include primarily provisions for severance costs in connection with business reorganisations which have been announced. The timing of expected spend against these provisions is discussed in note 27 on page 72.

Movements in other provisions:		
1 January	**173**	
Currency retranslation	**(14)**	
Acquisition/disposal of group companies	**970**	
Profit and loss account	**19**	
Utilisation	**(625)**	
31 December	**523**	

Notes to the consolidated accounts

Unilever Group

20 Capital and reserves

			€ million
	2000	1999	1998
Movements during the year:			
1 January	**7 761**	4 748	11 223
Result for the year retained	**(353)**	1 506	(5 730)
Goodwill movements[(a)]	**1 193**	38	3
Currency retranslation	**(248)**	350	(603)
Change of book value of shares or certificates held in connection with share options	**(184)**	(264)	(145)
Issue of new shares under PLC share option schemes	**—**	1	—
Issue of new NV preference shares		1 382	
31 December	**8 169**	7 761	4 748

As required by United Kingdom Financial Reporting Standard 4 capital and reserves can be analysed as follows:

	2000	1999
Equity:		
Ordinary capital	**6 667**	6 259
Non-equity:		
7% Cumulative Preference	**13**	13
6% Cumulative Preference	**73**	73
4% Cumulative Preference	**34**	34
10 cents Cumulative Preference	**1 382**	1 382
Total non-equity	**1 502**	1 502
	8 169	7 761

(a) includes €859 million written back in 2000 in respect of the agreed disposal of Elizabeth Arden.

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 (equivalent 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 21 on page 64 and in the share premium account note on page 106.

The issued share capital of NV increased by €10 million as a result of the issue of the 10 cents cumulative preference shares. NV share premium account increased by €1 372 million after charging issue costs of €10 million.

Notes to the consolidated accounts

Unilever Group

21 Called up share capital

Authorised 2000	Authorised 1999		Nominal value per share	Number of shares allotted	Allotted, called up and fully paid 2000	Allotted, called up and fully paid 1999
	Fl. million	**Preferential share capital NV**				Fl. million
75	75	7% Cumulative Preference	Fl. 1 000	29 000 [a]	**29**	29
200	200	6% Cumulative Preference	Fl. 1 000	161 060 [a]	**161**	161
75	75	4% Cumulative Preference	Fl. 100	750 000 [a]	**75**	75
65	65	10 cents Cumulative Preference	Fl. 0.10	211 473 785	**21**	21
415	415				**286**	286
		Ordinary share capital NV				
1 120	1 120	Ordinary: (1999 and 2000)	Fl. 1.12	571 575 900	**640**	640
		(1998)	Fl. 1	640 165 000 [a]		
2	2	Ordinary (Shares numbered 1 to 2 400 – 'Special Shares')	Fl. 1 000	2 400 [a]	**2**	2
—	—	Internal holdings eliminated in consolidation (Fl. 1 000 shares)			**(2)**	(2)
1 122	1 122				**640**	640
		Total NV share capital			**926**	926
		Euro equivalent in millions			**420**	420
	£ million	**PLC**				£ million
136.2	136.2	Ordinary: (1999 and 2000)	1.4p	2 911 458 580	**40.8**	40.8
		(1998)	1.25p	3 260 695 640 [b]		
		(1997)	1.25p	3 260 613 800 [b]		
0.1	0.1	Deferred	£1 stock	100 000 [a]	**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
		Euro equivalent in millions (at £1 = Fl. 12 = €5.445)			**222**	222

(a) The number of these shares in issue was the same for each of the years 1996 to 1998.
(b) The increase in PLC ordinary shares and share premium account is due to the issue of shares under the PLC 1985 Executive Share Option Plans.

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 six 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 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' on page 65) 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 1999, and the change in the nominal values of the shares, arose 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

Notes to the consolidated accounts

Unilever Group

21 Called up share capital continued

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 157 500 000 (1999: 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 subsidiaries mentioned above 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 N W A FitzGerald, are also directors of United Holdings Limited.

Share options

Options granted to directors and employees to acquire ordinary shares of NV and PLC and still outstanding at 31 December 2000 were as set out in the following table. See also note 34 on pages 79 to 89.

	Number of shares	Range of option prices per share	Date normally exercisable
NV Executive Option Plan			
(Shares of Fl. 1.12)	260 720	€26.55-€32.49	2001
	254 370	€42.79	2001-2002
	514 826	€64.98-€69.29	2001-2003
	1 094 965	€63.50	2001-2009
	1 102 825	€42.83-€65.40	2001-2010
(Shares of 1.4p)	1 703 804	£4.07	2001-2002
	3 389 157	£6.09-£6.68	2001-2003
	7 137 775	£5.55	2001-2009
	7 181 150	£3.47-£5.36	2001-2010
NA Executive Option Plan			
(Shares of Fl. 1.12 of the New York Registry)	23 600	US$25.69	2001-2002
	81 336	US$26.81	2001-2003
	197 762	US$25.67	2001-2004
	246 695	US$31.60-US$31.95	2001-2005
	362 673	US$33.89	2001-2006
	304 719	US$48.74	2001-2007
	245 823	US$76.69	2001-2008
	279 688	US$69.19	2001-2009
	288 645	US$41.16-US$56.13	2001-2010
(Shares of 1.4p in the form of American Depositary Receipts)	2 037 464	US$6.72	2001-2007
	1 645 276	US$10.85	2001-2008
	1 873 336	US$9.30	2001-2009
	1 935 788	US$5.56-US$7.73	2001-2010
PLC 1985 Executive Option Plans			
(Shares of 1.4p)	122 444	£2.07-£2.27	2001
	274 972	£2.54-£2.62	2001-2002
	774 263	£2.54-£2.83	2001-2003
	1 251 252	£2.83-£2.98	2001-2004
	1 626 300	£3.07-£3.08	2001-2005
	472 472	£3.43-£4.07	2001-2006
	289 596	£4.53-£6.79	2001-2007
	550 506	£5.55	2002-2009
	414 973	£4.29-£5.36	2003-2010
PLC 1997 Executive Option Plan			
(Shares of Fl. 1.12)	189 412	€42.79	2001-2006
	326 662	€49.63-€73.97	2001-2007
	545 873	€63.50	2002-2009
	546 181	€42.83-€65.40	2003-2010
(Shares of 1.4p)	1 240 588	£4.07	2001-2006
	1 850 210	£4.53-£6.79	2001-2007
	3 015 019	£5.55	2002-2009
	3 160 678	£3.47-£5.36	2003-2010

Notes to the consolidated accounts

Unilever Group

21 Called up share capital continued

	Number of shares	Range of option prices per share	Date normally exercisable
Netherlands Employee Option Plan			
(Shares of Fl. 1.12)	43 461	€31.19	2001
	51 400	€42.99	2001–2002
	234 864	€57.63	2003
	245 962	€63.65	2004
	274 058	€53.05	2005
German Employee Option Plan			
(Shares of Fl.1.12)	427 826	€53.05	2003-2005
French Employee Option Plan			
(Shares of Fl.1.12)	356 866	€53.05	2005
NA Employee Purchase Plan			
(Shares of Fl. 1.12 of the New York Registry)	470 680	US$52.43	2001
UK Employee Sharesave Plan			
(Shares of 1.4p)	192 156	£2.68	2001
	5 161 612	£2.78	2001–2002
	6 744 887	£3.71	2002–2003
	3 205 223	£5.94	2003–2004
	3 580 233	£5.14	2004–2005
	7 628 466	£4.25	2005–2006
Restricted Share Plan			
(Shares of Fl. 1.12)	165 046	€0.00	2003
(Shares of 1.4p)	1 220 226	£0.00	2003

Options granted to directors and employees to acquire ordinary shares of NV and PLC which were exercised during the years ended 31 December 1998, 1999 and 2000 were as follows:

	Date granted	Option price per share	Exercised In 1998 Number of shares	Exercised in 1999 Number of shares	Exercised in 2000 Number of shares
NV Executive Option Plan					
(Shares of Fl. 1.12)	1993	€22.36	65 300	—	—
	1993	€25.12	8 632	—	—
	1994	€21.78	118 160	91 884	—
	1994	€22.09	48 072	23 528	—
	1994	€23.26	—	8 120	—
	1995	€22.82	161 740	51 148	147 140
	1995	€25.69	63 060	49 360	156 012
	1996	€26.55	11 908	108 628	123 676
	1996	€32.49	13 172	2 208	93 320
	1997	€42.79	200	8 776	73 826
	2000	€53.95	—	—	1 700
(Shares of 1.4p)	1997	£4.07	1 320	58 352	465 784
	2000	£4.29	—	—	11 000
NA Executive Option Plan					
(Shares of Fl. 1.12 of the New York Registry)	1992	US$25.69	33 000	5 800	19 400
	1993	US$26.81	61 892	5 300	35 900
	1994	US$25.67	76 308	3 718	27 636
	1995	US$31.95	92 337	3 516	46 671
	1996	US$33.89	22 200	4 800	49 000
	1997	US$48.74	6 065	799	7 133
(Shares of 1.4p in the form of American Depositary Receipts)	1997	US$6.72	40 552	5 356	47 572

Notes to the consolidated accounts

Unilever Group

21 Called up share capital continued

	Date granted	Option price per share	Exercised In 1998 Number of shares	Exercised in 1999 Number of shares	Exercised in 2000 Number of shares
PLC 1985 Executive Option Plans					
(Shares of 1.4p)	1989	£1.34	43 140	—	—
	1990	£1.62	38 700	81 348	—
	1990	£1.66	—	46 840	—
	1991	£1.84	58 896	57 336	29 264
	1991	£1.83	15 368	20 840	—
	1991	£2.07	—	33 612	31 216
	1992	£2.27	182 112	103 072	101 180
	1992	£2.62	47 596	15 236	—
	1993	£2.54	134 856	154 496	49 344
	1993	£2.78	20 092	—	34 520
	1994	£2.83	113 164	171 780	—
	1994	£2.54	247 552	111 693	182 572
	1994	£2.83	140 984	—	49 648
	1995	£2.98	347 944	126 492	267 152
	1995	£3.07	153 424	—	299 816
	1996	£3.08	115 420	123 324	223 484
	1996	£3.43	66 148	—	269 612
	1997	£4.07	—	—	7 376
PLC 1997 Executive Option Plan					
(Shares of Fl. 1.12)	1997	€42.79	2 400	6 140	19 864
	1998	€69.29	—	160	—
	1999	€63.50	—	4 900	—
(Shares of 1.4p)	1997	£4.07	16 000	40 600	107 376
Netherlands Employee Option Plan					
(Shares of Fl. 1.12)	1995	€23.08	9 760	17 296	41 566
	1996	€31.20	12 282	12 311	13 292
	1997	€43.00	15 261	9 629	7 366
	1998	€57.63	1 892	9 763	4 352
	1999	€63.65	—	4 601	3 863
	2000	€53.05	—	—	5 011
German Employee Option Plan					
(Shares of Fl.1.12)	2000	€53.05	—	—	50 257
French Employee Option Plan					
(Shares of Fl.1.12)	2000	€53.05	—	—	—
UK Employee Sharesave Plan					
(Shares of 1.4p)	1992	£1.82	487 891	—	—
	1993	£2.28	5 160 748	190 561	—
	1994	£2.29	586 407	3 556 228	123 796
	1995	£2.68	590 956	383 370	4 896 499
	1996	£2.78	317 218	187 593	353 404
	1997	£3.71	49 281	176 932	330 557
	1998	£5.94	35	26 634	12 012
	1999	£5.14	—	—	1 323
	2000	£4.25	—	—	23
NA Employee Purchase Plan					
(Shares of Fl. 1.12 of the New York Registry)	1997	US$47.83	—	701 897	—

The exercise of all options under the NV Executive Option Plan and NA Executive Option Plan has always been satisfied by the transfer of shares purchased in the market at the time of the grant and held until exercise. The same practice has been adopted in respect of the UK Employee Sharesave and PLC 1985 Executive Option Plan for grants made from 1990 onwards and in respect of the Netherlands Employee Option Plan and the NA Employee Purchase Plan from their inceptions during 1995. The Board has continued the same practice with the PLC 1997 Executive Option Plan, and with the German and French Employee plans introduced during 2000.

Notes to the consolidated accounts

Unilever Group

21 Called up share capital continued

To satisfy options granted under NV share option plans, North American stock option/purchase plans and the Restricted Share Plan, certain group companies hold certificates or depositary receipts of ordinary shares of NV and of PLC. At 31 December 2000 there were options outstanding to purchase 7 528 810 (1999: 6 066 879) Fl. 1.12 ordinary NV shares, and 27 733 624 (1999: 18 923 500) 1.4p ordinary PLC shares in respect of these schemes and plans.

To satisfy options granted under the share option plans and the Restricted Share Plan 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 2000 there were options outstanding to purchase 1 608 128 (1999: 1 078 001) Fl. 1.12 ordinary NV shares, and 41 946 202 (1999: 43 905 600) 1.4p ordinary PLC shares in respect of these plans.

The book value of all shares held in respect of stock option plans is eliminated on consolidation by deduction from other reserves (see note 23 on page 69).

		By PLC trusts		By NV/Group companies	
		2000	1999	**2000**	1999
Number of 1.4p ordinary PLC shares held		**40 552 436**	42 492 210	**27 394 112**	19 031 246
Number of Fl. 1.12 ordinary NV shares held		**—**	—	**9 417 914**	7 225 674
Book value of shares held	€ million	**290**	290	**738**	542
Market value of shares held	€ million	**373**	275	**886**	519

At 31 December 2000 the exercise price of 12 243 522 PLC options and 1 354 607 NV options was above market price. Shares held to satisfy options are accounted for in accordance with Dutch law. Any difference between the market value of the shares at the grant date and the exercise price of the related options is charged to the profit and loss account over the vesting period. In accordance with Dutch law, all other differences between the purchase price of the shares held to satisfy options granted and the exercise price of those options are charged to other reserves. During 2000 these differences were not material.

Movements during 1999 and 2000 in the options granted to directors and employees were as follows:

	Outstanding 1 January	Granted	Exercised	Forfeited	Outstanding 31 December
1999					
NV Shares of Fl. 1.12	5 495 985	2 886 190	(1 134 282)	(103 013)	7 144 880
PLC Shares of 1.4p	52 391 106	19 193 476	(5 671 715)	(3 083 767)	62 829 100
2000					
NV Shares of Fl. 1.12	7 144 880	3 325 884	(926 985)	(406 841)	9 136 938
PLC Shares of 1.4p	62 829 100	21 949 358	(7 894 530)	(7 204 102)	69 679 826

No options expired during 1999 or 2000.

Notes to the consolidated accounts

Unilever Group

22 Profit retained

€ million

	NV 2000	NV 1999	NV 1998	PLC 2000	PLC 1999	PLC 1998
Net profit	**675**	1 761	1 658	**430**	1 010	1 286
Preference dividends	**(44)**	(20)	(7)	**—**	—	—
Normal dividends on ordinary capital	**(803)**	(709)	(723)	**(611)**	(536)	(514)
Special dividend			(4 212)			(3 218)
Result for the year retained	**(172)**	1 032	(3 284)	**(181)**	474	(2 446)
Goodwill movements	**917**	25	(82)	**276**	13	85
Currency retranslation	**(379)**	276	(338)	**142**	104	(277)
Net movement during the year	**366**	1 333	(3 704)	**237**	591	(2 638)
Profit retained – 1 January	**4 670**	3 337	7 041	**1 873**	1 282	3 920
Profit retained – 31 December	**5 036**	4 670	3 337	**2 110**	1 873	1 282
Of which retained by:						
Parent companies	**2 375**	2 170	1 084	**1 499**	1 456	875
Other group companies	**2 656**	2 493	2 252	**609**	416	405
Joint ventures	**5**	7	1	**2**	1	2
	5 036	4 670	3 337	**2 110**	1 873	1 282
Cumulative goodwill written off directly to reserves	**(5 648)**	(6 565)	(6 590)	**(2 481)**	(2 757)	(2 770)

23 Other reserves

	NV 2000	NV 1999	NV 1998	PLC 2000	PLC 1999	PLC 1998
Adjustment on translation of PLC's ordinary capital at £1 = Fl. 12	**—**	—	—	**(157)**	(157)	(164)
Capital redemption reserve	**—**	—	—	**18**	18	16
Book value of shares or certificates held in connection with share options [(a)]	**(553)**	(364)	(226)	**(475)**	(468)	(287)
	(553)	(364)	(226)	**(614)**	(607)	(435)

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

24 Commitments

	2000	1999	1998
Long-term lease commitments under operating leases in respect of:			
Land and buildings	**1 777**	1 227	1 207
Other tangible fixed assets	**793**	440	428
	2 570	1 667	1 635
The commitments fall due as follows:			
Within 1 year	**488**	331	321
After 1 year but within 2 years	**414**	266	274
After 2 years but within 3 years	**347**	219	217
After 3 years but within 4 years	**308**	187	186
After 4 years but within 5 years	**266**	173	165
After 5 years	**747**	491	472
	2 570	1 667	1 635
Other commitments	**310**	255	251
Of which payable within one year	**82**	69	85

25 Contingent liabilities

Contingent liabilities amounted to some €450 million (1999: €181 million) of which €210 million relates to 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.

Notes to the consolidated accounts

Unilever Group

26 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 tables set out the effect of acquisitions of group companies in 2000 on the consolidated balance sheet. Acquisition accounting (or purchase accounting) has been applied in all cases. The fair values currently established for all acquisitions are provisional. The goodwill arising on these transactions has been capitalised and is being amortised over 20 years.

On 4 October 2000, Unilever, through its subsidiary Unilever United States, Inc., acquired Bestfoods for a consideration of €23.6 billion in cash. The bakery business of Bestfoods, and a number of other small businesses, are expected to be sold within one year of the purchase date. The net assets and liabilities of these businesses, after adjustment to estimated net proceeds of sale, have been included within current assets as 'Acquired businesses held for resale'. The valuations at 31 December 2000 include the interest of €27 million on the debt attributable to these businesses for the period 4 October to 31 December 2000. The carrying value will be adjusted by interest incurred between the balance sheet date and date of disposal. The profit earned by the bakery business of Bestfoods from 4 October 2000 to 31 December 2000 was not material.

The book values of the net assets acquired have been restated to provisional fair values as at the date of acquisition. The principal adjustments recognise acquired businesses held for resale at the present value of net expected disposal proceeds and write-off certain intangible assets. The exercise to allocate fair values to intangible and tangible fixed assets has not yet been completed; any fair value adjustments arising from this exercise will be recognised in 2001. The accounting policy alignment reflects the write-off of capitalised software, interest, and certain intangible assets and the valuation of working capital, pension provisions and deferred tax in accordance with Unilever's accounting policy.

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€ million

	Balance sheets of acquired businesses	Provisional adjustments to align accounting policies	Provisional revaluations	**Provisional fair values at date of acquisition**
Acquisition of Bestfoods				
Intangible assets	1 504	(1 126)	(378)	**—**
Fixed assets	2 184	(361)	—	**1 823**
Acquired businesses held for resale	946	—	811	**1 757**
Other current assets	1 816	(71)	—	**1 745**
Creditors	(1 782)	(183)	—	**(1 965)**
Provisions for liabilities and charges:				
Pensions and similar obligations	(674)	237	—	**(437)**
Deferred taxation	450	(326)	—	**124**
Other provisions	(938)	—	—	**(938)**
Minority interest	55	(34)	—	**21**
Net assets acquired	3 561	(1 864)	433	**2 130**
Other acquisitions				
Intangible assets	305	—	861	**1 166**
Fixed assets	482	(6)	(37)	**439**
Current assets	559	(2)	(2)	**555**
Creditors	(342)	(26)	(2)	**(370)**
Provisions for liabilities and charges:				
Pensions and similar obligations	(6)	(2)	(2)	**(10)**
Deferred taxation	9	6	(11)	**4**
Other provisions	(1)	—	—	**(1)**
Minority interest	—	(3)	—	**(3)**
Net assets acquired	1 006	(33)	807	**1 780**

€ million

	Bestfoods	**Slim·Fast[(b)]**	**Other**	**2000 Total**	1999 Total	1998 Total
Acquisitions						
Net assets acquired	**2 130**	**992**	**788**	**3 910**	179	49
Goodwill arising in subsidiaries	**23 321**	**1 493**	**1 205**	**26 019**	320	224
Goodwill arising in joint ventures	**632**	**—**	**—**	**632**	—	—
Goodwill written off [(a)]	**—**	**—**	**—**	**—**	—	82
Consideration	**26 083**	**2 485**	**1 993**	**30 561**	499	355
Of which:						
Cash 28	**23 623**	**2 434**	**1 720**	**27 777**	483	339
Cash balances of businesses acquired 28	**22**	**(14)**	**223**	**231**	(20)	(16)
Current investments, cash deposits and borrowings of businesses acquired	**3 006**	**65**	**29**	**3 100**	26	17
Non cash and deferred consideration	**(568)[(c)]**	**—**	**21**	**(547)**	10	15

(a) Adjustments to goodwill on acquisitions made before 1 January 1998. (b) Net assets acquired include intangibles of €859 million.
(c) Translation adjustment between accounting rate and actual exchange rate at settlement date.

Notes to the consolidated accounts
Unilever Group

26 Acquisition and disposal of group companies continued

Supplementary information relating to acquisition of Bestfoods
These results are based on the accounting policies and practices of Bestfoods prior to acquisition. One of these accounting practices was to consolidate the results of Bestfoods' non-US subsidiaries based on a fiscal year ending three months before the Bestfoods' group year end. This means that these results cannot be used to reconcile previously reported results of Bestfoods with the net assets acquired shown on the previous page.

	Bestfoods 9 months ended 4 October 2000 € million
Profit and loss account	
Turnover	**7 185**
Operating profit before exceptional items	**1 146**
Exceptional items	**(72)**
Profit before taxation	**890**
Taxation	**(289)**
Minority interests [(a)]	**(38)**
Profit for the period	**563**
Statement of total recognised gains and losses	
Net profit	**563**
Currency retranslation	**(226)**
Total recognised gains since last annual accounts	**337**

(a) For the year ended 31 December 1999, Bestfoods minority interests were €43 million and profit after tax was €670 million.

Bestfoods' US$-based consolidation has been converted to euros using Unilever annual average rates of €1.00 = US$0.92 (1999 €1.00 = US$1.07)

Restructuring provisions and asset write-downs related to reorganisation and restructuring charged in the 12 months to 4 October 2000 were €72 million. In the period following acquisition, €75 million was charged to the profit and loss account in respect of Bestfoods' restructuring.

Disposals
The results of disposed businesses are included in the consolidated accounts up to their date of disposal. In 2000, disposed businesses principally comprise the European Bakery Supplies Business.

€ million

	2000 Total	1999 Total	1998 Total
Intangible assets	**—**	2	—
Fixed assets	**276**	51	73
Current assets	**203**	45	46
Creditors	**(219)**	(20)	(21)
Provisions for liabilities and charges:			
Pensions and similar obligations	**(16)**	(7)	(1)
Deferred taxation	**(25)**	(2)	(1)
Other provisions	**(10)**	—	7
Minority interests	**8**	9	(15)
Net assets sold	**217**	78	88
Attributable goodwill	**258**	38	85
Profit on sale attributable to Unilever	**167**	18	490
Consideration	**642**	134	663
Of which:			
Cash 28	**626**	123	663
Cash balances of businesses sold 28	**11**	3	2
Current investments, cash deposits and borrowings of businesses sold	**2**	4	(2)
Non cash and deferred consideration	**3**	4	—

In addition, a charge of €859 million was recognised in respect of the agreed disposal of Elizabeth Arden; this represents the impairment of goodwill previously written off to reserves.

Notes to the consolidated accounts
Unilever Group

27 Reconciliation of operating profit to operating cash flows

	2000	1999	1998
			€ million
Group operating profit	**3 302**	4 303	4 410
Depreciation and amortisation	**1 954**	1 147	939
Changes in working capital:			
Stocks	**415**	19	(427)
Debtors	**(28)**	(169)	(224)
Creditors	**302**	266	175
Pensions and similar provisions less payments	**475**	182	53
Restructuring and other provisions less payments	**(204)**	(189)	(46)
Other adjustments	**522**	95	(366)
Cash flow from operating activities	**6 738**	5 654	4 514

In 2000 a charge of €1 992 million was booked against operating profit for exceptional items, of which €1 150 million was charged for restructuring and a net €842 million for losses on disposal and other items.

The net cash outflow in respect of the 2000 restructuring charges is estimated at €727 million. This comprises €680 million in respect of employee compensation and €47 million for other related costs net of proceeds of sale of fixed assets. Of these cash flows, €236 million arose in 2000, with €349 million expected in 2001 and €142 million in later years.

The net cash inflow relating to the exceptional disposals and other items was €742 million, nearly all of which was received in 2000. In 2001, a cash inflow of €218 million is expected from the sale of Elizabeth Arden.

Other adjustments include €859 million relating to goodwill written back on the Elizabeth Arden impairment and profits on disposals of businesses of €167 million.

Bestfoods accounted for €(280) million of cash flow from operating activities between 4 October 2000 and 31 December 2000, including payments of approximately €550 million to settle share options and similar obligations consequent to the change of control, which is reflected in the movements in other provisions in the above table.

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

	2000	1999	1998
			€ million
Returns on investments and servicing of finance			
Dividends from other fixed investments	**4**	10	7
Interest received	**346**	320	690
Interest paid	**(966)**	(378)	(498)
Preference dividend paid	**(41)**	(14)	(7)
Dividends and other payments to minority shareholders	**(141)**	(94)	(125)
	(798)	(156)	67
Capital expenditure and financial investment			
Purchase of tangible fixed assets	**(1 361)**	(1 314)	(1 331)
Disposal of tangible fixed assets	**471**	65	78
Acquisition/disposal of fixed investments	**13**	12	(1)
Purchase of own shares (employee share plans)	**(184)**	(264)	(145)
	(1 061)	(1 501)	(1 399)
Acquisitions and disposals			
Acquisition of group companies	**(27 777)**	(483)	(339)
Bestfoods	**(23 623)**		
Other acquisitions	**(4 154)**	(483)	(339)
Cash balances of businesses acquired	**(231)**	20	16
Bestfoods	**(22)**		
Other acquisitions	**(209)**	20	16
Consideration paid in respect of acquisitions made in previous years	**(2)**	(25)	—
Disposal of group companies	**626**	123	663
Cash balances of businesses sold	**11**	3	(2)
Consideration received in respect of disposals made in previous years	**—**	—	—
	(27 373)	(362)	338

Notes to the consolidated accounts

Unilever Group

28 Analysis of cash flows for headings netted in the cash flow statement continued

	2000	1999	1998
			€ million
Management of liquid resources			
Purchase of current investments	**(217)**	(447)	(1 642)
Sale of current investments	**1 428**	4 020	290
(Increase)/decrease in cash on deposit	**1 253**	2 102	(651)
	2 464	5 675	(2 003)
Financing			
Issue of ordinary share capital (employee share plans)	**—**	—	—
Issue/purchase of shares by group companies to/(from) minority shareholders	**(18)**	4	17
Debt due within one year:			
Increases	**15 001**	191	512
Repayments	**(2 716)**	(390)	(500)
Debt after one year:			
Increases	**10 692**	61	36
Repayments	**(57)**	(12)	(23)
	22 902	(146)	42

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

29 Analysis of net funds/(debt)

€ million

	1 January 2000	Cash Flow	Acquisitions/ Disposals (excl. cash & overdrafts)	Other non cash changes	Currency movements	31 December 2000
Cash on call and in hand	1 376	(871)			730	1 235
Overdrafts	(1 084)	682			9	(393)
		(189)				
Borrowings due within one year	(1 852)	(12 285)	(1 325)	(872)	52	(16 282)
Borrowings due after one year	(1 853)	(10 635)	(1 786)	992	216	(13 066)
		(22 920)				
Current investments	1 477	(1 211)	6	335	53	660
Cash on deposit	2 620	(1 253)	7	—	4	1 378
		(2 464)				
Net funds/(debt)	684	(25 573)	(3 098)	455	1 064	(26 468)

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.

Notes to the consolidated accounts

Unilever Group

30 Financial instruments

The Group has comprehensive policies in place, approved by the directors, covering the use of straightforward derivative financial instruments. These instruments are used for hedging purposes only. Established controls are in place covering all financial instruments. These include policies, guidelines, exposure limits, a system of authorities and independent reporting. Performance is closely monitored with independent reviews undertaken by internal audit. 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 47. 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 15 and 16 on pages 60 and 61 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.

As a result of acquisitions, investments have been liquidated and fixed rate debt has increased during 2000. Unilever operates an interest rate management policy aimed at optimising net interest and reducing volatility. The interest payable on debt depends on the Group's financial position and was largely fixed at the year end. This has been achieved by using fixed rate long-term debt issues and derivative financial instruments such as interest rate swaps. In general, cash is invested short-term at floating interest rates.

At the end of 2000 interest rates were fixed on approximately 67% of the projected debt for 2001 and 57% for 2002 (compared with 22% for 2000 and 21% for 2001 at the end of 1999). Interest receivable is not fixed for 2001 nor for 2002 (compared with a fixing level of 34% for 2000 and 15% for 2001 at the end of 1999).

Nominal values of interest rate derivative instruments are shown in the table below. These nominal values when compared with the nominal value of the underlying debt do not reflect the actual level of use of financial instruments. This is because certain financial instruments have consecutive strike and maturity dates on the same underlying debt in different periods. Derivatives are primarily used to swap floating interest mid-term debt into fixed rate debt. Whilst the nominal amounts reflect the volume of activity, they do not properly reflect the amount of credit risk to which the Group is exposed. Unrealised, unrecognised losses on interest rate instruments at 31 December 2000 were €43 million (1999: loss of €27 million). Of the movement for the year, a loss of €45 million arose from new instruments purchased during the year, and the balance represents the movement in the market value of interest rate instruments held at 31 December 1999 and still held at 31 December 2000. Based on the maturity profile of the interest swaps it is expected that 81% of the loss will be realised in 2001. Deferred losses on interest rate instruments at 31 December 2000 were €95 million (1999: €25 million, of which €5 million was recognised in the 2000 profit and loss account). It is expected that in 2001 a loss of €21 million will be recognised in the profit and loss account.

		€ million
	Nominal amounts at 31 December	
	2000	1999
Interest rate swaps	**19 603**	3 756
Forward rate agreements	**—**	1 198
Total	**19 603**	4 954

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 2000 represented a recognised unrealised gain of €158 million (1999: loss of €129 million) which was largely offset by recognised unrealised losses on the underlying assets and liabilities.

		€ million
	Nominal amounts at 31 December	
	2000	1999
Foreign exchange contracts – buy	**6 814**	1 765
– sell	**12 318**	3 562
Total	**19 132**	5 327

Assets held in foreign currencies are, to a large extent, financed by borrowings in the same currencies. Consequently, at the end of 2000 some 56% (1999: 51%) of Unilever's total capital and reserves were denominated in the currencies of the two parent companies, euros and sterling.

Credit risk exposures are minimised by dealing only with a limited range of financial institutions with secure credit ratings, and by working within agreed counterparty limits. Counterparty credit ratings are regularly monitored and there is no significant concentration of credit risk with any single counterparty.

Notes to the consolidated accounts

Unilever Group

30 Financial instruments continued

Master netting agreements are in place for the majority of interest rate derivative instruments. The risk in the event of default by a counterparty is determined by the extent to which market prices have moved since the contracts were made. The Group believes that the risk of incurring such losses is remote.

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

€ million

	Fair value		Carrying amount	
	2000	1999	**2000**	1999
Financial assets:				
Other fixed investments	**340**	123	**340**	109
Current investments	**660**	1 477	**660**	1 477
Cash	**2 613**	3 996	**2 613**	3 996
	3 613	5 596	**3 613**	5 582
Financial liabilities:				
Bonds and other loans	**(27 237)**	(2 760)	**(26 892)**	(2 724)
Bank loans and overdrafts	**(2 870)**	(2 065)	**(2 849)**	(2 065)
	(30 107)	(4 825)	**(29 741)**	(4 789)
Derivatives:				
Interest rate swaps – assets	**52**	32	**95**	54
– liabilities	**(95)**	(59)	**(40)**	—
Foreign exchange contracts – assets	**650**	42	**650**	42
– liabilities	**(492)**	(171)	**(492)**	(171)

The fair values of fixed investments are based on their market values. The fair values of unlisted fixed investments are not materially different from their carrying amounts. Current investments, cash, bank loans and overdrafts have fair values which approximate to their carrying amounts because of their short-term nature. 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 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 2000 that are exposed to currency fluctuations is not material.

31 Combined earnings per share

	€			€ cents		
	Fl. 1.12	Fl. 1.12	Fl. 1	1.4p	1.4p	1.25p
	2000	1999	1998	**2000**	1999	1998
Basic earnings per share	**1.07**	2.63	2.63	**16.08**	39.48	39.47
Basic earnings per share before exceptional items and amortisation of goodwill and intangibles	**3.21**	2.83	2.59	**48.20**	42.44	38.87
Diluted earnings per share	**1.05**	2.57	2.57	**15.69**	38.50	38.51
Earnings per share on a SSAP 15 basis	**1.06**	2.60	2.58	**15.94**	39.06	38.63

Basis of calculation:

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

Notes to the consolidated accounts

Unilever Group

31 Combined earnings per share continued

United Kingdom Financial Reporting Standard 14, earnings per share for prior years have not been restated.

Earnings per share before exceptional items and amortisation of goodwill and intangibles 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 21 on page 65, and (b) the exercise of share options, details of which are set out in note 21 on pages 65 to 68.

Calculation of average number of share units:

	Thousands of share units			Thousands of share units		
	Fl. 1.12	Fl. 1.12	Fl. 1	1.4p	1.4p	1.25p
	2000	1999	1998	**2000**	1999	1998
Average ordinary capital: NV	**571 576**	601 725	640 165	**3 810 506**	4 011 500	4 267 767
PLC	**436 719**	459 745	489 099	**2 911 458**	3 064 967	3 260 662
less: shares held by employee share trusts and companies	**(19 078)**	(16 287)	(13 100)	**(127 182)**	(108 583)	(87 331)
Combined average number of share units for all bases except diluted earnings per share	**989 217**	1 045 183	1 116 164	**6 594 782**	6 967 884	7 441 098
add: shares issuable in 2038	**23 625**	23 625	23 625	**157 500**	157 500	157 500
add: shares under option	**17 190**	14 264	11 898	**114 602**	95 094	79 317
less: shares issuable at fair value	**(15 757)**	(11 361)	(7 528)	**(105 051)**	(75 735)	(50 187)
Adjusted combined average number of share units for diluted earnings per share basis	**1 014 275**	1 071 711	1 144 159	**6 761 833**	7 144 743	7 627 728

Calculation of net profit:

	€ million		
	2000	1999	1998
Net profit	**1 105**	2 771	2 944
less: preference dividends	**(44)**	(20)	(7)
Net profit attributable to ordinary capital for basic and diluted earnings per share calculations	**1 061**	2 751	2 937
add: exceptional items net of tax	**1 709**	185	(52)
add: amortisation of goodwill and intangibles net of tax	**409**	21	8
Net profit before exceptional items and intangibles	**3 179**	2 957	2 893
Net profit attributable to ordinary capital before adjustment	**1 061**	2 751	2 937
SSAP 15 tax adjustment	**(10)**	(28)	(63)
Net profit attributable to ordinary capital on SSAP 15 basis	**1 051**	2 723	2 874

32 Dividends per share

	NV*			PLC		
	Euros per Fl. 1.12 (1998: Fl. 1) of ordinary capital			Pence per 1.4p (1998: 1.25p) of ordinary capital		
	2000	1999	1998	**2000**	1999	1998
Interim	**0.48**	0.40	0.37	**4.40**	3.93	2.95
Normal final	**0.95**	0.87	0.77	**8.67**	8.57	7.75
Special final			6.58			66.13
Total	**1.43**	1.27	7.72	**13.07**	12.50	76.83

*In 1999 and prior years, NV dividends were declared and paid in guilders. For comparative purposes, guilder values have been converted into euros in this table using the official rate of €1.00 = Fl. 2.20371. Full details of dividends for the years 1996 to 2000 are given on page 121.

Notes to the consolidated accounts

Unilever Group

33 Pension and other benefit plans

In the majority of countries in which the Group operates, employees' retirement arrangements are provided by defined benefit plans based on employee pensionable remuneration and length of service. These are either externally funded, with the assets of the plan 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 plans and at least every three years for other plans 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 plan 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.

The assets and liabilities of the principal defined benefit plans have been remeasured as at 30 September 2000 and then projected to the year end. The principal plans of Bestfoods have been included in the 31 December 2000 figures below. Together, these plans constitute 92% of the Unilever plans based on the market value of assets and net provisions as at 31 December 2000.

For the principal plans the following aggregated information is available:

€ million	31 December 2000	31 December 1999
Actuarial value of assets	**16 198**	14 089
Provisions	**1 827**	1 311
Prepayments	**(748)**	(613)
Liabilities	**13 869**	12 071
Financing level %	**125%**	123%
Actual market value of assets	**18 450**	17 574
The average assumptions for valuing these principal plans, weighted by liabilities were:		
Interest rate	**7.1%**	7.1%
Salary increases	**4.3%**	4.4%
Pension increases	**3.0%**	3.1%

The actuarial value of assets is generally a smoothed market value determined by spreading gains and losses relative to the actuarial basis over a three to five year period.

The level of financing represents the actuarial value of fund assets and the net provisions held in the consolidated accounts, expressed as a percentage of the liabilities, being the value of benefits accrued to members, after allowing for expected future increases in pensionable remuneration and pensions in the course of payment.

For the remaining defined benefit plans, as at 31 December 2000, the market value of the assets was €487 million (1999: €374 million), and net provisions in the accounts amounted to €1 379 million (1999: €1 184 million). The overall level of financing of these remaining defined benefit plans at the dates of the last valuations was 90% (1999: 91%).

Pension costs and Company contributions to defined benefit plans (as shown in note 18 on page 62) 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 2000 was €309 million (1999: €243 million).

In 2000 the Group received a gross cash refund of €442 million from a Netherlands fund in a surplus position and expects to receive a further refund of the same amount in 2001. This was made in conjunction with a package of benefit improvements, the total value of which is €140 million. Further refunds have been received in 2000 of €40 million from a Finnish fund and €32 million from an Irish fund, both in surplus. These cash refunds do not directly impact the pension charge for 2000 as the surplus is amortised in accordance with the Group's accounting policies.

The Group also operates a number of defined contribution plans. The assets of all the Group's defined contribution plans 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 plans as at 31 December 2000 was €271 million (1999: €262 million). These figures, including restated 1999, have decreased due to consolidation of a defined contribution plan within a defined benefit plan. This change had no material impact on total pension costs. The value of assets of the defined contribution plans exclude 401(k) plans in the United States, the corresponding cost of which is included in Staff Costs under note 3 on page 56.

Group companies provide other post-retirement benefits (mainly post-retirement medical benefit plans) to a number of retired employees in certain countries, principally the United States, under several different plans which are predominantly unfunded. These other post-retirement plans are accounted for in accordance with SFAS 106 and SFAS 112.

Notes to the consolidated accounts
Unilever Group

33 Pension and other benefit plans continued

US GAAP accounting:
The following tables summarise the balance sheet impact, as well as the benefit obligations, assets, funded status and economic assumptions associated with the key defined benefit pension plans and the other benefit plans as computed in accordance with SFAS 87 and SFAS 106. At 31 December 2000 these pension plans represented approximately 76% (1999: 79%; 1998: 76%) of all pension plans while 100% of the other benefit plans are represented (1999: 100%; 1998: 100%), based on the market value of the funds plus the provisions held in the Group's accounts.

€ million

	Pension plans		Other benefits plans	
	2000	1999	**2000**	1999
Change in benefit obligations				
Benefit obligations at 1 January	**9 958**	9 279	**748**	715
Service cost	**231**	217	**16**	14
Interest cost	**698**	518	**64**	45
Plan member contributions	**—**	—	**—**	—
Amendments	**—**	—	**1**	—
Plan mergers	**1 097**	—	**—**	—
Actuarial (gains)/losses	**225**	(319)	**(14)**	(71)
Acquisitions/disposals	**621**	—	**349**	—
Settlements/curtailments	**(39)**	(17)	**(2)**	(2)
Special termination benefits	**32**	17	**1**	—
Benefits paid	**(762)**	(609)	**(61)**	(50)
Currency retranslations	**(14)**	872	**30**	97
Benefit obligations at 31 December	**12 047**	9 958	**1 132**	748
Change in plan assets				
Fair value of plan assets at 1 January	**13 838**	10 688	**3**	3
Plan mergers	**1 397**	—	**—**	—
Actual return on plan assets	**385**	2 791	**—**	—
Acquisitions/(disposals)	**987**	—	**—**	—
Settlements	**(39)**	(18)	**—**	—
Employer contribution/surplus refunds	**(361)**	(69)	**60**	50
Plan member contributions	**—**	—	**1**	—
Benefits paid	**(762)**	(609)	**(61)**	(50)
Currency retranslations	**(44)**	1 055	**—**	—
Fair value of plan assets at 31 December	**15 401**	13 838	**3**	3
Funded status at 31 December	**3 354**	3 880	**(1 129)**	(744)
Unrecognised net transition liability/(asset)	**(309)**	(375)	**3**	—
Unrecognised net actuarial loss/(gain)	**(3 437)**	(3 981)	**(76)**	(61)
Unrecognised prior service cost	**127**	180	**4**	3
Other (SFAS 112 liabilities)	**n/a**	n/a	**(16)**	(13)
Net amount recognised at 31 December	**(265)**	(296)	**(1 214)**	(815)
Amount recognised in the statement of financial position consists of:				
Prepaid benefit cost	**797**	526	**—**	—
Accrued benefit liability	**(1 062)**	(823)	**(1 214)**	(817)
Additional minimum liability	**(11)**	(13)	**—**	—
Intangible asset	**6**	8	**—**	—
Accumulated other comprehensive income	**5**	6	**—**	2
Net amount recognised at 31 December	**(265)**	(296)	**(1 214)**	(815)

	Pension plans %			Other benefits plans %		
	2000	1999	1998	**2000**	1999	1998
Weighted-average assumptions as at 31 December						
Discount rate	**6.25**	6.25	5.50	**7.50**	7.50	6.00
Expected return on plan assets	**7.25**	7.25	6.75	**n/a**	n/a	n/a
Rate of salary increases	**3.75**	3.75	3.50	**4.50**	4.50	4.50
Cost of living increases	**2.50**	2.50	2.25	**n/a**	n/a	n/a

The valuations of other benefit plans typically assume that medical cost inflation will fall from its current level (assumed to be approximately 8% in 2000) over the next few years and reach a constant level of approximately 5% within 6 years.

Notes to the consolidated accounts

Unilever Group

33 Pension and other benefit plans continued

€ million

	Pension plans			Other benefits plans		
	2000	1999	1998	**2000**	1999	1998
Components of net periodic benefit cost						
Service cost	**231**	217	181	**16**	14	14
Interest cost	**698**	518	548	**64**	45	43
Expected return on plan assets	**(932)**	(683)	(698)	**—**	—	—
Employee contributions	**—**	—	—	**—**	—	(1)
Amortisation of prior service cost	**26**	25	24	**—**	—	—
Amortisation of transition (asset)	**(66)**	(64)	(64)	**—**	—	—
Amortisation of actuarial loss/(gain)	**(58)**	(5)	(55)	**(2)**	—	1
Total before SFAS 88 events	**(101)**	8	(64)	**78**	59	57
Adjustments for SFAS 88 events	**19**	21	52	**(1)**	—	14
Net periodic benefit cost	**(82)**	29	(12)	**77**	59	71

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were €2 122 million, €2 019 million, and €1 441 million respectively, as of 31 December 2000 and €868 million, €756 million, and €35 million respectively, as of 31 December 1999.

The Group also maintains a number of smaller defined benefit plans. Approximately €1 755 million (1999: €1 404 million) is provided for on their behalf in the Group balance sheet. In 2000, €151 million (1999: €130 million; 1998: €87 million) was charged in the accounts. These amounts would not have been materially different under SFAS 87.

In addition to the special termination benefits mentioned in the table above, during 2000, the Group also charged €56 million (1999: €28 million; 1998: €41 million) in respect of pension or similar obligations arising on terminations of employment.

Post-retirement health care benefits

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

€ million

	1% point increase	1% point decrease
Effect on total of service and interest cost components	5	(5)
Effect on post-retirement benefit obligation	57	(51)

34 Equity based compensation plans

As at 31 December 2000, the Group had nine equity based compensation plans:
- the Unilever PLC 1985 Share Save Scheme (the 'UK Employee Sharesave Plan')
- the Unilever PLC 1985 Executive Share Option Scheme, the Unilever PLC 1985 Unapproved Executive Share Option Scheme and the Unilever PLC International 1997 Executive Share Option Scheme (together the 'PLC Executive Option Plans')
- the Unilever N.V. Executive Share Option Scheme (the 'NV Executive Option Plan')
- the Unilever N.V. Employee Share Option Plan (the 'Netherlands Employee Option Plan')
- the Unilever N.V. Germany Employee Share Option Plan (the 'German Employee Option Plan')
- the Unilever N.V. France Employee Share Option Plan (the 'French Employee Option Plan')
- the Unilever North America Executive Stock Option Plan (the 'NA Executive Option Plan')
- the Unilever North America Employee Stock Purchase Plan (the 'NA Employee Purchase Plan')
- the Restricted Share Plan

All of these plans are described below. Grants of share options to directors and other senior executives in 1997 and subsequent years are made under the International 1997 Executive Share Option Scheme (the 'International Plan').

The International Plan comprises the following:
- the NV Executive Option Plan
- the PLC Executive Option Plans, and
- the NA Executive Option Plan.

Notes to the consolidated accounts

Unilever Group

34 Equity based compensation plans continued

The Group applies APB Opinion 25 and related interpretations in accounting for these plans. Accordingly, the Group has recognised only the following compensation costs, €6 million in 2000, €13 million in 1999 and €1 million in 1998. Had the Group accounted for options under the requirement of SFAS 123 the impact on reported results would have been as follows:

	€ million		
	2000	1999	1998
Actual compensation cost recognised	**6**	13	1
Pro forma compensation cost under SFAS 123	**57**	56	34
Actual net profit	**1 105**	2 771	2 944
Pro forma net profit under SFAS 123	**1 054**	2 739	2 919

	Euros per Fl. 1.12 (1998: Fl. 1)			Euro cents per 1.4p (1998: 1.25p)		
	2000	1999	1998	**2000**	1999	1998
Actual earnings per share	**1.07**	2.63	2.63	**16.08**	39.48	39.47
Pro forma earnings per share	**1.02**	2.60	2.61	**15.32**	39.04	39.14
Actual diluted earnings per share	**1.05**	2.57	2.57	**15.69**	38.50	38.51
Pro forma diluted earnings per share	**1.00**	2.54	2.55	**14.94**	38.06	38.18

The remaining disclosures required by SFAS 123 are given below for each of the plans individually.

The UK Employee Sharesave Plan

The UK Employee Sharesave Plan provides for the granting of options to purchase shares of Unilever PLC to eligible employees of the Group in the United Kingdom. Under the terms of the plan, eligible employees, to whom options have been granted, make monthly contributions to a savings plan approved by the UK Treasury for this purpose. At the end of five years the proceeds from the savings plan may be applied to purchase ordinary shares of PLC at a price which is not less than 90% of the market value of the shares on a specified date within a 30 day period ending with the date on which the options were granted. Any discount from the market price is amortised over the five year vesting period of the UK Employee Sharesave Plan. In 2000 options were granted at the market price. In 2000, 1999 and 1998 the total amortisation under the Plan amounted to £1.4 million, £2.4 million and £2.1 million respectively.

The maximum number of shares for which options can be granted under the UK Employee Sharesave Plan is 316 million.

A summary of the status of the UK Employee Sharesave Plan as at 31 December 2000, 1999 and 1998 and the changes during these years is presented below:

	2000		1999		1998	
	Number of shares	Weighted average price	Number of shares	Weighted average price	Number of shares	Weighted average price
Outstanding at 1 January	30 777 318	£4.00	32 029 021	£3.58	37 439 231	£2.85
Granted	7 960 043	£4.25	6 252 700	£5.14	6 328 960	£5.94
Exercised	(5 717 614)	£2.74	(4 521 318)	£2.42	(7 192 536)	£2.31
Forfeited	(6 507 170)	£4.84	(2 983 085)	£4.30	(4 546 634)	£2.81
Outstanding at 31 December	26 512 577	£4.14	30 777 318	£4.00	32 029 021	£3.58
Options exercisable at 31 December	192 156	£2.68	127 864	£2.29	250 070	£2.28

	2000	1999	1998
Option value information (a)			
Fair value per option (b)	£1.05	£1.40	£2.12
Valuation assumptions			
Expected option term	5 years	5 years	5 years
Expected volatility	25.56%	25.04%	17.54%
Expected dividend yield	3.31%	2.84%	1.50%
Risk-free interest rate	5.71%	5.17%	6.02%

(a) Weighted average of options granted during each period.
(b) Estimated using Black Scholes option pricing method.

Notes to the consolidated accounts

Unilever Group

34 Equity based compensation plans continued

The following table summarises information about fixed price stock options outstanding at 31 December 2000:

	Options Outstanding			Options Exercisable	
Range of exercise prices	Number outstanding at 31 December 2000	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at 31 December 2000	Weighted average exercise price
£2.68	192 156	3 months	£2.68	192 156	£2.68
£2.78	5 161 612	1 year	£2.78	—	—
£3.71	6 744 887	2 years	£3.71	—	—
£5.94	3 205 223	3 years	£5.94	—	—
£5.14	3 580 233	4 years	£5.14	—	—
£4.25	7 628 466	5 years	£4.25	—	—
£2.68 to £5.94	26 512 577		£4.14	192 156	£2.68

The PLC Executive Option Plans

The PLC Executive Option Plans provide for the granting of options to purchase shares of Unilever PLC and, from 1997 onwards, also shares of Unilever N.V. to key employees of the Group. Under the PLC Executive Option Plans, options have been granted on a discretionary basis to acquire shares at a price which is not less than the market value of the shares on a specified date within a 30 day period ending with the date on which the options were granted. These options become exercisable after a three year period from the date of grant and have a maximum term of ten years.

No options to purchase shares may be granted if this would cause the number of PLC shares which shall have been or may be issued in pursuance of options to exceed the following numbers:

Unilever PLC 1985 Executive Share Option Scheme	– 79 000 000
Unilever PLC 1985 Unapproved Executive Share Option Scheme	– 79 000 000
PLC Executive Option Plans	– Such number as equals 5% of PLC's issued ordinary share capital, over a ten year period.
PLC Executive Option Plans and UK Employee Sharesave Plan	– Such number as equals 3% of PLC's issued ordinary share capital, over a three year period.
PLC Executive Option Plans and UK Employee Sharesave Plan	– Such number as equals 10% of PLC's issued ordinary share capital, over a ten year period.

A summary of the status of the PLC Executive Option Plans as at 31 December 2000, 1999 and 1998 and of the changes during the years ended on these dates is presented below:

	2000		1999		1998	
	Number of shares	Weighted average price	Number of shares	Weighted average price	Number of shares	Weighted average price
PLC Options						
Outstanding at 1 January	13 128 282	£4.37	10 691 852	£3.80	10 312 216	£3.01
Granted	3 575 651	£4.32	3 577 825	£5.55	2 187 530	£6.68
Exercised	(1 652 560)	£3.01	(1 086 689)	£2.56	(1 741 396)	£2.69
Forfeited	(8 100)	£6.31	(54 706)	£4.94	(66 498)	£5.02
Outstanding at 31 December	15 043 273	£4.51	13 128 282	£4.37	10 691 852	£3.80
Options exercisable at 31 December	5 771 567	£3.19	6 039 227	£2.93	4 988 752	£2.73
NV Options						
Outstanding at 1 January	1 078 001	€61.23	546 328	€58.83	221 712	€42.84
Granted	551 241	€54.13	547 773	€63.50	333 926	€69.35
Exercised	(19 864)	€42.79	(11 200)	€52.23	(2 400)	€42.79
Forfeited	(1 250)	€67.44	(4 900)	€67.52	(6 910)	€59.86
Outstanding at 31 December	1 608 128	€59.02	1 078 001	€61.23	546 328	€58.83
Options exercisable at 31 December	190 848	€42.84	—	—	—	—

Notes to the consolidated accounts

Unilever Group

34 Equity based compensation plans continued

	2000	1999	1998
PLC Option value information [(a)]			
Fair value per option [(b)]	£1.00	£1.16	£1.58
Valuation assumptions			
Expected option term	5.1 years	5 years	5 years
Expected volatility	24.55%	24.23%	17.62%
Expected dividend yield	3.36%	2.84%	1.50%
Risk-free interest rate	5.89%	4.58%	6.13%
NV Option value information [(a)]			
Fair value per option [(b)]	£6.25	£9.03	£9.92
Valuation assumptions			
Expected option term	5 years	5 years	5 years
Expected volatility	26.04%	23.19%	18.87%
Expected dividend yield	4.46%	1.56%	1.38%
Risk-free interest rate	4.95%	3.32%	4.48%

(a) Weighted average of options granted during each period.
(b) Estimated using Black Scholes option pricing method.

The following table summarises information about fixed price stock options outstanding at 31 December 2000:

	Options Outstanding			Options Exercisable	
Range of exercise prices	Number outstanding at 31 December 2000	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at 31 December 2000	Weighted average exercise price
PLC Options					
£2.07	18 584	5 months	£2.07	18 584	£2.07
£2.27	103 860	11 months	£2.27	103 860	£2.27
£2.62	60 668	1 year	£2.62	60 668	£2.62
£2.54	214 304	2 years	£2.54	214 304	£2.54
£2.83	128 924	3 years	£2.83	128 924	£2.83
£2.54	645 339	3 years	£2.54	645 339	£2.54
£2.83	281 796	3 years	£2.83	281 796	£2.83
£2.98	969 456	4 years	£2.98	969 456	£2.98
£3.07	593 648	4 years	£3.07	593 648	£3.07
£3.08	1 032 652	5 years	£3.08	1 032 652	£3.08
£3.43	452 188	5 years	£3.43	452 188	£3.43
£4.07	1 260 872	6 years	£4.07	1 260 872	£4.07
£4.53	9 276	6 years	£4.53	9 276	£4.53
£6.68	2 103 030	7 years	£6.68	—	—
£6.79	27 500	7 years	£6.79	—	—
£5.55	3 565 525	8 years	£5.55	—	—
£3.47	320 000	9 years	£3.47	—	—
£4.29	2 915 100	9 years	£4.29	—	—
£5.36	340 551	10 years	£5.36	—	—
£2.07 to £6.79	15 043 273		£4.51	5 771 567	£3.19
NV Options					
€42.79	189 412	6 years	€42.79	189 412	€42.79
€49.63	1 436	6 years	€49.63	1 436	€49.63
€69.29	320 976	7 years	€69.29	—	—
€73.97	4 250	7 years	€73.97	—	—
€63.50	545 873	8 years	€63.50	—	—
€42.83	48 000	9 years	€42.83	—	—
€53.95	447 050	9 years	€53.95	—	—
€65.40	51 131	10 years	€65.40	—	—
€42.79 to €73.97	1 608 128		€59.02	190 848	€42.84

Notes to the consolidated accounts
Unilever Group

34 Equity based compensation plans continued

The NV Executive Option Plan

The NV Executive Option Plan provides for the granting of options to purchase shares of Unilever N.V. and, from 1997 onwards, also shares of Unilever PLC to key employees of the Group. Under the NV Executive Option Plan, options have been granted on a discretionary basis to acquire shares at market price on the day options were granted. These options become exercisable immediately from the date of grant and have a maximum term of five years for the grants made up to 1998 and of ten years for subsequent grants.

A summary of the status of the NV Executive Option Plan as at 31 December 2000, 1999 and 1998 and changes during the years ended on these dates is presented below:

	2000		1999		1998	
	Number of shares	Weighted average price	Number of shares	Weighted average price	Number of shares	Weighted average price
NV Options						
Outstanding at 1 January	2 778 657	€51.87	1 993 914	€40.62	1 957 540	€28.57
Granted	1 108 375	€54.77	1 133 865	€63.50	546 156	€69.21
Exercised	(595 674)	€28.42	(343 652)	€24.68	(490 244)	€23.21
Forfeited	(63 652)	€61.62	(5 470)	€66.59	(19 538)	€56.98
Outstanding at 31 December	3 227 706	€57.01	2 778 657	€51.87	1 993 914	€40.62
Options exercisable at 31 December	3 227 706	€57.01	2 778 657	€51.87	1 993 914	€40.62
PLC Options						
Outstanding at 1 January	13 093 020	£5.59	5 791 917	£5.64	2 296 184	£4.07
Granted	7 217 650	£4.37	7 394 775	£5.55	3 566 477	£6.67
Exercised	(476 784)	£4.07	(58 352)	£4.07	(1 320)	£4.07
Forfeited	(422 000)	£5.55	(35 320)	£6.15	(69 424)	£6.23
Outstanding at 31 December	19 411 886	£5.18	13 093 020	£5.59	5 791 917	£5.64
Options exercisable at 31 December	19 411 886	£5.18	13 093 020	£5.59	5 791 917	£5.64

	2000	1999	1998
NV Option value information [(a)]			
Fair value per option [(b)]	€10.83	€12.09	€12.91
Valuation assumptions			
Expected option term	7 years	5 years	4 years
Expected volatility	23.72%	19.68%	18.93%
Expected dividend yield	4.38%	1.56%	1.38%
Risk-free interest rate	5.13%	3.46%	4.46%
PLC Option value information [(a)]			
Fair value per option [(b)]	€1.82	€1.66	€2.34
Valuation assumptions			
Expected option term	7 years	5 years	5 years
Expected volatility	23.40%	22.82%	17.70%
Expected dividend yield	3.30%	2.84%	1.50%
Risk-free interest rate	5.74%	4.58%	6.11%

(a) Weighted average of options granted during each period.
(b) Estimated using Black Scholes option pricing method.

Notes to the consolidated accounts

Unilever Group

34 Equity based compensation plans continued

The following table summarises information about fixed price stock options outstanding at 31 December 2000:

Range of exercise prices	Options Outstanding: Number outstanding at 31 December 2000	Options Outstanding: Weighted average remaining contractual life	Options Outstanding: Weighted average exercise price	Options Exercisable: Number exercisable at 31 December 2000	Options Exercisable: Weighted average exercise price
NV Options					
€26.55	155 144	5 months	€26.55	155 144	€26.55
€32.49	105 576	1 year	€32.49	105 576	€32.49
€42.79	254 370	1 year	€42.79	254 370	€42.79
€69.29	503 870	2 years	€69.29	503 870	€69.29
€64.98	10 956	3 years	€64.98	10 956	€64.98
€63.50	1 094 965	8 years	€63.50	1 094 965	€63.50
€42.83	19 500	9 years	€42.83	19 500	€42.83
€53.95	984 650	9 years	€53.95	984 650	€53.95
€65.40	98 675	10 years	€65.40	98 675	€65.40
€26.55 to €69.29	3 227 706		€57.01	3 227 706	€57.01
PLC Options					
£4.07	1 703 804	1 year	£4.07	1 703 804	£4.07
£6.68	3 307 280	2 years	£6.68	3 307 280	£6.68
£6.09	81 877	3 years	£6.09	81 877	£6.09
£5.55	7 137 775	8 years	£5.55	7 137 775	£5.55
£3.47	130 000	9 years	£3.47	130 000	£3.47
£4.29	6 408 800	9 years	£4.29	6 408 800	£4.29
£5.36	642 350	10 years	£5.36	642 350	£5.36
£3.47 to £6.68	19 411 886		£5.18	19 411 886	£5.18

The Netherlands Employee Option Plan

All directors of NV and all employees of Unilever Nederland B.V. may participate in the share option plan for employees in the Netherlands if they are on the payroll at the date of grant and, until 1997, participated in the Save-As-You-Earn Plan. A grant of options is made over ordinary Fl. 1.12 shares of Unilever N.V., after a resolution to such effect has been adopted by the Board of Unilever Nederland B.V. The share options are granted at 100% of the market price on the date of the grant. Options granted prior to 1998 can be exercised during a period of five years from the date of grant. Options granted since 1998 can generally be exercised on the fifth anniversary of the grant date. In 1998, 1999 and 2000, each participant was granted an option to acquire 50 shares.

A summary of the status of the Netherlands Employee Option Plan as at 31 December 2000, 1999 and 1998 and changes during these years is presented below:

	2000 Number of shares	2000 Weighted average price	1999 Number of shares	1999 Weighted average price	1998 Number of shares	1998 Weighted average price
Outstanding at 1 January	690 838	€54.38	467 687	€47.06	236 028	€32.94
Granted	280 442	€53.05	276 751	€63.65	271 173	€57.63
Exercised	(75 450)	€32.51	(53 600)	€38.30	(39 195)	€35.05
Forfeited	(46 085)	€58.61	—	—	(319)	€57.63
Outstanding at 31 December	849 745	€55.66	690 838	€54.38	467 687	€47.06
Options exercisable at 31 December	94 861	€37.58	159 489	€33.31	198 725	€32.76

	2000	1999	1998
Option value information [(a)]			
Fair value per option [(b)]	€10.14	€13.43	€13.11
Valuation assumptions			
Expected option term	3.5 years	3 years	5 years
Expected volatility	29.56%	29.46%	23.32%
Expected dividend yield	4.51%	1.56%	1.38%
Risk-free interest rate	4.89%	3.17%	3.67%

(a) Weighted average of options granted during each period.
(b) Estimated using Black Scholes option pricing method.

Notes to the consolidated accounts

Unilever Group

34 Equity based compensation plans continued

The following table summarises information about fixed price stock options outstanding at 31 December 2000:

	Options Outstanding			Options Exercisable	
Range of exercise prices	Number outstanding at 31 December 2000	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at 31 December 2000	Weighted average exercise price
€31.19	43 461	10 months	€31.19	43 461	€31.19
€42.99	51 400	2 years	€42.99	51 400	€42.99
€57.63	234 864	3 years	€57.63	—	—
€63.65	245 962	3 years	€63.65	—	—
€53.05	274 058	4 years	€53.05	—	—
€31.19 to €63.65	849 745		€55.66	94 861	€37.58

German and French Employee Option Plans

The German and French Employee Option Plans were set up during 2000. Options to acquire ordinary Fl. 1.12 shares of Unilever N.V. are granted to German and French employees under similar conditions and with the same grant timing, size and price as under the Netherlands Employee Option Plan.

A summary of the status of the German Employee Option Plan as at 31 December 2000, 1999 and 1998 and changes during these years is presented below:

	2000		1999		1998	
	Number of shares	Weighted average price	Number of shares	Weighted average price	Number of shares	Weighted average price
Outstanding at 1 January	—	—	—	—	—	—
Granted	482 421	€53.05	—	—	—	—
Exercised	(50 257)	€53.05	—	—	—	—
Forfeited	(4 338)	€53.05	—	—	—	—
Outstanding at 31 December	427 826	€53.05	—	—	—	—
Options exercisable at 31 December	—	—	—	—	—	—

	2000	1999	1998
Option value information (a)			
Fair value per option (b)	€10.14	—	—
Valuation assumptions			
Expected option term	3.5 years	—	—
Expected volatility	29.56%	—	—
Expected dividend yield	4.51%	—	—
Risk-free interest rate	4.89%	—	—

(a) Weighted average of options granted during each period.
(b) Estimated using Black Scholes option pricing method.

The following table summarises information about fixed price stock options outstanding at 31 December 2000:

	Options Outstanding			Options Exercisable	
Range of exercise prices	Number outstanding at 31 December 2000	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at 31 December 2000	Weighted average exercise price
€53.05	427 826	4 years	€53.05	—	—

Notes to the consolidated accounts
Unilever Group

34 Equity based compensation plans continued

A summary of the status of the French Employee Option Plan as at 31 December 2000, 1999 and 1998 and changes during these years is presented below:

	2000		1999		1998	
	Number of shares	Weighted average price	Number of shares	Weighted average price	Number of shares	Weighted average price
Outstanding at 1 January	—	—	—	—	—	—
Granted	442 000	€53.05	—	—	—	—
Exercised	—	—	—	—	—	—
Forfeited	(85 134)	€53.05	—	—	—	—
Outstanding at 31 December	356 866	€53.05	—	—	—	—
Options exercisable at 31 December	—	—	—	—	—	—

	2000	1999	1998
Option value information [a]			
Fair value per option [b]	€10.26	—	—
Valuation assumptions			
Expected option term	5 years	—	—
Expected volatility	26.59%	—	—
Expected dividend yield	4.51%	—	—
Risk-free interest rate	4.91%	—	—

(a) Weighted average of options granted during each period.
(b) Estimated using Black Scholes option pricing method.

The following table summarises information about fixed price stock options outstanding at 31 December 2000:

	Options Outstanding			Options Exercisable	
Range of exercise prices	Number outstanding at 31 December 2000	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at 31 December 2000	Weighted average exercise price
€53.05	356 866	4 years	€53.05	—	—

The NA Executive Option Plan

The NA Executive Option Plan provides for the granting of options to purchase a maximum of 3 200 000 shares in Unilever N.V. of the New York Registry, and from 1997 4 000 000 shares of Unilever PLC, to key employees of the Group. Under the NA Executive Option Plan, options are granted on a discretionary basis to acquire shares at market value on the day options are granted.

These options become exercisable over a three-year period from the date of grant and have a maximum term of ten years.

A summary of the status of the NA Executive Option Plan as at 31 December 2000, 1999 and 1998 and the changes during the years ended on these dates is presented below:

	2000		1999		1998	
	Number of shares	Weighted average price	Number of shares	Weighted average price	Number of shares	Weighted average price
NV Options						
Outstanding at 1 January	1 963 471	US$45.41	1 702 300	US$41.04	1 735 963	US$33.64
Granted	294 645	US$51.77	293 888	US$69.19	261 073	US$76.69
Exercised	(185 740)	US$30.53	(23 933)	US$29.27	(291 802)	US$29.01
Forfeited	(41 435)	US$65.22	(8 784)	US$38.41	(2 934)	US$33.79
Outstanding at 31 December	2 030 941	US$47.29	1 963 471	US$45.41	1 702 300	US$41.04
Options exercisable at 31 December	1 473 860	US$42.00	1 388 599	US$36.21	1 073 084	US$31.83

Notes to the consolidated accounts

Unilever Group

34 Equity based compensation plans continued

	2000		1999		1998	
	Number of shares	Weighted average price	Number of shares	Weighted average price	Number of shares	Weighted average price
PLC Options						
Outstanding at 1 January	5 830 480	US$8.82	3 878 316	US$8.58	2 177 968	US$6.72
Granted	1 975 788	US$6.95	1 968 176	US$9.30	1 747 196	US$10.85
Exercised	(47 572)	US$6.72	(5 356)	US$6.72	(40 552)	US$6.72
Forfeited	(266 832)	US$9.13	(10 656)	US$9.46	(6 296)	US$6.72
Outstanding at 31 December	7 491 864	US$8.33	5 830 480	US$8.82	3 878 316	US$8.58
Options exercisable at 31 December	3 758 584	US$8.35	1 982 696	US$7.92	688 800	US$6.72

	2000	1999	1998
NV Option value information [(a)]			
Fair value per option [(b)]	US$15.97	US$19.45	US$19.67
Valuation assumptions			
Expected option term	6 years	5 years	5 years
Expected volatility	24.48%	24.50%	19.48%
Expected dividend yield	1.94%	1.23%	1.30%
Risk-free interest rate	6.19%	5.21%	5.67%
PLC Option value information [(a)]			
Fair value per option [(b)]	US$1.95	US$2.23	US$2.97
Valuation assumptions			
Expected option term	6 years	5 years	5 years
Expected volatility	24.34%	24.26%	20.09%
Expected dividend yield	2.71%	2.48%	1.39%
Risk-free interest rate	6.19%	5.21%	5.64%

(a) Weighted average of options granted during each period.
(b) Estimated using Black Scholes option pricing method.

The following table summarises information about fixed price stock options outstanding at 31 December 2000:

	Options Outstanding				Options Exercisable	
	Range of exercise prices	Number outstanding at 31 December 2000	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at 31 December 2000	Weighted average exercise price
NV Options						
	US$25.69	23 600	1 year	US$25.69	23 600	US$25.69
	US$26.81	81 336	2 years	US$26.81	81 336	US$26.81
	US$25.67	197 762	3 years	US$25.67	197 762	US$25.67
	US$31.95	241 495	4 years	US$31.95	241 495	US$31.95
	US$31.60	5 200	5 years	US$31.60	5 200	US$31.60
	US$33.89	362 673	5 years	US$33.89	362 673	US$33.89
	US$48.74	304 719	6 years	US$48.74	304 719	US$48.74
	US$76.69	245 823	7 years	US$76.69	163 862	US$76.69
	US$69.19	279 688	8 years	US$69.19	93 213	US$69.19
	US$41.16	12 000	9 years	US$41.16	—	—
	US$51.63	239 625	9 years	US$51.63	—	—
	US$56.13	37 020	10 years	US$56.13	—	—
	US$25.67 to US$76.69	2 030 941		US$47.29	1 473 860	US$42.00
PLC Options						
	US$6.72	2 037 464	6 years	US$6.72	2 037 464	US$6.72
	US$10.85	1 645 276	7 years	US$10.85	1 096 756	US$10.85
	US$9.30	1 873 336	8 years	US$9.30	624 364	US$9.30
	US$5.56	80 000	9 years	US$5.56	—	—
	US$6.90	1 607 356	9 years	US$6.90	—	—
	US$7.73	248 432	10 years	US$7.73	—	—
	US$5.56 to US$10.85	7 491 864		US$8.33	3 758 584	US$8.35

Notes to the consolidated accounts

Unilever Group

34 Equity based compensation plans continued

The NA Employee Purchase Plan

The NA Employee Purchase Plan provides for the granting of options to purchase a maximum of 10 000 000 shares of Unilever N.V. of the New York Registry.

The second offering under the NA Employee Purchase Plan was made in 1997, and was limited to 2 000 000 shares. Under the terms of the second offering, eligible employees could elect to accept the option to purchase any number of whole shares, being not less than 40 or more than 416, by payroll deductions of up to 10% of annual base compensation over a two-year period in equal instalments beginning 1 November 1997 and ending 29 October 1999. At the end of the second offering, eligible employees exercised their options to purchase 631 493 NV shares at an option price of US$47.83, which represents a 10% discount to the market value on the grant date. This discount of US$4.4 million was amortised over the 24-month vesting period of the plan.

The third offering, also limited to 2 000 000 shares, was held in 1999. Eligible employees can purchase between 30 and 381 shares by means of a maximum payroll deduction of 10% from January 2000 to December 2001. As at 31 December 1999 this represented 557 062 NV shares. The option price of US$52.43, 10% below the market value on the grant date, leads to a discount of US$3.2 million being amortised over the 24-month vesting period.

A summary of the status of the NA Employee Purchase Plan as at 31 December 2000, 1999 and 1998 and the changes during these years is presented below:

	2000		1999		1998	
	Number of shares	Weighted average price	Number of shares	Weighted average price	Number of shares	Weighted average price
Outstanding at 1 January	633 913	US$52.43	785 756	US$47.83	912 752	US$47.83
Granted	—	—	633 913	US$52.43	—	—
Exercised	—	—	(701 897)	US$47.83	—	—
Forfeited	(163 233)	US$52.43	(83 859)	US$47.83	(126 996)	US$47.83
Outstanding at 31 December	470 680	US$52.43	633 913	US$52.43	785 756	US$47.83
Options exercisable at 31 December	—	—	—	—	—	—

	2000	1999	1998
Option value information (a)			
Fair value per option (b)	—	US$14.80	—
Valuation assumptions			
Expected option term	—	2 years	—
Expected volatility	—	34.18%	—
Expected dividend yield	—	1.23%	—
Risk-free interest rate	—	3.66%	—

(a) Weighted average of options granted during each period.
(b) Estimated using Black Scholes option pricing method.

The following table summarises information about fixed price stock options outstanding at 31 December 2000:

Options Outstanding				Options Exercisable	
Range of exercise prices	Number outstanding at 31 December 2000	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at 31 December 2000	Weighted average exercise price
US$52.43	470 680	10 months	US$52.43	—	—

Notes to the consolidated accounts

Unilever Group

34 Equity based compensation plans continued

The Restricted Share Plan

During 2000 a number of executives have been awarded the right to receive NV and PLC shares in 2003 or 2005, on the condition that they will still be employed by Unilever at that time. No directors participate in this plan.

A summary of the Restricted Share Plan as at 31 December 2000, 1999 and 1998 and changes during the years ended on these dates is presented below:

	2000		1999		1998	
	Number of shares	Weighted average price	Number of shares	Weighted average price	Number of shares	Weighted average price
NV Options						
Outstanding at 1 January	—	—	—	—	—	—
Granted	165 046	€0.00	—	—	—	—
Exercised	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—
Outstanding at 31 December	165 046	€0.00	—	—	—	—
PLC Options						
Outstanding at 1 January	—	—	—	—	—	—
Granted	1 220 226	£0.00	—	—	—	—
Exercised	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—
Outstanding at 31 December	1 220 226	£0.00	—	—	—	—

Option value information [(a)]	
Fair value per NV option	€53.72
Fair value per PLC option	£4.45

(a) Weighted average of options granted during each period.

Notes to the consolidated accounts

Unilever Group

35 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		
	2000	1999	1998	**2000**	1999	1998
Group turnover	**32 398**	27 658	27 905	**15 184**	13 319	12 532
Continuing operations	**30 110**	27 658	27 905	**14 527**	13 319	12 532
Acquisitions	**2 288**			**657**		
Group operating profit	**1 971**	2 651	2 526	**1 331**	1 652	1 884
Continuing operations	**2 008**	2 651	2 526	**1 355**	1 652	1 884
Acquisitions	**(37)**			**(24)**		
Total income from fixed investments	**55**	38	26	**(2)**	14	11
Interest	**(442)**	(39)	42	**(190)**	25	114
Profit on ordinary activities before taxation	**1 584**	2 650	2 594	**1 139**	1 691	2 009
Taxation	**(882)**	(854)	(919)	**(521)**	(515)	(596)
Profit on ordinary activities after taxation	**702**	1 796	1 675	**618**	1 176	1 413
Minority interests	**(27)**	(35)	(17)	**(188)**	(166)	(127)
Net profit	**675**	1 761	1 658	**430**	1 010	1 286

Balance sheet as at 31 December

	NV 2000	NV 1999	PLC 2000	PLC 1999
Fixed assets				
Goodwill and intangibles	**20 166**	573	**6 301**	70
Other fixed assets	**7 194**	5 754	**3 802**	3 209
Current assets				
Stocks	**3 550**	3 249	**1 871**	1 875
Debtors	**7 398**	5 965	**2 419**	1 720
Debtors due within one year	**5 612**	4 404	**1 642**	1 338
Debtors due after more than one year	**1 786**	1 561	**777**	382
Acquired business held for resale	**1 250**		**416**	
Cash and current investments	**1 782**	3 830	**1 491**	1 643
	13 980	13 044	**6 197**	5 238
Creditors due within one year	**(20 399)**	(8 693)	**(7 965)**	(3 441)
Borrowings	**(12 217)**	(2 491)	**(4 458)**	(445)
Trade and other creditors	**(8 182)**	(6 202)	**(3 507)**	(2 996)
Net current assets	**(6 419)**	4 351	**(1 768)**	1 797
Total assets less current liabilities	**20 941**	10 678	**8 335**	5 076
Creditors due after more than one year	**9 424**	2 629	**4 661**	203
Borrowings	**8 593**	1 826	**4 473**	27
Trade and other creditors	**831**	803	**188**	176
Provisions for liabilities and charges	**4 962**	3 673	**1 442**	909
Intra-group – NV/PLC	**200**	(1 831)	**(200)**	1 831
Minority interests	**55**	85	**563**	494
Capital and reserves	**6 300**	6 122	**1 869**	1 639
Total capital employed	**20 941**	10 678	**8 335**	5 076

Five year record

Unilever Group

The financial data below shows key figures which are derived from the audited consolidated accounts of the Unilever Group for the last five years and is qualified by reference to those accounts and notes. Please refer also to the notes on page 92.

Consolidated profit and loss account[(a)]

					€ million
	1996	1997	1998	1999	**2000**
Group turnover	39 840	42 926	40 437	40 977	**47 582**
Group operating profit	3 412	3 432	4 410	4 303	**3 302**
Exceptional items in operating profit	(281)	(817)	125	(269)	**(1 992)**
Amortisation of goodwill and intangibles	—	—	(8)	(23)	**(435)**
Group operating profit before exceptional items and amortisation of goodwill and intangibles – continuing businesses [(j)]	3 238	4 016	4 293	4 595	**5 729**
Non-operating exceptional items [(b)]	—	3 629	—	—	**—**
Other income from fixed investments	40	38	37	52	**53**
Interest [(c)]	(298)	(104)	156	(14)	**(632)**
Profit on ordinary activities before taxation	3 154	6 995	4 603	4 341	**2 723**
Profit on ordinary activities after taxation	2 005	5 096	3 088	2 972	**1 320**
Net profit	1 908	4 957	2 944	2 771	**1 105**
Normal dividends on ordinary capital	(807)	(1 033)	(1 237)	(1 245)	**(1 414)**
Special dividends on ordinary capital			(7 430)		
Preference dividends	(7)	(7)	(7)	(20)	**(44)**
Profit of the year retained	1 094	3 917	(5 730)	1 506	**(353)**

Combined earnings per share [(d)(e)]					
Euros per Fl. 1.12 (1996-98: Fl. 1) of ordinary capital	1.71	4.44	2.63	2.63	**1.07**
Euro cents per 1.4p (1996-98: 1.25p) of ordinary capital	25.60	66.57	39.47	39.48	**16.08**
Ordinary dividends [(d)]					
NV – euros per Fl. 1.12 (1996-98: Fl. 1) of ordinary capital[(f)]	0.79	1.01	1.14	1.27	**1.43**
PLC – pence per 1.4p (1996-98: 1.25p) of ordinary capital	8.01	8.42	10.70	12.50	**13.07**
Special ordinary dividends					
NV – euros per Fl. 1 of ordinary capital[(f)]			6.58		
PLC – pence per 1.25p of ordinary capital			66.13		

Consolidated balance sheet[(a)]

	1996	1997	1998	1999	**2000**
Fixed assets [(g)]	10 846	9 246	8 620	9 606	**37 463**
Stocks	5 252	4 709	4 747	5 124	**5 421**
Debtors	6 154	6 966	6 738	7 685	**9 817**
Acquired businesses held for resale					**1 666**
Total cash and current investments	2 270	8 863	10 383	5 473	**3 273**
Total assets	24 522	29 784	30 488	27 888	**57 640**
Creditors due within one year [(h)]	(9 563)	(9 839)	(17 976)	(12 134)	**(28 364)**
Total assets less current liabilities	14 959	19 945	12 512	15 754	**29 276**
Creditors due after one year	3 442	3 296	3 042	2 832	**14 085**
Provisions for liabilities and charges	4 090	4 954	4 314	4 582	**6 404**
Minority interests	461	471	408	579	**618**
Capital and reserves [(h)]	6 966	11 224	4 748	7 761	**8 169**
Total capital employed	14 959	19 945	12 512	15 754	**29 276**

Five year record

Unilever Group

Consolidated cash flow statement [(a)]

	1996	1997	1998	1999	**2000**
					€ million
Cash flow from operating activities	4 530	5 558	4 514	5 654	**6 738**
Returns on investments and servicing of finance	(312)	(340)	91	(128)	**(760)**
Taxation	(852)	(1 886)	(1 261)	(1 443)	**(1 734)**
Capital expenditure and financial investment	(1 279)	(1 259)	(1 399)	(1 501)	**(1 061)**
Acquisitions and disposals	(1 032)	6 239	338	(362)	**(27 373)**
Dividends paid on ordinary share capital	(810)	(936)	(1 073)	(1 266)	**(1 365)**
Special dividend				(6 093)	
Cash flow before management of liquid resources and financing	245	7 376	1 210	(5 139)	**(25 555)**
Management of liquid resources	(348)	(6 408)	(2 003)	5 675	**2 464**
Financing	349	(688)	42	(146)	**22 902**
Increase/(decrease) in cash in the period	246	280	(751)	390	**(189)**

Key ratios					
Return on shareholders' equity (%)	29.1	49.8	24.6	42.3	**12.5**
Return on capital employed (%)	15.0	28.5	16.0	22.3	**7.7**
Group operating margin (%)	8.6	8.0	10.9	10.5	**6.9**
Net profit margin (%) [(i)]	4.8	11.6	7.3	6.8	**2.3**
Net interest cover (times)	11.6	68.0	—	319.0	**5.3**
Net interest cover based on EBITDA before exceptional items (times)	16	51	—	412	**11**
Net gearing (adjusted) (%)	22.7	—	—	—	**73.0**
Ratio of earnings to fixed charges	6.5	12.8	9.7	8.1	**3.3**
Funds from operations after interest and tax before exceptional items over lease adjusted net debt (%)	80	—	—	251	**14**

Selected financial data on a US GAAP basis					
Net profit	1 619	4 801	2 543	2 490	**1 266**
Combined earnings per share:					
Euros per Fl. 1.12 (1996-98: Fl. 1) of ordinary capital	1.45	4.30	2.27	2.36	**1.24**
Euro cents per 1.4p (1996-98: 1.25p) of ordinary capital	21.71	64.48	34.09	35.45	**18.53**
Combined earnings per share excluding discontinued operations:					
Euros per Fl. 1.12 (1996-98: Fl. 1) of ordinary capital	1.23	1.40	2.27	2.36	**1.24**
Euro cents per 1.4p (1996-98: 1.25p) of ordinary capital	18.48	20.95	34.09	35.45	**18.53**
Capital and reserves	14 243	19 259	19 292	15 375	**15 075**
Ratio of earnings to fixed charges	5.9	12.3	8.4	7.5	**3.3**
Net gearing (%)	13.4	—	—	—	**62.8**
Net interest cover (times)	10.6	60.5	—	183.0	**5.1**

Notes

(a) Amounts previously reported in guilders have been restated and are now reported in euros using the fixed conversion rate of €1.00 = Fl. 2.20371 that became effective on 1 January 1999.
(b) Non-operating exceptional items in 1997 includes €3 849 million profit on the sale of the speciality chemicals businesses.
(c) Interest cost in 2000 includes €37 million of exceptional interest (see note 6 on page 57).
(d) Figures for earnings per share and dividends have been restated to reflect the four-for-one share split in October 1997.
(e) For the basis of the calculations of combined earnings per share including the treatment of the 1999 share consolidation see note 31 on page 75.
(f) In 1999 and prior years, NV dividends were declared and paid in guilders. For comparative purposes, guilder values have been converted into euros in this table using the official rate of €1 = Fl. 2.20371. Full details of dividends for the years 1996 to 2000 are given on page 121.
(g) Includes goodwill and intangibles purchased after 1 January 1998
(h) Figures for 1998 includes the special dividend of €7 267 million assuming all shareholders had taken the cash dividend. Capital and reserves in 1999 reflect the increase of €1 382 million as a result of the issue of the preference shares.
(i) Net profit margin includes the profit on the sale of the speciality chemicals businesses in 1997.
(j) Continuing businesses means excluding the results of the speciality chemicals businesses which were sold in 1997.

Five year record

Unilever Group

Definitions

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.

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.

Group operating margin is group operating profit expressed as a percentage of group turnover.

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

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

Net interest cover based on EBITDA (before exceptional items) is earnings on ordinary activities before net interest, taxation, depreciation and amortisation and exceptional items 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. In calculating capital and reserves, the book value of shares or certificates held in connection with share option plans is classified as fixed assets, rather than deducted from reserves as required by Dutch law.

Ratio of earnings to fixed charges Earnings consist of net profit (including the profit on the sale of the speciality chemicals businesses) increased by fixed charges and income taxes. Fixed charges consist of interest payable on debt and a portion of lease costs determined to be representative of interest. This ratio takes no account of interest receivable although Unilever's treasury operations involve both borrowing and depositing funds.

Funds from operations after interest and tax (before exceptional items) over lease adjusted net debt is profit on ordinary activities before depreciation and amortisation and exceptional items, and after actual tax paid and other non exceptional non cash items, expressed as a percentage of the lease adjusted net debt. Lease adjusted net debt is calculated by adding to the net debt five times the operational lease costs.

Weighted average cost of capital 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.

Five year record

Unilever Group

By geographical area

	1996	1997	1998	1999	2000
					€ million
Group turnover					
Europe	19 967	20 344	18 971	18 790	**19 816**
North America	8 317	8 900	8 417	8 838	**11 631**
Africa and Middle East	1 914	2 190	2 228	2 298	**2 447**
Asia and Pacific	5 713	6 631	5 803	6 723	**8 038**
Latin America	3 929	4 861	5 018	4 328	**5 650**
	39 840	42 926	40 437	40 977	**47 582**
Group operating profit					
Europe	1 630	1 755	2 299	2 167	**1 774**
North America	739	505	942	847	**165**
Africa and Middle East	198	204	223	266	**244**
Asia and Pacific	469	557	457	642	**776**
Latin America	376	411	489	381	**343**
	3 412	3 432	4 410	4 303	**3 302**
Net operating assets [(a)]					
Europe	5 130	3 077	3 261	3 435	**12 443**
North America	2 778	1 676	1 738	1 996	**11 891**
Africa and Middle East	737	774	700	814	**806**
Asia and Pacific	1 492	1 431	1 282	1 499	**1 487**
Latin America	1 025	1 361	1 370	1 520	**7 526**
	11 162	8 319	8 351	9 264	**34 153**

(a) Figures for 1998 were restated in 1999 to include goodwill and intangible assets.

Five year record

Unilever Group

By operation[(a)]

					€ million
	1996	1997	1998	1999	**2000**
Group turnover[(b)]					
Foods	19 825	21 332	20 919	20 339	**23 898**
Home & Personal Care	15 693	18 674	18 783	19 781	**22 825**
Other Operations	1 157	1 106	735	857	**859**
Speciality Chemicals	3 165	1 814			
	39 840	42 926	40 437	40 977	**47 582**
Group operating profit					
Foods	1 417	1 242	1 801	1 788	**1 735**
Home & Personal Care	1 457	1 849	2 093	2 361	**1 536**
Other Operations	89	108	516	154	**31**
Speciality Chemicals	449	233			
	3 412	3 432	4 410	4 303	**3 302**
Net operating assets					
Foods	5 408	4 894	4 891	5 315	**30 418**
Home & Personal Care	3 320	3 233	3 294	3 792	**3 565**
Other Operations	387	192	166	157	**170**
Speciality Chemicals	2 047	—			
	11 162	8 319	8 351	9 264	**34 153**
Capital expenditure					
Foods	745	732	775	690	**704**
Home & Personal Care	411	507	510	577	**619**
Other Operations	38	32	44	37	**33**
Speciality Chemicals	195	119			
	1 389	1 390	1 329	1 304	**1 356**

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

(b) Certain sales by the group company in India which were previously classified as foods are now reported as arising from other operations. Figures for previous years have been restated accordingly.

Five year record

Unilever Group

Exchange rates and European Economic and Monetary Union

Before 1 January 1999, the guilder was a part of the European Monetary System ('EMS') exchange rate mechanism known as the Exchange Rate Mechanism ('ERM'). Within the ERM, exchange rates fluctuated within permitted margins, fixed by central bank intervention. Under the provisions of the Treaty on European Union negotiated at Maastricht in 1991 and signed by the then 12 member states of the European Union in early 1992, the European Monetary Union ('EMU') superseded the EMS on 1 January 1999 and the euro was introduced as the single European currency. Since this date, the euro has been the lawful currency of the EMU states. The following 11 member states participate in the EMU and adopted the euro as their national currency with effect from 1 January 1999: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, The Netherlands, Portugal and Spain. Greece adopted the euro as the national currency with effect from 1 January 2001. The legal rate of conversion between the euro and the guilder was announced on 31 December 1998 at €1.00 = Fl. 2.20371. On 1 January 1999 the exchange rate for euro to pound sterling was €1.00 = £0.706.

The information in the following table is based on exchange rates between US dollars and guilders, euros and US dollars, sterling and guilders and, euros and sterling. These translation rates were used in preparation of the accounts.

	1996	1997	1998	1999	**2000**
Year end					
US$1 = Fl.	1.74	2.03	1.88		
€1 = US$				1.005	**0.930**
£1 = Fl.	2.96	3.34	3.12		
€1 = £				0.621	**0.624**
Annual average					
US$1 = Fl.	1.68	1.94	1.98		
€1 = US$				1.065	**0.921**
£1 = Fl.	2.62	3.18	3.29		
€1 = £				0.659	**0.609**

Noon Buying Rates in New York for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York were as follows:

	1996	1997	1998	1999	**2000**
Year end					
US$1 = Fl.	1.73	2.03	1.88		
€1 = US$				1.007	**0.939**
Annual average					
US$1 = Fl.	1.69	1.95	1.97		
€1 = US$				1.065	**0.923**
High					
US$1 = Fl.	1.76	2.12	2.09		
€1 = US$				1.181	**1.034**
Low					
US$1 = Fl.	1.61	1.73	1.81		
€1 = US$				1.001	**0.827**

Schedules

Unilever Group

Valuation and qualifying accounts

		Additions			€ million Schedule II
	Balance at 1 January	Charge to profit and loss account	Charged to other accounts[(a)]	Deductions	Balance at 31 December
Year ended 31 December 2000					
Provision for doubtful debtors	279	84	54	(110)	307
Year ended 31 December 1999					
Provision for doubtful debtors	242	85	17	(65)	279
Year ended 31 December 1998					
Provision for doubtful debtors	245	72	(1)	(74)	242

(a) Includes currency retranslation of opening balances.

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
	2000	1999	1998
Net profit as reported in the consolidated profit and loss account	**1 105**	2 771	2 944
Attributable to: **NV**	**675**	1 761	1 658
PLC	**430**	1 010	1 286
US GAAP adjustments:			
Currency retranslation written back due to Elizabeth Arden disposal	**115**	—	—
Goodwill	**76**	(213)	(198)
Identifiable intangibles	**(128)**	(112)	(109)
Restructuring costs	**76**	45	(187)
Interest	**(68)**	(9)	(25)
Pensions	**95**	(13)	7
Taxation effect of above adjustments	**(5)**	21	111
Net increase/(decrease)	**161**	(281)	(401)
Approximate net income under US GAAP	**1 266**	2 490	2 543
Attributable to: **NV**	**832**	1 576	1 334
PLC	**434**	914	1 209
Approximate combined net income per share under US GAAP			
Euros per Fl. 1.12 (1998: Fl. 1) of ordinary capital	**1.24**	2.36	2.27
Euro cents per 1.4p (1998: 1.25p) of ordinary capital	**18.53**	35.45	34.09
Approximate combined diluted net income per share under US GAAP			
Euros per Fl. 1.12 (1998: Fl. 1) of ordinary capital	**1.20**	2.30	2.22
Euro cents per 1.4p (1998: 1.25p) of ordinary capital	**18.07**	34.57	33.26
Capital and reserves as reported in the consolidated balance sheet	**8 169**	7 761	
Attributable to: **NV**	**6 300**	6 122	
PLC	**1 869**	1 639	
US GAAP adjustments:			
Goodwill	**2 926**	3 916	
Identifiable intangibles	**3 067**	2 988	
Restructuring costs	**185**	104	
Interest	**487**	555	
Pensions	**437**	185	
Dividends	**937**	894	
Taxation effect of above adjustments	**(1 133)**	(1 028)	
Net increase	**6 906**	7 614	
Approximate capital and reserves under US GAAP	**15 075**	15 375	
Attributable to: **NV**	**11 086**	11 419	
PLC	**3 989**	3 956	
The aggregate amounts included in capital and reserves (Unilever GAAP) in respect of cumulative currency translation adjustments are as follows:			
Balance 1 January	**(3 411)**	(3 761)	(3 158)
Arising during the year	**(252)**	350	(603)
Balance 31 December	**(3 663)**	(3 411)	(3 761)
The aggregate amounts of foreign currency transaction gains and (losses) charged in the consolidated profit and loss account are:	**8**	(2)	(89)

Additional information for United States investors

Unilever Group

The consolidated accounts of the Unilever Group have been prepared in accordance with accounting principles which differ in certain respects from those generally accepted in the United States (US GAAP).

The principal differences are set out below.

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 over their estimated useful lives.

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

Profit or loss on disposal of businesses

Unilever calculates profit or loss on sale of businesses after writing back any goodwill previously charged directly to reserves. Under US GAAP the profit or loss on disposal of the businesses is stated net of the relevant unamortised goodwill included on the balance sheet and the cumulative currency retranslation differences recognised through the statement of total recognised gains and losses.

Restructuring costs

Under Unilever's accounting policy certain restructuring costs relating to employee terminations are recognised when a restructuring plan has been announced. Under US GAAP, 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 and liabilities are calculated in accordance with Statement of Financial Accounting Standards No. 87 (SFAS 87), which requires the use of a prescribed actuarial method and a set of measurement principles.

Investments

Unilever accounts for current investments, which are liquid funds temporarily invested, at their market value.

Unilever accounts for changes in the market value of current investments as interest receivable in the profit and loss account for the year. Under US GAAP, such current asset investments are classified as 'available for sale securities' and changes in market rates, which represent unrealised gains or losses, are excluded from earnings and taken to stockholders' equity. Unrealised gains and losses arising from changes in the market values of securities available for sale are not material.

Unilever accounts for fixed investments other than in joint ventures at cost less any amounts written off to reflect a permanent diminution in value. Under US GAAP such investments are held at fair value. The difference is not material.

Dividends

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

Cash flow statement

Under US GAAP various items would be reclassified within the consolidated cash flow statement. In particular, interest received, interest paid and taxation would be part of net cash flow from operating activities, and dividends paid would be included within net cash flow from financing. In addition, under US GAAP cash and cash equivalents comprise cash balances and current investments with an original maturity at the date of investment of less than three months. Under Unilever's presentation, cash includes only cash in hand or available on demand less bank overdrafts.

Movements in those current investments which are included under the heading of cash and cash equivalents under US GAAP form part of the movement entitled 'Management of liquid resources' in the cash flow statements. At the end of 2000 the balance of such investments was €58 million (1999: €28 million, 1998: €3 005 million).

Recently issued accounting pronouncements

The disclosure requirements of United States SFAS 123 'Accounting for Stock-Based Compensation' are given in note 34 on pages 79 to 89.

United States SOP 98-1 'Accounting for the Costs of Computer Software Developed and Obtained for Internal Use' is effective for fiscal years beginning after 15 December 1998. The SOP provides authoritative guidance on accounting for the costs of computer software developed or obtained for internal use and requires costs incurred in the application development stage to be capitalised and amortised over their expected useful lives. SOP 98-1 would not have a material effect on Unilever's financial position or results of operations.

United States SOP 98-5 'Reporting on the costs of start up activities', requires that costs for start up activities and organisation costs be expensed as incurred and is applicable to all financial statements for fiscal years beginning after 15 December 1998. SOP 98-5 would not have a material effect on Unilever's financial position or results of operations.

In June 1998, the Financial Accounting Standards Board (the 'FASB') issued Statement No. 133, 'Accounting for Derivative Instruments and Hedging Activities', as amended by Statement No. 137 and 138. This statement is effective for fiscal years beginning after 15 June 2000 and requires the recognition of all derivatives on balance sheet at fair value. The impact which this standard would have on Unilever's financial position and results of operations is shown in note 30 on page 74.

Additional information for United States investors

Unilever Group

United States SAB 101 'Revenue Recognition in Financial Statements' is effective for the fourth quarter of fiscal year 2000. The SAB provides a summary of certain of the SEC staff's views in applying generally accepted accounting principles in the United States to revenue recognition in financial statements. SAB 101 does not have a material effect on Unilever's financial position or results of operations.

United States EITF 00-10 'Accounting for Shipping and Handling Fees and Costs' issued 21 November 2000 provides guidance on accounting classification for shipping and handling revenues and costs. EITF 00-10 did not have a material effect on Unilever's financial position or results of operations.

United States EITF 00-14 'Accounting for Certain Sales Incentives' issued 21 November 2000 addresses the recognition, measurement, and income statement classification for sales incentives offered voluntarily by a vendor without charge to customers that can be used in, or that are exercisable by a customer as a result of, a single exchange transaction. The required implementation date of this pronouncement has been deferred until 30 June 2001. Unilever is currently assessing the impact on its reported turnover. There will be no impact on net results.

United States EITF 00-16 'Recognition and Measurement of Employer Payroll Taxes on Employee Stock-Based Compensation' issued 12 October 2000 requires that payroll taxes incurred in connection with stock-based compensation be recognised as an expense upon exercise. Unilever recognises these payroll taxes, which are not material, over the life of the share option in accordance with UK accounting standards.

Acquisition of Bestfoods

The following unaudited pro forma information gives effect to the acquisition of Bestfoods as if it had taken place on 1 January 2000 and 1 January 1999 respectively. The unaudited pro forma information does not purport to represent the results of operations that would have been attained if the acquisition of Bestfoods had taken place at the beginning of each of the years presented, or that may be attained in the future.

	€ million (unaudited)	
	Year ended 31 December	
	2000	1999
Group turnover	**53 216**	47 467
Net profit	**172**	1 277
Combined earnings per share		
Euros per Fl. 1.12 of ordinary capital	**0.13**	1.20
Euro cents per 1.4p of ordinary capital	**1.94**	18.04
Combined earnings per share – diluted		
Euros per Fl. 1.12 of ordinary capital	**0.13**	1.17
Euro cents per 1.4p of ordinary capital	**1.89**	17.59

Documents on display in the United States

Unilever files reports and information with the United States Securities and Exchange Commission (SEC), and such reports and information can be inspected and copied at the SEC's public reference facilities in Washington DC, Chicago and New York.

Principal group companies and fixed investments as at 31 December 2000

Unilever Group

The companies listed below and on pages 102 to 104 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. However, shares in companies which were acquired with the acquisition of Bestfoods in October 2000 are mainly held by Unilever United States, Inc. As a result they are ultimately jointly owned by NV and PLC in the ratio 75:25.

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
	C.H. Knorr Nahrungsmittelfabrik Ges.m.b.H.(1)	F
	Österreichische Unilever Ges.m.b.H.	FP
	Belgium – NV	
99	Bestfoods Belgium N.V./S.A.(1)	F
	Unilever Belgium N.V.	FPO
	Czech Republic – NV	
	Unilever ČR s.r.o.	FP
	Denmark – NV	
	Bestfoods Nordic A/S (1)	F
	Unilever Danmark A/S	FP
	Finland – NV	
	Nordic Best Food Oy (1)	F
	Suomen Unilever Oy	FP
	France – NV	
99	Amora Maille S.A.(2)	F
99	Astra Fralib S.A.	F
99	Bestfoods France S.A.(1)	F
99	Boursin S.A.	F
99	Choky S.A.	F
99	Cogesal-Miko S.A.	F
99	Elida Fabergé S.A.	P
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	
	Bestfoods Deutschland GmbH & Co. OHG (1)	F
	Deutsche Unilever GmbH	H
	Langnese-Iglo GmbH	F
	Lever Fabergé Deutschland GmbH	P
	Union Deutsche Lebensmittelwerke GmbH	F
	Greece – NV	
54	'Elais' Oleaginous Products A.E.	F
	Unilever Hellas A.E.B.E.	FP
	Hungary – NV	
	Bestfoods Hungary Ltd.(1)	F
	Unilever Magyarország Beruházási Kft	FP
	Ireland – PLC	
	Knorr Bestfoods Ltd.(1)	F
	Lever Fabergé Ireland Ltd.	P
	Van den Bergh Foods Ltd.	F
	Italy – NV	
	Bestfoods Italia SpA (1)	F
	Lever Faberge Italia SpA	P
	Van den Bergh Italia SpA	F
	Sagit SpA	F
	Unilever Italia SpA	H
	The Netherlands – NV	
	Bestfoods Benelux B.V.(1)	F
	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
	Norway	
	Bestfoods Nordic A/S (1)	F
	Poland – NV	
99	Bestfoods Polska Sp. zo.o (1)	F
99	Unilever Polska S.A.	FP
	Portugal – NV	
74	IgloOlá-Distribuição de Gelados e de Ultracongelados, Lda.	F
	Knorr Bestfoods Portugal Produtos Alimentares S.A.(1)	F
60	LeverElida-Distribuição de Produtos de Limpeza e Higiene Pessoal, Lda.	P
	Romania – NV	
99	Unilever Romania	P
	Russia – NV	
	Unilever SNG	FP
	Slovakia – NV	
	Unilever Slovensko spol. sr. o.	FP
	Spain – NV	
	Bestfoods España S.A.(1)	F
	Unilever España S.A.	HP
	Unilever Foods España S.A.	F

(1) Bestfoods companies acquired in October 2000.
(2) Other companies acquired during 2000.
(3) See 'Basis of consolidation' on page 47.

Principal group companies and fixed investments as at 31 December 2000

Unilever Group

Principal group companies continued

%	Europe continued	
	Sweden – NV	
	Bestfoods Nordic AB [1]	F
	GB Glace AB	F
	Lever Fabergé AB	P
	Van den Bergh Foods AB	F
	Switzerland – NV	
	Bestfoods Knorr Holding GMbH [1]	F
	DiverseyLever AG	P
	Lever Fabergé AG	P
	Lipton-Sais	F
	Meina Holding AG	H
	Pierrot-Lusso AG	F
	Sunlight AG	O
	Unilever Cosmetics International S.A.	P
	Unilever (Schweiz) AG	O
	Turkey – NV	
85	Lever Elida Temizlik ve Kişisel Bakım Ürünleri Sanayi ve Ticaret A.Ş.	P
	Unikom Gida Sanayi ve Ticaret A.Ş.	F
	Unilever Sanayi ve Ticaret Türk A.Ş.	F
	Unilever Tüketim Ürünleri Satış Pazarlama ve Ticaret A.Ş.	FP
	United Kingdom – PLC	
	Bestfoods UK Ltd. [1]	F
	Birds Eye Wall's Ltd.	F
	Calvin Klein Cosmetics (UK) Ltd.	P
	DiverseyLever Ltd.	P
	Elida Fabergé Ltd.	P
	Elizabeth Arden Ltd.	P
	Lever Brothers Ltd.	P
	Lipton Ltd.	F
	Unilever PLC [3]	H
	Unilever U.K. Central Resources Ltd.	O
	Unilever U.K. Holdings Ltd.	H
	Unipath Ltd.	P
	Van den Bergh Foods Ltd.	F

%	North America	
	Canada – PLC	
	UL Canada Inc.	FP
	Unilever Canada Limited	H
	United States of America – NV (75%); **PLC** (25%)	
	Arnold Foods Company, Inc.[1]	F
	Ben & Jerry's Foods Company [2]	F
	Bestfoods-Caribbean, Inc.[1]	F
	Bestfoods Europe (Group) Ltd.[1]	F
	DiverseyLever, Inc.	P
	Elizabeth Arden Co.[4]	P
	Entenmann's Inc.[1]	F
	Good Humor-Breyers Ice Cream [4]	F
	Gorton's [4]	F
	Henri's Food Products Co., Inc.[1]	F
	Lipton [4]	F
	Slim·Fast Foods Company [2]	F
	Unilever Capital Corporation	O
	Unilever Cosmetics International [4]	P
	Unilever Home & Personal Care USA [4]	P
	Unilever United States, Inc.	H

%	Africa and Middle East	
	Côte d'Ivoire – PLC	
90	Blohorn S.A.	FPO
	Democratic Republic of Congo – NV	
	Compagnie des Margarines, Savons et Cosmétiques au Congo s.a.r.l.	FP
76	Plantations et Huileries du Congo	O
	Dubai – PLC	
	Unilever Gulf Free Zone Establishment	O
	Egypt – PLC	
60	Fine Foods Egypt SAE	F
60	Lever Egypt SAE	P
	Ghana – PLC	
67	Unilever Ghana Ltd.	FPO
	Israel – PLC	
50	Glidat Strauss Ltd.	F
	Lever Israel Ltd.	P
	Kenya – PLC	
88	Brooke Bond Kenya Ltd.	O
	Unilever Kenya Ltd.	FP
	Malawi – PLC	
	Lever Brothers (Malawi) Ltd.	FP
	Morocco – PLC	
	Lever Maroc S.A.	P
	Nigeria – PLC	
50	Lever Brothers Nigeria PLC	FP
	Saudi Arabia – PLC	
49	Binzagr Lever Ltd.	P
49	Binzagr Lipton Ltd.	F
49	Binzagr Wall's Ltd.	F
49	Lever Arabia Ltd.	P
	South Africa – PLC	
	Unilever South Africa (Pty.) Ltd.	FP
	Tanzania – PLC	
	Brooke Bond Tanzania Ltd.	O
	Tunisia – NV	
	Société de Produits Chimiques et Détergents	P
	Uganda – PLC	
	Unilever Uganda Ltd.	FP
	Zambia – PLC	
	Lever Brothers Zambia Limited	FP
	Zimbabwe – PLC	
	Lever Brothers (Private) Ltd.	FP

[1] Bestfoods companies acquired in October 2000.
[2] Other companies acquired during 2000.
[3] See 'Basis of consolidation' on page 47.
[4] A division of Conopco, Inc., a subsidiary of Unilever United States, Inc.

Principal group companies and fixed investments as at 31 December 2000

Unilever Group

Principal group companies continued

%	Asia and Pacific	
	Australia – PLC	
	Unilever Australia Ltd.	FP
	Bangladesh – PLC	
61	Lever Brothers Bangladesh Ltd.	FP
	China – NV	
	Bestfoods Guangzhou Ltd.(1)	F
	Unilever (China) Ltd.	H
77	Unilever Company Ltd. (CLS)	P
	Unilever Foods (China) Company Ltd.	F
	Unilever Service (Shanghai) Company Limited.	P
	Wall's (China) Company Ltd.	F
	China S.A.R. – NV	
	Unilever Hong Kong Ltd.	FP
	India – PLC	
51	Hindustan Lever Ltd. (NV 2%)	FPO
	Indonesia – NV	
	P.T. Knorr/Indonesia (1)	F
85	P.T. Unilever Indonesia	FP
	Japan – NV	
	Nippon Lever KK	FP
	Malaysia – PLC	
	Pamol Plantations Sdn. Bhd.	O
70	Unilever (Malaysia) Holdings Sdn. Bhd.	FP
	New Zealand – PLC	
	Unilever New Zealand Ltd.	FP
	Pakistan – PLC	
67	Lever Brothers Pakistan Ltd.	FP
73	Rafhan Bestfoods Ltd.(1)	F
	Philippines – NV	
	Unilever Philippines (PRC) Inc.	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 Vietnam	P

%	Latin America	
	Argentina – NV	
	Refinerias de Maiz S.A.I.C.F.(1)	F
	Unilever de Argentina S.A.	FP
	Bolivia – NV	
	Quimbol Lever S.A.	FP
	Brazil – NV	
99	Indústrias Gessy Lever S.A.	FP
	Refinacoes de Milho, Brasil S.A.(1)	F

%	Latin America continued	
	Chile - NV	
	Industrias de Maiz y Alimentos S.A.(1)	F
	Lever Chile S.A. (PLC 25%)	FP
	Colombia – NV	
	DISA S.A.(1)	F
	Unilever Andina (Colombia) S.A.	FP
60	Varela S.A.	P
	Costa Rica – NV	
	Productos Agroindustriales del Caribe S.A.(1)	F
	Dominican Republic – NV	
	Unilever Dominicana S.A.	P
	Ecuador - NV	
80	Corporacion Jaboneria Nacional S.A.(2)	FP
	El Salvador – NV	
	Industrias Unisola S.A.	FP
	Guatemala – NV	
	Productos de Maiz, S.A.(1)	F
	Honduras - NV	
	Lever de Honduras S.A.(2)	FP
	Mexico – NV	
	Alimentos y Productos de Maiz, S.A.(1)	F
	Unilever de Mexico S.A.	FP
	Netherlands Antilles – NV	
	Unilever Becumij N.V.	O
	Nicaragua - NV	
	Lever de Nicaragua S.A.	FP
	Panama - NV	
	Unisola de Panama S.A.	FP
	Paraguay – NV	
	Unilever Capsa del Paraguay S.A.	FP
	Peru – NV	
99	Industrias Pacocha S.A.	FP
	Trinidad & Tobago – PLC	
50	Lever Brothers West Indies Ltd.	FP
	Uruguay – NV	
	Sudy Lever S.A.	FP
	Venezuela – NV	
	Aliven S.A.(1)	F
	Unilever Andina S.A.	FP

(1) Bestfoods companies acquired in October 2000.
(2) Other companies acquired during 2000.

Principal group companies and fixed investments as at 31 December 2000

Unilever Group

Principal fixed investments
Joint ventures

%	Europe	
	Portugal – NV	
40	FIMA/VG-Distribuição de Produtos Alimentares, Lda.	F
%	**North America**	
	United States of America – NV (75%); **PLC** (25%)	
50	The Pepsi/Lipton Tea Partnership	F
%	**Africa and Middle East**	
	Israel	
50	Israel Edible Products Ltd.[1]	F
	Kenya	
50	CPC Kenya Ltd.[1]	F
	Morocco	
50	Knorr Bestfoods Morocco [1]	F
	South Africa	
50	Robertsons Foodservice (Pty.) Ltd.[1]	F
%	**Asia and Pacific**	
	China S.A.R.	
50	CPC/AJI (Hong Kong) Ltd.[1]	F
	Malaysia	
50	CPC/AJI (Malaysia) Sdn. Bhd.[1]	F
	Philippines	
50	California Manufacturing Company Inc.[1]	F
	Singapore	
50	CPC/AJI (Singapore) Pte Ltd.[1]	F
	Taiwan	
50	CPC/AJI (Taiwan) Ltd.[1]	F
	Thailand	
50	CPC/AJI (Thailand) Ltd.[1]	F

[1] Bestfoods companies acquired in October 2000.

Company accounts
Unilever N.V.

Balance sheet as at 31 December

	2000 € million	1999 € million
Fixed assets		
Fixed investments	**7 092**	997
Current assets		
Debtors	**13 266**	7 074
Current investments	**—**	609
Cash at bank and in hand	**900**	1 648
Total current assets	**14 166**	9 331
Creditors due within one year	**(14 068)**	(4 913)
Net current assets	**98**	4 418
Total assets less current liabilities	**7 190**	5 415
Creditors due after more than one year	**3 344**	1 625
Provisions for liabilities and charges	**160**	170
Capital and reserves	**3 686**	3 620
Called up share capital:		
Preferential share capital 21	**130**	130
Ordinary share capital 21	**291**	291
	421	421
Share premium account	**1 399**	1 396
Profit retained and other reserves	**1 866**	1 803
Total capital employed	**7 190**	5 415

Profit and loss account for the year ended 31 December

	2000	1999
Income from fixed investments after taxation	**706**	1 479
Other income and expenses	**350**	343
Profit of the year	**1 056**	1 822

Pages 47 to 90 and 101 to 106 contain the notes to the NV company accounts. For the information required by Article 392 of Book 2, Civil Code, refer to pages 46 and 107.

In accordance with Article 402 of Book 2, Civil Code, 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
5 March 2001

Notes to the company accounts

Unilever N.V.

Fixed investments

	2000	1999
	€ million	
Shares in group companies	**7 033**	986
Book value of PLC shares held in connection with share options [(a)]	**169**	125
Less NV shares held by group companies [(a)]	**(126)**	(114)
Other unlisted investments	**16**	—
	7 092	997
Movements during the year:		
1 January	**997**	
Book value of PLC shares held in connection with share options [(a)]	**44**	
Less NV shares held by group companies [(a)]	**(12)**	
Additions	**6 047**	
Other unlisted investments	**16**	
31 December	**7 092**	

Shares in group companies are stated at cost in accordance with international accounting practice in various countries, in particular the United Kingdom.

(a) During 1999 NV acquired from group companies 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

	2000	1999
Loans to group companies	**10 363**	4 013
Other amounts owed by group companies	**2 790**	2 733
Amounts owed by undertakings in which the company has a participating interest	**1**	71
Other	**112**	257
	13 266	7 074
Of which due after more than one year	**13**	1 091

Current investments

	2000	1999
Listed stocks	—	609
Cost of current investments	—	607

Cash at bank and in hand

	2000	1999
This includes amounts for which repayment notice is required of:	**489**	1 532

Creditors

	2000	1999
Due within one year:		
Bank loans and overdrafts	**10**	11
Bonds and other loans	**4 499**	635
Loans from group companies	**3 571**	19
Other amounts owed to group companies	**5 088**	3 398
Taxation and social security	**126**	58
Accruals and deferred income	**223**	158
Dividends	**544**	498
Other	**7**	136
	14 068	4 913

Creditors continued

	2000	1999
	€ million	
Due after more than one year:		
Bonds and other loans	**3 336**	1 625
Loans from group companies	**—**	—
Other creditors	**8**	—
	3 344	1 625
These include amounts due after more than five years:		
Bonds and other loans	**—**	199

Provisions for liabilities and charges

	2000	1999
Pension provisions	**124**	130
Deferred taxation and other provisions	**36**	40
	160	170
Of which due within one year	**16**	8

Ordinary share capital

Shares numbered 1 to 2 400 are held by a subsidiary of NV and a subsidiary of PLC. Additionally, 9 417 914 Fl. 1.12 ordinary shares are held by NV and other group companies and trusts. Full details are given in note 34 on pages 79 to 89.

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 €1 382 million the premium is for Dutch tax purposes considered 'profit retained'.

Profit retained and other reserves

	2000	1999
Profit retained 31 December	**2 375**	2 170
Cost of NV shares purchased and held by NV and by group companies	**(509)**	(367)
Balance 31 December	**1 866**	1 803

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:

	2000	1999
Group companies	**15 161**	1 870
Other	**—**	—
	15 161	1 870
Of the above, guaranteed also by PLC	**12 141**	449

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.

		€ million
	2000	1999
Proposed profit appropriation		
Profit of the year	**1 056**	1 822
Preference dividends	**(44)**	(20)
Profit at disposal of the Annual General Meeting of shareholders	**1 012**	1 802
Ordinary dividends	**(807)**	(716)
Profit of the year retained	**205**	1 086
Profit retained – 1 January	**2 170**	1 084
Profit retained – 31 December	**2 375**	2 170

Special controlling rights under the Articles of Association

See note 21 on page 64.

Auditors

A resolution will be proposed at the Annual General Meeting on 9 May 2001 for the reappointment of PricewaterhouseCoopers N.V. as auditors of NV. The present appointment will end at the conclusion of the Annual General Meeting.

J W B Westerburgen
S G Williams
Joint Secretaries of Unilever N.V.
5 March 2001

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

Company accounts

Unilever PLC

Balance sheet as at 31 December

	2000	1999
	£ million	
Fixed assets		
Fixed investments	**2 442**	1 196
Current assets		
Debtors	**1 938**	1 047
Debtors due within one year	**1 938**	1 047
Debtors due after more than one year	**—**	—
Cash and current investments	**387**	5
Total current assets	**2 325**	1 052
Creditors due within one year	**(1 973)**	(1 197)
Net current assets/(liabilities)	**352**	(145)
Total assets less current liabilities	**2 794**	1 051
Creditors due after more than one year	**1 713**	—
Capital and reserves	**1 081**	1 051
Called up share capital 21	**41**	41
Share premium account	**94**	94
Capital redemption reserve 23	**11**	11
Profit retained	**935**	905
Total capital employed	**2 794**	1 051

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

N W A FitzGerald Chairman
A Burgmans Vice-Chairman

5 March 2001

Notes to the company accounts

Unilever PLC

Fixed investments

	£ million 2000	1999
Shares in group companies	**2 266**	1 016
Book value of PLC shares held in connection with share options	**176**	180
	2 442	1 196

Shares in group companies

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

Movements during the year:	
1 January	**1 016**
Additions	**1 254**
Disposals	**(4)**
31 December	**2 266**

Shares held in connection with share options

Movements during the year:	
1 January	**180**
Additions	**24**
Disposals	**(22)**
Valuation adjustments	**(6)**
31 December	**176**

Cash at bank/in hand

This includes amounts for which repayment notice is required	**387**	—

Debtors

Due within one year:		
Amounts owed by group companies	**1 894**	1 034
Other	**44**	13
	1 938	1 047
Due after more than one year:		
Amounts owed by group companies	**—**	—
Total debtors	**1 938**	1 047

Creditors

	£ million 2000	1999
Due within one year:		
Amounts owed to group companies	**182**	940
Bonds and other loans	**1 447**	—
Taxation and social security	**79**	10
Dividends	**249**	246
Other	**—**	1
Accruals and deferred income	**16**	—
	1 973	1 197
Due after more than one year:		
Bonds and other loans	**1 713**	—

Profit retained

1 January	**905**	618
Goodwill movements	**—**	—
Profit of the year	**405**	643
Dividends on ordinary and deferred shares	**(375)**	(356)
31 December	**935**	905

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:	**11 712**	899
Of the above, guaranteed also by NV	**7 570**	279

Remuneration of auditors

Parent company audit fee	**1.4**	1.3
Payments by the parent company for non-audit services provided by PricewaterhouseCoopers United Kingdom[a]	**16.2**	3.6

(a) See also note 2 on page 56.

Profit appropriation

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

Interim and recommended final dividends	**375**	356
Profit of the year retained	**30**	287

Further statutory information and other information

Unilever PLC

Capital and membership

At 31 December 2000 PLC had 110 639 ordinary shareholdings.

The following table analyses the registered holdings of PLC's 1.4p ordinary shares at 31 December 2000

Number of shares	Number of holdings	%	Total shares held	%
1 – 1 000	39 039	35.28	21 406 503	0.74
1 001 – 2 500	32 310	29.20	53 385 005	1.83
2 501 – 5 000	19 025	17.20	67 883 493	2.33
5 001 – 10 000	11 451	10.35	80 349 914	2.76
10 001 – 25 000	5 909	5.34	88 933 336	3.06
25 001 – 50 000	1 275	1.15	43 933 572	1.51
50 001 – 100 000	581	0.53	41 142 046	1.41
100 001 – 1 000 000	750	0.68	241 767 973	8.30
Over 1 000 000	299	0.27	2 272 656 738	78.06
	110 639	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 5.39% of the issued ordinary capital, were held jointly by Sir Michael Angus, Sir Michael Perry, N W A FitzGerald, Dr J I W Anderson and Dr A S Ganguly 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
N.V. Elma	Deferred	50
United Holdings Limited	Deferred	50
Brandes Investment Partners L.P.	Ordinary	7
The Capital Group Companies, Inc.	Ordinary	3

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 four years and provides a forum for discussing issues that extend across national boundaries.

The directors' report of the United Kingdom group companies contain more details about how they have communicated with their employees during 2000.

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 2000, work has taken place on benchmarking the performance of the United Kingdom operating companies with regard to diversity achievements. An on-line open advertising system was implemented for management vacancies, allowing any employee an opportunity to register an interest in an advertised vacancy. A further stage of diversity awareness training was piloted, with a view to a rollout during 2001.

Charitable and other contributions

During the year group companies made a total contribution to the community of £7.6 million, in accordance with the London Benchmarking Group Model, and £7.2 million was donated to the Centre for Molecular Sciences Informatics at Cambridge University. In addition, £70 000 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 United Kingdom Companies Act 1985. 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 9 May 2001 for the reappointment of PricewaterhouseCoopers as auditors of PLC. The present appointment will end at the conclusion of the Annual General Meeting.

By Order of the Board

J W B Westerburgen
S G Williams

Joint Secretaries of Unilever PLC
5 March 2001

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

Control of Unilever

NV's issued share capital on 31 December 2000 was made up of:

- Fl. 640 165 008 split into 571 575 900 ordinary shares of Fl. 1.12 each
- Fl. 2 400 000 split into 2 400 ordinary shares numbered 1 to 2 400, known as special shares
- Fl. 286 207 379 split into several classes of cumulative preference shares

PLC's issued share capital on 31 December 2000 was made up of:

- £40 760 420 split into 2 911 458 580 ordinary shares of 1.4p each
- £100 000 of deferred stock

Unity of management

In order to ensure unity of management, NV and PLC have the same directors. We achieve this through our nomination procedure. Only the holders of NV's special shares can nominate candidates for election to the NV board, and only the holders of PLC's deferred stock can nominate candidates for election to the PLC board. The current directors can ensure that both NV and PLC shareholders are presented with the same candidates for election as directors, because the joint holders of both the special shares and the deferred stock are NV Elma and United Holdings Limited, which are subsidiaries of NV and PLC.

NV and PLC both act as directors of NV Elma and of United Holdings Limited. The Chairmen of NV and PLC are additional directors of United Holdings Limited.

Equalisation Agreement

To ensure that NV and PLC operate for all practical purposes as a single company, we have an Equalisation Agreement.

Under the Equalisation Agreement NV and PLC adopt the same financial periods and accounting policies. Neither company can issue or reduce capital without the consent of the other. If one company had losses, or was unable to pay its preference dividends, we would make up the loss or shortfall out of:

- the current profits of the other company (after it has paid its own preference shareholders)
- then its own free reserves
- then the free reserves of the other company

If either company could not pay its ordinary dividends, we would follow the same procedure, except that the current profits of the other company would only be used after it had paid its own ordinary shareholders and if the directors thought it appropriate.

So far NV and PLC have always been able to pay their own dividends, so we have never had to follow this procedure. If we did, the payment from one company to the other would be subject to any United Kingdom and Dutch tax and exchange control laws applicable at that time. The Equalisation Agreement also makes the position of the shareholders of both companies, as far as possible, the same as if they held shares in a single company. To make this possible we compare the ordinary share capital of the two companies in units: a unit made up of Fl. 12 nominal of NV's ordinary capital carries the same weight as a unit made up of £1 nominal of PLC's ordinary capital. For every unit (Fl. 12) you have of NV you have the same rights and benefits as the owner of a unit (£1) of PLC. NV's ordinary shares currently each have a nominal value of Fl. 1.12, and PLC's share capital is divided into ordinary shares of 1.4p each. This means that a Fl. 12 unit of NV is made up of 10.71 NV ordinary shares of Fl. 1.12 each and a £1 unit of PLC is made up of 71.43 PLC ordinary shares of 1.4p each. Consequently, one NV ordinary share equates to 6.67 ordinary shares of PLC.

When we pay ordinary dividends we use this formula. On the same day NV and PLC allocate funds for the dividend from their parts of our current profits and free reserves. We pay the same amount on each NV share as on 6.67 PLC shares calculated at the relevant exchange rate. For interim dividends this exchange rate is the average rate for the quarter before we declare the dividend. For final dividends it is the average rate for the year. In arriving at the equalised amount we include any tax payable by the company in respect of the dividend, but calculate it before any tax deductible by the company from the dividend.

In principle, issues of bonus shares and rights offerings can only be made in ordinary shares. Again we would ensure that shareholders of NV and PLC received shares in equal proportions, using the ratio of Fl. 12 NV nominal share capital to £1 PLC nominal share capital. The subscription price for one new NV share would have to be the same, at the prevailing exchange rate, as the price for 6.67 new PLC shares.

Under the Equalisation Agreement (as amended in 1981) the two companies are permitted to pay different dividends in the following exceptional circumstances:

- if the average annual sterling/euro exchange rate changed so substantially from one year to the next that to pay equal dividends at the current exchange rates, either NV or PLC would have to pay a dividend that was unreasonable (i.e. substantially larger or smaller in its own currency than the dividend it paid in the previous year)

- the government of the United Kingdom or the Netherlands could in some circumstances place restrictions on the proportion of a company's profits which can be paid out as dividends; this could mean that in order to pay equal dividends one company would have to pay out an amount which would breach the limitations in place at the time, or that the other company would have to pay a smaller dividend

Control of Unilever

In either of these rare cases, NV and PLC could pay different amounts of dividend if the Boards thought it appropriate. The company paying less than the equalised dividend would put the difference between the dividends into a reserve: an equalisation reserve in the case of exchange rate fluctuations, or a dividend reserve in the case of a government restriction. The reserves would be paid out to its shareholders when it became possible or reasonable to do so, which would ensure that the shareholders of both companies would ultimately be treated the same. To date we have never had to use these measures.

If both companies go into liquidation, NV and PLC will each use any funds available for shareholders to pay the prior claims of their own preference shareholders. Then they will use any surplus to pay each other's preference shareholders, if necessary. After these claims have been met, they will pay out any equalisation or dividend reserve to their own shareholders before pooling the remaining surplus. This will be distributed to the ordinary shareholders of both companies, once again on the basis that the owner of Fl. 12 nominal NV ordinary share capital will get the same as the owner of £1 nominal PLC ordinary share capital. If one company goes into liquidation, we will apply the same principles as if both had gone into liquidation simultaneously.

In addition to the Equalisation Agreement, NV and PLC have agreed to follow common policies, to exchange all relevant business information, and to ensure that all group companies act accordingly. They aim to co-operate in all areas, including in the purchase of raw materials and the exchange and use of technical, financial and commercial information, secret or patented processes and trade marks.

More information about our constitutional documents

Under the Articles of Association of NV and the Memorandum and Articles of Association of PLC both companies are required to carry out the Equalisation Agreement with the other. Both documents state that the agreement cannot be changed or terminated without the approval of both sets of shareholders.

For NV the necessary approval is as follows:

- at least one half of the total issued ordinary capital must be represented at an ordinary shareholders meeting, where the majority must vote in favour; and
- (if they would be disadvantaged or the agreement is to be terminated), at least two thirds of the total issued preference share capital must be represented at a preference shareholders meeting, where at least three quarters must vote in favour.

For PLC, the necessary approval must be given by:

- the holders of a majority of all issued shares voting at a general meeting; and
- the holders of the ordinary shares, either by three quarters in writing, or by three quarters voting at a general meeting where the majority of the ordinary shares in issue are represented.

The Articles of NV establish that any payment under the Equalisation Agreement will be credited or debited to the profit and loss account for the financial year in question.

The PLC Articles state that the Board must carry out the Equalisation Agreement and that the provisions of the Articles are subject to it.

We are advised by Counsel that these provisions oblige the Boards to carry out the Equalisation Agreement, unless it is amended or terminated with the approval of the shareholders of both companies. If the Boards fail to enforce the agreement shareholders can compel them to do so under Dutch and United Kingdom law.

General Meetings and Voting Rights

General Meetings of shareholders of NV and PLC are held at times and places decided by the Boards. NV meetings are held in Rotterdam and PLC meetings are held in London.

To be entitled to attend and vote at NV General Meetings you must be a shareholder on the Record Date, which may be set by the directors and must be not more than 7 days before the meeting. In addition you must, within the time specified in the Notice calling the meeting, either

- (if you have registered shares) advise NV in writing that you intend to attend; or
- (if you have bearer shares) deposit your share certificates at the place specified in the Notice.

You can vote in person or by proxy, and you can cast one vote for each Fl. 0.10 nominal amount you hold of NV preference shares, ordinary shares or New York registry shares. NV Elma and United Holdings Limited, the holders of the special shares, and other group companies of NV which hold preference or ordinary shares, are not permitted to vote, by law.

To be able to vote by proxy at PLC General Meetings you must lodge your Form of Appointment of Proxy with PLC's Registrars 48 hours before the meeting. You can cast one vote for each PLC ordinary 1.4p share you hold. United Holdings Limited, which owns half of the deferred stock, is not permitted to vote at General Meetings.

Resolutions are usually adopted at NV and PLC shareholder meetings by an absolute majority of votes cast, unless there are other requirements under the law or the NV or PLC Articles. There are special requirements for resolutions relating to the alteration of NV or PLC's Articles of Association or the Equalisation Agreement, or to the liquidation of NV or PLC.

According to NV's articles, shareholders who together represent at least 10% of the issued capital of NV can propose resolutions for inclusion in the agenda of any General Meeting. They can also requisition Extraordinary General Meetings to deal with specific resolutions. However,

Control of Unilever

following the recommendations of the Committee of Corporate Governance, the board of directors has confirmed that shareholders may propose resolutions if

- they individually or together hold 1% of the issued capital, or
- they hold shares or depository receipts worth at least Fl. 500 000.

They must submit the request at least sixty days before the date of the General Meeting, and it will be honoured unless, in the opinion of the board of directors, it is against the interests of the company.

Under United Kingdom company law,

- shareholders who together hold shares representing at least 5% of the total voting rights of PLC; or
- at least 100 shareholders who hold on average £100 each in nominal value of PLC capital

can require PLC to propose a resolution at a General Meeting.

There are no limitations on the right to hold NV and PLC shares.

Directors

The directors of NV are able to vote on transactions in which they are materially interested so long as they are acting in good faith. In general PLC directors cannot vote in respect of contracts in which they know they are materially interested, unless, for example, their interest is shared with other shareholders and employees.

The borrowing powers of NV directors are not limited by the Articles of Association of NV. PLC directors have the power to borrow up to three times the Adjusted Capital and Reserves of PLC without the sanction of an ordinary resolution.

The Articles of Association of NV and PLC do not require directors of NV, or full-time employed directors of PLC, to hold shares in NV or PLC. Directors of PLC who are not employed full-time by NV or PLC must hold either £1 000 in nominal value of PLC ordinary shares, or Fl.12 000 in nominal value of NV ordinary shares. The remuneration arrangements applicable to directors as employees contain requirements for the holding and retention of shares (see Remuneration report page 37).

Mutual guarantee of borrowings

There is a contractual arrangement between NV and PLC under which each will, if asked by the other, guarantee the borrowings of the other. They can also agree jointly to guarantee the borrowings of their subsidiaries. We use this arrangement, as a matter of financial policy, for certain significant public borrowings. The arrangements enable lenders to rely on our combined financial strength.

Combined earnings per share

Because of the Equalisation Agreement and the other arrangements between NV and PLC we calculate combined earnings per share for NV and PLC (See note 31 on page 75).

We base the calculation on the average amount of NV and PLC's ordinary capital in issue during the year. For the main calculation we exclude shares which have been purchased to satisfy employee share options. We also calculate a diluted earnings per share figure, where we include these shares, as well as certain PLC shares which may be issued in 2038 under the arrangements for the variation of the Leverhulme Trust (see below).

The process by which we calculate earnings per share is as follows. First we convert the average capital of NV and PLC into units using the formula contained in the Equalisation Agreement: one unit equals 10.71 NV shares or 71.43 PLC shares. We add these together to find the total number of units of combined share capital.

Then the amount of net profit in euros which is attributable to ordinary capital is divided by this total number of units to find the amount per combined unit.

Finally we convert the combined unit back into NV and PLC ordinary shares, to show the amount per one share of each. The amount per unit is divided by 10.71 to find the amount per Fl. 1.12 share, and by 71.43 to find the amount per 1.4p share.

Despite the Equalisation Agreement, NV and PLC are independent corporations, and are subject to different laws and regulations governing dividend payments in the Netherlands and the United Kingdom. We assume in our combined earnings per share calculation that both companies will be able to pay their dividends out of their part of our profits. This has always been the case in the past, but if we did have to make a payment from one to the other it could result in additional taxes, and reduce our combined earnings per share.

Leverhulme Trust

The first Viscount Leverhulme was the founder of the company which became PLC. When he died in 1925, he left in his will a large number of PLC shares in various trusts. The High Court of Justice in England varied these trusts in 1983, and established two independent charitable trusts:

- the Leverhulme Trust, which awards grants for research and education.
- the Leverhulme Trade Charities Trust, for the benefit of members of trades which the first Viscount considered to have particular associations with the business.

Control of Unilever

The major assets of both these trusts are PLC ordinary shares.

When the will trusts were varied in 1983 the interests of the beneficiaries of his will were also preserved. Four classes of special shares were created in Margarine Union (1930) Limited, a subsidiary of PLC. One of these classes can be converted at the end of the year 2038, into a maximum of 157 500 000 (1999: two classes of share representing 207 500 000) PLC ordinary shares of 1.4p each. These convertible shares replicate the rights which the descendants of the Viscount would have had under his will. This class of the special shares only has a right to dividends in specified circumstances, and no dividends have yet been paid. PLC guarantees the dividend and conversion rights of the special shares.

The first Viscount wanted the trustees of the trusts he established to be directors of PLC. On 28 February 2001 the trustees of both the charitable trusts and the will trust were:

- Sir Michael Angus – former Chairman
- Sir Michael Perry – former Chairman
- Mr N W A FitzGerald – Chairman of PLC
- Dr J I W Anderson – former director
- Dr A S Ganguly – former director

On 28 February 2001, in their capacity as trustees of the two charitable trusts, they held approximately 5.38% of PLC's issued ordinary capital.

N.V. Nederlandsch Administratie- en Trustkantoor (Nedamtrust)

Nedamtrust is an independent trust company under the Netherlands' law, which has an agreement with NV to issue depositary receipts against NV shares. We do not control Nedamtrust – it is a wholly owned subsidiary of N.V. Algemeen Nederlands Trustkantoor ANT (ANT). Five Dutch financial institutions hold 45% of ANT's shares between them – they have between 5% and 10% each, and the rest of its shares are owned by a large number of individual shareholders.

As part of its corporate objects Nedamtrust is able to:

- issue depositary receipts;
- carry out administration for the shares which underlie depositary receipts it has issued; and
- exercise voting rights for these underlying shares.

The depositary receipts issued by Nedamtrust against NV shares are known as Nedamtrust certificates. They are in bearer form, and are traded and quoted on the Amsterdam Stock Exchange and other European stock exchanges. Nedamtrust has issued certificates for NV's ordinary and 7% cumulative preference shares, and almost all the NV shares traded and quoted in Europe are in the form of these certificates. The exception is that there are no certificates for NV's 4%, 6% and ten cents cumulative preference shares.

If you hold Nedamtrust certificates you can attend or appoint a proxy at NV shareholders' meetings, but cannot vote. By holding a certificate you give Nedamtrust's Board the right to vote the underlying share, and to do anything else they think is necessary in connection with it. Nedamtrust's Board decides on the best way to vote the NV ordinary and preference shares it holds at shareholders' meetings. Trust companies in the Netherlands will not usually vote to influence the operations of companies, and in the past Nedamtrust has always followed this policy. However, if a change to shareholders' rights is proposed Nedamtrust will let shareholders know if it intends to vote, at least 14 days in advance if possible. It will do this by advertising in the press, but it will not necessarily say which way it is planning to vote.

If you wish to have your full NV shareholder rights, including the right to vote, you can exchange your Nedamtrust certificate at any time for the underlying ordinary or preference share (or vice versa – you will need to exchange the share for a certificate again in order to trade it). You will normally have to pay an administration fee for this. Alternatively, whenever an NV shareholders meeting is held, if you have:

- Nedamtrust certificates for NV ordinary shares with a nominal value of Fl. 1.12 or a multiple of Fl. 1.12; or
- Nedamtrust certificates for one or more NV 7% preference shares

you can request that Nedamtrust issue to you a personal proxy for those shares. This will be free of charge and will enable you to vote in respect of those shares at that meeting.

Dutch residents, who hold Nedamtrust certificates and have notified the Shareholders Communication Channel, have the right to instruct Nedamtrust how to vote in respect of shares held on their behalf. Nedamtrust is obliged to follow those instructions. For shares for which Nedamtrust does not receive such instructions, it will vote in accordance with the policy described above.

Nedamtrust's NV shareholding fluctuates daily – its holdings on 28 February 2001 were:

- Ordinary shares of Fl. 1.12: 404 707 079 (70.81%)
- 7% Cumulative Preference Shares of Fl. 1 000: 9 876 (34.06%)
- 6% Cumulative Preference Shares of Fl. 1 000: 6 (0.00%)
- 4% Cumulative Preference Shares of Fl. 100: 23 (0.00%)

In the past the majority of votes cast by ordinary and preference shareholders at NV meetings were cast by Nedamtrust. Nedamtrust is appointed as a proxyholder for the proxy voting through the Shareholders Communication Channel (see page 33).

Material modifications to the rights of security holders

On 10 May 1999 the share capitals of NV and PLC were each consolidated (see the notes to Dividends on page 121). Otherwise there have been no material modifications to the rights of security holders.

Analysis of shareholding

Significant shareholders of NV

As far as we are aware the only holders of more than 5% of any class of NV shares (apart from Nedamtrust, see page 114) are Nationale Nederlanden N.V. and Aegon Levensverzekering N.V. The voting rights of such shareholders are the same as for other holders of the class of share indicated. Details of such holdings on 28 February 2001 are as follows:

Nationale Nederlanden N.V.

- 12 310 077 (2.15%) ordinary shares (Fl. 13 787 286)
- 20 670 (71.26%) 7% Cumulative Preference Shares (Fl. 20 665 500)
- 120 092 (74.56%) 6% Cumulative Preference Shares (Fl. 120 088 400)
- 504 440 (67.26%) 4% Cumulative Preference Shares (Fl. 50 444 000)
- 21 013 355 (9.94%) 10 cents Cumulative Preference Shares (Fl. 2 101 336)

Aegon Levensverzekering N.V.

- 96 735 (0.02%) ordinary shares (Fl. 108 343)
- 4 998 (17.23%) 7% Cumulative Preference Shares (Fl. 4 995 300)
- 29 540 (18.34%) 6% Cumulative Preference Shares (Fl. 29 540 000)
- 157 106 (20.95%) 4% Cumulative Preference Shares (Fl. 15 710 600)

Some of the above holdings are in the form of depositary receipts against NV shares issued by Nedamtrust (see page 115). There have been no material changes to the holdings of significant shareholders of NV during the three years up to and including 2000.

Significant shareholders of PLC

The following table gives details of shareholders who held more than 3% of PLC's shares or deferred stock on 28 February 2001. The voting rights of such shareholders are the same as for other holders of the class of share indicated. We take this information from the register we hold under section 211 of the UK Companies Act 1985.

Title of Class	Name of Holder	Number of shares held	Approximate % held
Deferred Stock	Naamlooze Vennootschap Elma	£50 000	50
	United Holdings Limited	£50 000	50
Ordinary shares	Trustees of the Leverhulme Trust and the Leverhulme Trade Charities Trust	156 815 034	5
	Brandes Investment Partners L.P.	205 858 891	7
	The Capital Group Companies, Inc	87 756 439	3

The holding by Brandes Investments Partners L.P. is on behalf of unaffiliated custodian banks and that of The Capital Group Companies, Inc. is on behalf of affiliated investment management companies. These holdings were notified to PLC in November and December 2000. In May 2000 the Prudential Corporation plc, which had held 158 172 361 ordinary shares (5%) in 1998 and 91 776 330 (3%) in both 1999 and 2000, ceased to be a significant shareholder in PLC. Otherwise, there have been no changes to the holdings of significant shareholders in PLC during the three years up to and including 2000.

Information about exchange controls affecting security holders

Unilever NV

Under the Dutch External Financial Relations Act of 28 May 1980 the Government, the Minister of Finance and the Central Bank of Netherlands are all authorised to issue regulations relating to financial transactions involving Dutch residents, if a non-Dutch resident is also involved, or if the transactions are conducted in a foreign currency. If regulations are issued in the future, we could be in need of a licence for this type of transaction. To date no regulations of this type have been issued.

Unilever PLC

None.

Nature of the trading market

The principal trading markets upon which Unilever shares are listed are the Amsterdam Stock Exchange for NV ordinary shares and The London Stock Exchange for PLC ordinary shares. NV ordinary shares trade in the form of Nedamtrust Certificates and almost all the shares are in bearer form. PLC ordinary shares are all in registered form.

In the United States, NV ordinary shares in registered form and PLC American Depositary Receipts, representing four PLC ordinary shares, are traded on The New York Stock Exchange. Morgan Guaranty Trust Company of New York acts for NV and PLC as issuer, transfer agent and, in respect of the American Depositary Receipts, depositary.

At 28 February 2001 there were 6 875 registered holders of NV ordinary shares and 588 registered holders of PLC American Depositary Receipts in the United States. We estimate that approximately 28% of NV's ordinary shareholdings were in the United States (approximately 30% in 1999), based on the distribution of the 2000 interim dividend payments, whilst most holders of PLC ordinary shares are registered in the United Kingdom - approximately 99% in both 2000 and 1999.

The high and low trading prices for the separate stock exchange listings are shown in the tables below as follows:

- the quarterly high and low prices for 2000 and 1999,
- the annual high and low prices for 1998, 1997 and 1996 and
- the monthly high and low prices for the last six months of 2000

NV and PLC are separate companies with separate stock exchange listings and different shareholders. You cannot convert or exchange the shares of one for shares of the other and the relative share prices on the various markets can, and do, fluctuate. This happens for various reasons, including changes in exchange rates. However, over time the prices of NV and PLC shares do stay in close relation to each other, in particular because of our equalisation arrangements.

If you are a shareholder of NV, you have a direct interest in a Dutch legal entity, your dividends will be paid in euros (converted into US dollars if you have shares registered in the United States) and you will be subject to Dutch tax. However, if you have a guilder bank account, the total dividend payment due to you on each occasion will be converted into guilders at the official conversion rate announced on 31 December 1998 of €1.00 = Fl. 2.20371. If you are a shareholder of PLC, your interest is in a United Kingdom legal entity, your dividends will be paid in sterling (converted into US dollars if you have American Depositary Receipts) and you will be subject to United Kingdom tax. Nevertheless, the Equalisation Agreement means that as a shareholder of either company you effectively have an interest in the whole of Unilever. You have largely equal rights over our combined net profit and capital reserves as shown in the consolidated accounts. (See Taxation for US Residents on page 119 and Equalisation Agreement on page 112).

Quarterly high and low prices for 1999 and 2000:

	2000	1st	2nd	3rd	4th
NV per Fl. 1.12 ordinary share in Amsterdam (in €)	High	58	57	55	71
	Low	42	48	48	54
NV per Fl. 1.12 ordinary share in New York (in US$)	High	59	54	49	64
	Low	40	43	44	48
PLC per 1.4p ordinary share in London (in pence)	High	497	476	447	584
	Low	335	349	394	435
PLC per American Share in New York (in US$)	High	33	29	27	35
	Low	22	23	24	26
	1999	1st	2nd	3rd	4th
NV per Fl. 1.12 ordinary share in Amsterdam (in €)	High	74	69	73	64
	Low	62	62	64	49
NV per Fl. 1.12 ordinary share in New York (in US$)	High	88	72	74	68
	Low	66	65	67	50
PLC per 1.4p ordinary share in London (in pence)	High	695	603	649	580
	Low	546	537	572	401
PLC per American Share in New York (in US$)	High	47	39	41	38
	Low	36	35	37	27

Nature of the trading market

Annual high and low prices for 1996, 1997 and 1998:

		1998	1997	1996
NV per Fl. 1 ordinary share in Amsterdam (in €[a])	High	77	57	35
	Low	49	34	25
NV per Fl. 1 ordinary share in New York (in US$)	High	89	65	45
	Low	59	44	34
PLC per 1.25p ordinary share in London (in pence)	High	702	519	354
	Low	457	336	291
PLC per American Share in New York (in US$)	High	46	35	24
	Low	32	22	18

[a] Amounts previously reported in guilders have been restated and are now reported in euros using the fixed conversion rate of €1.00 = Fl. 2.20371 that became effective on 1 January 1999.

Monthly high and low prices for the last six months of 2000:

	July	August	September	October	November	December
NV per Fl. 1.12 ordinary share in Amsterdam (in €)						
High	50	55	54	60	71	70
Low	48	48	51	54	60	63
NV per Fl. 1.12 ordinary share in New York (in US$)						
High	47	49	48	52	62	64
Low	44	45	44	48	51	56
PLC per 1.4p ordinary share in London (in pence)						
High	411	447	438	481	584	574
Low	394	403	415	435	473	510
PLC per American Share in New York (in US$)						
High	25	27	26	28	34	35
Low	24	25	24	26	28	30

Taxation for US residents

The following notes are provided for guidance. US residents should consult their local tax advisers, particularly in connection with potential liability to US taxes on disposal, lifetime gift or bequest of their shares:

Netherlands

Taxation on dividends

Dividends of companies in the Netherlands are subject to dividend withholding tax of 25%. Where one is entitled to the benefits of the current Income Tax Convention ('the Convention' concluded on 18 December 1992) between the United States and the Netherlands, when dividends are paid by NV to:

- a United States resident;
- a corporation organised under the laws of the United States (or any territory of it) having no permanent establishment in the Netherlands of which such shares form a part of the business property;
- or any other legal person subject to United States Federal income tax with respect to its world-wide income, having no permanent establishment in the Netherlands of which such shares form a part of the business property;

these dividends qualify for a reduction of Netherlands withholding tax on dividends from 25% to 15% (to 5% if the beneficial owner is a company which directly holds at least 10% of the voting power of NV shares and to 0% if the beneficial owner is a qualified 'Exempt Organisation' as defined in article 36 of the Convention).

The entire dividend (including the withheld amount) will be dividend income to the United States shareholder not eligible for the dividends received deduction allowed to corporations. However, the Netherlands withholding tax will be treated as a foreign income tax that is eligible for credit against the shareholder's United States income taxes.

Where a United States resident or corporation has a permanent establishment in the Netherlands, which has shares in Unilever N.V. forming part of its business property, dividends it receives on those shares are included in that establishment's profit. They are subject to the Netherlands income tax or corporation tax, as appropriate, and the Netherlands tax on dividends will be applied at the full rate of 25%. This tax will be treated as foreign income tax eligible for credit against the shareholder's United States income taxes.

Under a provision of the Netherlands Dividend Tax Act NV is entitled to a credit (up to a maximum of 3% of the gross dividend from which dividend tax is withheld) against the amount of dividend tax withheld before remittance to the Netherlands tax authorities. For dividends paid on or after 1 January 1995, the United States tax authority may take the position that the Netherlands withholding tax eligible for credit should be limited accordingly.

Under the Convention, qualifying United States organisations that are generally exempt from United States taxes and that are constituted and operated exclusively to administer or provide pension, retirement or other employee benefits may be exempt at source from withholding tax on dividends received from a Netherlands corporation. A recent agreement between the United States and the Netherlands tax authorities describes the eligibility of these US organisations for benefits under the Convention and the procedures for them to claim benefits under the Convention. This agreement was published by the US Internal Revenue Service on 20 April 2000 in release IR-INT-2000-9 and these procedures apply to dividends made payable after 30 June 2000.

A United States trust, company or organisation that is operated exclusively for religious, charitable, scientific, educational or public purposes, is now subject to an initial 25% withholding tax rate. Such an exempt organisation is entitled to reclaim from the Netherlands Tax Authorities a refund of the Netherlands dividend tax, if and to the extent that it is exempt from United States Federal Income Tax and it would be exempt from tax in the Netherlands if it were organised and carried on all its activities there.

If you are a Unilever shareholder resident in any country other than the United States or the Netherlands, any exemption from, or reduction or refund of, the Netherlands dividend withholding tax may be governed by the 'Tax Regulation for the Kingdom of the Netherlands' or by the tax convention, if any, between the Netherlands and your country of residence.

Taxation on capital gains

Under the Convention, if you are a United States resident or corporation and you have capital gains on the sale of shares of a Netherlands company, these are generally not subject to taxation by the Netherlands. The exception to this is if you have a permanent establishment in the Netherlands and the capital gain is derived from the sale of shares which form part of that permanent establishment's business property.

Succession duty and gift taxes

Under the Estate and Inheritance Tax Convention between the United States and the Netherlands of 15 July 1969, United States individual residents who are not Dutch citizens who have shares will generally not be subject to succession duty in the Netherlands on the individual's death, unless the shares are part of the business property of a permanent establishment situated in the Netherlands.

A gift of shares of a Netherlands company by a person who is not a resident or a deemed resident of the Netherlands is generally not subject to Netherlands gift tax. A non-resident Netherlands citizen, however, is still treated as a resident of the Netherlands for gift tax purposes for ten years and any other non-resident person for one year after leaving the Netherlands.

Taxation for US residents

United Kingdom

Taxation on dividends

Under United Kingdom law income tax is not withheld from dividends paid by United Kingdom companies. Shareholders, whether resident in the United Kingdom or not, receive the full amount of the dividend actually declared.

If you are a shareholder resident in the United Kingdom you are entitled to a tax credit against your liability for United Kingdom income tax, equal to 10% of the aggregate amount of the dividend plus tax credit (or one-ninth of the dividend). For example, a dividend payment of £9.00 will carry a tax credit of £1.00.

If you are a shareholder resident in the US, the dividend actually declared is taxable in the US as ordinary income and is not eligible for the dividends received deduction allowable to corporations. The dividend is foreign source income for US foreign tax credit purposes.

In addition, under the current income tax Convention between the US and the UK (the 'Convention'), a US shareholder eligible for the benefits of the Convention may elect to be treated for US tax purposes only as having received an additional taxable dividend. The additional deemed dividend is equal to one-ninth of the actual cash dividend received (an additional dividend of £1 in the above example). The shareholder will be eligible to claim a US foreign tax credit in the amount of the additional deemed dividend. The tax credit may, subject to certain limitations and restrictions, reduce the shareholder's US Federal income tax liability. The procedure for making this election is described in IRS Revenue Procedure 2000-13.

Taxation on capital gains

Under United Kingdom law, when you sell shares you may be liable to pay capital gains tax. However, if you are either:

- an individual who is neither resident nor ordinarily resident in the United Kingdom, or
- a company which is not resident in the United Kingdom

you will not be liable to United Kingdom tax on any capital gains made on disposal of your shares.

The exception is if the shares are held in connection with a trade or business which is conducted in the United Kingdom through a branch or an agency.

Inheritance tax

Under the current estate and gift tax convention between the United States and the United Kingdom, ordinary shares held by an individual shareholder who is:

- domiciled for the purposes of the convention in the United States; and
- is not for the purposes of the convention a national of the United Kingdom

will not be subject to United Kingdom inheritance tax on:

- the individual's death; or
- on a gift of the shares during the individual's lifetime.

The exception is if the shares are part of the business property of a permanent establishment of the individual in the United Kingdom or, in the case of a shareholder who performs independent personal services, pertain to a fixed base situated in the United Kingdom.

Dividends

Our interim ordinary dividends are normally announced in November and paid in December. Final ordinary dividends are normally proposed in February and, if approved by shareholders at the Annual General Meeting, paid in May.

The following tables show the dividends paid by NV and PLC for the last five years. NV dividends are per Fl. 1.12 (1996-1998: Fl. 1) ordinary share and PLC dividends are per 1.4p (1996-1998: 1.25p) ordinary share and per depositary receipt of 5.6p (1996-1998: 5p). Dividends have been translated at the exchange rates prevailing on the dates of declaration of the dividends for NV and the payment of the sterling dividends for PLC.

The interim dividend is normally 35% of the previous year's total normal dividend per share, based on the stronger of our two parent currencies over the first nine months of the year. Equalisation of the dividend in the other currency takes place at the average exchange rate of the third quarter. Equalisation of the final dividend takes place at the average exchange rate for the full year.

The dividend timetable for 2001 is shown on page 123.

NV Dividends

	1996	1997	1998	1999	**2000**
Interim dividend Fl. 1.12 (1996-1998: Fl. 1)	Fl. 0.56	Fl. 0.74	Fl. 0.81	Fl. 0.88	**€0.48**
Exchange rate Fl. to US$	1.6928	1.9208	1.8717	2.1173	
Exchange rate € to US$					**0.8646**
Interim dividend per Fl. 1.12 (1996-1998: Fl. 1)	$0.329336	$0.385256	$0.432762	$0.415624	**$0.415008**
Normal final dividend per Fl. 1.12 (1996-1998: Fl. 1)	Fl. 1.19	Fl. 1.49	Fl. 1.70	Fl. 1.91	**€0.95**
Special final dividend per Fl. 1			Fl. 14.50		
Normal final exchange rate Fl. to US$	1.9459	1.9951	2.0861	2.4725	
Normal final exchange rate € to US$					**0.9318**
Special final exchange rate Fl. to US$			2.0861		
Normal final dividend per Fl. 1.12 (1996-1998: Fl. 1)	$0.610257	$0.746830	$0.814918	$0.772497	**$0.8852**
Special final dividend per Fl. 1			$6.950769		

Note 1: For the purposes of illustration, the US dollar dividends shown above are those paid on the Fl. 1.12 (1996-1998: Fl. 1) ordinary shares of NV registered in New York. The above exchange rates were those ruling on the dates of declaration of the dividend.
Note 2: On 10 May 1999 the share capital was consolidated on the basis of 100 new ordinary shares with a nominal value of Fl. 1.12 for every 112 existing ordinary shares with a nominal value of Fl. 1.

PLC Dividends

	1996	1997	1998	1999	**2000**
Interim dividend per 1.4p (1996-1998: 1.25p)	2.57p	2.80p	2.95p	3.93p	**4.40p**
Exchange rate $ to £1	1.6620	1.6620	1.6745	1.6002	**1.4532**
Interim dividend per 5.6p (1996-1998: 5p)	$0.1710	$0.1861	$0.1976	$0.2515	**$0.2558**
Normal final dividend per 1.4p (1996-1998: 1.25p)	5.44p	5.62p	7.75p	8.57p	**8.67p**
Special final dividend per 1.25p			66.13p		
Normal final exchange rate US$ to £1	1.6221	1.6270	1.5921	1.4732	**1.4612**
Special final exchange rate US$ to £1			1.5984		
Normal final dividend per 5.6p (1996-1998: 5p)	$0.3530	$0.3657	$0.4935	$0.5050	**$0.5067**
Special final dividend per 5p			$4.2280		

Note 1: If you are a United States resident and received dividends before 6 April 1999, under the Anglo-United States taxation treaty, you received an amount equal to the total of the declared dividend, plus the United Kingdom tax credit less withholding tax. If you are a United States resident and received dividends after 5 April 1999, you simply received the declared dividend, see Taxation for US residents on page 119.
Note 2: The final sterling dividend for 2000 is payable on 21 May 2001. The dollar dividend will be calculated with reference to the exchange rates prevailing on that date.
Note 3: It is not possible to make a direct comparison between PLC dividends paid before and after 6 April 1999 because of the abolition of United Kingdom ACT (Advance Corporation Tax) from that date (see note 1 above).
Note 4: On 10 May 1999 the share capital was consolidated on the basis of 100 new ordinary shares with a nominal value of 1.4p for every 112 existing ordinary shares with a nominal value of 1.25p.

Cross reference to Form 20-F

Unilever's agent in the United States is Mr R Soiefer, Vice-President, Secretary and General Counsel, Unilever United States Inc., 390 Park Avenue, New York, NY 10022-4698.

Financial calendar and addresses

Annual General Meetings

NV	10.30 am Wednesday 9 May 2001 Rotterdam
PLC	11.00 am Wednesday 9 May 2001 London

Announcements of results

First Quarter	27 April 2001	Third Quarter	2 November 2001
First Half Year	3 August 2001	Final for Year (provisional)	14 February 2002

Dividends on ordinary capital

Final for 2000 – announced 8 February 2001 and to be declared 9 May 2001

	Ex-dividend date	Record date	Payment date
NV	11 May 2001	10 May 2001	21 May 2001
PLC	25 April 2001	27 April 2001	21 May 2001
NV – New York Shares	14 May 2001	16 May 2001	29 May 2001
PLC – ADRs	25 April 2001	27 April 2001	29 May 2001

Interim for 2001 – to be announced 2 November 2001

	Ex-dividend date	Record date	Payment date
NV	5 November 2001	2 November 2001	17 December 2001
PLC	14 November 2001	16 November 2001	17 December 2001
NV – New York Shares	7 November 2001	9 November 2001	17 December 2001
PLC – ADRs	14 November 2001	16 November 2001	24 December 2001

Preferential dividends

NV

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

Contact details

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Publications

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

Unilever Annual Review 2000
Including Summary Financial Statement. Available in English or Dutch, with financial information in euros, sterling and US dollars.

Unilever Annual Report & Accounts and Form 20-F 2000
Available in English or Dutch, with figures in euros. It includes the Form 20-F that is filed with the United States Securities and Exchange Commission.

Quarterly Results Announcements
Available in English or Dutch, with figures in euros; supplements in English, with sterling or US dollar figures, are available.

Website

www.unilever.com
Shareholders are encouraged to visit our website which is the key source for publications and information about the Unilever Group.

The website has seven sections, covering: Company, Brands, Environment (including our Environment Report), Society (incorporating our first Social Review), Finance, Careers and News.

The Finance section is likely to be of particular interest to shareholders. It includes detailed coverage of the Unilever share price, our quarterly and annual results, performance charts, financial news and analyst communications. The analyst section includes transcripts of our investor relations speeches and copies of Unilever results presentations.

The site's Finance section also includes the Unilever Annual Review 2000 as well as this Annual Report & Accounts and Form 20-F 2000. These can be accessed directly via www.unilever.com/annual_reports.

Share registration

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