

DISCLAIMER

Notes to the Annual Report and Accounts and Form 20-F 2001

This pdf version of the Unilever Annual Report & Accounts and Form 20-F 2001 is an exact copy of the document provided to Unilever's shareholders.

Certain sections of the Unilever Annual Report & Accounts and Form 20_F 2001 have been audited. Sections that have been audited are set out on pages 51 to 88, 94 to 102 and 104 to 105.

The maintenance and integrity of the Unilever website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters. Accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclaimer

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This Annual Report and Accounts and Form 20-F does not constitute an invitation to invest in Unilever shares. Any decisions you make in reliance on this information are solely your responsibility.

The information is given as of the dates specified, is not updated, and any forward-looking statements are made subject to the reservations specified on page 1 of the Report.

Unilever accepts no responsibility for any information on other websites that may be accessed from this site by hyperlinks.

A TRULY MULTI-LOCAL MULTINATIONAL

Unilever is dedicated to meeting the everyday needs of people everywhere. Around the world our Foods and Home and 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.

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Cautionary Statement

This Annual Report & Accounts and Form 20-F 2001 contains forward-looking statements (within the meaning of the US Private Securities Litigation Reform Act 1995) based on our best current information and what we believe to be reasonable assumptions about anticipated developments. Words such as 'expects', 'anticipates', 'intends' 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 give any assurance that the expectations reflected in these statements 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.

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 pages 7 to 10, 'Operating Review' on pages 11 to 27, 'Financial Review' on pages 28 to 33, and 'Risk Factors' on pages 32 and 33, to which you should refer.

The Unilever Group

Unilever N.V. (NV) is a public limited company registered in the Netherlands, which has listings of shares or certificates (depository 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 Depository Receipts, on the New York Stock Exchange.

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

Publications

This publication is produced in both Dutch and English and comprises the full Annual Report and Accounts for 2001 of NV and PLC. This document complies with the Netherlands and the United Kingdom regulations. It also forms the NV and PLC Annual Reports on Form 20-F to the Securities and Exchange Commission in the United States for the year ended 31 December 2001, and cross references to Form 20-F are set out on page 117. It is made available to all shareholders who request or elect to receive it, and on the website at www.unilever.com.

The separate publication, 'Unilever Annual Review 2001', 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 2001 is mailed to all registered shareholders and to other shareholders who are either entitled or have asked to receive it, and is also made available on the website at www.unilever.com.

Accounting policies

Unilever's principal accounting policies are described on pages 51 to 53. Unilever complies with United Kingdom Financial Reporting Standard 18, which requires that the most appropriate accounting policies are selected in all circumstances.

Reporting currency and exchange rates

From 1 January 2000, Unilever adopted the euro as its principal reporting currency. Details of the change are explained on page 11. The effect of exchange fluctuations means that the trends shown may differ significantly from those previously shown in sterling.

Details of key exchange rates used in preparation of these accounts are given on page 93, together with Noon Buying Rates in New York for the equivalent dates.

Wherever used in this report, the abbreviation **BEIA** refers to profit measures before exceptional items and amortisation of goodwill and intangibles. Unilever believes that reporting profit measures before exceptional items and amortisation of goodwill and intangibles (BEIA) provides additional information on underlying earnings trends to shareholders. The term BEIA is not a defined term under UK, Netherlands or US Generally Accepted Accounting Principles (GAAP) and may not therefore be comparable with similarly titled profit measurements reported by other companies. It is not intended to be a substitute for or superior to standard GAAP measurements of profit. Please refer also to 'Basis of reporting and discussion' on page 11.

€ is used in this report to denote amounts in euros.

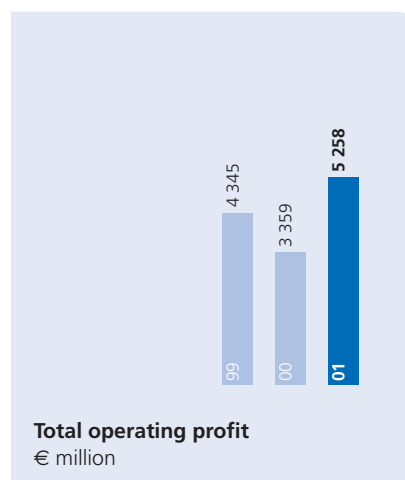
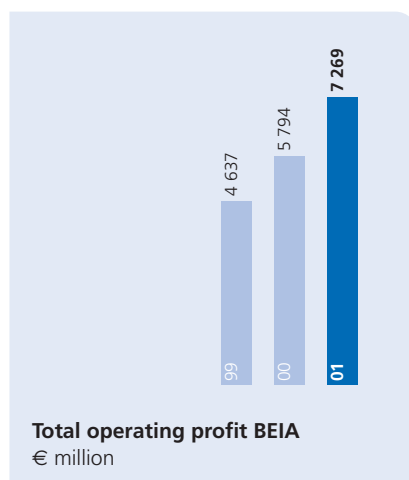
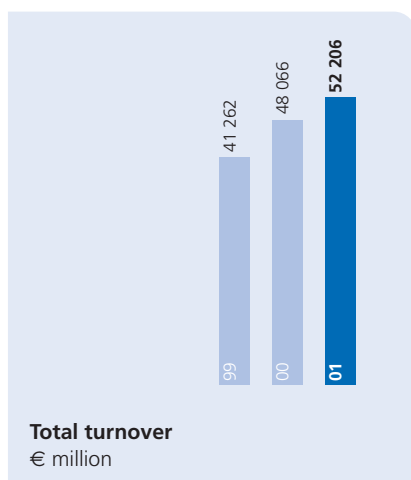
£ and p are used in this report to denote amounts in pounds and pence sterling respectively.

fl. is used in this report to denote amounts in Dutch guilders.

\$ is used in this report to denote amounts in United States dollars, except where specifically stated otherwise.

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

at current rates of exchange



Combined earnings per share and dividends

	Ordinary €0.51 shares of NV ^(a)			Ordinary 1.4p shares of PLC		
	2001	2000	1999	2001	2000	1999
Basic earnings per share	€1.82	€1.07	€2.63	€0.27 16.96p	€0.16 9.79p	€0.39 26.01p
Basic earnings per share BEIA	€3.55	€3.21	€2.83	€0.53 33.15p	€0.48 29.34p	€0.42 27.96p
Diluted earnings per share	€1.77	€1.05	€2.57	€0.27 16.51p	€0.16 9.55p	€0.39 25.36p
Dividend per share ^(b)	€1.56	€1.43	€1.27	14.54p	13.07p	12.50p

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

	New York €0.51 shares of NV ^(a)			5.6p American Depositary Receipts of PLC		
	2001	2000	1999	2001	2000	1999
Basic earnings per share	\$1.63	\$0.99	\$2.80	\$0.98	\$0.59	\$1.68
Basic earnings per share BEIA	\$3.18	\$2.96	\$3.01	\$1.91	\$1.77	\$1.81
Diluted earnings per share	\$1.58	\$0.96	\$2.73	\$0.95	\$0.58	\$1.64
Dividend per share ^{(c)(d)}	\$1.38	\$1.25	\$1.19	\$0.84	\$0.76	\$0.76

(a) For NV share capital, the euro amounts shown above and elsewhere in this document are representations in euros on the basis of Article 67C Book 2 Dutch Civil Code, rounded to two decimal places, of underlying share capital in Dutch guilders, which have not been converted into euros in NV's Articles of Association. Until conversion formally takes place by amendment of the Articles of Association the entitlements to dividends and voting rights are based on the underlying Dutch guilder amounts.

(b) Dividends of NV were declared and paid in guilders for 1999 and in euros for 2000 and 2001. For the purposes of this comparison, values have been translated at the official conversion rate of €1.00 = Fl. 2.20371, and rounded to two decimal places. Full details of dividends for the period 1997 to 2001 are given on page 116.

(c) Rounded to two decimal places.

(d) Actual dividends payable for 2001 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 13 February 2002 (€1.00 = \$0.8747, £1.00 = \$1.4331).

MAINTAINING THE MOMENTUM

- > Leading brands grow by 5.3%
- > Operating margin BEIA of 13.9% is a new record
- > Cash flow from operations increases to €7.5 billion
- > Bestfoods integration progressing on target
- > Two-divisional structure allows sharper business focus
- > Earnings per share BEIA grows 12.2%

It is our pleasure to report to you on a year of substantial progress towards the goals set in our Path to Growth strategy announced in February 2000. Leading brands grew by 5.3% for the year and operating margin BEIA rose to 13.9% compared to 12.0% in 2000. We are on track to reach our 2004 goals of 5% to 6% overall growth and an operating margin of at least 16% of sales.

The past year has shown the great strength of our business and demonstrated our ability to execute substantial change. We have made excellent progress with the integration of Bestfoods, implemented our new divisional structure and dealt effectively with a more challenging business environment. Our performance is a testimony to the strength of our brands and particularly to the excellence of our people.

Our new divisional structure of Foods and Home & Personal Care is already accelerating the execution of our business plans. The integration of research into the divisions has strengthened our capability to deliver more and bigger innovations to fuel brand growth.

There was a strong focus on increased cash generation throughout the business. Cash from operations increased to €7.5 billion compared with €6.7 billion in 2000. The divestment programme generated a further €3.6 billion in the year. Net debt was reduced by €3.3 billion.

Earnings per share BEIA grew by 12.2%. On a one-year basis, our Total Shareholder Return (TSR) put us into the top third of our peer group of 21 companies. However, over a three-year period we were positioned 15th in this group. Our target remains a sustained top third TSR ranking.

Path to Growth progress

We can report good progress on all aspects of our Path to Growth strategy. We are focused increasingly on driving the growth of our leading brands and dealing with other brands in ways which will create value for shareholders. We are finding innovative ways of pleasing the consumer and stretching our leading brands into new categories to create space to grow them faster. Leading brands now account for 84% of total turnover and are expected to account for 95% by 2004.

In 2001, exceptional restructuring costs of €1.6 billion have been charged. Further progress has been made in reshaping the supply chain to support our brands and increase margins. Since the inception of Path to Growth, 59 plants have been sold or closed and our global buying programme has produced incremental savings of €1.2 billion.

A number of important divestments were completed in 2001, notably Elizabeth Arden, Bestfoods Baking Company, Unipath and the brands sold in connection with the acquisition of Bestfoods. The proposed divestment of DiverseyLever was announced in November 2001.

Unilever people

2000 and 2001 were years when we welcomed a large number of talented people into the business but had to part with many others. People across the business were engaged in reawakening the spirit of enterprise, in which trust and transparency form the foundation of team building. Throughout Unilever those teams were challenged to identify key areas where we must progress to successfully meet our targets. Remuneration systems were redesigned to reward exceptional achievement and delivery of shareholder value.

This was a year which made enormous demands on our people. They responded magnificently, remaining focused on markets and customers, and growing the business. Moreover, we integrated the businesses acquired in 2000 and coped with organisational change and restructuring programmes. This was an exceptional challenge to which our colleagues responded in an outstanding manner. Without exceptional team work, this could not have been achieved successfully and we thank everyone for showing a real spirit of enterprise.

Brands and regions

In Foods we have seen a marked increase in both growth and profitability through the year. This has been broad-based across brands and geography, with notable performances coming from Europe and our global ice cream business. There were excellent contributions from the businesses acquired in 2000 and the integration of Bestfoods has proceeded well with the synergy benefits being delivered ahead of plan.

In Home & Personal Care there was good progress in our mass businesses with particularly strong contributions from skin, hair and deodorants and a robust performance from laundry. These were partly offset by a decline in Prestige fragrances.

Underlying sales grew by 4% in Europe. Growth was broad-based and included a strong contribution from Central and Eastern Europe. It was particularly pleasing to see sales of spreads and cooking products growing by 4.6% fuelled by the success of *pro•activ*, *Bertolli* and the roll-out of *Culinesse*.

In North America there were excellent performances from ice cream and *Slim•Fast*. Our Home and Personal Care brands across the skin, hair and deodorant categories all performed strongly.

In Asia and Pacific, sales grew by 6% with a strong performance in Japan, including the successful launch of *Dove* hair care. In India, the more focused brand portfolio delivered improved growth and profitability.

In Africa, Middle East and Turkey and in Latin America, a key feature of the year has been our determination to move prices to recover devaluation-driven cost increases. Underlying sales grew by more than 5% in these regions.

Responsible corporate behaviour

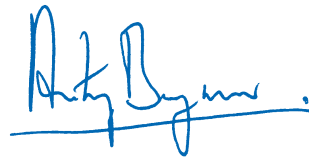
In 2001, Unilever published its first Social Review spelling out our approach to corporate social responsibility. We encourage all our people to play a positive part in the communities in which they live and work.

We updated Unilever's Code of Business Principles because we believe that our reputation for high corporate standards is a key asset which needs to be fresh and living throughout our business. The Code is printed in full on the following page.

Our environmental strategy is publicly available and we are committed to tracking our performance against specific targets. We made significant progress in developing guidelines for sustainable production of crops which are key to our foods business and are working towards the sourcing of all fish for our business from sustainable sources by 2005. The number of our local partnerships in the Global Nature Fund's Living Lakes initiative grew to 11.

The way ahead

In 2001 a step-up in the growth of our leading brands, a record operating margin, strong cash flow and the continued reshaping of our portfolio all provide confidence about the strategy we have put in place and our ability to deliver – on time and in full. Our task in the year ahead is to maintain the momentum notwithstanding a weaker world economy. In 2002 we are planning to sustain the growth of the leading brands reinforced by those of Bestfoods and to again deliver low double-digit earnings growth. Our confidence comes from the momentum developed in 2001, and from the energy and enthusiasm which is alight in the Unilever team.



Antony Burgmans



Niall FitzGerald

Chairmen of Unilever

Standard of Conduct

We conduct our operations with honesty, integrity and openness, and with respect for the human rights and interests of our employees. We shall similarly respect the legitimate interests of those with whom we have relationships.

Obeying the Law

Unilever companies and our employees are required to comply with the laws and regulations of the countries in which we operate.

Employees

Unilever is committed to diversity in a working environment where there is mutual trust and respect and where everyone feels responsible for the performance and reputation of our company.

We will recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed. We are committed to safe and healthy working conditions for all employees. We will not use any form of forced, compulsory or child labour. We are committed to working with employees to develop and enhance each individual's skills and capabilities. We respect the dignity of the individual and the right of employees to freedom of association. We will maintain good communications with employees through company-based information and consultation procedures.

Consumers

Unilever is committed to providing branded products and services which consistently offer value in terms of price and quality, and which are safe for their intended use. Products and services will be accurately and properly labelled, advertised and communicated.

Shareholders

Unilever will conduct its operations in accordance with internationally accepted principles of good corporate governance. We will provide timely, regular and reliable information on our activities, structure, financial situation and performance to all shareholders.

Business Partners

Unilever is committed to establishing mutually beneficial relations with our suppliers, customers and business partners. In our business dealings we expect our business partners to adhere to business principles consistent with our own.

Community Involvement

Unilever strives to be a trusted corporate citizen and, as an integral part of society, to fulfil our responsibilities to the societies and communities in which we operate.

Public Activities

Unilever companies are encouraged to promote and defend their legitimate business interests. Unilever will co-operate with governments and other organisations, both directly and through bodies such as trade associations, in the development of proposed legislation and other regulations which may affect legitimate business interests. Unilever neither supports political parties nor contributes to the funds of groups whose activities are calculated to promote party interests.

The Environment

Unilever is committed to making continuous improvements in the management of our environmental impact and to the

longer-term goal of developing a sustainable business. Unilever will work in partnership with others to promote environmental care, increase understanding of environmental issues and disseminate good practice.

Innovation

In our scientific innovation to meet consumer needs we will respect the concerns of our consumers and of society. We will work on the basis of sound science applying rigorous standards of product safety.

Competition

Unilever believes in vigorous yet fair competition and supports the development of appropriate competition laws. Unilever companies and employees will conduct their operations in accordance with the principles of fair competition and all applicable regulations.

Business Integrity

Unilever does not give or receive whether directly or indirectly bribes or other improper advantages for business or financial gain. No employee may offer, give or receive any gift or payment which is, or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to management.

Unilever accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained.

Conflicts of Interests

All Unilever employees are expected to avoid personal activities and financial interests which could conflict with their responsibilities to the Company. Unilever employees must not seek gain for themselves or others through misuse of their positions.

Compliance – Monitoring – Reporting

Compliance with these principles is an essential element in our business success. The Unilever Boards are responsible for ensuring these principles are communicated to, and understood and observed by, all employees.

Day-to-day responsibility is delegated to the senior management of the regions and operating companies. They are responsible for implementing these principles, if necessary through more detailed guidance tailored to local needs.

Assurance of compliance is given and monitored each year. Compliance with the Code is subject to review by the Boards supported by the Audit Committee of the Boards and the Corporate Risk Committee.

Any breaches of the Code must be reported in accordance with the procedures specified by the Joint Secretaries. The Boards of Unilever will not criticise management for any loss of business resulting from adherence to these principles and other mandatory policies and instructions.

The Boards of Unilever expect employees to bring to their attention, or to that of senior management, any breach or suspected breach of these principles.

Provision has been made for employees to be able to report in confidence and no employee will suffer as a consequence of doing so.

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

Since January 2001 our operations have been organised into two global divisions – Foods and Home & Personal Care (HPC) – headed by Division Directors. This structure allows improved focus on foods and home and personal care activities at both the regional and global levels. It allows for faster decision making and strengthens our capacity for innovation by more effectively integrating research into the divisional structure.

These global divisions' operations are organised into businesses 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. They are headed by Business Presidents who are responsible for the profitability of their regional and global businesses. These businesses remain the driving force behind Unilever, comprising as they do the operating companies which provide the key interface with customers and consumers, allowing quick response to the needs of local markets.

Foods

Oil and dairy based foods and bakery

We are the 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.

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 being *Bertolli*.

In July 2001 we sold the Bestfoods Baking Company to George Weston Ltd for a debt free price of €1.9 billion.

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 *Algida*, *Langnese*, *Ola* and *Wall's* in Europe and *Ben & Jerry's*, *Good Humor* and *Breyers* in the United States. Ice cream products such as *Carte d'Or*, *Cornetto*, *Magnum*, *Solero*, and *Viennetta* are brands sold internationally as part of local or international household brands.

We are the largest seller of packet tea in the world, with 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

As a result of our acquisition of Bestfoods in October 2000 we are the global leader in the Culinary category. *Knorr* is now Unilever's biggest brand, with well over €2.3 billion of sales, in over 100 countries. Its product range covers soups, bouillons, sauces, snacks, noodles and complete meals. *Hellmann's* is our third biggest foods brand and has market leadership in mayonnaise in Brazil, the United Kingdom, the United States and many other countries.

We have significant pasta sauce businesses in Mexico, North America and the United Kingdom 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 *Amora* and *Maille* in France are important brands covering condiments, mayonnaise and vinegar-based products which also have 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.

In May 2001, following the approval of the European Commission, we completed the sale of our dry soup and sauces business in Europe to the Campbell Soup Company for a debt free price of €1 billion. These included the *Blå Band* brand in Denmark, Finland and Sweden, the *Batchelors* brand in the United Kingdom, the *McDonnells* brand in Ireland, the *Oxo* brand in Belgium, Ireland and the United Kingdom, the *Royco* brand in Belgium, France and Portugal and Bestfoods' *Lesieur* range of mayonnaise products in France. The businesses were divested as a result of undertakings given to the European Commission in connection with the acquisition of Bestfoods in October 2000.

We are the leading producer of frozen foods in Europe, under the *Findus* brand in Italy, *Birds Eye* brand in the United Kingdom and *Iglo* brand in most other European countries. In October 2001 we completed the sale of our North American seafood business, which comprised the *Gorton's* business in the United States and the *BlueWater* business in Canada, to Nippon Suisan (USA), Inc. for \$175 million (€198 million) in cash.

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 home care brands include, internationally, *Omo*, *Surf*, *Skip*, *all*, *Comfort*, *Wisk*, *Cif*, *Domestos* and, in the UK, *Persil*.

DiverseyLever provides professional 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. On 20 November 2001 we announced a definitive agreement to sell DiverseyLever to Johnson Wax Professional. The total value of the transaction to Unilever is \$1.6 billion (€1.75 billion). Unilever will retain a one-third holding in the combined business for five years. The transaction, which is subject to regulatory approval and normal consultative procedures, is expected to be completed in the first half of 2002.

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. In skin care, products are sold internationally under the *Pond's*, *Vaseline* and *Fair and Lovely* brands. 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, including *Obsession*, *Eternity* and *Escape*. In addition, in recent years *ck one* and *ck be* have been introduced to appeal to the youth market. The designer fragrance brands *Cerruti*, *Lagerfeld*, *Chloé* and *Valentino*, together with *Nautica*, *Vera Wang* and *BCBG* fragrance, complete our extensive portfolio.

In December 2001 we sold Unipath Ltd, our women's health diagnostics subsidiary, to Inverness Medical Innovations Inc. of Waltham, Massachusetts USA for £103 million (€166 million) in cash.

Other operations

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

Technology and innovation

All Unilever 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 is now aimed at fewer, larger projects.

In 2001 we spent €1 178 million (2000: €1 187 million; 1999: €935 million) on research and development: 2.3% of our turnover. Examples of recent significant projects include the development of: *Culinesse*, a high-performance, easy-to-use liquid cooking product; a new spread made with fresh cheese launched as *Rama Crème Bonjour* in a number

of Eastern European countries; new technology for *Dove* shampoo and new formats such as *Domestos/Cif* easy-to-use wipes. We filed 450 new patent applications.

Information technology

In 2001, we simplified and harmonised our IT systems in support of the Path to Growth.

The opening of a new European IT centre in the UK marked the completion of our global infrastructure programme. The concentration of Unilever's IT infrastructure into a network of five centres around the world enables faster and more efficient support to the business.

Common information systems are helping us towards our goal of a harmonised European business. During the year, we continued the integration of both our systems and business processes across national boundaries.

We remain committed to deploying internet technology in support of our strategy. We are using the internet to support the development of a world-class supply chain – a programme which has achieved buying savings of €1.2 billion since its February 2000 launch. We are making purchasing and replenishment faster and easier through the development of vendor-managed inventory services, allowing suppliers to see into our systems and replenish stocks automatically.

We continued the roll-out of the Ariba on-line buying system, with launches in Europe and North America. The system will allow employees to purchase non-production items from selected suppliers at volume-negotiated prices.

During the year, we continued to develop our branded websites to help meet the needs of busy consumers.

In 2001, we were also heavily engaged in, and are now successfully completing, the integration of Bestfoods' IT systems into a single platform for each of our operating units.

Environmental responsibility

Natural resources are essential for the production and consumption of our products. We rely particularly on agriculture, fish and water: agriculture provides three quarters of our raw materials, fish products are leading product lines for our frozen food brands and water is essential for the manufacture and use of our products. Therefore, for the future of our supply chain – and the wider environment – we are committed to working towards sustainability in these three areas.

In 2001, we made considerable advances in our pioneering initiative to develop standards for sustainable agriculture. Following extensive international pilot projects, we drafted provisional guidelines for sustainable tea and palm oil production. We are now working on guidelines for peas, spinach and tomatoes.

During the year, we included sustainably sourced white fish in our frozen foods for the first time. Products including this fish now carry the Marine Stewardship Council logo. This is

another step towards our target of sourcing all fish from sustainable stocks by 2005.

In water care, we continued to work to secure safe, sustainable water resources. We published, and widely promoted, the SWIM (Sustainable Water and Integrated Catchment Management) guidelines. These provide a practical framework for working with partners on water stewardship schemes.

In 2000, which is the most recent year for which we have data, our targets on environmental management were largely achieved. We continued to reduce the environmental impact of all our key performance indicators, including water, energy and carbon dioxide. We met four of six challenging eco-efficiency targets in our manufacturing operations. This was achieved with an increase in production tonnage. During 2001, we introduced new software tools to allow us to collect and publish environmental data more swiftly.

Operational responsibility for environmental issues rests with the operating companies and with individuals responsible for the particular Unilever facility. They are supported by our environmental decision-making committee, the Unilever Environment Group (UEG). This is Unilever's leading body for making recommendations addressing environmental issues. It is chaired by the Corporate Development Director and made up of representatives from Business Groups and safety, health and environmental experts. Its role is to develop strategies to continuously improve Unilever's environmental performance and to communicate its recommendations to Unilever facilities worldwide.

In pursuing our environmental strategy, we work closely with external interest groups. For example, our sustainable agriculture initiative is based on performance indicators devised following extensive stakeholder involvement and its progress is monitored by an independent board of experts. Our sustainable fish and water care initiatives are also rooted in partnerships.

For the third consecutive year we topped our industry sector in the Dow Jones Sustainability World Indexes.

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

Responsible corporate behaviour

Responsible corporate behaviour is central to Unilever's business management and is part of the remit of our Corporate Development Director.

In 2001, we made our approach to corporate social responsibility more explicit with the publication of our first international Social Review, which can be viewed at www.unilever.com. The review maps out how we interact with society and the many different stakeholders with an interest in our business. Learning from this first Review, and from the many reporting initiatives in this area, work is underway to update the information during 2002.

Unilever's commitment to high standards of corporate behaviour is spelt out in our Code of Business Principles,

which is set out on page 6. The Code sets the framework for our operational standards, covering issues such as employee health and safety, product quality, relations with governments, ethical behaviour and environmental impact. It is applicable worldwide and is designed to have practical value to our employees in the day-to-day management of our business: each employee must follow these principles in the spirit as well as the letter. In 2001, we updated the Code in line with the evolving standards expected of international companies. The new Code is being rolled out in 2002.

Debate about the appropriate extent of corporate social responsibility has continued. By meeting the needs of consumers worldwide, Unilever's branded products and services help to raise living standards and improve quality of life. Our operations add value by efficiently processing raw materials and effectively marketing and distributing our brands. This value is then shared among our many stakeholders worldwide including shareholders, employees, suppliers and governments. Communities also benefit through our voluntary contributions. In 2001, we spent approximately €57 million on community programmes, focusing on projects that improve healthcare, raise levels of education and encourage local economic, environmental and cultural activity.

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.

Seasonality

Certain of our businesses, such as ice creams and prestige fragrances, are subject to significant seasonal fluctuations in sales. However, Unilever operates globally in many different markets and product categories. No individual element of seasonality is likely to be material to the results of the Group as a whole.

People

year end in thousands	2001	2000	1999	1998	1997
Europe	71	80	74	80	82
North America	22	39	22	23	23
Africa, Middle East and Turkey	49	48	50	59	60
Asia and Pacific	85	84	71	72	74
Latin America	38	44	29	31	30
Total	265	295	246	265	269

We are committed to building an enterprise culture: one that acts as a springboard for individual and business success.

To help build this culture, in 2001, we ran a series of challenging international events for both rising and established managers. At these workshops, people worked on their collective behaviours against stretching business targets. Subsequently, local events were used to build this culture.

We reshaped our business, moving to a divisional structure and integrating the research and development functions into the divisions. In line with our strategy, these changes will allow us to direct our efforts more effectively behind our leading brands. The programme of disposals announced in 2000 as part of our brand focus, and the planned synergy savings from the Bestfoods integration, have both progressed well. These initiatives led to a reduction of some 30 000 staff over the year. We remain committed to dealing openly and fairly with all those affected.

Our leadership development focuses on building the skills required to achieve our business goals. In 2001, we extended the Leaders into Action pilot programme to a wider group of managers. The programme, which is part-residential and part-online, includes personal, business and community elements.

We also successfully launched 'open job posting'. By communicating management vacancies company-wide, this system ensures that selection is fair and transparent. It was rolled out globally early in 2002.

In 2001, we extended the Reward for Growth programme and as a result over 6 000 managers worldwide qualify for executive share options and a new global variable pay scheme linked to growth. It is planned to extend the variable pay scheme to a further 15 000 employees.

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 2001 or the preceding two years. Transactions with related parties are conducted in accordance with the transfer pricing policies described on page 53 and consist primarily of sales to joint ventures. Information concerning guarantees given by the Group is stated in note 23 on page 75 and under 'Mutual guarantee of borrowings' on page 109.

Intellectual property

We have a large portfolio of patents and trademarks, and we conduct some of our operations under our patents or 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 use our best efforts to protect our brands and technology.

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. The directors take the view that any difference between the market value of properties held by the Group and the amount at which they are included in the balance sheet is not significant. See the schedule of principal group companies and fixed investments on page 97 and details of tangible fixed assets in note 10 on page 65.

Legal and arbitration proceedings

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

Government regulation

Unilever businesses are governed, in particular, by national laws designed to ensure that their products may be safely used for their intended purpose and that their labelling and advertising complies in all respects with relevant regulations. The introduction of new products and ingredients and processes is, specifically, subject to rigorous controls. Unilever businesses are further regulated by data protection and anti-trust legislation. Important regulatory bodies include the European Commission and the US Food and Drug Administration.

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 (BEIA). It is also based on Total turnover and Total operating profit. The term 'Total' means Group turnover (and operating profit) plus Unilever's share of the turnover (and operating profit) of joint ventures, net of Unilever's share of any sales to those joint ventures already included in the Group figures.

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 95. We have shown reconciliations to net income and capital and reserves under US GAAP on pages 94 and 95.

Reporting currency and exchange rates

From 1 January 2000, Unilever adopted the euro as its principal reporting currency. For the years prior to the introduction of the euro on 1 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 107).

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.

For the reporting of 2000 at current exchange rates, the results of the Bestfoods business acquired on 4 October of that year were translated at the average rates of exchange for the last quarter of 2000. In the constant rate comparisons for 2001 included in the Operating Review on pages 14 to 27, the results for all parts of the Group have been translated at average rates of exchange for the full year to 31 December 2000. This means that the 2000 results in these comparative tables will differ in some cases from the values translated at current rates of exchange.

Details of exchange rates used in preparation of these accounts and of the noon buying rates against the US dollar are given on page 93.

2001 results compared with 2000

Total turnover increased by 11% to €53 400 million. This increase was the result of an acquisition impact of 12%, a disposal impact of (5)% and underlying growth of 4%.

Total operating profit BEIA increased by 28% to €7 416 million, and total operating margin BEIA rose to an historic high of 13.9% from 12.0% in 2000. The improvement in margin primarily reflects the ongoing contribution from Path to Growth restructuring and procurement savings and the successful integration of Bestfoods.

Total operating profit increased by 60% to €5 360 million, being primarily the net impact of acquisitions and disposals offset by an increase in the amortisation charge.

Exceptional items

Exceptional items for the year were €620 million, which includes €1 564 million of restructuring investment and profits on disposals of €944 million. Of the latter, €828 million relates to the profit on the sale of the brands to secure regulatory approval for our acquisition of Bestfoods and €116 million in respect of the sale of Unipath. Associated costs included in operating profit were €393 million for the year.

The exceptional items incurred in the year primarily relate to the Path to Growth programme we announced on 22 February 2000 to accelerate growth and expand margins, and to restructuring arising from the integration of Bestfoods. The aggregate cost of these programmes is estimated to be €6.2 billion, the majority of which is expected to be exceptional. The €828 million profit on the sale of brands to secure regulatory approval for the acquisition of Bestfoods is not part of this amount.

Details of movements in all restructuring provisions are given in note 18 on page 73.

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 pages 94 and 95.

Amortisation of goodwill and intangibles

The amortisation charge was €1 436 million compared with €435 million in 2000. This includes €1 186 million for Bestfoods. The increase arises because 2001 includes a full year charge for acquisitions made part way through 2000.

2000 results compared with 1999

Total turnover increased by 7% to €44 224 million at constant 1999 exchange rates. 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.

Total operating profit BEIA increased by 16% for the year. Of this increase, 7% related to the impact of acquisitions and the remainder reflects benefits arising from restructuring.

Total operating margin BEIA was at an historic high of 12.1%.

Total operating profit decreased by 27% as a result of significant exceptional items and an increase in the amortisation charge of €371 million as a result of acquisitions in the year.

Exceptional items

Included in operating profit in 2000 was a €1.8 billion exceptional charge and €100 million of associated costs in relation to the Path to Growth 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.

Amortisation of goodwill and intangibles

The amortisation charge increased by €371 million to €394 million as a result of the significant acquisitions made during the year. Of the charge for the year, €274 million related to Bestfoods.

Acquisitions and disposals

No significant acquisitions were made during 2001. In 2000 we made 20 acquisitions, of which the most important were:

- > Bestfoods – Foods international
- > Amora Maille – Culinary products in France
- > Ben & Jerry's – Ice cream primarily in the United States
- > Cressida – Foods and home and personal care in Central America
- > Slim•Fast – Nutritional bars and beverage products in the United States

In 2001 we disposed of 33 businesses for a total consideration of approximately €1 653 million. In addition, the Bestfoods Baking Company and other Bestfoods businesses were disposed of for a consideration of approximately €1 968 million. The most significant disposals are detailed below.

For further information on the impact of acquisitions and disposals please refer also to the Cash Flow section of the Financial Review on page 30.

On 24 January 2001 we announced the completion of our sale of the Elizabeth Arden business for a consideration of approximately €244 million. Sales turnover of this business was approximately €600 million in 2000.

Following the approval of the European Commission, the sale of several of our European dry soups and sauces businesses to the Campbell Soup Company was completed on 4 May 2001, for a debt free price of €1 billion. These businesses were sold as a result of undertakings given to the European Commission in connection with Unilever's acquisition of Bestfoods in 2000. Annual sales of these businesses totalled approximately €435 million, and sales for the period from 1 January 2001 to the date of disposal were approximately €190 million.

On 2 October 2001 we announced the completion of the sale of our North American seafood business to Nippon Suisan (USA), Inc., a subsidiary of Nippon Suisan Kaisha Limited for \$175 million. This business included the Gorton's business in the United States and the BlueWater Seafoods business in Canada. Together the businesses had net sales of €272 million in 2000, and sales for the period from 1 January 2001 to the date of disposal were approximately €190 million.

On 20 December 2001, we completed the sale of Unipath Limited, our women's health diagnostics business, to Inverness Medical Innovations Inc. for £103 million (€166 million) in cash.

In addition to the above disposals, on 31 July 2001 we announced the completion of the sale of the Bestfoods Baking Company to George Weston Limited for \$1.77 billion. The assets and liabilities of this business, after adjustment to their proceeds of sale, were included within the balance sheet at 31 December 2000 as acquired businesses held for resale. Therefore the results of this business were not consolidated in the Group results in 2001.

On 8 January 2002, we announced a definitive agreement for the sale of our Unimills refinery business at Zwijndrecht, the Netherlands, to Golden Hope Plantations Berhad of Malaysia, for approximately €60 million in cash. This business has annual sales to third parties of approximately €130 million.

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.

We have also announced our intention to dispose of the following businesses:

On 31 May 2001, we announced plans to sell a number of North American food brands and related assets from the Bestfoods portfolio, primarily cooking oil products, corn starches, commodity oils and syrups. Also included in the planned sale were the *Rit* dye and *Niagara* starch fabric care brands. In total these brands have combined annual sales approaching \$400 million.

On 20 November 2001, we announced an agreement to sell our DiverseyLever institutional and industrial cleaning business to Johnson Wax Professional. The total value of the transaction to Unilever is \$1.6 billion (€1.75 billion). Unilever will retain a one-third holding in the combined business. Cash proceeds of the sale are expected to amount to \$1 billion (€1.1 billion). Sales for the year to 31 December 2001, excluding sales of the consumer brands which Johnson Wax Professional will distribute for Unilever under a separate sales agency agreement, were approximately \$1.5 billion (€1.7 billion).

Public takeover offers made by Unilever during 2001 and 2000 related to the following acquisitions:

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 €10.4 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.

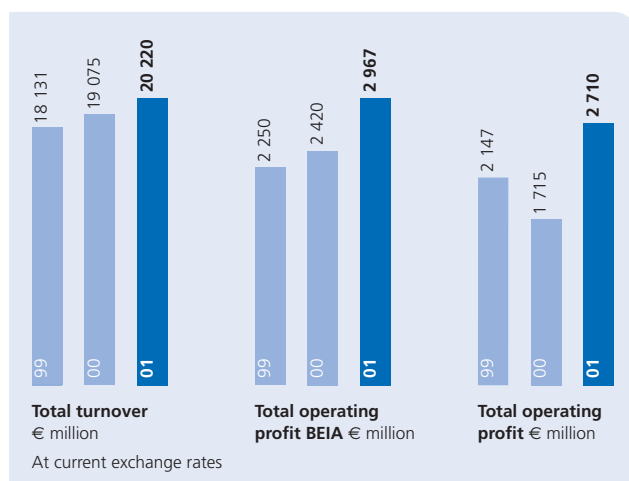
On 4 October 2000, following an all cash public merger transaction, Unilever, through its subsidiary, Unilever United States, Inc., acquired Bestfoods for an aggregate consideration of €26 083 million.

On 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.

On 31 January 2001, following an offer made in October 2000 by Unilever through its Tunisian subsidiary, Société de Cosmétiques 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 were acquired for a consideration of €4 million.

On 4 December 2001, following a further joint offer by Unilever and its subsidiary, Hindustan Lever Limited, for the remaining 10.38% of the shares in Rossell Industries Limited, India, not acquired in March 2000 (see above), Lipton India Exports Limited, a wholly owned subsidiary of HLL acquired a further 6.27% of the shares for a consideration of €1.8 million, which brings the Group's aggregate holding in Rossell Industries to 95.89%.

Europe



2001 results compared with 2000 at current exchange rates

	€ million 2001	€ million 2000	% Change
Total turnover	20 220	19 075	6%
Total operating profit	2 710	1 715	58%
Group turnover	20 119	18 967	6%
Group operating profit	2 689	1 697	58%

2001 results compared with 2000 at constant 2000 exchange rates

	€ million 2001	€ million 2000	% Change
Total turnover	20 233	19 071	6%
Total operating profit BEIA	2 978	2 419	23%
Exceptional items	270	(561)	
Amortisation of goodwill and intangibles	(511)	(143)	
Total operating profit	2 737	1 715	60%
Total operating margin	13.5%	9.0%	
Total operating margin BEIA	14.7%	12.7%	

Sales were ahead in the year by 6% with an underlying sales growth of 4%. Growth was broad-based and included a strong contribution from Central and Eastern Europe.

Total operating margin BEIA increased to 14.7% in Europe due to restructuring, buying and marketing-support efficiencies, and portfolio improvement.

Western Europe

The success of *pro·activ*, *Culinesse* and *Bertolli* in spreads and cooking products, the *4 Salti in Padella* range of high-quality frozen ready meals and the expansion of *Slim·Fast*, led to a step-up in the growth rate for Foods. *Cornetto* and *Carte d'Or* both grew strongly through innovation, whilst in culinary there was continued momentum in Amora Maille and we started to see the strength of the *Knorr* brand.

In personal care, the leading brands maintained their good rate of growth, led by range extensions in *Dove* and *Signal* and by *Rexona*. *Dove* shampoo was launched in eight

countries by the end of the year and the initial response has been very positive. The success of the *Vaporesse* ironing aid in fabric conditioners together with a solid response to a more competitive environment in fabric wash helped laundry to grow. We continued to enjoy good rates of growth in *Domestos* and *Cif* through the success of easy-to-use wipes and the launch of *Domestos Bi-Actif* and *Domestos WC Active Mousse*.

Central and Eastern Europe

We have seen strong growth, most notably leaf tea and *Delmy* mayonnaise in Russia, the launch of instant soups and broad-based progress in Home and Personal Care.

2000 results compared with 1999

	€ million 2000 at current rates	€ million 2000 at constant 1999 rates	€ million 1999 at 1999 rates	% Change at constant rates
Total turnover	19 075	18 677	18 131	3%
Total operating profit BEIA	2 420	2 389	2 250	6%
Exceptional items	(562)	(549)	(96)	
Amortisation of goodwill and intangibles	(143)	(140)	(7)	
Total operating profit	1 715	1 700	2 147	(21)%
Total operating margin	9.0%	9.1%	11.8%	
Total operating margin BEIA	12.7%	12.8%	12.4%	

Western Europe

In Western Europe, our Home and 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.

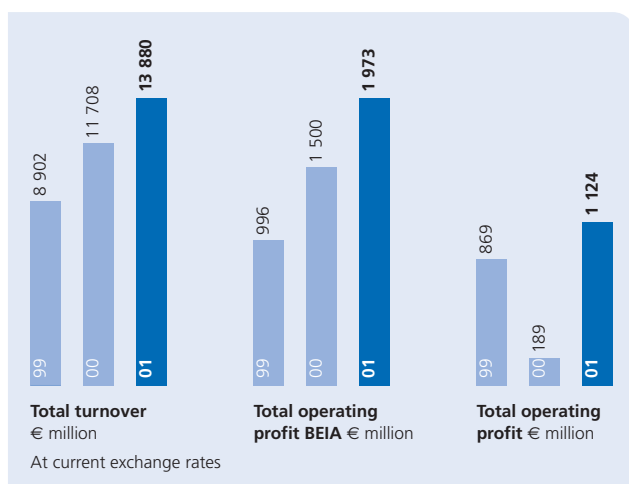
Foods in Western Europe had a mixed year as sales of ice cream and beverages suffered from a poor summer season. It was a more encouraging story in the other categories, leading to overall growth of 3%. In spreads and cooking products, volumes developed favourably with the introduction of *Flora/Becel 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. 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.

North America



2001 results compared with 2000 at current exchange rates

	€ million 2001	€ million 2000	% Change
Total turnover	13 880	11 708	19%
Total operating profit	1 124	189	495%
Group turnover	13 767	11 631	18%
Group operating profit	1 092	165	562%

2001 results compared with 2000 at constant 2000 exchange rates

	€ million 2001	€ million 2000	% Change
Total turnover	13 543	11 679	16%
Total operating profit BEIA	1 923	1 494	29%
Exceptional items	(281)	(1 132)	
Amortisation of goodwill and intangibles	(549)	(179)	
Total operating profit	1 093	183	497%
Total operating margin	8.1%	1.6%	
Total operating margin BEIA	14.2%	12.8%	

Sales were ahead by 16% with an underlying growth of 2%. In our Home and Personal Care mass business underlying sales growth was 2.5%, skewed towards the first half of the year, due to the phasing of innovation. There were good performances by our brands across the skin, hair and deodorant categories, notably *Dove* and *Suave*.

In Prestige fragrance our sales declined, reflecting both the sale of Elizabeth Arden and weaknesses in department

stores and travel retail following the tragic events of 11 September. The decline in underlying sales reduced the overall North American growth rate by nearly 1%.

Our Foods business recorded an underlying sales growth of just over 3% for the year.

The integration of Ben & Jerry's proceeded well and sales grew 8% in the year. This, together with strong sales of *Breyers*, *Popsicle*, *Klondike* and *Good Humor*, further strengthened our market leadership. *Slim-Fast* continued to expand and is now close to €1 billion sales globally. Spreads grew with the introduction of calcium variants of the *Shedd's* and *I Can't Believe It's Not Butter!* ranges. In culinary products, sales were flat due to competitive activity and our focus on integration. In tea, sales declined as we focused on brand convergence and transition to our common global positioning.

Total operating margin BEIA of 14.2% reflects the benefits of portfolio change, restructuring, global procurement and marketing-support efficiencies.

2000 results compared with 1999

	€ million 2000 at current rates	€ million 2000 at constant 1999 rates	€ million 1999 at 1999 rates	% Change at constant rates
Total turnover	11 708	10 094	8 902	13%
Total operating profit BEIA	1 500	1 290	996	30%
Exceptional items	(1 132)	(977)	(126)	
Amortisation of goodwill and intangibles	(179)	(149)	(1)	
Total operating profit	189	164	869	(81)%
Total operating margin	1.6%	1.6%	9.8%	
Total operating margin BEIA	12.8%	12.8%	11.2%	

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.

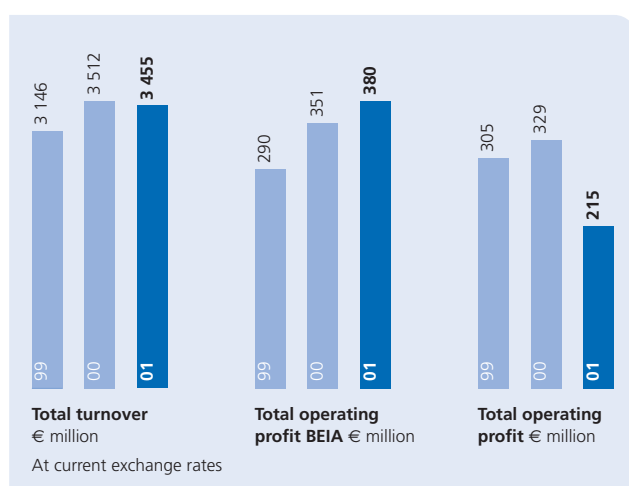
In Home & Personal Care, volumes grew by 4% as a result of an active and strongly supported innovation programme.

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*.

Africa, Middle East and Turkey



2001 results compared with 2000 at current exchange rates

	€ million 2001	€ million 2000	% Change
Total turnover	3 455	3 512	(2)%
Total operating profit	215	329	(35)%
Group turnover	3 191	3 296	(3)%
Group operating profit	203	321	(37)%

2001 results compared with 2000 at constant 2000 exchange rates

	€ million 2001	€ million 2000	% Change
Total turnover	3 843	3 499	10%
Total operating profit BEIA	422	352	20%
Exceptional items	(160)	(16)	
Amortisation of goodwill and intangibles	(28)	(6)	
Total operating profit	234	330	(29)%
Total operating margin	6.1%	9.4%	
Total operating margin BEIA	11.0%	10.0%	

Sales grew by 10% with an underlying growth of 7%. Price increases have had priority to protect margins in countries where there has been devaluation, in particular South Africa and Turkey. Growth is broad-based across our brands, with the strongest country contributions coming from South Africa, Nigeria, Ghana and Morocco. There were good performances by *Omo*, relaunched with an improved formulation, *Close-up* in West Africa, where we continue to strengthen our position in oral care, and by *Dove*.

Total operating margin BEIA at 11.0% is ahead of last year, reflecting focused management in challenging economic conditions.

2000 results compared with 1999

	€ million 2000 at current rates	€ million 2000 at constant 1999 rates	€ million 1999 at 1999 rates	% Change at constant rates
Total turnover	3 512	3 200	3 146	2%
Total operating profit BEIA	351	328	290	13%
Exceptional items	(16)	(18)	15	
Amortisation of goodwill and intangibles	(6)	(6)	–	
Total operating profit	329	304	305	–%
Total operating margin	9.4%	9.5%	9.7%	
Total operating margin BEIA	10.0%	10.3%	9.2%	

In Africa, Middle East and Turkey, overall sales were up by 2%, with profits increasing by 13%.

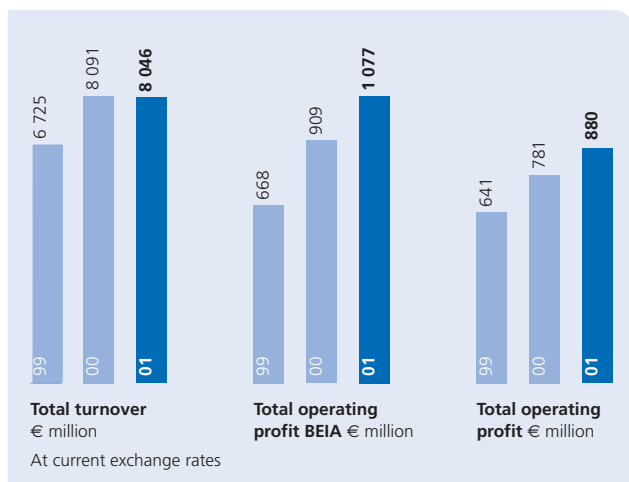
The momentum in Africa was driven by progress across all our key categories, with particularly strong performances from laundry, oral care, deodorants and culinary products. We increased the direct coverage of outlets with the roll-out of a distribution model based on our experience in rural India.

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.

Asia and Pacific



2001 results compared with 2000 at current exchange rates

	€ million 2001	€ million 2000	% Change
Total turnover	8 046	8 091	(1)%
Total operating profit	880	781	13%
Group turnover	7 846	8 038	(2)%
Group operating profit	862	776	11%

2001 results compared with 2000 at constant 2000 exchange rates

	€ million 2001	€ million 2000	% Change
Total turnover	8 558	8 091	6%
Total operating profit BEIA	1 154	908	27%
Exceptional items	(166)	(109)	
Amortisation of goodwill and intangibles	(41)	(19)	
Total operating profit	947	780	21%
Total operating margin	11.1%	9.6%	
Total operating margin BEIA	13.5%	11.2%	

Total sales grew by 6% with underlying sales ahead by the same amount.

In South East Asia and Japan, sales growth exceeded 10%. Notable were: a strong performance in Japan with the successful launch of *Dove* shampoo; *Lipton* ready-to-drink tea through the alliance with *Suntory*; and our skin business through *Dove*. In South East Asia our personal care brands powered ahead in all countries led by new variants of *Sunsilk*, and in Indonesia there was increased market penetration for *Rexona* and excellent performances from *Citra* and *Pepsodent* following its relaunch.

In India, the more focused brand portfolio delivered improved growth and profitability. There were particularly strong performances by *Sunsilk* and *Clinic* in hair, *Rin* and

Wheel in laundry, and *Fair and Lovely* range extensions in skin care. In Foods, sales have been flat as we have been aggressively improving margins and eliminating poor-performing brands.

In China, there was substantial progress towards profitability.

Total operating margin BEIA for the year has advanced to 13.5% reflecting the benefits of global procurement, improved Foods profitability and a stronger mix through the growth in personal care.

2000 results compared with 1999

	€ million 2000 at current rates	€ million 2000 at constant 1999 rates	€ million 1999 at 1999 rates	% Change at constant rates
Total turnover	8 091	7 277	6 725	8%
Total operating profit BEIA	909	830	668	24%
Exceptional items	(109)	(94)	(18)	
Amortisation of goodwill and intangibles	(19)	(17)	(9)	
Total operating profit	781	719	641	12%
Total operating margin	9.7%	9.9%	9.5%	
Total operating margin BEIA	11.2%	11.4%	9.9%	

Sales in the year were 8% 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.

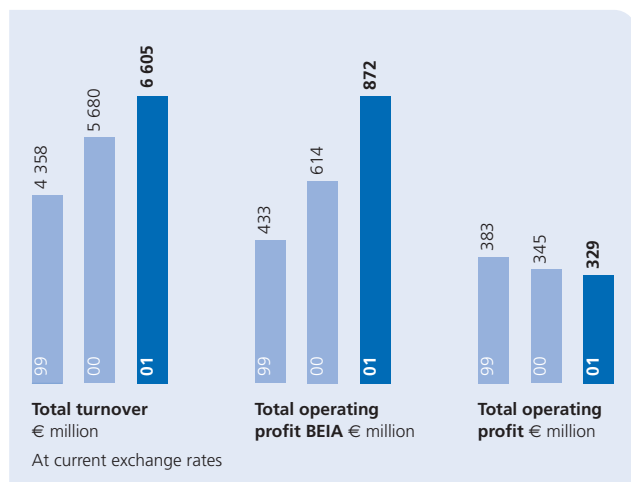
Our businesses in South East Asia and Japan generated double digit sales growth in each quarter. Progress was broad-based, in both category and geography.

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.

Latin America



Mexico sustained strong growth throughout the year. The key drivers have been: *Sedal*, which reached an 8% share in the hair care market in its first year since launch; further progress in spreads, deodorants and skin care; and a successful expansion of *Holanda* ice cream.

In Argentina, markets declined as consumer income reduced, however, our market shares remain strong. In Brazil, overall volumes were impacted by energy restrictions and devaluation-related price increases but continuing innovation in hair and deodorant delivered volume growth.

Total operating margin BEIA for the year at 13.0% is ahead of last year reflecting the benefits of portfolio change, global procurement, savings from Bestfoods' integration and improved ice cream profitability.

2001 results compared with 2000 at current exchange rates

	€ million 2001	€ million 2000	% Change
Total turnover	6 605	5 680	16%
Total operating profit	329	345	(5)%
Group turnover	6 591	5 650	17%
Group operating profit	328	343	(4)%

2001 results compared with 2000 at constant 2000 exchange rates

	€ million 2001	€ million 2000	% Change
Total turnover	7 223	5 667	27%
Total operating profit BEIA	939	612	53%
Exceptional items	(283)	(173)	
Amortisation of goodwill and intangibles	(307)	(96)	
Total operating profit	349	343	2%
Total operating margin	4.8%	6.1%	
Total operating margin BEIA	13.0%	10.8%	

Total sales moved ahead by 27% with an underlying sales growth of 5%.

A key feature of the year has been our determination to move prices to recover devaluation-driven cost increases and so protect our margin structure.

2000 results compared with 1999

	€ million 2000 at current rates	€ million 2000 at constant 1999 rates	€ million 1999 at 1999 rates	% Change at constant rates
Total turnover	5 680	4 976	4 358	14%
Total operating profit BEIA	614	536	433	24%
Exceptional items	(173)	(152)	(44)	
Amortisation of goodwill and intangibles	(96)	(82)	(6)	
Total operating profit	345	302	383	(21)%
Total operating margin	6.1%	6.1%	8.8%	
Total operating margin BEIA	10.8%	10.8%	9.9%	

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.

The Foods division was established in January 2001 and we have made excellent progress in building and transforming our Foods business.

We rapidly integrated Bestfoods, together with Slim•Fast, Ben & Jerry's and Amora Maille. The integration achieved all the synergy targets, realising savings of over €400 million, and we are on course to complete most of our operational integration by early 2002.

The new business delivered solid growth thanks to a more focused portfolio of leading brands and despite challenging economic conditions in many of our key markets. Overall sales grew by 20%, with a significant increase coming from the recent acquisitions of Bestfoods, Slim•Fast, Amora Maille and Ben & Jerry's. Excluding the impact of acquisitions and disposals, underlying sales growth was 3%.

Total operating profit BEIA rose by 49% and margins reached 14.3% reflecting the benefits from the Path to Growth restructuring programme and Bestfoods synergy savings.

The culinary category, thanks to the acquisitions, grew to become Unilever's biggest while profit margins increased very significantly. In addition, Unilever's spreads operations, which returned to sales growth after a period of decline, and our ice cream and frozen foods business, which increased its profits sharply following restructuring, performed particularly well. Our performance in the fast-growing foodservice arena and in developing and emerging markets demonstrate our increased potential in these sectors.

The greater size, scope and global reach of the new business enhances our ability to deliver benefits of scale and to achieve our vision of becoming the world's leading food company.

On pages 20 to 23 is a review of performance in each major product category. Included in the figures for each category are the results of two areas that are important to Unilever:

Health and wellness

Consumers are increasingly demanding healthy food products. In 2001, our brands grew by meeting such needs, in both industrialised and developing markets.

The US-based *Slim•Fast* range, which we market as a nutritionally responsible way to achieve and maintain a healthy weight, delivered excellent growth. We successfully extended the brand beyond its US heartland, with launches in Australia and the Netherlands and relaunches in Canada and the UK. We also extended the range into soups.

A profitable year for *Annapurna* in India and a successful African roll-out from Ghana to Côte d'Ivoire shows how we meet a very different consumer need: for nutritionally-enhanced staples at an affordable price. Sales of *AdeS* soydrinks in Latin America were hit, however, by the economic difficulties in the region.

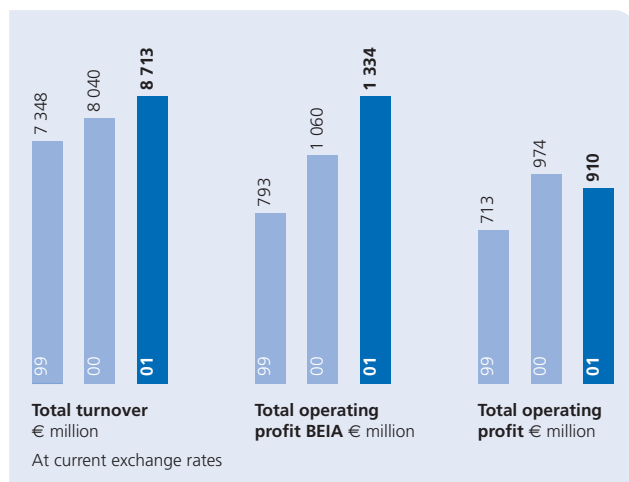
Foodservice

The integration of Bestfoods into Unilever created one of the world's leading foodservice businesses, providing solutions for chefs, restaurateurs, caterers and fast food retailers. Unilever Bestfoods foodservice operates in more than 60 countries and is market leader in our target categories.

While sales performance rallied towards the end of 2001, there was a slight decrease in turnover in foodservice during the year, due to a complex integration challenge, adverse economic conditions, and setbacks in some larger countries, including France, Germany and the UK. However, we enjoyed double-digit growth in many smaller national markets and we improved profit margin overall.

We are confident that foodservice will fulfil its potential as a major growth and innovation driver for the Foods division.

Oil and dairy based foods and bakery



2001 results compared with 2000 at current exchange rates

	€ million 2001	€ million 2000	% Change
Total turnover	8 713	8 040	8%
Total operating profit	910	974	(7)%
Group turnover	8 585	7 930	8%
Group operating profit	890	958	(7)%

2001 results compared with 2000 at constant 2000 exchange rates

	€ million 2001	€ million 2000	% Change
Total turnover	8 851	8 020	10%
Total operating profit BEIA	1 345	1 056	27%
Exceptional items	(303)	(22)	
Amortisation of goodwill and intangibles	(129)	(64)	
Total operating profit	913	970	(6)%
Total operating margin	10.3%	12.1%	
Total operating margin BEIA	15.2%	13.2%	

Unilever is the world's leading supplier of branded margarine, spreads and olive oil.

In 2001, consumer-focused innovation made our spreads turnover grow again and our total market share improved by about 1%. Total operating profit BEIA increased by 27%, with particularly good performances in Germany, the Netherlands and the UK.

Our ability to satisfy consumer demand for healthy foods was key to our success. *Pro•activ*, which includes ingredients that can help to reduce levels of 'bad' cholesterol, showed very impressive growth across Europe. *Culinesse*, a high-performance, easy-to-use, liquid cooking product, was successfully launched in 11 European countries.

In the US, an enterprising, cross-functional initiative that looked at all aspects of margarine marketing captured the

imagination of consumers and boosted sales. *I Can't Believe It's Not Butter!* grew particularly strongly.

Our European dairy spreads, marketed under *Brunch*, *Boursin* and *Crème Bonjour*, continued to grow. Spreads in most Eastern European countries recovered well, although the Russian market remained difficult.

Overall sales in olive oil declined mainly due to the disposal of the unprofitable La Masia business in Spain but profitability increased significantly. This was mainly driven by the continued success of *Bertolli*, which again enjoyed good volume growth, especially in Western Europe. Recognising the consumer appeal of healthy Mediterranean-style food, we introduced *Bertolli* dressings in the Netherlands and brought *Five Brothers* pasta sauce in the UK and US, and *Olivio* spreads in the UK, under the *Bertolli* umbrella.

We sold the Bestfoods Baking Company in July 2001.

As a result of this and the divestment of European Bakery Supplies in 2000, Unilever has now disposed of the majority of its bakery business.

2000 results compared with 1999

	€ million 2000 at constant 1999 rates	€ million 2000 at 1999 rates	€ million 1999 at 1999 rates	% Change at constant rates
Total turnover	8 040	7 524	7 348	2%
Total operating profit BEIA	1 060	1 003	793	26%
Exceptional items	(22)	(13)	(75)	
Amortisation of goodwill and intangibles	(64)	(55)	(5)	
Total operating profit	974	935	713	31%
Total operating margin	12.1%	12.4%	9.7%	
Total operating margin BEIA	13.2%	13.3%	10.8%	

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 16 countries around the world.

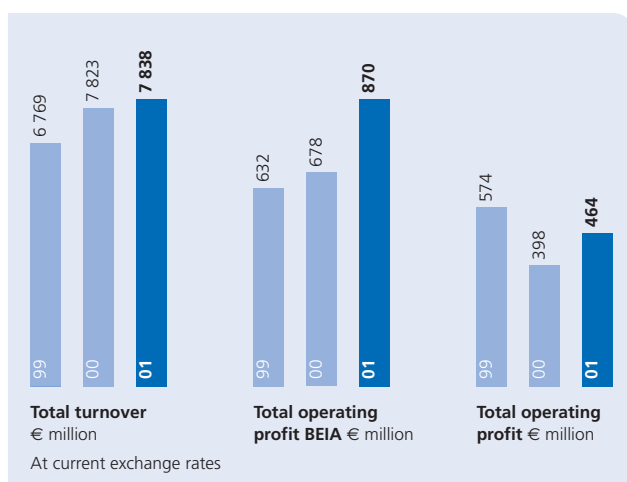
In margarines, consumers responded positively to the addition of micro-nutrients and calcium to some of our main brands, including *Blue Band* and *Country Crock*.

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 *Crème 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.

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.

Ice cream and beverages



2001 results compared with 2000 at current exchange rates

	€ million 2001	€ million 2000	% Change
Total turnover	7 838	7 823	-%
Total operating profit	464	398	17%
Group turnover	7 695	7 601	1%
Group operating profit	423	367	15%

2001 results compared with 2000 at constant 2000 exchange rates

	€ million 2001	€ million 2000	% Change
Total turnover	7 964	7 814	2%
Total operating profit BEIA	881	683	29%
Exceptional items	(375)	(260)	
Amortisation of goodwill and intangibles	(42)	(20)	
Total operating profit	464	403	15%
Total operating margin	5.8%	5.2%	
Total operating margin BEIA	11.1%	8.7%	

Ice cream

Our major ice cream brands performed well during 2001 and sales grew by 2%. Progress was driven by innovations, such as *Magnum* snack-sizes, *Cornetto* miniature and multi-packs and *Cornetto*-branded soft ice cream.

A positive overall picture was affected by declining wrapped impulse sales in Germany and the UK. In North America, our Canadian and US businesses delivered excellent sales growth and much improved profits. The strength of our portfolio was demonstrated by the success of Ben & Jerry's in the US super-premium market, during its first full year as a Unilever business.

In line with our commitment to a world-class supply chain, we closed eight factories that were of limited long-term value and introduced more efficient ways of buying raw materials and packaging. We also eliminated certain poorly performing products and withdrew from nine countries where our ice cream business was unprofitable, including Colombia, Russia and Saudi Arabia.

The next significant development in the European Commission's investigation into our distribution arrangements for ice cream in Ireland is expected later in 2002. The Court of First Instance will then hear and subsequently rule on our appeal against the Commission's negative decision in the matter of cabinet exclusivity. That decision is currently suspended, pending the outcome of the appeal.

Beverages

Our *Lipton* global core brand grew by 6%, led by double-digit growth in ready-to-drink tea delivering a 'system sales' growth of 10% worldwide. This growth was again boosted by our innovative 'Paint the World Yellow' programme, which is now in the process of being implemented in 30 countries.

In Japan, sales of *Lipton* ready-to-drink tea grew strongly due to our partnership with drinks manufacturer Suntory. Our recent innovation, *Lipton Cold Brew* cold infusion teabags, grew well and has now been rolled out across most of the US. However, overall sales and profits declined in that country.

The traditional tea market in Central Asia declined in value. Fierce competition from loose leaf tea competitors in India made our beverage sales decline, but a major cost effectiveness drive resulted in higher profits. In Poland and Russia, sales showed double-digit growth as we continued to drive the consumer migration from loose leaf to tea bags.

Overall sales grew by 2% and growth in our leading brands was over 4%. Operating profits and margins increased due to significant savings in supply chain costs.

2000 results compared with 1999

	€ million 2000 at current rates	€ million 2000 at constant 1999 rates	€ million 1999 at 1999 rates	% Change at constant rates
Total turnover	7 823	7 193	6 769	6%
Total operating profit BEIA	678	636	632	1%
Exceptional items	(260)	(244)	(50)	
Amortisation of goodwill and intangibles	(20)	(17)	(8)	
Total operating profit	398	375	574	(35)%
Total operating margin	5.1%	5.2%	8.5%	
Total operating margin BEIA	8.7%	8.8%	9.3%	

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.

Beverages

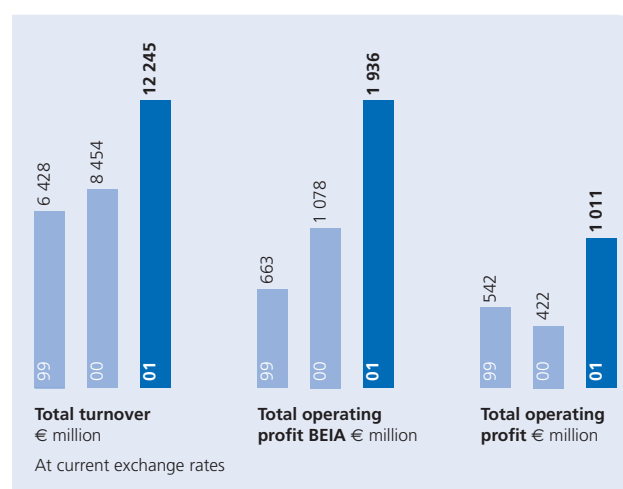
Our focus on our leading brands, *Lipton* and *Brooke Bond*, helped tea sales increase by 4%. In Europe, volumes grew but operating margin fell due to increased marketing investment and a rise in raw material costs.

'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.

Culinary and frozen foods



2001 results compared with 2000 at current exchange rates

	€ million 2001	€ million 2000	% Change
Total turnover	12 245	8 454	45%
Total operating profit	1 011	422	140%
Group turnover	11 875	8 367	42%
Group operating profit	990	410	141%

2001 results compared with 2000 at constant 2000 exchange rates

	€ million 2001	€ million 2000	% Change
Total turnover	12 371	8 424	47%
Total operating profit BEIA	1 940	1 064	82%
Exceptional items	291	(322)	
Amortisation of goodwill and intangibles	(1 233)	(326)	
Total operating profit	998	416	140%
Total operating margin	8.1%	4.9%	
Total operating margin BEIA	15.7%	12.6%	

Culinary

We are world leaders in the two categories that make up our culinary business: savoury and dressings.

Knorr is now our biggest brand and, during its first full year under Unilever stewardship, grew by over 4% worldwide. We drove its strong performance with innovations such as *Knorr Exotic Meal Kits*, which we continued to extend in Europe; *Knorr Cup Pasta*, which we launched in Taiwan; *Knorr Quick Soups* in Switzerland and *Knorr Sazonisimo*, which we introduced in Mexico.

The *Hellmann's* brand also did well considering difficult market conditions in Latin America and fierce competition in the US. It enjoyed sales growth of over 10% in some national markets, including Greece, Ireland, the Philippines and Thailand. As part of the integration, we withdrew *Hellmann's* pourable sauces in the US to concentrate on the larger *Wishbone* brand.

Our *Amora* brand also had a successful year with increased turnover and profits. Innovations, such as *Amora Clip-Sauce* in France and extensions into the chilled cabinet, helped drive growth.

We disposed of several European dry soups and sauces businesses, following undertakings given to the European Commission in connection with the Bestfoods' acquisition. These disposals included *Batchelors* and *Oxo* in the UK, *Royco* and the *Lesieur* range in France, *Heisse Tasse* in Germany and *Blå Band* in Denmark, Sweden and Finland.

Frozen foods

Our ongoing businesses in frozen foods achieved good, profitable growth due to innovation and tight business focus.

The key growth drivers were products that met the demand for healthy and convenient foods. We successfully rolled out frozen high-quality meal ranges based on the Italian concept *4 Salti in Padella*, including *Birds Eye enjoy!* in the UK. Our frozen snacks also performed well.

In 2001, we began successfully extending frozen food brands and products into our foodservice business.

We disposed of our Gorton's frozen seafood business in North America and the Frudesa business in Spain, but retained limited rights to use the *Frudesa* brand name. We also withdrew from frozen foods in Argentina.

2000 results compared with 1999

	€ million 2000 at current rates	€ million 2000 at constant 1999 rates	€ million 1999 at 1999 rates	% Change at constant rates
Total turnover	8 454	7 911	6 428	23%
Total operating profit BEIA	1 078	1 002	663	51%
Exceptional items	(322)	(314)	(120)	
Amortisation of goodwill and intangibles	(334)	(299)	(1)	
Total operating profit	422	389	542	(28)%
Total operating margin	5.0%	4.9%	8.4%	
Total operating margin BEIA	12.8%	12.7%	10.3%	

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.

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.

OPERATING REVIEW BY CATEGORY – HOME & PERSONAL CARE

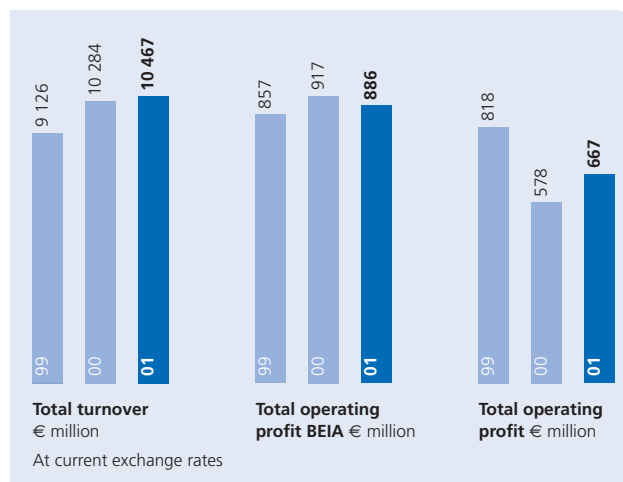
The Home & Personal Care (HPC) division was established in January 2001, as part of Unilever's move to a two-divisional structure.

During the year, our single-minded focus on our global core brands, such as *Dove*, *Lux*, *Omo*, *Sunsilk* and *Surf*, resulted in improved performances in most categories and regions. While overall sales grew by 3%, growth of our leading brands was 6.5%. Total operating profit BEIA rose by 9% and total operating margin BEIA reached 13.7%.

In November 2001, we announced that we had agreed to sell DiverseyLever, our institutional and industrial cleaning business, to Johnson Wax Professional. In December 2001, we sold our women's health diagnostics business, Unipath, to Massachusetts-based Inverness Medical Innovations, Inc. Both sales reflect our strategic thrust of focusing on our leading consumer brands.

In 2001, we reshaped our organisation to help ensure future growth. In HPC, as in Foods, we reorganised our global research and development network, bringing research and development into the division. The HPC Executive team is now responsible for assigning research priorities and resources, with a new network of global technology centres delivering innovations. These changes will allow us to respond more quickly to consumer demands and to focus on larger-scale innovations.

Home care and professional cleaning



2001 results compared with 2000 at current exchange rates

	€ million 2001	€ million 2000	% Change
Total turnover	10 467	10 284	2%
Total operating profit	667	578	15%
Group turnover	10 432	10 258	2%
Group operating profit	666	578	15%

2001 results compared with 2000 at constant 2000 exchange rates

	€ million 2001	€ million 2000	% Change
Total turnover	10 884	10 284	6%
Total operating profit BEIA	926	918	1%
Exceptional items	(209)	(323)	
Amortisation of goodwill and intangibles	(19)	(16)	
Total operating profit	698	579	21%
Total operating margin	6.4%	5.6%	
Total operating margin BEIA	8.5%	8.9%	

Home care

We are one of the world leaders in domestic home care, which includes cleaning and hygiene products. Many of our brands are leaders in their markets, including *Cif*, *Comfort*, *Domestos*, *Omo*, *Surf* and *Persil* in the UK.

In 2001, sales rose by 6%, however, total operating margin BEIA was slightly down.

Laundry products remain the bedrock of our HPC business, generating nearly a third of the division's income. In 2001, we retained our clear leadership in tablets in Europe, however, in Canada and the US, tablets showed slow consumer uptake.

OPERATING REVIEW BY CATEGORY – HOME & PERSONAL CARE

Building on the success of tablets in Europe, we launched liquid capsules. These provide the convenience and efficiency of laundry tablets for those consumers who prefer to use liquid detergents.

We demonstrated the enduring appeal of our laundry brands in South Latin America, emerging after two years of intense competition with significantly improved profitability.

We made significant progress in aligning all laundry detergent and fabric conditioners behind a limited number of our leading brands, such as *Omo*, *Skip*, *Surf*, *Comfort* and *Snuggle*. We rolled out standardised *Omo* packaging and advertising in Latin America, Asia and Pacific, Africa, Middle East and Turkey. In India, as part of this alignment, we relaunched the popular *Surf* brand, investing in an improved formulation and doubling marketing support.

As part of our strategy of extending our brands, we extended the *Comfort* fabric conditioner brand with the successful launch of *Comfort Vaporesse* in Europe. *Comfort Vaporesse* liquid is poured into the water wells of steam irons, making fabrics smell fresher and preventing limescale.

We extended the *Domestos* brand, launching *Domestos Bi-Actif* and *Domestos WC Active Mousse* in Europe and, in Asia, reaching new consumers with products tailored for low-income families. Other successes in household cleaning included further innovations in *Cif* wipes.

Professional cleaning

In professional cleaning, DiverseyLever enjoyed a strong year with growth in both sales and operating profit.

In November 2001, we announced that we had agreed to sell DiverseyLever to Johnson Wax Professional. The sale is expected to be completed in the first half of 2002.

2000 results compared with 1999

	€ million 2000 at current rates	€ million 2000 at constant 1999 rates	€ million 1999 at 1999 rates	% Change at constant rates
Total turnover	10 284	9 462	9 126	4%
Total operating profit BEIA	917	856	857	–%
Exceptional items	(323)	(297)	(34)	
Amortisation of goodwill and intangibles	(16)	(15)	(5)	
Total operating profit	578	544	818	(34)%
Total operating margin	5.6%	5.8%	9.0%	
Total operating margin BEIA	8.9%	9.1%	9.4%	

Home care

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 maintained our clear leadership in tablets. These are now available in more than 30 countries, having been launched 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 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

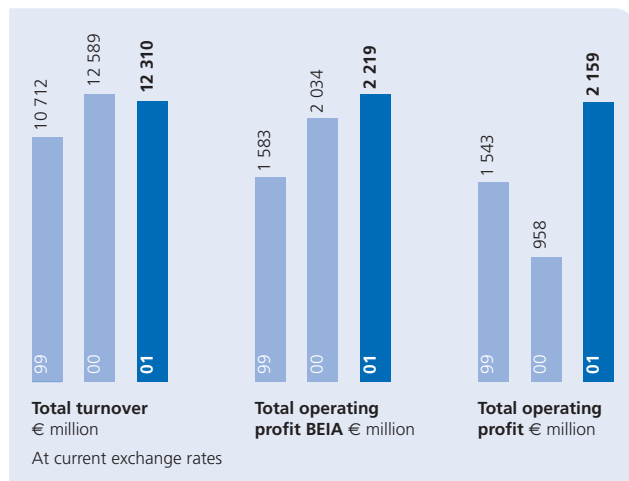
DiverseyLever is a provider of cleaning and hygiene products and services. These are sold to institutional customers such as hotels, hospitals, laundries and to the food and beverage industry.

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 commenced.

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

Personal care



2001 results compared with 2000 at current exchange rates

	€ million 2001	€ million 2000	% Change
Total turnover	12 310	12 589	(2)%
Total operating profit	2 159	958	125%
Group turnover	12 307	12 567	(2)%
Group operating profit	2 157	958	125%

2001 results compared with 2000 at constant 2000 exchange rates

	€ million 2001	€ million 2000	% Change
Total turnover	12 685	12 590	1%
Total operating profit BEIA	2 298	2 035	13%
Exceptional items	(50)	(1 069)	
Amortisation of goodwill and intangibles	(11)	(7)	
Total operating profit	2 237	959	133%
Total operating margin	17.6%	7.6%	
Total operating margin BEIA	18.1%	16.2%	

In personal care, we are the world leader in products for skin cleansing, deodorants and antiperspirants. Sales increased by 1%, while total operating margin BEIA improved. Our leading brands achieved growth of 7%, reflecting the strong performance of our global core brands, such as *Axe*, *Dove*, *Rexona*, *Suave* and *Sunsilk*.

Dove again surged ahead. It recorded its third consecutive year of over 25% growth with strong contributions from the new *Nutrium* bar in the US and shower and body care products in Europe. Another notable success was the brand's move into hair care in Asia, where it reached number three in the Japanese shampoo and conditioner market within two months and contributed towards a 12% worldwide growth in our hair care business. The launch has projected Unilever into a clear number one position in Japan, the second largest hair care market, with *Lux*, *mod's hair* and now *Dove*.

Sunsilk, our leading hair care brand, also performed strongly, growing in excess of 20%. It was launched in Mexico, marketed as *Sedal*, and rapidly became the fourth biggest hair care brand in the country. In the US, *Suave* captured an 11% value share of the shampoo market for the first time.

Our deodorant category grew by 8%, driven by the success of *Dove*, *Axe* and *Rexona*. *Dove* consolidated its position in deodorants with a particularly strong performance in the US and an encouraging launch in Mexico.

We refreshed the *Axe* male deodorant range, marketed as *Lynx* in the UK, with two new fragrances, *Fusion* and *Gravity*. In Europe, as part of our strategy of extending our brands beyond their core categories, we introduced an upgraded *Axe* shower gel range.

Rexona also made significant progress in the male antiperspirant market, with *Rexona for Men* accounting for a growing proportion of the brand's sales.

We introduced harmonised packaging for our roll-on deodorants across all brands, achieving significant efficiencies in our supply chain.

Our innovations continue to meet the everyday needs of consumers, in both the industrialised and developing worlds. In face care, *Pond's Perfect* was launched in Japan and achieved a leading position in the mass sector of the anti-ageing market, while the launch of *Pond's RenAscent* achieved outstanding success in Mexico.

In Central Asia, *Fair and Lovely* continued to perform strongly, responding to renewed advertising focus and range extensions.

In oral care, we again saw good growth from *Signal* in Europe and *Close-up* in Asia and Pacific. Our position was strengthened by innovations in toothbrushes and confectionery, where we built on the success of our dental chewing gum with the launch of dental sweets. However, in China, *Zhonghua* toothpaste had a disappointing year.

Our Prestige fragrance business faced difficult economic conditions, and sales declined. Following the disposal of Elizabeth Arden, we integrated the designer fragrance portfolio into Unilever Cosmetics International. We expanded the *Nautica* fragrance range into Europe and launched fragrances under the *BCBG* banner in the US.

OPERATING REVIEW BY CATEGORY – HOME & PERSONAL CARE

2000 results compared with 1999

	€ million 2000 at current rates	€ million 2000 at constant 1999 rates	€ million 1999 at 1999 rates	% Change at constant rates
Total turnover	12 589	11 340	10 712	6%
Total operating profit BEIA	2 034	1 846	1 583	17%
Exceptional items	(1 069)	(926)	(37)	
Amortisation of goodwill and intangibles	(7)	(7)	(3)	
Total operating profit	958	913	1 543	(41)%
Total operating margin	7.6%	8.1%	14.4%	
Total operating margin BEIA	16.2%	16.3%	14.8%	

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 and Pacific and in 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 proved to be equally robust when extended into other markets. The launch of *Dove* deodorant in Europe, Latin America and North America was a major success. In Japan, the *Dove* portfolio embraced facial foam, a bar and a body wash and, coupled with the continued success of *Pond's*, our skin business in Japan approached €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* 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* was 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* brand, particularly in Asia and Pacific and in 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 saw 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* brand 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.

In Prestige, 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.

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 91.

Results – 2001 compared with 2000

Total turnover, which includes Group turnover plus the Group's share of joint venture turnover, rose by 9% to €52 206 million.

Group turnover increased by 8% to €51 514 million. This increase was driven by underlying sales growth of 4%, compared with 1.5% in 2000, combined with a net effect from acquisitions and disposals of an increase of 7%. The most significant of these was the acquisition of Bestfoods and the disposal of Elizabeth Arden and some European soups and sauces brands. This growth was offset by a 3% strengthening of the average exchange rate for the euro against the basket of Unilever currencies.

As a result of the Bestfoods acquisition, the Group's share of joint venture turnover increased by 43% to €692 million.

Group operating profit BEIA of €7 149 million increased by 25% for the year. The improvement in margin by 1.9% to 13.9% reflects the ongoing contribution from Path to Growth restructuring and procurement savings and the successful integration of Bestfoods.

Amortisation of goodwill and intangibles was €1 387 million compared with €435 million in 2000. The increase is primarily the result of a full year's amortisation charge for acquisitions made partway through 2000. Included in this charge was €1 170 million for Bestfoods and €193 million as a result of other acquisitions in 2000, principally Slim•Fast, Ben & Jerry's, Cressida and Amora Maille.

Given the significance of the goodwill arising from the purchase of Bestfoods, our application of asset impairment accounting standards is important. We have reviewed the goodwill related to the Bestfoods acquisition, by considering actual and planned growth rates of Bestfoods brands and the actual and planned synergy savings arising from its integration.

Exceptional items for the year were €588 million, which includes €1 515 million of restructuring investment and profits on disposals of €927 million. Of the latter, €811 million relates to the profit on the sale of the brands to secure regulatory approval for our acquisition of Bestfoods and €114 million in respect of the sale of Unipath. Associated costs included within operating profit BEIA were €373 million for the year.

The restructuring exceptional items incurred in the year primarily relate to the series of initiatives we announced on 22 February 2000 to accelerate growth and expand margins, and to restructuring arising from the integration of Bestfoods. The total net cost of these programmes is estimated to be €6.2 billion, the majority of which is expected to be exceptional. To date, €3.9 billion has been incurred, of which €3.4 billion is exceptional and €0.5 billion is associated costs. The €811 million profit on the sale of brands to secure regulatory approval for the acquisition of Bestfoods is not part of this amount.

Group operating profit increased by 57% to €5 174 million, primarily being the net impact of acquisitions and disposals offset by an increase in the amortisation charge.

The share of operating profit of joint ventures increased to €84 million (2000: €57 million), reflecting a full year of the Bestfoods' joint ventures.

An overview of operating performance by region and product category is included in the Regional and Category texts on pages 14 and 19 respectively.

Net interest cost rose to €1 646 million compared with €632 million in 2000. This reflects the increase in the level of borrowings during 2000 to fund acquisitions, principally Bestfoods. Cash generation from disposals during the year, along with proceeds from the sale of the European bakery business in 2000, reduced the interest charge by approximately €80 million. Net interest cover for the year was just over three times. The net interest cover on the basis of EBITDA (bei) was five times for the year.

The Group's effective tax rate for the year was 42.7% (2000: 51.5%). This rate reflects the non-deductibility of goodwill amortisation and a tax rate on the net exceptional charges of 39%. The underlying tax rate for normal trading operations was in line with 2000.

Minority interests increased 11% to €239 million (2000: €215 million) as a result of a strong performance in India.

Net profit rose by 66% to €1 838 million. Combined earnings per share were up 70%. Combined earnings per share BEIA increased by 11%.

Return on capital employed increased slightly to 9% from 8% in 2000.

Results – 2000 compared with 1999

Total 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 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 Turkey and Asia and Pacific.

Group operating profit BEIA 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 related 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 related to our Path to Growth programme. Of the 2000 exceptional items, €1.9 billion related to this programme. Of this amount, €1.1 billion related 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 included 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 14 and 19 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 91 for definition), was 11 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 arose 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 BEIA increased by 14%.

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.

2001

Dividends and market capitalisation

Ordinary dividends paid and proposed on PLC ordinary capital amount to 14.54p per 1.4p share (2000: 13.07p), an increase of 11% per share. Ordinary dividends paid and proposed on the NV ordinary capital amount to €1.56 per €0.51 share (2000: €1.43), an increase of 9% per share. The ratio of dividends to profit attributable to ordinary shareholders was 85.6% (2000: 133.3%).

Unilever's combined market capitalisation at 31 December 2001 was €64.5 billion (2000: €65.3 billion).

Balance sheet

Although the euro weakened against both sterling and the dollar between the two balance sheet dates, the substantial devaluations in Brazil and Argentina, and the highly geared balance sheet of our US business, resulted in an exchange loss on translation of opening balances and of movements of €1 069 million. Profit retained, after accounting for dividends and for the retranslation impact, decreased by €527 million to €6 619 million.

Total capital and reserves decreased to €7 195 million (2000: €8 169 million) reflecting the above movement in profit retained together with the impact of the net increase in shares held to meet employee share option plans.

Cash flow

Cash flow from operations increased by €759 million to €7 497 million, with strong underlying cash flows partly offset by higher restructuring costs.

Capital expenditure of €1 536 million was slightly higher than in 2000.

Acquisition activity in the year was very low with a total of €132 million being mainly spent on increasing our shareholdings in existing businesses through the purchase of shares from minority shareholders. During the year, €1 968 million was received in respect of Bestfoods Baking Company and other Bestfoods businesses. In addition, 33 Unilever businesses were disposed of for a total cash consideration of €1 650 million. Other notable disposals included: Batchelors, Royco, Oxo and other European businesses sold as part of the remedies required by the European Union's Merger Task Force following the Bestfoods acquisition; Elizabeth Arden; the Unipath women's diagnostics business in the UK and the Gorton's frozen food business in North America.

Net debt at the end of the year was €23 199 million compared with €26 468 million at the end of 2000, as a result of strong cash generation including the sale of brands following the announcement of the Path to Growth strategy and the acquisition of Bestfoods in 2000.

Finance and liquidity

Unilever aims to be in the top third of a reference group for Total Shareholder Return of 21 international consumer goods companies, as explained on page 33. The Group's financial strategy supports this objective and provides the financial flexibility to meet its strategic and day-to-day needs. The key 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

Financial ratios that are consistent with this strategy are an EBITDA (BEI) net interest cover greater than eight times, a net gearing less than 45% and Funds From Operations (BEI) over lease adjusted net debt greater than 60%. Levels outside these targets are acceptable for a period following major acquisitions.

Definitions and further details on these ratios are given on pages 90 and 91.

Unilever concentrates cash in the parent and finance companies in order to ensure maximum flexibility in meeting changing business needs. Operating subsidiaries are financed through the 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.

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 a 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.

Unilever has committed credit facilities in place to support its commercial paper programmes and for general corporate purposes. The revolving credit facility and the money market commitment put in place in 2000 were replaced in May 2001 by new bilateral committed credit facilities of in aggregate \$3 020 million, bilateral notes commitments of in aggregate \$200 million and bilateral money market commitments of in aggregate \$1 775 million. Further details of these facilities are given in note 14 on page 67.

In 2001 a total of €4 932 million was raised through term financing. The term financing consisted of a €2 billion two-tranche Eurobond with a 3- and 5-year maturity issued in June, a ¥50 billion 2-year placement in June, a CHF500 million 4-year Swiss domestic bond issued in July, a €1 billion 2-year floating rate note issued in September, and a \$500 million 1.5-year Eurobond and a \$500 million 5-year Eurobond issued in December.

During 2001, total debt decreased due to cash generated by the business and a number of disposals, including the sale of brands following the announcement of the Path to Growth strategy and the acquisition of Bestfoods in 2000.

Borrowings at the end of 2001 totalled €25 500 million (2000: €29 741 million). Taking into account the various cross currency swaps and other derivatives, 74% of Unilever's borrowings were in US dollars, 7% in euros and 7% in sterling with the remainder spread over a large number of other currencies.

Long-term borrowings increased by €1 155 million to €14 221 million at the end of 2001. At the end of 2001 short-term borrowings were €11 279 million (2000: €16 675 million), including €4 034 million of long-term debt reclassified to short-term at the year-end. At the end of 2001, 77% of the long-term debt is repayable within five years (2000: 75%).

Cash and current investments at the end of 2001 totalled €2 301 million (2000: €3 273 million); these funds were held in euros (26%), sterling (15%), US dollars (3%), and other currencies (56%). The funds are mainly to support day-to-day needs and are predominantly invested in short-term bank deposits and high-grade marketable securities.

Treasury and hedging policies

Unilever Treasury's strategic purpose 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 Treasury's operational purpose is to provide financial services to allow operating companies to manage their financial transactions and exposures in an efficient, timely and low cost manner.

Unilever Treasury operates as a service centre and is governed by policies and plans agreed by the Executive Committee of the Board. 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.

The key financial instruments held by Unilever are short- and long-term borrowings, cash and other fixed and current investments (all held on balance sheet) and certain straightforward derivative instruments, principally comprising interest rate swaps and foreign exchange contracts. The accounting for derivative instruments is discussed in Accounting Policies on pages 51 to 53. The use of leveraged instruments is not permitted.

Unilever is exposed to a variety of market risks, including the effects of changes in foreign exchange rates, interest rates and credit spreads. Unilever also faces risks that are non-financial or non-quantifiable, for example liquidity, country and counterparty risks.

Unilever has an interest rate management policy aimed at optimising net interest cost and reducing volatility. This is achieved by modifying interest rate exposure of debt and cash positions through the use of interest rate swaps. At the 2001 year-end the application of this policy meant that 53% of our borrowings and 35% of our cash were fixed. Fixing levels of projected debt were 54% for 2002 and 47% for 2003 (compared with 67% for 2001 and 57% for 2002 at the end of 2000).

Unilever's foreign exchange policy requires that operating companies hedge trading and financial foreign exchange exposures. This is achieved primarily through the use of forward foreign exchange contracts. Some flexibility is permitted within overall exposure limits. At year-end there is no material exposure from companies holding assets and liabilities other than in their functional currency.

Unilever aims to hedge the net investment in operating companies through borrowings in the same currency, except where the local regulations or lack of local liquidity inhibits

this. An exception may also be made where the economic value of the net assets locally is considered to exceed their book value substantially. Our business in the US is one such example where the economic value of the assets is considerably in excess of book value and accordingly we have higher US dollar debt. From time to time, currency revaluations will trigger exchange translation movements in our balance sheet as a result of these exceptions. In 2001, we suffered significant retranslation differences as a result of the devaluations in Brazil (€439 million) and Argentina (€416 million), together with the effect of the strengthening of the US dollar on our net debt position in that currency. The above reflects the effect exchange rate movements have on book values of assets and liabilities but does not take into account the underlying value of the assets we have in the countries involved.

Our policies and strategies for the management of liquidity risk are discussed in more detail on page 30.

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 setting limits on the maturity of investments. Counterparty credit ratings are closely monitored and concentration of credit risk with any single counterparty is avoided. There is no significant concentration of credit risks with any single counterparty as at the year-end.

As a result of the share option program for employees, we are exposed to movements in our own share price. In recent years we have hedged this risk through buying Unilever shares in the market when the share option is granted and holding these shares until the share option is exercised or lapses. This year we have also entered into a contract with a bank for the forward purchase of Unilever shares, further details of which are given on page 69. At the year-end 92% of all outstanding employee share options were hedged; based on Unilever's experience with the exercise level of options we consider this percentage as being fully hedged.

The following discussion about risk management activities includes 'forward-looking' statements that involve risk and uncertainties. The 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 2001, 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 2001.

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 2001.

Fair value changes

	Sensitivity to a hypothetical 10% adverse movement in rates as at 31 December	
	€ million 2001	€ million 2000
Interest rate risk	243	338
Foreign exchange rate risk	28	1

Further details on derivatives, foreign exchange exposures and other related information on financial instruments are given in note 15 on page 68.

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 over 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 2001 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 had no material outstanding futures contracts at the end of 2001.

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 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 on tangible fixed assets and depreciation is shown in note 10 on page 65.

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 2001, or which could impact on our ability to meet our published targets under the Path to Growth strategy – which consists of focusing resources on leading brands, closing manufacturing sites and re-organising or divesting under-performing businesses – include those previously described on pages 31 and 32 and the following:

- > Delivering the benefits of recent acquisitions: In recent years Unilever has acquired a number of businesses around the world, including Bestfoods. Growth by acquisition carries the risk of delays in completing integration and realising the required synergies.
- > Managing restructuring and reorganisation programmes: Unilever has announced wide-ranging business restructuring initiatives, and has recently undergone a reorganisation to create two Divisions encompassing all operations around the world. This high level of change absorbs considerable management time and can interrupt normal business operations.
- > Innovation: Our growth depends in large part on our ability to generate and implement a stream of consumer-relevant improvements to our products. The contribution of innovation is affected by the level of funding that can be made available, the technical capability of the research and development functions, and the success of operating management in rolling out quickly the resulting improvements.
- > Cost reductions: Unilever has a range of programmes to reduce its product costs and overhead expenses. In addition to the restructuring programme mentioned above, these include a Group-wide buying initiative, and a programme to create shared-service centres around the world. Realisation of the planned savings and efficiencies is important to provide funds for business growth.

- > Economic conditions in developing countries:
About a third of Unilever's sales come from the group of developing and emerging economies. These markets are also an important source of our growth. These economies are more volatile than those in the developed world, and there is a risk of downturns in effective consumer demand that would reduce the sales of our products.
- > Borrowings:
The Group had borrowings totalling €25 500 million at the end of 2001. Any shortfalls in our cashflow commitments to service these borrowings could undermine our credit rating and overall investor confidence. Market, interest rate and foreign exchange risks to which the Group is exposed are described on page 31.
- > Price volatility of raw materials:
Unilever's raw materials cover a wide range of agricultural and mineral products that are subject to movements in cyclical commodity prices. There may be times when increases in these prices cannot be recovered fully in selling prices due to competitor actions or weakness in effective consumer demand.
- > Reputation:
Unilever has a good corporate reputation and many of our businesses have a high profile in their region. Unilever products carrying our famous brand names are sold in over 100 countries. Should we fail to meet high product safety, social, environmental and ethical standards in all our operations and activities, Unilever's corporate reputation could be damaged, leading to the rejection of our products by consumers, devaluation of our brands and diversion of management time into rebuilding our reputation. Examples of initiatives to manage key social and environmental risks are mentioned on pages 8 and 9.
- > Customer relationships:
Sales to large customers are significant in some of our businesses. The loss of a small number of major customers could have an adverse effect on the Group's business and results of operations.

In addition, as a multinational group, Unilever's businesses are exposed to varying degrees of risk and uncertainty related to other factors including competitive pricing, consumption levels, physical risks, legislative, fiscal, tax and regulatory developments, terrorism and economic, political and social conditions in the environments where we operate. All of these risks could materially affect the Group's business, our turnover, operating profit, net profit, net assets and liquidity. There may also be risks which are unknown to Unilever or which are currently believed to be immaterial.

Total Shareholder Return

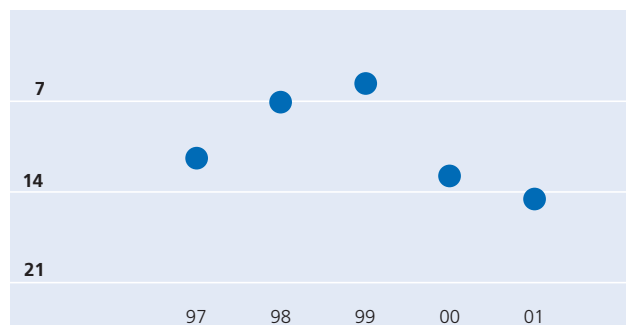
Total Shareholder Return (TSR) is a concept used to compare the performance of different companies' stocks and shares over time. It combines share price appreciation and dividends paid to show the total return to the shareholder. The absolute level of the TSR will vary with stock markets, but the relative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

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.

At the end of 2000 we were positioned 13th and during 2001 we fell to 15th, 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.

In 2001 the following companies formed the peer group of comparative companies:

Avon	Kao
Beiersdorf	Lion
Cadbury Schweppes	L'Oréal
Clorox	Nestlé
Coca-Cola	Pepsico
Colgate	Philip Morris
Danone	Procter & Gamble
Eridania*	Reckitt Benckiser
Gillette	Sara Lee
Heinz	Shiseido

*Eridania will be replaced by Orkla with effect from 1 January 2002.

Significant changes

Any important developments and post-balance sheet events that have occurred since 31 December 2001 have been noted in this Annual Report & Accounts and Form 20-F 2001. Otherwise, there have been no significant changes since the year end.

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.

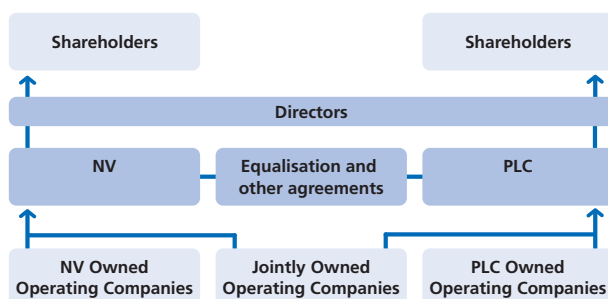
Since 1930 when the Unilever Group was formed, NV and PLC together with their group companies have operated, as nearly as is practicable, as a single entity. They have the same directors, adopt the same accounting principles, and are linked by a series of agreements. The Equalisation Agreement, which 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. These arrangements are designed to create a balance between the funds generated by the NV and PLC parts of the Group.

See page 97 for a listing of the Group's principal subsidiaries and also Control of Unilever on page 107.

Legal Structure of the Group



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.

Since 1 January 2001, our operations have been organised into two global divisions – Foods and Home & Personal Care – headed by division directors. Reporting to their respective division directors are the Foods and the Home & Personal Care Business Presidents, responsible for the profitability of their regional and global businesses. For details of the division directors and Business Presidents, see pages 37 to 39.

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 and Form 20-F
- > 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 107. 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.

A procedure is in place to enable directors, if they so wish, to seek independent professional advice. On election, directors are briefed thoroughly on their responsibilities.

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 37 to 39. 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 adequate and reflect, as far as possible, best practice. They serve on certain key Board committees, the roles and membership of which are described on page 35.

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' 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.

In the context of Unilever's unique arrangements for corporate governance, all the Advisory Directors are considered to be independent of Unilever.

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 Oscar Fanjul, Claudio X Gonzalez and Onno Ruding. 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 Boards to carry out their 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 Charles R Shoemate. 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 Corporate Development Director.

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, Wim Dik, 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 currently comprises four Advisory Directors and meets at least twice a year. It is chaired by Frits Fentener van Vlissingen, and its other members are Bertrand Collomb, Wim Dik and Lord Simon. It reviews executive remuneration and is responsible for the executive share-based incentive 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.

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 37 to 38 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 40 to 48. 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 49.

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 2001.

Auditors

Subject to the annual appointment of auditors by the shareholders and in addition to our ongoing process of monitoring the auditors' performance, we undertake a formal review every three years. The next review is currently in progress. As part of this review, we have decided to invite competitive tenders for the audit contract. The directors' recommendation resulting from this review will be put to the AGMs for approval in 2003.

Both the Executive Committee and the auditors have for many years had safeguards to avoid the possibility that the auditors' objectivity and independence could be compromised. In particular, our procedures in respect of other services provided by PricewaterhouseCoopers are:

- > Audit related services – This is work that, in their position as the auditors, they must or are best placed to undertake. It includes formalities relating to borrowings, shareholder and other circulars, various other regulatory reports and work in respect of acquisitions and disposals.
- > Tax consulting – In cases where they are best suited, we use the auditors. All other significant tax consulting work is put to tender.
- > General consulting – All significant general consulting projects are put out to tender. Prior to 2002, PricewaterhouseCoopers were only permitted to tender when we, and they, were satisfied that the nature of the work presented no potential threat to the independence of the audit team. Additionally such projects were not awarded to PricewaterhouseCoopers without the prior approval of the Executive Committee. From the beginning of 2002, in recognition of increasing public concern over the effect of consulting services on auditors' independence, our policy is that the external auditors will not be invited to tender for any further general consulting work.

These safeguards have been approved by the Audit Committee and are regularly reviewed and updated in the light of internal developments, such as the recent increased need for consultancy services arising from the integration of Bestfoods and the creation of the divisional structure, and external requirements and best practice.

The auditors report to the directors and the Audit Committee on the actions they take to comply with the professional and regulatory requirements and best practice designed to ensure their independence from Unilever, including, for example, the periodic rotation of key team members.

See note 2 on page 62 for the actual payments made to PricewaterhouseCoopers.

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. Such presentations are generally made available on our website. Briefings on quarterly results are given via teleconference and 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.

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. Shareholders of PLC in the United Kingdom and PLC ADR holders in the US can now choose to receive electronic notification that the Annual Review, Annual Report & Accounts and Form 20-F and Notice of Annual General Meeting have been published on our website, instead of receiving printed copies, and can also electronically appoint a proxy to vote on their behalf at the Annual General Meeting. We shall be seeking to extend the use of electronic communication to other shareholders as this becomes possible.

Reporting to shareholders

The directors' responsibilities are set out formally on page 49. The report to shareholders on directors' remuneration and interests is set out on pages 40 to 48.

The responsibility of the auditors to report on these matters is set out on page 50.

Directors

Antony Burgmans*¹

Chairman, Unilever N.V.

Aged 55. 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 KBE*¹

Chairman, Unilever PLC

Aged 56. Chairman of Unilever PLC and Vice-Chairman of Unilever N.V. since 1 September 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.

Clive Butler*

Corporate Development Director

Aged 55. 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*⁹

Foods Director

Aged 53. 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*⁹

Home & Personal Care Director

Aged 56. 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 baron van Heemstra*⁹

Personnel Director

Aged 56. 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.

Rudy Markham*⁹

Financial Director

Aged 55. 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. Non-executive director of Standard Chartered PLC.

Charles Strauss

President, Home & Personal Care North America and Global Prestige Business. Chairman, North America Committee

Aged 59. 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. Director, Hartford Financial Services Group, Inc.

* Member Executive Committee of the Boards

Advisory Directors

The Rt Hon The Lord Brittan of Spennithorne QC, DL²

Aged 62. Appointed 2000. Vice-Chairman of 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 Wallasey³

Aged 59. Appointed 1998. Director of Freeplay Energy Ltd, Landell Mills Ltd, Group 5 (Pty) 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 59. Appointed 1994. Chairman and CEO of Lafarge S.A. Director of Crédit Commercial de France, TotalFinaElf and Atco. Member, Supervisory Board of Allianz AG and Advisory Board of Banque de France.

Professor Wim Dik^{1,4}

Aged 63. Appointed 2001. Professor at Delft University of Technology. Chairman, Supervisory Boards of Van Gansewinkel Groep and Holland Casino. Member, Supervisory Board of ABN AMRO Bank N.V., TNT Post Groep and Tele Atlas N.V. Non-executive director of Commercial General and Norwich Union and CMG plc. Chairman and CEO of Royal PTT Netherland (KPN) 88/98 and Koninklijke KPN N.V. (Royal Dutch Telecom) 98/00. Minister for Foreign Trade, Netherlands 81/82.

Oscar Fanjul⁷

Aged 52. Appointed 1996. Honorary Chairman of Repsol-YPF S.A. Director of Marsh & McLennan Companies, the London Stock Exchange, ACERINOX S.A., Banco Bilbao Vizcaya Argentaria and Técnicas Reunidas S.A. Member, International Advisory Boards of Marsh & McLennan and The Chubb Corporation. Chairman and CEO Repsol 86/96. Chairman of Hidroeléctrica del Cantábrico S.A. 99/01. Secretary General and Under Secretary, Spanish Ministry of Industry and Energy 83/85.

Frits Fentener van Vlissingen^{5,6}

Aged 68. Appointed 1990. Retiring 2003. Managing Director of Flint Holding N.V. Chairman, Supervisory Board of Draka Holdings N.V. Deputy Chairman, Supervisory Boards of Akzo Nobel N.V. and SHV Holdings. Member, Supervisory Board of CSM N.V.

Claudio X Gonzalez⁷

Aged 67. Appointed 1998. Chairman and CEO of Kimberly-Clark de Mexico S.A. Director of Kellogg Company, General Electric Company (USA), Grupo Carso S.A., Grupo Alfa, Grupo Televisa, Fondo Mexico, Home Depot, America Movil, and Investment Company of America. Member, Advisory Council of JPMorgan Chase. Special Advisor to the President of Mexico 88/94.

Hilmar Kopper⁸

Aged 66. Appointed 1998. Chairman, Supervisory Boards of Deutsche Bank A.G. (formerly CEO) and DaimlerChrysler A.G. Non-executive director of Xerox Corp. and member, Supervisory Boards of Akzo Nobel N.V., Bayer AG and Solvay S.A.

Senator George J Mitchell²

Aged 68. Appointed 1998. Chairman of the law firm Verner, Liipfert, Bernhard, McPherson and Hand. Director of Walt Disney Company, Federal Express Corp., UNUM Insurance Corp., Xerox Corp. and Staples Inc. Member, International Advisory Boards of Fuji Bank and Thames Water Plc. Member of the US Senate 80/95 and Senate Majority Leader 88/95. Chairman of the Northern Ireland Peace Initiative 95/99.

Onno Ruding⁷

Aged 62. Appointed 1990. Retiring 2002. Vice-Chairman and Director of Citibank N.A. Director of Corning Inc., Pechiney S.A., and RTL Group. Member, Advisory Board of Robeco Groep. Netherlands Minister of Finance 82/89.

Charles R Shoemate²

Aged 62. Appointed 2001. Director of CIGNA Corporation, International Paper Company and Chevron Texaco Corporation. Chairman & Chief Executive Officer of Bestfoods 90/00 and President 88/90.

The Lord Simon of Highbury CBE^{1,4}

Aged 62. Appointed 2000. Member, Advisory Board of LEK Consulting and International Advisory Council of Fortis. Non-executive director of Suez Group. Senior Adviser and member, 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

⁹ Member Corporate Risk Committee

Business Presidents – Foods

Regions

Manfred Stach, Europe. [Chairman, Europe Committee](#) Aged 59. Joined Unilever 1970. Appointed Business President 1998. Previous position: Business Group President Africa.

Kees van der Graaf, Ice Cream and Frozen Foods Europe Aged 51. Joined Unilever 1976. Appointed Business President 2001. Previous position: Chief Executive Officer, Unilever Bestfoods Europe.

Neil Beckerman, North America Aged 46. Joined Unilever 2000 upon Unilever's acquisition of Bestfoods. Appointed Business President 2001. Previous position: Vice-President, Bestfoods and President, Bestfoods Grocery.

Rachid M Rachid, North Africa, Middle East and Turkey Aged 47. Joined Unilever 1987. Appointed Business President 2001. Previous position: Executive Vice-President, Africa, Middle East and Turkey Business Group. Also provides representation of the region on the HPC Executive.

Tex Gunning, Asia Aged 51. Joined Unilever 1982. Appointed Business President 2000. Previous position: Business Group President East Asia Pacific.

John Rice, Latin America & Slim-Fast Worldwide Aged 50. Joined Unilever 1981. Appointed Business President 2001. Previous position: President & Chief Executive Officer, Lipton USA.

Global Businesses

Diego Bevilacqua, Foodservice Aged 48. Joined Unilever 2000 upon Unilever's acquisition of Bestfoods. Appointed Business President 2001. Previous position: Vice-President Bestfoods and President Bestfoods, Asia.

Robert Polet, Ice Cream & Frozen Foods Aged 46. Joined Unilever 1978. Appointed Business President 1998. Previous position: Business Group President Ice Cream & Frozen Foods Europe.

Function

Jean Martin, Bestfoods integration Aged 57. Joined Unilever 1968. Appointed Business President 1996. Previous position: Business Group President Central and Eastern Europe.

Anthony Simon, Marketing Aged 56. Joined Unilever 2000 upon Unilever's acquisition of Bestfoods. Appointed Business President 2001. Previous position: Vice-President Strategies and Core Businesses Bestfoods.

Business Presidents – Home & Personal Care

Regions

Ralph Kugler, Europe Aged 46. Joined Unilever 1979. Appointed Business President 1999. Previous position: Business Group President Latin America.

Charles Strauss, North America Unilever Director see page 37.

Anton Lenstra, Africa Aged 53. 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, Asia Aged 58. Joined Unilever 1967. Appointed Business President 1996. Previous position: Business Group President Central Asia & Middle East.

Harish Manwani, Latin America Aged 48. Joined Unilever 1976. Appointed Business President 2001. Previous position: Senior Vice-President, Home & Personal Care Category Group.

Global Businesses

Çetin Yüceuluğ, DiverseyLever (until completion of sale to Johnson Wax Professional by mid 2002) Aged 56. Joined Unilever 1973. Appointed Business President 1996. Previous position: CEO, Lever Industrial International. Retiring July 2002.

Function

Simon Clift, Marketing Aged 44. Joined Unilever 1982. Appointed Business President 2001. Previous position: Chairman Personal Care Category Group, Latin America.

Corporate Officers

Jan van der Bijl, Joint Secretary and Head of Group Taxation Aged 52. Appointed 1 July 2001. Years of service on 31 December 2001: 14 years.

Stephen Williams,⁹ Joint Secretary and General Counsel Aged 54. Appointed 1 December 1986. Years of service on 31 December 2001: 15 years.

Jeffrey Allgrove,⁹ Controller Aged 49. Appointed 4 May 1999. Years of service on 31 December 2001: 24 years.

Jan Haars, Treasurer Aged 50. Appointed 1 August 1997. Years of service on 31 December 2001: 4 years.

James Duckworth,⁹ Chief Auditor Aged 57. Appointed 1 March 1999. Years of service on 31 December 2001: 33 years.

Board changes

Roy Brown and Alexander Kemner retired as directors at the Annual General Meetings on 9 May 2001. All other directors held office throughout the year.

In accordance with the Articles of Association of NV and PLC, all existing directors will retire from office at the Annual General Meetings on 8 May 2002 and will offer themselves for re-election.

Details of directors' service contracts are given on page 42.

Advisory Directors' changes

Onno Ruding will retire as an Advisory Director with effect from the Annual General Meetings in 2002. The directors wish to record their appreciation of his substantial contribution to Unilever during the past 12 years.

Charles R Shoemate was appointed as an Advisory Director with effect from 1 February 2001 until the Annual General Meetings in 2004. Professor Wim Dik was appointed as an Advisory Director with effect from 9 May 2001 until the Annual General Meetings in 2004.

The Boards have resolved to re-appoint Frits Fentener van Vlissingen as an Advisory Director until the Annual General Meetings in 2003, when he will retire. The Boards have also resolved to re-appoint Oscar Fanjul and Senator Mitchell as Advisory Directors until the Annual General Meetings in 2005 and 2004 respectively.

Report to shareholders

This report sets out the policy and disclosures on directors' remuneration. In drawing up the report the Boards have taken into account the recommendations of the Committee on Corporate Governance in The Netherlands (Peters Committee). They have also given full consideration to the Combined Code ('the Code') appended to the United Kingdom Listing Rules.

The Remuneration Committee is responsible for making recommendations to the Boards on remuneration policy for directors. The Committee consists of Advisory Directors who are chosen for their broad experience, international outlook and independence. In 2001 the Committee comprised F H Fentener van Vlissingen (Chairman), B Collomb, Lord Simon of Highbury and, since May 2001, Professor W Dik. On behalf of the Boards the Committee sets specific remuneration packages for directors, including pension rights, bonus and long-term incentive awards, grants of share options and any compensation payments.

Remuneration of Directors and Executive Officers

The total amount of remuneration (including share option gains) received by all directors and executive officers (being the Directors and Corporate Officers listed on pages 37 to 39) for services in all capacities during 2001 was €25 518 358 (£15 872 163).

The aggregate amount set aside by the Unilever Group during 2001 to provide pension, retirement or similar benefits for directors and executive officers was €3 123 084 (£1 942 216).

Directors' remuneration policy

The objective of our remuneration policy for directors is to motivate and retain top class business people able to direct and lead a large global company, and to base their reward on performance.

The Remuneration Committee believes that the level of remuneration of Dutch or British directors should be in line with that of executive directors of major international industrial companies based in Continental Europe or the United Kingdom respectively who have similar responsibilities to a Unilever director, whilst recognising Unilever's size and special features. The remuneration of the Chairmen and the members of the Board takes into account their special responsibilities and the differentials between them are comparable with those in other major international industrial companies. It is our policy that directors who are based outside their home country are to be no worse off than they would be if they were based in their home country in a comparable job. They are paid at the level of remuneration appropriate to the country where they are based, if this is higher than the level in their home country.

Levels of remuneration are reviewed annually by the Remuneration Committee in the light of external expert advice which assesses competitive levels of remuneration in relevant comparable companies. They are also compared with the levels of remuneration of other Unilever employees.

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. Directors serve both companies as executives and therefore receive emoluments from both. Wherever we refer to emoluments, these include payments from both NV and PLC. The remuneration for the US based director is paid wholly in the US where he is resident. All emoluments and fees earned by directors from outside directorships and similar sources must be paid to and are retained by Unilever.

The emoluments of the directors are made up of the following components:

(i) Salary:

Salaries are set by the Remuneration Committee. They are usually fixed in the currency appropriate to where the director is based: the Netherlands, United Kingdom or United States.

(ii) Allowances and value of benefits in kind:

In accordance with rules which apply to all qualifying employees, directors receive allowances to help them meet expenses incurred as a result of their employment. An example would be relocation and resulting disturbance and education expenses. The London based directors receive an allowance to compensate for the fact that part of their remuneration is paid in the Netherlands. Benefits in kind include items such as company cars and medical insurance.

(iii) Annual performance bonus:

Annual bonuses are set by the Remuneration Committee and range between 0% and 100% of salary. Bonuses are based on achievement of a target or target range which are set at the beginning of each year and which involve two measures of performance:

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

The corporate targets are based on a combination of the increase in earnings per share and turnover. The individual targets are based on previously agreed key objectives which are set at the beginning of each year.

For 2001 the earnings per share results were towards the upper end of the target range and the turnover target range was exceeded.

One quarter of the annual bonuses for directors is paid in the form of shares in NV and PLC and the directors are then awarded 'matching' shares (see below).

(iv) Long-term incentive arrangements:

There are three parts to the long-term incentive arrangements:

(a) Matching Shares:

As explained above, one quarter of the annual bonus is paid in the form of NV and PLC shares. The company then awards an equivalent number of matching shares. These matching shares vest three years after grant provided certain conditions are met, including the requirement that the original 'bonus' shares have been retained for the three-year period.

(b) Share Options:

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. In addition they participate in the Executive Option Plans, as described in note 28 on pages 79 to 87.

The Remuneration Committee has established benchmark grant levels, described as the 'normal' allocation, to assist each year in deciding on actual grant levels under the Executive Option Plans. The Committee has reviewed these normal allocations and has concluded that they are still in line with those awarded by companies in our peer group. Individual and Group performance criteria are set annually by the Remuneration Committee, and these criteria must be satisfied before an individual can be granted an option. The Remuneration Committee agrees the level of grants.

The Group performance criterion for 2001 was that our earnings per share before exceptional items and amortisation of goodwill and intangibles over the three financial years preceding the date of grant 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 director's option grant is determined by the percentage increase, above the rate of inflation, of the Group's earnings per share BEIA over the financial year preceding the date of grant. The Remuneration Committee decided that for 2001 the targets and levels of grant would be:

EPS BEIA growth achieved in 2000	Par 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 EPS BEIA growth for 2000 was inflation + 8% which produced a 150% level of grant for 2001.

The normal allocations in 2001 to which the percentages above would be applied were:

	NV shares	PLC shares
Chairmen	12 000	80 000
European based directors	7 500	50 000
North American based director	12 000	80 000

As a further incentive participants may be granted 'premium options'. These are options granted to reward commitment and good performance over a five-year period. The first premium options may be granted in 2002 and relate to 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;
- > the individual must not have realised free cash from the exercise of options granted five years previously; and
- > the individual must have received on average at least 100% of the Par allocation over the preceding five years.

Premium options will be granted equivalent to 20% of the number of shares originally granted to the individual under the scheme in the relevant year. One of the proposals for change in 2001 was that no further premium options would be granted in respect of future grants of options, and therefore this incentive is now withdrawn.

Under the Executive Option Plans we have the right to substitute the cash value for shares on the exercise of any individual's options. We do not generally intend to exercise this right unless an individual would be disadvantaged if we did not.

(c) TSR Long-Term Incentive Plan:

The TSR Long-Term Incentive Plan (LTIP) was introduced in 2001. Under this plan directors and certain senior employees are granted conditional rights to shares in NV and PLC. The level of the annual grants is made under the guidance of the Remuneration Committee. In 2001 the following conditional awards were made to each director:

- > Chairmen: Shares in NV and PLC to the combined value of €800 000
- > European based directors: Shares in NV and PLC to the combined value of €500 000
- > North American based director: Shares in NV and PLC to the combined value of €400 000.

Depending on the performance of Unilever's Total Shareholder Return ('TSR') over a three-year period in comparison with that of its defined peer group (as described on page 33), the awards vest following the end of the three-year performance cycle, in accordance with the following table:

Ranking within TSR Group	Percentage of award which vests
Numbers 12 – 21	Nil
Numbers 10 – 11	25%
Numbers 8 – 9	50%
Numbers 5 – 7	100%
Numbers 3 – 4	150%
Numbers 1 – 2	200%

The first conditional rights were awarded in May 2001 and, depending on the outcome of the performance tests for the three year performance cycle 2001, 2002 and 2003, will vest in May 2004.

Directors' shareholding requirements

It is a requirement of the long-term incentive arrangements that over a period of five years each director must build up a personal shareholding in NV and PLC equivalent in value to one and a half times their salary.

Directors' service contracts

NV and PLC's Articles of Association require that all directors retire from office at every Annual General Meeting. Directors' contracts of service with the Unilever Group are generally terminated no later than the end of the month when the Annual General Meeting closest to their 62nd birthday is held.

During 2001, as part of the introduction of the changes to the remuneration policy, the service contracts for each director were amended so that the employer is now required to give 12 months notice of termination of the contract, instead of 24 months as previously applied. No compensation was paid to any director in respect of the reduction in this notice period.

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 compensation. The Remuneration Committee has given due consideration to the recommendations contained in the Code regarding the inclusion of explicit provisions in directors' service contracts for compensation commitments in the event of early termination. The Committee will continue to keep its current practice, which is not to include such provisions, under review.

In 2001 two directors served for only part of the year. In 2000 five directors served for only part of the year.

Directors' pensions: policy

The aim of the Remuneration Committee is that pension and other related benefits should be in line with good practice by major companies in Continental Europe and the United Kingdom, bearing in mind the need to make conditions for the various nationalities of directors reasonably comparable.

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 provide overall pension coverage including 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 among the directors, those directors appointed before 31 December 1998 who are members of the NV scheme, and retire at or after normal retirement date, receive an additional lump sum equal to one year's final pensionable pay. This is not provided to directors who are members of the NV scheme and were appointed after 1 January 1999. 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 normal and early retirement schemes, final pensionable pay takes into account the bonuses paid in the last three years, subject to a maximum of 20% of base pay. It is our policy that a significant part of directors' emoluments are performance related, but the Remuneration Committee believes that this should not affect the directors' reasonable expectations of a pension in line with that provided by major companies in Continental Europe and the United Kingdom. The Committee reconsidered this topic during 2001 in the light of the recommendations of the Code and decided that these arrangements should be kept in place. It will, however, continue to keep under review the development of best practice of other major global companies in respect of the pensionability of bonuses.

Directors' pensions: further information

This information is supplemental to the table on page 44.

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.

Changes to the rules of the normal NV scheme effective 31 December 2001 allow members to choose the level of the spouse pension attached to their benefit, subject to an adjustment to their own pension. For the purposes of these disclosures, it has been assumed that all directors will opt for a spouse pension of 70%. Under the normal PLC scheme the spouse's pension is 50% of the member's pension.

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.

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.

Directors' pensions

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

	Age, at 31 December 2001		Normal Retirement Age ⁽²⁾		Contributions paid by director during 2001	Increase in accrued pension during 2001 ^{(3) (4) (5)}	Total accrued pension at 31 December 2001 ^{(4) (5)}
	yrs	mths	yrs	mths			
NV scheme ⁽¹⁾							
A Burgmans ⁽⁶⁾	54	11	60	0	0	83 495	519 161
A Kemner ⁽⁷⁾	62	3	60	0	0	19 950	531 422
A R van Heemstra ^{(8) (9)}	55	11	60	0	0	149 497	338 714
					€	€	€
PLC scheme							
C B Strauss ^{(8) (10)}	58	11	60	0	0	129 922	730 149
					£	£	£
N W A FitzGerald	56	4	60	9	0	36 209	607 099
R D Brown ⁽¹¹⁾	55	1	60	0	0	144 840	320 120
A C Butler	55	6	60	0	0	25 621	330 137
P J Cescau ^{(8) (12) (13)}	53	3	60	0	0	85 983	340 751
K B Dadiseth ⁽⁸⁾	56	0	60	0	0	160 469	352 125
R H P Markham	55	10	60	0	0	43 384	338 919

- (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 'Directors' service contracts' on page 42). The method of calculating this age was changed subsequent to the appointment of Mr N W A FitzGerald as a director.
- (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) 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 2001, and includes benefits from all Unilever schemes. It does not include allowance for any future inflationary increases.
- (6) 89% of the total accrued pension at 31 December 2001 and 92% of the increase in accrued pension correspond to the normal NV scheme.
- (7) Retired during the year. In addition to the benefit shown, a lump sum of €864 000 was paid on retirement.
- (8) 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.
- (9) Since Mr A R van Heemstra reached age 55 during the year, the increase in his accrued pension during 2001 was calculated using the end 2000 accrued pension, converted actuarially to be consistent with the end 2001 accrued pension.
- (10) 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.
- (11) Retired during the year. As Mr R D Brown retired at an age below 60, the increase in his accrued pension during 2001 was calculated using the end 2000 accrued pension expressed as a normal reduced early retirement pension.
- (12) Benefits payable under the PLC scheme will be converted into euros at the exchange rate prevailing at date of appointment.
- (13) Remained in PLC scheme on a transitional basis throughout 2001 but pension arrangements are in the process of being transferred to NV scheme as a result of a change in base country.

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 beginning and end of 2001 and of their families were as shown in the tables below:

	Shares held at 1 January	Matching shares at 1 January ^(c)	Total shares at 1 January	Shares held at 31 December	Matching shares at 31 December ^(c)	Total shares at 31 December
NV (€0.51 ordinary shares)						
A Burgmans	12 772	1 194	13 966	44 765	1 867	46 632
N W A FitzGerald	5 745	2 174	7 919	6 766	3 195	9 961
A C Butler	793	794	1 587	2 351	1 288	3 639
P J Cescau	421	421	842	942	942	1 884
K B Dadiseth	–	–	–	434	434	868
A R van Heemstra	588	588	1 176	1 000	1 000	2 000
R H P Markham	25 911	727	26 638	32 106	1 274	33 380
C B Strauss	2 302	1 069	3 371	3 859	2 245	6 104
NV (€0.05 preference shares)						
A Burgmans			7 750			7 750
PLC (1.4p ordinary shares)						
N W A FitzGerald	41 411	16 754	58 165	48 965	24 191	73 156
			156 815 034 ^(a)			156 815 034 ^(a)
A Burgmans	19 744	9 177	28 921	24 643	14 076	38 719
A C Butler	28 507	6 340	34 847	32 110	9 943	42 053
P J Cescau	3 327	3 327	6 654	7 129	7 129	14 258
K B Dadiseth	–	–	–	5 360	3 172	8 532
A R van Heemstra	4 417	4 417	8 834	7 429	7 429	14 858
R H P Markham	44 326	5 810	50 136	48 319	9 803	58 122
C B Strauss	7 916	7 916	15 832 ^(b)	16 475	16 475	32 950 ^(b)
Hindustan Lever Limited (ordinary shares)						
K B Dadiseth			107 490			107 490
Margarine Union (1930) Limited (shares)						
N W A FitzGerald			600 ^(a)			400 ^(a)

(a) 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.

(b) Partially held as American Depositary Receipts (ADRs).

(c) Matching shares were conditionally awarded as part of the annual performance bonus plan.

The directors, in common with other employees of PLC and its United Kingdom subsidiaries, had beneficial interests in 40 194 092 PLC ordinary shares at 1 January 2001 and 41 531 145 PLC ordinary shares at 31 December 2001, 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. 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 28 on page 79.

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 directors' or other executive officers' shareholdings amounts to more than 0.01% of the issued shares in that class of share. Except as stated above, all shareholdings are beneficial.

The only changes in the interests of the directors and their families in NV and PLC ordinary shares between 31 December 2001 and 28 February 2002 were that:

- (i) the holding of the Unilever Employee Share Trusts has reduced to 41 169 095 PLC shares.
- (ii) Mr A R van Heemstra acquired and sold 43 276 PLC shares through the exercise of options granted under the PLC Executive Option Plan.
- (iii) Mr C B Strauss acquired 7 200 NV shares through the exercise of options granted under the NA Executive Option Plan.

Directors' emoluments

The aggregate emoluments of the directors were as follows:

	€ 2001	€ 2000	£ 2001	£ 2000
Salary	7 856 569	7 854 620	4 886 781	4 781 108
Allowances and value of benefits in kind	1 621 230	1 265 478	1 008 404	770 297
Performance related payments ^{(1) (2)}	8 725 882	4 303 518	5 427 493	2 619 305
Total	18 203 681	13 423 616	11 322 678	8 170 710
Gains on exercise of share options ⁽³⁾	2 180 129	2 075 600	1 356 039	1 263 418

The emoluments of the individual directors were as follows:

	Salary €	Allowances and value of benefits in kind €	Performance related payments ⁽⁴⁾ €	Total 2001 €	Total 2000 €	Equivalent totals ⁽⁵⁾	
						2001 £	2000 £
Paid in euros:							
A Burgmans ⁽⁶⁾	1 040 000	38 633	1 183 000	2 261 633	1 300 075	1 406 736	791 356
P J Cescau ^{(1) (7)}	850 000	737 491	977 500	2 564 991	1 303 260	1 595 424	793 294
A R van Heemstra	600 000	19 595	637 500	1 257 095	653 555	781 913	397 819
A Kemner ⁽⁸⁾	300 000	6 662	327 000	633 662	1 004 150	394 138	611 226
Paid in pounds sterling:							
	£	£	£	£	£	€	€
N W A FitzGerald ⁽⁹⁾	840 000	129 724	955 500	1 925 224	1 329 673	3 095 215	2 184 447
R D Brown ⁽⁸⁾	166 667	68 641	181 667	416 975	712 799	670 378	1 171 018
A C Butler	475 000	39 985	475 000	989 985	701 057	1 591 616	1 151 728
K B Dadiseth	500 000	82 543	543 750	1 126 293	551 118	1 810 760	905 402
R H P Markham	475 000	66 054	546 250	1 087 304	686 112	1 748 077	1 127 176
Paid in US dollars:							
	\$	\$	\$	\$	\$	€	€
C B Strauss ⁽²⁾	1 000 000	176 148	1 125 000	2 301 148	1 290 549	€2 570 254	€1 401 304
						£1 598 686	£852 974

(1) Excluded from the emoluments are incentive payments of €613 656 paid in 2001 and £318 439 paid in 2000 which relate to an appointment prior to joining the Boards.

(2) Excluded from the emoluments is an incentive payment of \$1 009 000 paid in 2001 which relates to an appointment prior to joining the Boards.

(3) See pages 47 and 48.

(4) Includes value of shares (both 'bonus shares' and 'matching shares') awarded under the bonus scheme relating to 2001.

(5) Based on average rates for the year of £1.00 = €1.608, £1.00 = \$1.439, \$1.00 = €1.117 (2000: £1.00 = €1.643, \$1.00 = \$1.513, \$1.00 = €1.086).

(6) Chairman of NV.

(7) Allowances include €662 126 paid in respect of relocation assistance.

(8) Retired on 31 May 2001.

(9) Chairman of PLC.

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 2001 a total of €0.03 million (2000: €0.14 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 2001.

Share options

Options held by directors and employees to acquire ordinary shares of NV and PLC at 31 December 2001 are shown in note 28 on page 79.

As at 28 February 2002 the directors and officers as a group held options to purchase the following ordinary shares:

- 4 118 683 shares of 1.4p
- 465 527 shares of €0.51
- 574 828 shares of 1.4p (held as 143 707 ADRs)
- 226 334 shares of €0.51 of the New York Registry

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Options to acquire NV ordinary shares of €0.51 each and options to acquire PLC ordinary shares of 1.4p each were granted, exercised and held during 2001 as follows:

Name	1 January		Granted (h)	Exercised	31 December		Options outstanding below market price at end of year		Options outstanding above market price at end of year	
	€0.51/1.4p				€0.51/1.4p		Number	Weighted average price	Number	Weighted average price
A Burgmans	(a)	79 296	18 000 ⁽¹⁾	31 296 ⁽⁶⁾	66 000	57 000	€53.65	9 000	€69.29	
	(b)	190	50 ⁽²⁾	24 ⁽⁷⁾	216	216	€57.81	–	–	
	(c)	320 000	120 000 ⁽³⁾	–	440 000	380 000	464p	60 000	668p	
	(d)	2 904	–	–	2 904	–	–	2 904	594p	
N W A FitzGerald	(a)	72 932	18 000 ⁽¹⁾	6 932 ⁽⁶⁾	84 000	66 000	€52.17	18 000	€69.29	
	(b)	150	50 ⁽²⁾	–	200	200	€59.75	–	–	
	(c)	835 392	120 000 ⁽³⁾	–	955 392	835 392	376p	120 000	668p	
	(d)	3 543	–	–	3 543	2 382	425p	1 161	594p	
A C Butler	(a)	42 316	11 250 ⁽¹⁾	1 064 ⁽⁶⁾	52 502	41 252	€52.17	11 250	€69.29	
	(b)	100	50 ⁽²⁾	–	150	150	€60.45	–	–	
	(c)	513 212	75 000 ⁽³⁾	–	588 212	513 212	386p	75 000	668p	
	(d)	4 652	–	–	4 652	4 652	371p	–	–	
P J Cescau	(a)	37 893	11 250 ⁽¹⁾	–	49 143	40 143	€58.14	9 000	€69.29	
	(b)	–	50 ⁽²⁾	–	50	50	€64.65	–	–	
	(c)	259 626	75 000 ⁽³⁾	–	334 626	274 626	491p	60 000	668p	
	(e)	45 000	–	–	45 000	45 000	\$38.84	–	–	
	(f)	100 192	–	–	100 192	100 192	\$6.715	–	–	
	(g)	–	–	–	–	–	–	–	–	
K B Dadiseth	(a)	19 500	11 250 ⁽¹⁾	–	30 750	26 250	€52.21	4 500	€69.29	
	(c)	149 428	75 000 ⁽³⁾	2 188 ⁽⁸⁾	222 240	192 240	431p	30 000	668p	
A R van Heemstra	(a)	36 532	11 250 ⁽¹⁾	2 032 ⁽⁶⁾	45 750	36 750	€52.05	9 000	€69.29	
	(b)	–	50 ⁽²⁾	–	50	50	€64.65	–	–	
	(c)	273 276	75 000 ⁽³⁾	–	348 276	288 276	436p	60 000	668p	
R H P Markham	(a)	44 648	11 250 ⁽¹⁾	5 648 ⁽⁶⁾	50 250	39 000	€52.71	11 250	€69.29	
	(b)	150	50 ⁽²⁾	–	200	200	€59.75	–	–	
	(c)	292 292	75 000 ⁽³⁾	–	367 292	292 292	446p	75 000	668p	
	(d)	3 283	–	–	3 283	3 283	514p	–	–	
C B Strauss	(e)	154 200	18 000 ⁽⁴⁾	–	172 200	154 200	\$33.87	18 000	\$72.94	
	(f)	260 000	120 000 ⁽⁵⁾	–	380 000	260 000	\$6.45	120 000	\$10.08	
	(g)	381	–	381 ⁽⁹⁾	–	–	–	–	–	
R D Brown	(a)	33 636	–	636 ⁽⁶⁾	33 000 ⁽¹⁰⁾	24 000	€50.57	9 000	€69.29	
	(c)	266 180	–	–	266 180 ⁽¹⁰⁾	146 180	359p	120 000	611p	
	(d)	1 240	–	–	1 240 ⁽¹⁰⁾	1 240	278p	–	–	
A Kemner	(a)	44 708	–	10 956 ⁽⁶⁾	33 752 ⁽¹⁰⁾	22 502	€53.14	11 250	€69.29	
	(b)	190	–	–	190 ⁽¹⁰⁾	190	€53.44	–	–	
	(c)	225 000	–	–	225 000 ⁽¹⁰⁾	75 000	407p	150 000	611p	

(a) Number of NV shares the subject of options under the Executive Plan.

(b) The Netherlands Employee Option Plan.

(c) Number of PLC shares the subject of options under the Executive Plan.

(d) UK Employee Sharesave Plan.

(e) Number of NV New York shares the subject of options under the Executive Plan.

(f) Number of PLC shares the subject of options in the form of American Depositary Receipts under the Executive Plan (1 ADR equivalent to 4 shares).

(g) NA Employee Purchase Plan over NV New York shares.

(h) Granted in the year on the basis, where applicable, of earnings per share in the prior year.

See also notes on page 48.

All share options are exercisable at a range of dates between 2002 and 2011 (see note 28 on page 79). No options lapsed unexercised during the year. The market price of the ordinary shares at the end of the year was for NV €65.85 and \$57.61 and for PLC 564p and \$8.32, and the range during the year was between €71.20 and €55.45 and \$64.56 and \$50.26, and between 610p and 478p and \$8.85 and \$6.96 respectively. Options outstanding above and below the market prices at 31 December 2001 are set out in the table on page 47.

Note	Number of shares	Exercise price	Market price at date of exercise	Note	Number of shares	Exercise price	Market price at date of exercise
(1)	All	€56.45	n/a	(6)	All	€26.56	€63.55
(2)	All	€64.65	n/a	(7)	All	€31.20	€61.25
(3)	All	478p	n/a	(8)	All	227p	536p
(4)	All	\$50.09	n/a	(9)	All	\$52.43	\$57.75
(5)	All	\$6.91	n/a	(10)	All	On date of retirement	

Directors' Conditional Share Awards under Total Shareholder Return – Long-Term Incentive Plan

Rights to ordinary shares in PLC and NV were granted, vested or lapsed in 2001 as follows:

Name	Share type	1 January	Granted ⁽¹⁾	Vested	Lapsed	31 December	Performance period
A Burgmans	NV	0	6 472	0	0	6 472	01/01/01-31/12/03
	PLC	0	48 360	0	0	48 360	01/01/01-31/12/03
N W A FitzGerald	NV	0	6 472	0	0	6 472	01/01/01-31/12/03
	PLC	0	48 360	0	0	48 360	01/01/01-31/12/03
A C Butler	NV	0	4 045	0	0	4 045	01/01/01-31/12/03
	PLC	0	30 225	0	0	30 225	01/01/01-31/12/03
P J Cescau	NV	0	4 045	0	0	4 045	01/01/01-31/12/03
	PLC	0	30 225	0	0	30 225	01/01/01-31/12/03
K B Dadiseth	NV	0	4 045	0	0	4 045	01/01/01-31/12/03
	PLC	0	30 225	0	0	30 225	01/01/01-31/12/03
A R van Heemstra	NV	0	4 045	0	0	4 045	01/01/01-31/12/03
	PLC	0	30 225	0	0	30 225	01/01/01-31/12/03
R H P Markham	NV	0	4 045	0	0	4 045	01/01/01-31/12/03
	PLC	0	30 225	0	0	30 225	01/01/01-31/12/03
C B Strauss	NV ⁽²⁾	0	3 223	0	0	3 223	01/01/01-31/12/03
	PLC ⁽³⁾	0	23 580	0	0	23 580	01/01/01-31/12/03

(1) Number of Conditional Rights granted in NV and PLC shares in 2001. The precise number of shares that will vest in May 2004 will depend on the TSR ranking of Unilever, during the performance period shown above, against a peer group of 20 comparative companies and will vary between 0% and 200% of the original number of conditional shares granted.

(2) NV New York shares.

(3) Number of PLC shares granted in the form of American Depository Receipts (1 ADR equivalent to 4 PLC shares).

Advisory Directors

The Advisory Directors are not formally members of the Boards of NV and PLC and are therefore excluded when we refer 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 2001 to each of B Collomb, O Fanjul, F H Fentener van Vlissingen, H Kopper and H O C R Ruding was €55 000 and to each of Lord Brittan of Spennithorne, Lady Chalker of Wallasey, C X Gonzalez, Senator G J Mitchell and Lord Simon of Highbury was £35 000. C R Shoemate and Professor W Dik were appointed during the year and received fees of £32 081 and €41 250 respectively.

As at 28 February 2002, the aggregate interests of the Advisory Directors in the share capital of NV and PLC were 14 188 (31 December 2000: 14 188) Ordinary €0.51 shares of NV and 5 383 (31 December 2000: 6 384) 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.