

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.

FINANCIAL REVIEW

- > **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.

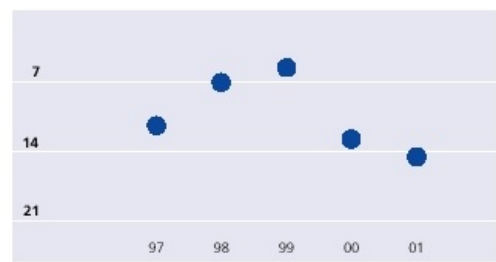
The Company calculates TSR over a three-year rolling period. This period is sensitive enough to reflect changes but long enough to smooth out short-term volatility. The return is expressed in US dollars, based on the equivalent US dollar share

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.

Unilever Annual Report & Accounts and Form 20-F 2001

CORPORATE GOVERNANCE

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.

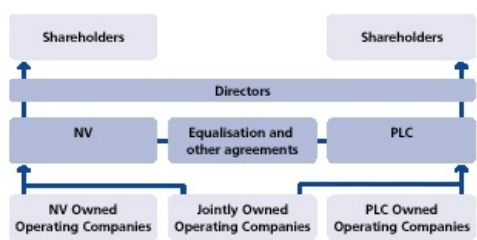
Since 1930 when the Unilever Group was formed, NV and PLC together with their group companies have operated, as nearly as is practicable, as a single entity. They have the same directors, adopt the same accounting principles, and are linked by a series of agreements. The Equalisation Agreement, which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

Unilever Annual Report & Accounts and Form 20-F 2001

Report of the Directors

CORPORATE GOVERNANCE > 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

Unilever Annual Report & Accounts and Form 20-F 2001

CORPORATE GOVERNANCE

> 36

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.

Report of the Directors

CORPORATE GOVERNANCE

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 Cescau⁹
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 Dadiseth⁹
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 Heemstra⁹
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 Markham⁹
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 Ragù 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

Unilever Annual Report & Accounts and Form 20-F 2001

CORPORATE GOVERNANCE

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

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.

[Unilever Annual Report & Accounts and Form 20-F 2001](#)

Report of the Directors

CORPORATE GOVERNANCE > 39

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 Yüceulug, [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.

REMUNERATION REPORT

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.

REMUNERATION REPORT > 44

Directors’ pensions

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

NV scheme (1)	Age, at 31 December 2001		Normal Retirement Age(2)		Contributions paid by director during 2001	Increase in accrued pension(3) during 2001(4)(5)	Total accrued pension at 31 December(4) 2001(5)
	yrs	mths	yrs	mths			
					€	€	€
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
					\$	\$	\$
C B Strauss (8) (10)	58	11	60	0	0	129 922	730 149
PLC scheme					£	£	£
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.

Report of the Directors

REMUNERATION REPORT > 45

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 sharesat 1 January(c)	Total sharesat 1 January	Shares held at 31 December	Matching sharesat 31 December(c)	Total sharesat 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:

- Unilever Annual Report & Accounts and Form 20-F 2001

> 46

The aggregate emoluments of the directors were as follows:

The emoluments of the individual directors were as follows:

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 £1 598 686	€1 401 304 £852 974

- 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.

Share options

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

Unilever Annual Report & Accounts and Form 20-F 2001

REMUNERATION REPORT

> 47

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					Options outstanding below market price at end of year		Options outstanding above market price at end of year	
	1 January €0.51/1.4p	Granted (h)	Exercised	31 December €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	(2) 50	(7) 24	216	216	€57.81	-	-
	(c) 320 000	(3) 120 000	-	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	(2) 50	-	200	200	€59.75	-	-
	(c) 835 392	(3) 120 000	-	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	(2) 50	-	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) -	(2) 50	-	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	-	-
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) -	(2) 50	-	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	(2) 50	-	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) 120 000	-	172 200	154 200	\$33.87	18 000	\$72.94
	(f) 260 000	(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	24 000	€50.57	9 000	€69.29
	(c) 266 180	-	-	266 180	146 180	359p	120 000	611p
	(d) 1 240	-	-	1 240	1 240	278p	-	-
A Kemner	(a) 44 708	-	10 956	(6) 33 752	22 502	€53.14	11 250	€69.29
	(b) 190	-	-	190	190	€53.44	-	-
	(c) 225 000	-	-	225 000	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.

> 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 Depositary 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.

Annual accounts

The directors are required by Book 2 of the Civil Code in the Netherlands and the United Kingdom Companies Act 1985 to

prepare accounts for each financial year which give a true and fair view of the state of affairs of the Unilever Group, NV and PLC as at the end of the financial year and of the profit or loss for that year.

The directors consider that in preparing the accounts, the Group, NV and PLC have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed, except as noted under 'Accounting standards' on page 51.

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

This statement, which should be read in conjunction with the 'Report of independent auditors' set out on page 50, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

A copy of the financial statements of the Unilever Group is placed on our website at www.unilever.com. The maintenance and integrity of the website is the responsibility of the directors, and 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 placed on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The directors continue to adopt the going concern basis in preparing the accounts. This is because the directors, after making enquiries and following a review of the Group's budget for 2002 and 2003, including cash flows and borrowing facilities, consider that the Group has adequate resources to continue in operation for the foreseeable future.

Internal control

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

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

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

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

Unilever's system of risk management has been in place throughout 2001 and up to the date of this report, and complies with the recommendations of 'Internal Control -Guidance for Directors on the Combined Code', published by the Internal Control Working Party of the Institute of Chartered Accountants in England & Wales in September 1999. The Boards have carried out an annual review of the effectiveness of the systems of risk management and internal control during 2001, and have ensured that the necessary actions have been taken to address any weaknesses or deficiencies arising out of that review.

It is Unilever's policy to bring acquired companies within the Group's governance procedures as soon as is practicable and, in any event, by the end of the first full year of operation.

Unilever Annual Report & Accounts and Form 20-F 2001

REPORT OF INDEPENDENT AUDITORS

> 50

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

We have audited the accounts, which have been prepared under the historical cost convention, set out on pages 51 to 88, 94 to 102 and 104 to 105.

Respective responsibilities of directors and auditors

As described on page 49, the directors are responsible for preparing the Annual Report & Accounts and Form 20-F. This includes responsibility for preparing the accounts in accordance with applicable accounting standards. Our responsibilities, as independent auditors, are established by Netherlands and United Kingdom law, relevant Stock Exchange rules and by our professional guidance.

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

We read the other information contained in the Annual Report & Accounts and Form 20-F and consider the implications for our audit report if we become aware of any material misstatements or inconsistencies with the accounts.

As auditors of Unilever PLC we review whether the statement on pages 35 and 36 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the United Kingdom's Financial Services Authority and we report if it does not. We are not required to consider whether the directors' statements on internal control cover all risks and controls or to form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

Basis of opinion

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

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

Netherlands and United Kingdom opinion

In our opinion, the accounts give a true and fair view of the state of affairs of the Unilever Group, Unilever N.V. and Unilever PLC at 31 December 2001 and of the profit, total recognised gains and cash flows of the Group for the year then ended. In our opinion the accounts of the Unilever Group, and of Unilever N.V. and Unilever PLC respectively, have been properly prepared in accordance with Book 2 of the Civil Code in the Netherlands and the United Kingdom Companies Act 1985.

United States opinion

In our opinion, the accounts present fairly, in all material respects, the financial position of the Unilever Group at 31 December 2001 and 2000, and the results of its operations, total recognised gains and its cash flows for each of the three years in the period ended 31 December 2001, in accordance with the accounting information and policies on pages 51 to 53.

The accounting principles applied vary in certain significant respects from accounting principles generally accepted in the United States. The effect of the major differences in the determination of net profit and capital and reserves is shown on pages 94 and 95.

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

6 March 2002

Unilever Annual Report & Accounts and Form 20-F 2001

Financial Statements

ACCOUNTING INFORMATION AND POLICIES > 51

Unilever Group

Unilever

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 have the same directors and are linked by a series of agreements, including an Equalisation Agreement, which are designed so that the position of the shareholders of both companies is as nearly as possible the same as if they held shares in a single company.

The Equalisation Agreement provides for both companies to adopt the same accounting principles and requires as a general rule the dividends and other rights and benefits (including rights on liquidation) attaching to each Fl. 12 (€5.445) nominal of ordinary capital of NV to be equal in value at the relevant rate of exchange to the dividends and other rights and benefits attaching to each £1 nominal of ordinary share capital of PLC, as if each such unit of capital formed part of the ordinary capital of one and the same company. For additional information please refer to Control of Unilever on page 107.

Basis of consolidation

By reason of the operational and contractual arrangements referred to above and the internal participating interests set out in note 20 on page 74, NV and PLC and their group companies constitute a single group under Netherlands and United Kingdom legislation for the purposes of presenting consolidated accounts. Accordingly, the accounts of the Unilever Group are presented by both NV and PLC as their respective consolidated accounts. These accounts are supplemented in notes 21 and 22 on page 75 and note 29 on page 88 by additional information for the NV and PLC parts of the Group in which group companies are consolidated according to respective ownership.

Reporting currency

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

Companies legislation

The consolidated accounts of the Unilever Group comply with Book 2 of the Civil Code in the Netherlands and the United Kingdom Companies Act 1985. The Company accounts, the notes to those accounts and the further statutory information given for each of NV and PLC comply with legislation in the Netherlands and the United Kingdom respectively. As explained under ‘Group companies’ on page 52, in order to give a true and fair view, the presentation of the consolidated capital and reserves differs from that specified by the United Kingdom Companies Act 1985.

Accounting standards

The accounts are prepared under the historical cost convention and comply in all material respects with applicable accounting principles in the Netherlands and with United Kingdom Accounting Standards.

The accounting policies of the Unilever Group are set out on pages 51 to 53. Material variations from United States generally accepted accounting principles are set out on pages 94 to 96.

United Kingdom Statement of Standard Accounting Practice Number 15 (SSAP 15) requires that no provision should be made for

deferred taxation where it is probable, based on reasonable assumptions, that a liability will not crystallise. In this respect, SSAP 15 is not in agreement with Dutch law as currently applied. For this reason, and because of the Equalisation Agreement, full provision continues to be made for deferred taxation. The effects of this departure from SSAP 15 are shown in note 6 on page 63, note 7 on page 64 and note 18 on page 73.

United Kingdom Urgent Issues Task Force Abstract 13 (UITF 13) requires that NV or PLC shares held by employee trusts to satisfy options should be classified by the sponsoring company as fixed assets. Dutch law requires such shares to be accounted for within capital and reserves. In order to comply with Dutch law and the Equalisation Agreement, the requirements of UITF 13 have not been followed. All shares held internally are accounted for in accordance with Dutch GAAP. The effects of this departure are shown in note 22 on page 75.

United Kingdom Financial Reporting Standard 17 ‘Retirement benefits’ mandates that certain disclosures relating to retirement benefits be made in financial statements for accounting periods ending on or after 22 June 2001. These disclosures are shown in note 17 on page 69. The full requirements of the standard, which will change the basis of accounting for retirement benefits, are required to be implemented for accounting periods ending on or after 22 June 2003. This standard will have a significant impact on Unilever’s reported results.

United Kingdom Financial Reporting Standard 18 ‘Accounting policies’ became mandatory for accounting periods ending on or after 22 June 2001. The standard requires that Unilever selects the most appropriate accounting policies and treatments in all circumstances. Unilever’s policies were already entirely consistent with this new standard.

Unilever Annual Report & Accounts and Form 20-F 2001

ACCOUNTING INFORMATION AND POLICIES

> 52

Unilever Group

United Kingdom Financial Reporting Standard 19 ‘Deferred tax’ becomes mandatory for accounting periods ending on or after 23 January 2002 and requires that full provision be made for certain timing differences between the recognition of profits for accounting purposes and the recognition of profits for tax purposes. As indicated above, Unilever already uses a form of full provisioning for such timing differences and therefore it is anticipated that the standard, together with its disclosure requirements, will be adopted by Unilever for the year ending 31 December 2002, with no material impact on reported results.

Recent changes in reporting requirements under US GAAP are discussed on page 96.

OECD Guidelines

In preparing its Annual Review and Annual Report & Accounts and Form 20-F Unilever adheres to the disclosure recommendations of the OECD Guidelines for Multinational Enterprises.

Group companies

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

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

Net profit and profit of the year retained are presented on a combined basis on page 54, with the net profit attributable to NV and PLC shareholders shown separately. Movements in profit retained are analysed between those attributable to NV and PLC shareholders in note 21 on page 75.

Foreign currencies

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

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

The ordinary share capital of NV and PLC is translated at the rate contained in the Equalisation Agreement of £1 = Fl. 12 (equivalent to €5.445). The difference between this and the value derived by applying the year-end rate of exchange is taken to other reserves (see note 22 on page 75).

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

Goodwill and intangible assets

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

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

Tangible fixed assets

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

Freehold buildings	33-40 years
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(no depreciation on freehold land)	
Leasehold land and buildings	*33-40 years
Plant and equipment	3-20 years
Motor vehicles	3-6 years
* or life of lease if less than 33 years	

Current cost information is given in note 10 on page 65. Fixed assets are subject to review for impairment in accordance with United Kingdom Financial Reporting Standard 11 ‘Impairment of Fixed Assets and Goodwill’, and US SFAS 121. Any impairment in the value of such fixed assets is charged to the profit and loss account as it arises.

Fixed investments

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

Unilever Annual Report & Accounts and Form 20-F 2001

Financial Statements

ACCOUNTING INFORMATION AND POLICIES

> 53

Unilever Group

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

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

Current assets

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

Debtors are stated after deducting adequate provision for doubtful debts.

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

Retirement benefits

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

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

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

Deferred taxation

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

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

Derivative financial instruments

The types of derivative financial instruments used by Unilever are described in note 15 on page 68 and in the Financial review on pages 30 to 32. All derivative financial instruments are used for hedging purposes. Hedge accounting, as described below, is applied.

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

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

Research, development and market support costs

Expenditure on research and development and on market support costs such as advertising is charged against the profit of the year in which it is incurred.

Turnover

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

Turnover is recognised when the risks and rewards of the underlying products and services have been substantially transferred to the customer.

Transfer pricing

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

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

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

Leases

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

Shares held by employee share trusts

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

Unilever Annual Report & Accounts and Form 20-F 2001

CONSOLIDATED PROFIT AND LOSS ACCOUNT

> 54

For the year ended 31 December
Unilever Group

	€ million 2001	€ million 2000	€ million 1999
Total turnover 1	52 206	48 066	41 262
Less: Share of turnover of joint ventures 1	(692)	(484)	(285)
Group turnover 1	51 514	47 582	40 977
Operating costs 2	(46 340)	(44 280)	(36 674)
Group operating profit 1	5 174	3 302	4 303
Group operating profit BEIA 1	7 149	5 729	4 595
Exceptional items 4	(588)	(1 992)	(269)
Amortisation of goodwill and intangibles 1	(1 387)	(435)	(23)
Add: Share of operating profit of joint ventures 1	84	57	42
Total operating profit 1	5 258	3 359	4 345
Total operating profit BEIA 1	7 269	5 794	4 637
Exceptional items 4	(588)	(1 992)	(269)
Amortisation of goodwill and intangibles	(1 423)	(443)	(23)
Other income from fixed investments 11	12	(4)	10
Interest 5	(1 646)	(632)	(14)
Profit on ordinary activities before taxation	3 624	2 723	4 341
Taxation on profit on ordinary activities 6	(1 547)	(1 403)	(1 369)
Profit on ordinary activities after taxation	2 077	1 320	2 972
Minority interests	(239)	(215)	(201)
Net profit	1 838	1 105	2 771
Attributable to: NV 21	817	675	1 761
PLC 21	1 021	430	1 010
Dividends	(1 581)	(1 458)	(1 265)
Preference dividends	(51)	(44)	(20)
Dividends on ordinary capital 8	(1 530)	(1 414)	(1 245)
Result for the year retained	257	(353)	1 506
Combined earnings per share 7			
Euros per €0.51 of ordinary capital	1.82	1.07	2.63
Euro cents per 1.4p of ordinary capital	27.27	16.08	39.48
On a diluted basis the figures would be:			
Euros per €0.51 of ordinary capital	1.77	1.05	2.57
Euro cents per 1.4p of ordinary capital	26.54	15.69	38.50

See note 7 on page 64 for an explanation of the impact of the share consolidation in 1999 on earnings per share.

All amounts are related to continuing operations as defined by United Kingdom Financial Reporting Standard 3.

References relate to notes on pages 57 to 88, which form an integral part of the consolidated financial statements.
Accounting policies of the Unilever Group are set out on pages 51 to 53.
Variations from United States generally accepted accounting principles and Regulation S-X are outlined on pages 94 to 96.

In accordance with Article 402 of Book 2, Civil Code in the Netherlands, the profit and loss account of the entity NV on page 101 mentions only the income from fixed investments after taxation and other income and expenses as separate items.

Unilever Annual Report & Accounts and Form 20-F 2001

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

> 55

For the year ended 31 December
Unilever Group

	€ million 2001	€ million 2000	€ million 1999
Net profit	1 838	1 105	2 771
Currency retranslation	(1 058)	(237)	380
Total recognised gains since last annual accounts	780	868	3 151

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December
Unilever Group

	€ million 2001	€ million 2000	€ million 1999
Cash flow from operating activities 25	7 497	6 738	5 654
Dividends from joint ventures	82	38	28
Returns on investments and servicing of finance 26	(1 887)	(798)	(156)
Taxation	(2 205)	(1 734)	(1 443)
Capital expenditure and financial investment 26	(1 358)	(1 061)	(1 501)
Acquisitions and disposals 26	3 477	(27 373)	(362)
Dividends paid on ordinary share capital	(1 420)	(1 365)	(1 266)
Special dividend	-	-	(6 093)
Cash flow before management of liquid resources and financing	4 186	(25 555)	(5 139)
Management of liquid resources 26	1 106	2 464	5 675
Financing 26	(5 098)	22 902	(146)
Increase/(decrease) in cash in the period	194	(189)	390

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

	€ million 2001	€ million 2000	€ million 1999
Net funds/(debt) at 1 January 27	(26 468)	684	5 778
Increase/(decrease) in cash in the period	194	(189)	390
Cash flow from (increase)/decrease in borrowings	5 095	(22 920)	150
Cash flow from increase/(decrease) in liquid resources	(1 106)	(2 464)	(5 675)
Change in net funds resulting from cash flows	4 183	(25 573)	(5 135)
Borrowings within group companies acquired	(1)	(3 113)	(29)
Borrowings within group companies sold	3	2	4
Liquid resources within group companies acquired	-	13	3
Non-cash movements	(408)	455	(211)
Currency retranslation	(508)	1 064	274
Increase/(decrease) in net funds in the period	3 269	(27 152)	(5 094)
Net funds/(debt) at 31 December 27	(23 199)	(26 468)	684

References relate to notes on pages 57 to 88, which form an integral part of the consolidated financial statements. Accounting policies of the Unilever Group are set out on pages 51 to 53.

Variations from United States generally accepted accounting principles and Regulation S-X are outlined on pages 94 to 96.

Unilever Annual Report & Accounts and Form 20-F 2001

CONSOLIDATED BALANCE SHEET

> 56

As at 31 December
Unilever Group

	€ million 2001	€ million 2000
Fixed assets	35 221	37 463
Goodwill and intangible assets 9	25 097	26 467
Tangible fixed assets 10	9 240	9 839

Fixed investments 11	884	1 157
Current assets		
Stocks 12	5 343	5 421
Debtors 13	10 094	9 817
Debtors due within one year 13	7 185	7 254
Debtors due after more than one year 13	2 909	2 563
Acquired businesses held for resale		1 666
Current investments 14	439	660
Cash at bank and in hand 14	1 862	2 613
Total current assets	17 738	20 177
Creditors due within one year	(23 212)	(28 364)
Borrowings 14	(11 279)	(16 675)
Trade and other creditors 16	(11 933)	(11 689)
Net current assets	(5 474)	(8 187)
Total assets less current liabilities	29 747	29 276
Creditors due after more than one year	15 026	14 085
Borrowings 14	14 221	13 066
Trade and other creditors 16	805	1 019
Provisions for liabilities and charges	6 862	6 404
Pensions and similar obligations 17	4 602	4 419
Deferred taxation, restructuring and other provisions 18	2 260	1 985
Minority interests	664	618
Capital and reserves 19	7 195	8 169
Attributable to: NV:		
Called up share capital 20	420	420
Share premium account	1 397	1 397
Other reserves 22	(1 077)	(553)
Profit retained 21	4 316	5 036
	5 056	6 300
PLC:		
Called up share capital 20	222	222
Share premium account	154	151
Other reserves 22	(540)	(614)
Profit retained 21	2 303	2 110
	2 139	1 869
Total capital employed	29 747	29 276

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

References relate to notes on pages 57 to 88, which form an integral part of the consolidated financial statements. Commitments and contingent liabilities are shown in note 23 on page 75.

Accounting policies of the Unilever Group are set out on pages 51 to 53.
Variations from United States generally accepted accounting principles and Regulation S-X are outlined on pages 94 to 96.

Unilever Annual Report & Accounts and Form 20-F 2001

Financial Statements

NOTES TO THE CONSOLIDATED ACCOUNTS

> 57

Unilever Group

1 Segmental information

Analysis by geographical area	€ million Europe	€ million North America	€ million Africa, Middle East & Turkey	€ million Asia & Pacific	€ million Latin America	€ million Total
2001						
Group turnover (a)	20 119	13 767	3 191	7 846	6 591	51 514
Share of turnover of joint ventures	101	113	264	200	14	692
Total turnover (a)	20 220	13 880	3 455	8 046	6 605	52 206

Group operating profit BEIA	2 946	1 941	346	1 045	871	7 149
Exceptional items	254	(285)	(139)	(157)	(261)	(588)
Amortisation of goodwill and intangibles	(511)	(564)	(4)	(26)	(282)	(1 387)
Group operating profit	2 689	1 092	203	862	328	5 174
Share of operating profit of joint ventures	21	32	12	18	1	84
Total operating profit	2 710	1 124	215	880	329	5 258
Total operating profit BEIA ^(b)	2 967	1 973	380	1 077	872	7 269
Net operating assets ^(c)	11 295	12 172	1 082	1 525	6 256	32 330

2000						
Group turnover ^(a)	18 967	11 631	3 296	8 038	5 650	47 582
Share of turnover of joint ventures	108	77	216	53	30	484
Total turnover ^(a)	19 075	11 708	3 512	8 091	5 680	48 066
Group operating profit BEIA	2 402	1 476	338	901	612	5 729
Exceptional items	(562)	(1 132)	(16)	(109)	(173)	(1 992)
Amortisation of goodwill and intangibles	(143)	(179)	(1)	(16)	(96)	(435)
Group operating profit	1 697	165	321	776	343	3 302
Share of operating profit of joint ventures	18	24	8	5	2	57
Total operating profit	1 715	189	329	781	345	3 359
Total operating profit BEIA ^(b)	2 420	1 500	351	909	614	5 794
Net operating assets ^(c)	12 174	11 891	1 075	1 487	7 526	34 153

1999						
Group turnover ^(a)	18 040	8 838	3 048	6 723	4 328	40 977
Share of turnover of joint ventures	91	64	98	2	30	285
Total turnover ^(a)	18 131	8 902	3 146	6 725	4 358	41 262
Group operating profit BEIA	2 234	974	287	669	431	4 595
Exceptional items	(96)	(126)	15	(18)	(44)	(269)
Amortisation of goodwill and intangibles	(7)	(1)	–	(9)	(6)	(23)
Group operating profit	2 131	847	302	642	381	4 303
Share of operating profit of joint ventures	16	22	3	(1)	2	42
Total operating profit	2 147	869	305	641	383	4 345
Total operating profit BEIA ^(b)	2 250	996	290	668	433	4 637

- (a) The analysis of turnover by geographical area is stated on the basis of origin. Turnover on a destination basis would not be materially different. Inter-segment sales between operational segments and between geographical areas are not material. For the United Kingdom and the Netherlands, the combined Group turnover was €5 705 million (2000: €5 377 million; 1999: €4 990 million) and the combined Group operating profit was €1 226 million (2000: €716 million, 1999: €721 million).
- (b) In 2001 the Group's share of amortisation of goodwill and intangibles in joint ventures was €(36) million (2000: €(8) million; 1999: nil), of which €(22) million (2000: €(5) million) arose in Africa, Middle East and Turkey and €(14) million (2000: €(3) million) arose in Asia and Pacific. These amounts, which all arise within the Culinary and Frozen Foods segment, are taken into account in the calculation of Total operating profit BEIA.
- (c) For definition see page 91.

NOTES TO THE CONSOLIDATED ACCOUNTS

> 58

Unilever Group

1 Segmental information continued

	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Analysis by operation	Oil & dairy based foods and bakery	Ice cream & beverages	Culinary & frozen foods	Home care & professional cleaning	Personal care	Other operations	Total
2001							
Group turnover	8 585	7 695	11 875	10 432	12 307	620	51 514
Share of turnover of joint ventures	128	143	370	35	3	13	692

Total turnover	8 713	7 838	12 245	10 467	12 310	633	52 206
Group operating profit BEIA	1 314	829	1 879	885	2 217	25	7 149
Exceptional items	(292)	(364)	293	(201)	(49)	25	(588)
Amortisation of goodwill and intangibles	(132)	(42)	(1 182)	(18)	(11)	(2)	(1 387)
Group operating profit	890	423	990	666	2 157	48	5 174
Share of operating profit of joint ventures	20	41	21	1	2	(1)	84
Total operating profit	910	464	1 011	667	2 159	47	5 258
Total operating profit BEIA ^(b)	1 334	870	1 936	886	2 219	24	7 269
Net operating assets ^(c)	2 297	2 483	24 313	1 540	1 312	385	32 330

2000							
Group turnover	7 930	7 601	8 367	10 258	12 567	859	47 582
Share of turnover of joint ventures	110	222	87	26	22	17	484
Total turnover	8 040	7 823	8 454	10 284	12 589	876	48 066
Group operating profit BEIA	1 044	647	1 058	917	2 034	29	5 729
Exceptional items	(22)	(260)	(322)	(323)	(1 069)	4	(1 992)
Amortisation of goodwill and intangibles	(64)	(20)	(326)	(16)	(7)	(2)	(435)
Group operating profit	958	367	410	578	958	31	3 302
Share of operating profit of joint ventures	16	31	12	–	–	(2)	57
Total operating profit	974	398	422	578	958	29	3 359
Total operating profit BEIA ^(b)	1 060	678	1 078	917	2 034	27	5 794
Net operating assets ^(c)	3 313	2 518	24 587	1 983	1 582	170	34 153

1999							
Group turnover	7 278	6 637	6 424	9 106	10 675	857	40 977
Share of turnover of joint ventures	70	132	4	20	37	22	285
Total turnover	7 348	6 769	6 428	9 126	10 712	879	41 262
Group operating profit BEIA	783	601	663	858	1 582	108	4 595
Exceptional items	(75)	(50)	(120)	(34)	(37)	47	(269)
Amortisation of goodwill and intangibles	(5)	(8)	(1)	(5)	(3)	(1)	(23)
Group operating profit	703	543	542	819	1 542	154	4 303
Share of operating profit of joint ventures	10	31	–	(1)	1	1	42
Total operating profit	713	574	542	818	1 543	155	4 345
Total operating profit BEIA ^(b)	793	632	663	857	1 583	109	4 637

Unilever Annual Report & Accounts and Form 20-F 2001

Additional segmental information as required by SFAS 131

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

Analysis by operation	€ million Oil & dairy based foods and bakery	€ million Ice cream & beverages	€ million Culinary & frozen foods	€ million Home care & professional cleaning	€ million Personal care	€ million Other operations	€ million Total
2001							
Group turnover							
At constant 2000 exchange rates	8 723	7 823	11 976	10 848	12 681	632	52 683
Exchange rate adjustments	(138)	(128)	(101)	(416)	(374)	(12)	(1 169)
At current 2001 exchange rates	8 585	7 695	11 875	10 432	12 307	620	51 514
Trading result							
At constant 2000 exchange rates	1 001	471	2 240	660	2 255	61	6 688
Exchange rate adjustments	1	4	(8)	(30)	(74)	(2)	(109)
At current 2001 exchange rates	1 002	475	2 232	630	2 181	59	6 579
Amortisation of goodwill and intangibles							(1 387)
Other adjustments							(18)
Group operating profit							5 174
2000							
Group turnover							
At constant 1999 exchange rates	7 420	7 002	7 832	9 439	11 321	779	43 793
Exchange rate adjustments	510	599	535	819	1 246	80	3 789
At current 2000 exchange rates	7 930	7 601	8 367	10 258	12 567	859	47 582
Trading result							
At constant 1999 exchange rates	965	414	691	519	909	27	3 525
Exchange rate adjustments	47	34	70	34	44	(1)	228
At current 2000 exchange rates	1 012	448	761	553	953	26	3 753
Amortisation of goodwill and intangibles							(435)
Other adjustments							(16)
Group operating profit							3 302
1999							
Group turnover							
At constant 1998 exchange rates	7 345	6 651	6 468	9 327	10 629	824	41 244
Exchange rate adjustments	(67)	(14)	(44)	(221)	46	33	(267)
At current 1999 exchange rates	7 278	6 637	6 424	9 106	10 675	857	40 977
Trading result							
At constant 1998 exchange rates	653	558	506	813	1 515	77	4 122
Exchange rate adjustments	(4)	6	9	(8)	1	1	5

At current 1999 exchange rates	649	564	515	805	1 516	78	4 127
Amortisation of goodwill and intangibles							(23)
Other adjustments							199
Group operating profit							4 303

Unilever Annual Report & Accounts and Form 20-F 2001

NOTES TO THE CONSOLIDATED ACCOUNTS

> 60

Unilever Group

1 Segmental information continued

Analysis by operation	€ million Oil & dairy based foods and bakery	€ million Ice cream & beverages	€ million Culinary & frozen foods	€ million Home care & professional cleaning	€ million Personal care	€ million Other operations	€ million Total
Depreciation and amortisation 2001							
At constant 2000 exchange rates	390	433	1 556	391	292	86	3 148
Exchange rate adjustments	(3)	(12)	(23)	(11)	(5)	(1)	(55)
At current 2001 exchange rates	387	421	1 533	380	287	85	3 093
Other adjustments							(248)
Charged to profit and loss account							2 845
2000							
At constant 1999 exchange rates	314	335	541	433	364	75	2 062
Exchange rate adjustments	22	26	52	26	26	4	156
At current 2000 exchange rates	336	361	593	459	390	79	2 218
Other adjustments							(264)
Charged to profit and loss account							1 954
1999							
At constant 1998 exchange rates	264	349	200	282	245	66	1 406
Exchange rate adjustments	(2)	(1)	1	(1)	2	-	(1)
At current 1999 exchange rates	262	348	201	281	247	66	1 405
Other adjustments							(258)
Charged to profit and loss account							1 147
Capital expenditure 2001							
At constant 2000 exchange rates	203	308	312	374	327	28	1 552
Exchange rate adjustments	(1)	(7)	(5)	(14)	(9)	(3)	(39)
At current 2001 exchange rates	202	301	307	360	318	25	1 513
2000							
At constant 1999 exchange rates	169	294	195	345	220	30	1 253
Exchange rate adjustments	9	22	15	29	25	3	103

At current 2000 exchange rates	178	316	210	374	245	33	1 356
1999							
At constant 1998 exchange rates	185	368	163	311	270	36	1 333
Exchange rate adjustments	(1)	(17)	(8)	(2)	(2)	1	(29)
At current 1999 exchange rates	184	351	155	309	268	37	1 304

Unilever Annual Report & Accounts and Form 20-F 2001

Financial Statements

NOTES TO THE CONSOLIDATED ACCOUNTS

> 61

Unilever Group

1 Segmental information continued

	€ million	€ million	€ million	€ million	€ million	€ million	€ million
	Oil & dairy based foods and bakery	Ice cream & beverages	Culinary & frozen foods	Home care & professional cleaning	Personal care	Other operations	Total
Analysis by operation							
Total assets							
2001							
Total assets by operation	5 351	4 799	28 887	4 716	5 469	1 918	51 140
Corporate							2 672
Other adjustments							(853)
							52 959
2000							
Total assets by operation	5 768	4 857	29 712	5 580	5 033	1 454	52 404
Corporate							5 963
Other adjustments							(727)
							57 640

	€million United Kingdom & Netherlands	€million United States	€ million Other	€ million Total
Additional geographic analysis				
Group turnover				
2001				
At constant 2000 exchange rates	5 794	12 278	34 611	52 683
Exchange rate adjustments	(89)	348	(1 428)	(1 169)
At current 2001 exchange rates	5 705	12 626	33 183	51 514
2000				
At constant 1999 exchange rates	5 077	9 153	29 563	43 793
Exchange rate adjustments	300	1 466	2 023	3 789
At current 2000 exchange rates	5 377	10 619	31 586	47 582
1999				
At constant 1998 exchange rates	4 930	7 672	28 642	41 244
Exchange rate adjustments	60	324	(651)	(267)
At current 1999 exchange rates	4 990	7 996	27 991	40 977

Tangible fixed assets				
2001	1 634	2 131	5 475	9 240
2000	1 675	2 226	5 938	9 839

Unilever Annual Report & Accounts and Form 20-F 2001

NOTES TO THE CONSOLIDATED ACCOUNTS

> 62

2 Operating costs

	€ million 2001	€million 2000	€million 1999
Cost of sales	(26 962)	(25 221)	(22 241)
Distribution and selling costs	(12 543)	(12 045)	(10 126)
Administrative expenses (a)	(6 835)	(7 014)	(4 307)
Total operating costs	(46 340)	(44 280)	(36 674)
Gross profit	24 552	22 361	18 736

(a) Includes amortisation of goodwill and intangibles.

	€ million 2001	€million 2000	€million 1999
Operating costs include:			
Staff costs 3	(7 131)	(6 905)	(5 828)
Raw materials and packaging	(19 924)	(18 085)	(17 531)
Amortisation of goodwill and intangibles (b)	(1 387)	(435)	(23)
Depreciation of tangible fixed assets (c)	(1 458)	(1 519)	(1 124)
Advertising and promotions	(6 648)	(6 545)	(5 345)
Research and development	(1 178)	(1 187)	(935)
Remuneration of auditors:			
Audit fees	(16)	(14)	(12)
Audit related services	(11)	(10)	(3)
Other payments to PricewaterhouseCoopers for non-audit services:			
Tax	(5)	(4)	(14)
General consulting	(60)	(42)	(18)
Lease rentals:			
Minimum lease payments	(548)	(563)	(479)
Contingent lease payments	(28)	(8)	(11)
Less: Sub-lease income	(576) 10	(571) 12	(490) 10
	(566)	(559)	(480)
of which:			
Plant and machinery	(147)	(148)	(109)
Other	(419)	(411)	(371)

(b) Includes exceptional amount of €(8) million in 2001.

(c) Includes exceptional amount of €(263) million in 2001.

See also the information relating to auditors within the Corporate Governance section on pages 36 and 37.

3 Staff costs and employees

	€ million 2001	million 2000	million 1999
Staff costs:			
Remuneration of employees	(6 021)	(5 828)	(4 899)
Emoluments of directors as managers	(18)	(13)	(11)
Pension costs:			
Defined benefit schemes:			
Regular cost	(381)	(324)	(252)
Special termination benefits	(78)	(88)	(44)
Other	(110)	(117)	(111)
Amortisation of surpluses/deficits 17	370	309	243
Defined contribution schemes	(24)	(8)	(4)
Post-retirement health benefits	(103)	(77)	(59)
Social security costs	(766)	(759)	(691)
Total staff costs	(7 131)	(6 905)	(5 828)

Details of the remuneration of directors which form part of these accounts are given in the following sections of the Remuneration report: 'Directors' pensions' on pages 42 to 44; 'Directors' emoluments' on page 46; 'Share options' on pages 46 to 48 and 'Advisory Directors' on page 48.

The average number of employees during the year was:

'000

'000

'000

	2001	2000	1999
Europe	75	74	77
North America	30	27	22
Africa, Middle East and Turkey	49	48	54
Asia and Pacific	84	79	72
Latin America	41	33	30
Total	279	261	255

4 Exceptional items

	€ million 2001	€ million 2000	€million 1999
Included in operating profit			
Restructuring	(1 515)	(1 150)	(232)
Other, principally business disposals	927	(842)	(37)
Total	(588)	(1 992)	(269)

These amounts are mainly included in administrative expenses.

Exceptional items are those items within ordinary activities which, because of their size or nature, are disclosed to give a proper understanding of the underlying result for the period. These include restructuring charges in connection with reorganising businesses (comprising impairment of fixed assets, costs of severance, and other costs directly attributable to the restructuring), and profits and losses on disposal of businesses. Costs associated with restructuring, such as training and information technology development costs, are recognised as they arise and are not treated as exceptional.

The exceptional item charges in 2001 and 2000 principally relate to a series of linked initiatives (the ‘Path to Growth’), announced on 22 February 2000 to align the organisation behind plans for accelerating growth and expanding margins and to restructuring

Unilever Annual Report & Accounts and Form 20-F 2001

Financial Statements

NOTES TO THE CONSOLIDATED ACCOUNTS

> 63

Unilever Group

4 Exceptional items continued

arising from the integration of Bestfoods. The total net cost of these programmes is estimated to be €6.2 billion over five years, most of which is expected to be exceptional restructuring costs. Provisions for these costs and asset write downs are being recognised as necessary consultations are completed and plans finalised. In 2001 €1.8 billion has been charged to the accounts, of which net €1.4 billion is exceptional. To date the total incurred is €3.9 billion of which €3.4 billion is exceptional. Also in exceptional items in 2001 is the profit on the sale of €811 million in respect of the brands to secure regulatory approval for our acquisition of Bestfoods.

In 2000 these amounts included a profit of €143 million on the disposal of the European bakery businesses and a loss of €859 million on the agreed disposal of Elizabeth Arden.

5 Interest

	€ million 2001	€ million 2000	€ million 1999
Interest payable and similar charges:			
Bank loans and overdrafts	(451)	(221)	(159)
Bonds and other loans	(1 463)	(787)	(290)
Interest receivable and similar income	210	374	422
Exchange differences	(3)	12	13
	(1 707)	(622)	(14)
Less: interest capitalised on businesses held for resale	61	27	–
Add: exceptional interest	–	(37)	–
Total	(1 646)	(632)	(14)

Exceptional interest in 2000 principally comprised fees paid on the unused financing facility put in place prior to the acquisition of Bestfoods.

6 Taxation on profit on ordinary activities

	€ million 2001	€ million 2000	€ million 1999
Parent and group companies (a)(b)	(1 522)	(1 392)	(1 364)
Joint ventures	(25)	(11)	(5)
Total	(1 547)	(1 403)	(1 369)
Of which:			
Adjustments to previous years			
United Kingdom taxes	(3)	(5)	(18)

Other taxes	61	36	150
(a) United Kingdom			
Corporation Tax at 30.0%	(381)	(455)	(445)
less: double tax relief	140	334	241
plus: non-United Kingdom taxes	(1 281)	(1 271)	(1 160)
	(1 522)	(1 392)	(1 364)
(b) Of which, tax on exceptional items amounted to	232	283	84
Deferred taxation has been included on a full provision basis for:			
Accelerated depreciation	87	119	85
Other	(207)	153	83
	(120)	272	168

	€ million 2001	€ million 2000	€ million 1999
On SSAP 15 basis the credit/(charge) for deferred taxation would be:	(131)	262	140
Profit on ordinary activities after taxation on SSAP 15 basis would be:	2 066	1 310	2 944

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

	% 2001	% 2000	% 1999
Computed rate of tax (see below)	33	32	32
Differences due to:			
Other rates applicable to non-European countries	(1)	2	2
Incentive tax credits	(3)	(2)	(2)
Withholding tax on dividends	3	3	2
Adjustments to previous years	(2)	(2)	(3)
Non-deductible goodwill impairment	-	13	-
Non-deductible goodwill amortisation	12	4	-
Other	1	2	1
Actual rate of tax	43	52	32

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

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

	€ million 2001	€ million 2000	€ million 1999
Profit on ordinary activities before taxation			
Europe:			
Parent and group companies	2 429	1 796	2 345
Joint ventures	21	14	12
	2 450	1 810	2 357
Outside Europe:			
Group companies	1 111	871	1 959
Joint ventures	63	42	25
	1 174	913	1 984
Total	3 624	2 723	4 341

Unilever Annual Report & Accounts and Form 20-F 2001

NOTES TO THE CONSOLIDATED ACCOUNTS

> 64

Unilever Group

6 Taxation on profit on ordinary activities continued

	€ million 2001	€ million 2000	€ million 1999
Taxation on profit on ordinary activities			
Europe:			
Parent and group companies	(760)	(942)	(750)
Taxes payable	(114)	289	128
Deferred taxation			

of which:			
Accelerated depreciation	62	116	92
Other	(176)	173	36
Joint ventures	(6)	(5)	(4)
	(880)	(658)	(626)
Outside Europe:			
Group companies			
Taxes payable	(642)	(722)	(782)
Deferred taxation	(6)	(17)	40
of which:			
Accelerated depreciation	25	3	(7)
Other	(31)	(20)	47
Joint ventures	(19)	(6)	(1)
	(667)	(745)	(743)
Total	(1 547)	(1 403)	(1 369)

7 Combined earnings per share

	€ 2001	€ 2000	€ 1999
Per €0.51 share of NV ordinary capital:			
Basic earnings per share	1.82	1.07	2.63
Basic earnings per share before exceptional items and amortisation of goodwill and intangibles	3.55	3.21	2.83
Diluted earnings per share	1.77	1.05	2.57
Earnings per share on SSAP 15 basis	1.81	1.06	2.60

	€ cents 2001	€ cents 2000	€ cents 1999
Per 1.4p share of PLC ordinary capital:			
Basic earnings per share	27.27	16.08	39.48
Basic earnings per share before exceptional items and amortisation of goodwill and intangibles	53.29	48.20	42.44
Diluted earnings per share	26.54	15.69	38.50
Earnings per share on SSAP 15 basis	27.10	15.94	39.06

Basis of calculation:

The calculations of combined earnings per share are based on the net profit attributable to ordinary capital divided by the average number of share units representing the combined ordinary capital of NV and PLC in issue during the year, after deducting shares held to meet Unilever employee share options which are not yet vested. For the calculation of combined ordinary capital the exchange rate of £1 = Fl. 12 = €5.445 has been used, in accordance with the Equalisation Agreement.

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

The calculations of diluted earnings per share are based on (a) conversion into PLC ordinary shares of the shares in a group company which are convertible in the year 2038 as described in Control of Unilever on page 110, and (b) the exercise of share options, details of which are set out in note 28 on pages 79 to 87.

Calculation of average number of share units:

	Millions of €0.51 share units		
	2001	2000	1999
Average ordinary capital:			
NV	571.6	571.6	601.7
PLC	436.7	436.7	459.8
less: shares held by employee share trusts and companies	(25.5)	(19.1)	(16.3)
Combined average number of share units for all bases except diluted earnings per share	982.8	989.2	1 045.2
add: shares issuable in 2038	23.6	23.6	23.6
add: shares under option	23.5	17.2	14.3
less: shares issuable at fair value	(19.9)	(15.7)	(11.4)
Adjusted combined average number of share units for diluted earnings per share basis	1 010.0	1 014.3	1 071.7
	Millions of 1.4p share units		
	2001	2000	1999
Average ordinary capital:			
NV	3 810.5	3 810.5	4 011.5
PLC	2 911.5	2 911.5	3 065.0
less: shares held by employee share			

trusts and companies	(169.7)	(127.2)	(108.6)
Combined average number of share units for all bases except diluted earnings per share	6 552.3	6 594.8	6 967.9
add: shares issuable in 2038	157.5	157.5	157.5
add: shares under option	156.3	114.6	95.1
less: shares issuable at fair value	(132.7)	(105.1)	(75.8)
Adjusted combined average number of share units for diluted earnings per share basis	6 733.4	6 761.8	7 144.7

Calculation of net profit:

	€ million 2001	€ million 2000	€ million 1999
Net profit	1 838	1 105	2 771
less: preference dividends	(51)	(44)	(20)
Net profit attributable to ordinary capital for basic and diluted earnings per share calculations	1 787	1 061	2 751
add: exceptional items net of tax	334	1 709	185
add: amortisation of goodwill and intangibles net of tax	1 371	409	21
Net profit attributable before exceptional items and amortisation	3 492	3 179	2 957
Net profit attributable to ordinary capital before adjustment	1 787	1 061	2 751
SSAP 15 tax adjustment	(11)	(10)	(28)
Net profit attributable to ordinary capital on SSAP 15 basis	1 776	1 051	2 723

Unilever Annual Report & Accounts and Form 20-F 2001

Financial Statements

NOTES TO THE CONSOLIDATED ACCOUNTS

> 65

Unilever Group

8 Dividends on ordinary capital

	€ million 2001	€ million 2000	€ million 1999
Dividends on ordinary capital			
Interim	(491)	(475)	(389)
Final	(1 039)	(939)	(856)
Total	(1 530)	(1 414)	(1 245)

	€ 2001	€ 2000	€ 1999
Dividends per €0.51 share of NV ordinary capital			
Interim	0.50	0.48	0.40
Final	1.06	0.95	0.87
Total	1.56	1.43	1.27

	Pence 2001	Pence 2000	Pence 1999
Dividends per 1.4p share of PLC ordinary capital			
Interim	4.65	4.40	3.93
Final	9.89	8.67	8.57
Total	14.54	13.07	12.50

In 1999 and prior years, NV dividends were declared and paid in guilders. For comparative purposes, guilder values have been converted into euros in this table using the official rate of €1.00 = Fl. 2.20371. Full details of dividends for the years 1997 to 2001 are given on page 116.

9 Goodwill and intangible assets (a)

	€ million 2001	€ million 2000
At cost less amortisation		
Goodwill	18 848	25 256
Intangible assets	6 249	1 211
	25 097	26 467

	€ million Goodwill	€ million Intangible assets
Movements during 2001		
Cost		
1 January	25 662	1 255
Bestfoods adjustment (see note 24)	(5 538)	5 440
Acquisitions/disposals	124	(31)
Currency retranslation	(22)	38
31 December	20 226	6 702
Amortisation		
1 January	406	44
Bestfoods adjustment (see note 24)	(68)	68
Disposals	(1)	-
Charged to profit and loss account ^(b)	1 048	339
Currency retranslation	(7)	2
31 December	1 378	453
Net book value 31 December	18 848	6 249

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

(b) Including exceptional write down arising on disposal/restructuring of €8 million.

Intangible assets principally consist of trademarks.

10 Tangible fixed assets

	€ million 2001	€ million 2000
At cost less depreciation:		
Land and buildings ^(a)	3 106	3 212
Plant and machinery	6 134	6 627
Total	9 240	9 839
(a) includes: freehold land	383	380
leasehold land (mainly long-term leases)	84	70
Approximate current replacement cost of tangible fixed assets net of accumulated current cost depreciation	10 529	10 982
On a current replacement cost basis the depreciation charge to the profit and loss account would have been increased by	(248)	(264)
Commitments for capital expenditure at 31 December	298	392

	€ million Land and buildings	€ million Plant and machinery
Movements during 2001		
Gross		
1 January	4 829	14 340
Currency retranslation	11	(107)
Capital expenditure	156	1 357
Disposals	(396)	(1 346)
Bestfoods adjustment (see note 24)	114	(221)
Acquisitions/disposals of group companies	(71)	(499)
Other adjustments	(73)	73
31 December	4 570	13 597
Depreciation		
1 January	1 617	7 713
Currency retranslation	2	(54)
Disposals	(217)	(1 018)
Bestfoods adjustment (see note 24)	1	(285)

Acquisitions/disposals of group companies	(30)	(260)
Charged to profit and loss account ^(b)	136	1 322
Other adjustments	(45)	45
31 December	1 464	7 463
Net book value 31 December	3 106	6 134
Includes payments on account and assets in course of construction	75	721

(b) Including a charge of €263 million in respect of certain fixed assets written down to net realisable value in connection with restructuring projects, all of which was exceptional.

Unilever Annual Report & Accounts and Form 20-F 2001

NOTES TO THE CONSOLIDATED ACCOUNTS

> 66

Unilever Group

11 Fixed investments

	€ million 2001	€ million 2000
Share of joint ventures – Assets ^(a)	855	969
– Liabilities	(147)	(152)
Net assets of joint ventures	708	817
Other fixed investments	176	340
Total fixed investments	884	1 157
Investments listed on a recognised stock exchange	21	24
Unlisted investments	863	1 133
	884	1 157
Market value of listed investments	21	24
Movements during the year:		
1 January	1 157	
Acquisitions/disposals	28	
Bestfoods adjustment (see note 24)	(196)	
Currency retranslation	(52)	
Additions/reductions	(25)	
Share of profits retained of joint ventures	(28)	
31 December	884	

(a) Includes goodwill on consolidation of €513 million, the amortisation charge for which, taken within share of operating profit of joint ventures, was €(36) million in 2001 (2000: €(8) million).

	€ million 2001	€ million 2000	€ million 1999
Other income from fixed investments			
Share of interest payable and other income of joint ventures	(5)	(1)	(5)
Income from other fixed investments	7	3	10
Profit/(loss) on disposal	10	(6)	5
	12	(4)	10

12 Stocks

	€ million 2001	€ million 2000
Raw materials and consumables	2 105	2 217
Finished goods and goods for resale	3 238	3 204
Total stocks	5 343	5 421

13 Debtors

€
million €
million

	2001	2000
Due within one year:		
Trade debtors	5 344	5 461
Prepayments and accrued income	548	498
Other debtors	1 293	1 295
	7 185	7 254
Due after more than one year:		
Prepayments to funded pension schemes 17	917	748
Deferred taxation 18	1 670	1 627
Other debtors	322	188
	2 909	2 563
Total debtors	10 094	9 817

The following information is required by Schedule 210.12-09 under Regulation S-X of the United States Securities and Exchange Commission:

	€ million 2001	million 2000	million 1999
Provision for doubtful debtors			
Movements during the year:			
1 January	307	279	242
Charge to profit and loss account	96	84	85
Charged to other accounts (a)	13	54	17
Deductions	(88)	(110)	(65)
31 December	328	307	279

(a) Includes currency retranslation of opening balances.

14 Net funds/(debt)

	€ million 2001	€ million 2000
Current investments		
Listed	43	74
Unlisted	396	586
	439	660
Cash at bank and in hand		
On call and in hand	1 576	1 235
Repayment notice required	286	1 378
	1 862	2 613
Borrowings		
Bank loans and overdrafts	(2 893)	(2 849)
Bonds and other loans	(22 607)	(26 892)
	(25 500)	(29 741)
Total net funds/(debt)	(23 199)	(26 468)

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

	€ million 2001	million 2000
Borrowings - additional details		
The repayments fall due as follows:		
Within one year:		
Bank loans and overdrafts	2 719	2 649
Bonds and other loans	8 560	14 026
Total due within one year	11 279	16 675
After one year but within two years	5 090	4 036
After two years but within three years	1 736	3 103
After three years but within four years	2 257	721
After four years but within five years	1 917	1 915

After five years: By instalments	-	3
Not by instalments	3 221	3 288
Total due after more than one year	14 221	13 066
Total amount repayable by instalments any of which are payable after five years	-	29
Secured borrowings – mainly bank loans and overdrafts	24	104
Of which secured against tangible fixed assets	15	89

Financial Statements

NOTES TO THE CONSOLIDATED ACCOUNTS
 > 67

Unilever Group

14 Net funds/(debt) continued

Details of specific bonds and other loans are as follows:

	€ million 2001	€ million 2000
NV		
3.500% Bonds 2001 (Swiss Francs)	-	197
5.125% Notes 2001 (€)	-	153
6.000% Notes 2001 (\$)	-	215
6.625% Notes 2001 (\$)	-	269
0.300% Notes 2001 (Japanese Yen)	-	1 358
Floating rate notes 2001 (€)	-	1 499
Floating rate notes 2001 (\$)	-	269
Floating rate notes 2002 (\$)	2 541	2 418
Floating rate notes 2003 (€)	999	-
Floating rate notes 2003 (\$)	564	-
Floating rate notes 2003 (Japanese Yen)	430	-
4.750% Bonds 2004 (€)	997	-
7.250% Bonds 2004 (\$)	282	269
6.500% Bonds 2004 (€)	159	159
7.125% Bonds 2004 (€)	228	228
6.625% Notes 2005 (\$)	226	215
3.375% Bonds 2005 (Swiss Francs)	337	-
5.125% Bonds 2006 (€)	997	-
5.125% Notes 2006 (\$)	561	-
Commercial paper (€)	797	-
Commercial paper (£)	1 007	-
Commercial paper (\$)	1 055	209
Commercial paper (Swiss Francs)	168	-
Other	433	377
Total NV	11 781	7 835
PLC		
Sonia indexed note 2001 (£)	-	160
Floating rate notes 2001 (£)	-	200
Floating rate notes 2001 (\$)	-	403
Eonia indexed note 2002 (€)	500	500
Floating rate notes 2002 (€)	1 000	999
Floating rate notes 2002 (£)	213	-
Commercial paper (€)	-	731
Commercial paper (£)	-	294
Commercial paper (\$)	-	437
5.375% Notes 2003 (€)	1 249	1 248
Other (a)	(6)	96
Total PLC	2 956	5 068
Other group companies:		
United States		
Floating rate Notes 2001 (\$)	-	6 450
6.750% Notes 2003 (\$)	1 694	1 612
6.875% Notes 2005 (\$)	1 694	1 612
6.150% Bonds 2006 (\$)	325	306
7.125% Bonds 2010 (\$)	1 977	1 881
7.000% Bonds 2017 (\$)	160	151

7.250% Bonds 2026 (\$)	319	303
6.625% Bonds 2028 (\$)	246	233
Commercial paper (\$)	838	537
Other	433	783
Other countries	184	121
Total other group companies	7 870	13 989
Total bonds and other loans	22 607	26 892

(a) The negative amount shown in 2001 relates to the exchange difference on the currency swap used to swap certain euro borrowings into sterling.

Unilever has the following undrawn committed facilities, established in May 2001:

- > revolving 364-day bilateral credit facilities of in aggregate \$3 020 million
- > revolving 364-day notes commitments of \$200 million with the ability to issue notes with a maturity up to 364 days
- > 364-day bilateral money market commitments of in aggregate \$1 775 million, under which the underwriting banks agree, subject to certain conditions, to subscribe for notes with maturities of up to three years

The average interest rate on short-term borrowings in 2001 was 7% (2000: 7%).

The financing needs of Unilever's operating companies are met using short-term overdraft facilities, substantially all of which are uncommitted.

The interest rate profiles of the Group's financial assets and liabilities analysed by principal currency are set out in the table below. This table takes into account the various interest rate swaps and forward foreign currency contracts entered into by the Group, details of which are set out in note 15 on page 68.

Interest rate profile and currency analysis of financial assets and liabilities

	€ million Fixed rate	Fixed rate	Fixed rate	€ million Floating rate	€ million Total
		Weighted average interest rate	Weighted average fixing period		
Assets – 2001					
Euro (a)	806	11.0%	1.3 years	(202)	604
Sterling	–			334	334
US Dollar	–			79	79
Indian Rupee	–			558	558
Other	–			726	726
Total	806			1 495	2 301
Assets – 2000					
Euro	56	6.3%	0.1 years	1 168	1 224
Sterling	–			744	744
US Dollar	–			228	228
Indian Rupee	–			471	471
Other	–			606	606
Total	56			3 217	3 273
Liabilities – 2001					
Euro	68	6.0%	3.1 years	1 728	1 796
Sterling	1 429	7.2%	0.7 years	320	1 749
US Dollar	11 687	6.7%	5.4 years	7 288	18 975
Other	252	5.0%	24.2 years	2 728	2 980
Total	13 436			12 064	25 500
Liabilities – 2000					
Euro	170	5.9%	1.7 years	4 403	4 573
Sterling	1 142	6.4%	1.8 years	1 392	2 534
US Dollar	14 342	6.7%	5.1 years	7 039	21 381
Other	267	5.1%	23.0 years	986	1 253
Total	15 921			13 820	29 741

(a) The 11% interest rate relates to one leg of a cross-currency interest swap of an intercompany loan; a corresponding interest charge is included in US dollar fixed rate liabilities.

15 Financial instruments

The Group has comprehensive policies in place, approved by the directors, covering the use of straightforward derivative financial instruments. These instruments are used for hedging purposes only. Established controls are in place covering all financial instruments. These include policies, guidelines, exposure limits, a system of authorities and independent reporting. Performance is closely monitored with independent reviews undertaken by internal audit. The accounting policies governing these instruments are in line with generally accepted practice and follow hedge accounting principles described in the accounting policies on page 53. The use of leveraged instruments is not permitted. Details of the instruments used for interest rate and foreign exchange exposure management, together with information on related exposures, are given below.

Except for the description of Unilever's currency exposures, all debtors and trade and other creditors have been excluded from the analysis below and from the interest rate and currency profiles in note 14 on page 67 either due to the exclusion of short-term items, as permitted by United Kingdom Financial Reporting Standard 13, or because the amounts are not material.

Unilever operates an interest rate management policy aimed at optimising net interest and reducing volatility. The Group's financial position is largely fixed by fixed rate long-term debt issues and derivative financial instruments such as interest rate swaps. In general, cash is invested short-term at floating interest rates.

At the end of 2001 interest rates were fixed on approximately 54% of the projected debt for 2002 and 47% for 2003 (compared with 67% for 2001 and 57% for 2002 at the end of 2000). Interest receivable was fixed on approximately 57% of the projected cash for 2002 and 16% for 2003 at the end of 2001 (compared with no fixing at the end of 2000).

Nominal values of interest rate derivative instruments are shown in the table below. These nominal values when compared with the nominal value of the underlying debt do not reflect the actual level of use of financial instruments. This is because certain financial instruments have consecutive strike and maturity dates on the same underlying debt in different periods. Derivatives are primarily used to swap floating interest mid-term debt into fixed rate debt. Whilst the nominal amounts reflect the volume of activity, they do not properly reflect the amount of credit risk to which the Group is exposed.

	€ million	€ million
	Nominal amounts at 31 December	
	2001	2000
Interest rate swaps	21 360	19 603

The following tables show the extent to which the Group has off-balance sheet (unrecognised) and on-balance sheet (deferred) gains and losses in respect of interest rate instruments at the beginning and end of the year. With respect to the deferred gains and losses it also shows the amount which has been included in the profit and loss account for the year and those gains and losses which are expected to be reflected in the profit and loss account in 2002 or in subsequent years.

	€ million	€ million	€ million
	Gains	Losses	Total net gains/ (losses)
Unrecognised gains and losses:			
Balances 1 January	52	(95)	(43)
Brought forward balance recognised in current year	2	(23)	(21)
Brought forward balance not recognised in current year	50	(72)	(22)
Current year items not recognised in current year	101	(221)	(120)
Balances 31 December 2001	151	(293)	(142)
Expected to be dealt with next year	61	(234)	(173)
Expected to be dealt with later	90	(59)	31

Deferred gains and losses:			
Balances 1 January	17	(112)	(95)
Brought forward balance recognised in current year	7	(30)	(23)
Brought forward balance not recognised in current year	10	(82)	(72)
Current year items not recognised in current year	-	-	-
Balances 31 December 2001	10	(82)	(72)
To be recognised in the profit and loss account for next year	5	(29)	(24)
To be recognised in the profit and loss account later	5	(53)	(48)

Under the Group's foreign exchange policy, transaction exposures with a maximum of one year maturity are generally hedged; this is achieved through the use of forward foreign exchange contracts. The market value of these instruments at the end of 2001 represented a recognised unrealised loss of €157 million (2000: gain of €158 million) which was largely offset by recognised unrealised gains on the underlying assets and liabilities.

	€ million	€ million
	Nominal amounts at 31 December	
	2001	2000
Foreign exchange contracts - buy	6 053	6 814
- sell	13 812	12 318
Total	19 865	19 132

Our policy for financing the net investments in our subsidiaries is discussed in the Financial Review on page 31. At the end of 2001 some 67% (2000: 56%) of Unilever's total capital and reserves were denominated in the currencies of the two parent companies, euros and sterling.

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

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

Financial Statements

NOTES TO THE CONSOLIDATED ACCOUNTS > 69

Unilever Group

15 Financial instruments continued

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

	€ million	€ million	€ million	€ million
	Fair Value		Carrying amount	
	2001	2000	2000	2001
Financial assets:				
Other fixed investments	176	340	176	340
Current investments	439	660	439	660
Cash	1 862	2 613	1 862	2 613
	2 477	3 613	2 477	3 613
Financial liabilities:				
Bonds and other loans	(23 125)	(27 237)	(22 607)	(26 892)
Bank loans and overdrafts	(2 899)	(2 870)	(2 893)	(2 849)
	(26 024)	(30 107)	(25 500)	(29 741)
Derivatives:				
Interest rate swaps				
- assets	151	52	134	95
- liabilities	(293)	(95)	(10)	(11)
Foreign exchange				
contracts - assets	190	650	190	650
- liabilities	(347)	(492)	(347)	(492)

The fair values of listed fixed investments are based on their market values. The fair values of unlisted fixed investments are not materially different from their carrying amounts. Current investments, cash, bank loans and overdrafts have fair values which approximate to their carrying amounts because of their short-term nature. The fair values of forward foreign exchange contracts represent the unrealised gain or loss on revaluation of the contracts to year-end rates of exchange. The fair values of bonds and other loans, interest rate swaps and forward rate agreements are based on the net present value of the discounted anticipated future cash flows associated with these instruments.

In November 2001, NV entered into a forward purchase contract with a counterparty bank to buy 10 000 000 PLC shares at 559p per share in November 2006. If the PLC share price falls by more than 5% below 559p, cash collateral for the difference must be placed with the counterparty bank.

Currency exposures

Treasury manages the foreign exchange exposures that arise from Unilever’s financing and investing activities in accordance with Unilever policies.

The objectives of Unilever’s foreign exchange policies are to allow operating companies to manage foreign exchange exposures that arise from trading activities effectively within a framework of control that does not expose Unilever to unnecessary foreign exchange risks. Operating companies are required to cover substantially all foreign exchange exposures arising from trading activities and each company operates within a specified maximum exposure limit. Business Groups monitor compliance with these policies. Compliance with the Group’s policies means that the net amount of monetary assets and liabilities at 31 December 2001 that are exposed to currency fluctuations is not material.

16 Trade and other creditors

	€ million	€ million
	2001	2000
Due within one year:		
Trade creditors	4 882	5 386
Social security and sundry taxes	534	438
Accruals and deferred income	3 196	2 709
Taxation on profits	977	1 027
Dividends	1 057	944
Others	1 287	1 185
	11 933	11 689
Due after more than one year:		
Accruals and deferred income	246	231
Taxation on profits	377	565
Others	182	223
	805	1 019

Total trade and other creditors	12 738	12 708

17 Pensions and similar obligations

	€ million 2001	€ million 2000
These are predominantly long-term liabilities:		
Unfunded pension plans	1 414	1 663
Funded pension plans	987	794
Post-retirement health benefits	1 284	1 214
	3 685	3 671
Less asset balances reclassified as debtors due after more than one year 13	917	748
	4 602	4 419
Movements during the year:		
1 January	4 419	
Currency retranslation	4	
Bestfoods adjustment ^(b) (see note 24)	201	
Profit and loss account	326	
Payments ^(a)	(138)	
Acquisitions/disposals	(2)	
Other adjustments ^(b)	(208)	
31 December	4 602	

(a) Net of refunds received from pension funds totalling €297 million.

(b) In addition a fair value adjustment of €466 million was made to Bestfoods pension prepayments.

In most countries the Group operates defined benefit plans based on employee pensionable remuneration and length of service. These are either externally funded or unfunded, with provisions maintained in the Group balance sheet. All are subject to regular actuarial review. Actuarial valuations are carried out by external consultants or actuaries employed by the Unilever Group using the projected unit method. The actuarial assumptions used to calculate the benefit obligation vary according to the country in which the plan is situated.

The principal defined benefit plans, representing over 90% of all defined benefit plans by market value of assets and net provisions, were last formally valued in the past three years and the results of these valuations then updated to the year-end.

[Unilever Annual Report & Accounts and Form 20-F 2001](#)

NOTES TO THE CONSOLIDATED ACCOUNTS

> 70

Unilever Group

17 Pensions and similar obligations continued

The following aggregated information is related to the principal plans:

	€ million 31 Dec 2001	€ million 31 Dec 2000
Actuarial value of assets	16 233	16 198
Provisions	2 093	1 827
Prepayments	(868)	(748)
Liabilities	14 433	13 869
Financing level %*	121%	125%
Actual market value of assets	16 440	18 450

*Assets plus net provisions as % of liabilities.

The average assumptions for valuing these principal plans, weighted by liabilities were:

	2001	2000
Interest rate	7.0%	7.1%
Salary increases	4.3%	4.3%
Pension increases	2.9%	3.0%

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

For the remaining defined benefit plans, as at 31 December 2001, the market value of the assets was €536 million (2000: €487 million), and net provisions in the accounts amounted to €1 176 million (2000: €1 379 million). The overall level of financing of these defined benefit plans at the dates of the last valuations was 91% (2000: 90%).

Pension costs and contributions paid by the Group to the funds have been reduced in recent years mainly due to surpluses in the Group's two biggest funds. These surpluses were recognised by amortisation using the mortgage method. The net amount of surplus recognised in the profit and loss account in 2001 was €370 million (2000: €309 million).

In 2001 the Group received a gross cash refund of €221 million from a Netherlands fund in a surplus position. A further refund has been received in 2001 of €76 million from a Finnish fund in surplus. Cash refunds do not directly impact the pension charge for 2001 as the surplus is amortised in accordance with the Group's accounting policies.

The Group also operates a number of defined contribution plans. The assets of all the Group's defined contribution plans are held in independently administered funds. The pension costs charged to the profit and loss account represent contributions payable by the Group to the funds. The market value of the assets of externally funded defined contribution plans as at 31 December 2001 was €416 million (2000: €271 million). The value of assets of the defined contribution plans exclude 401(k) plans in the United States, the corresponding cost of which is included in Staff Costs under note 3 on page 62.

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

Further disclosures required in accordance with FRS 17

In respect of the principal defined benefit pension plans and plans providing other post retirement benefits, the major actuarial assumptions at 31 December 2001, weighted by liabilities, were:

	Pensions	Other benefits
Discount rate	6.00%	7.25%
Rate of increase in salaries	3.50%	4.50%
Rate of increase for pensions in payment	2.00%	n/a
Rate of increase for pensions in deferment (where provided)	1.50%	n/a
Inflation assumption	2.25%	n/a
Medical cost inflation	n/a	5.00%

The assets, liabilities and surplus position of these plans and the expected rates of return were:

	€ million Pensions value at 31 Dec 2001	€ million Other benefits value at 31 Dec 2001	€ million Long-term rate of return expected at 31 Dec 2001
Equities	10 494	-	9.00%
Bonds	4 138	-	5.50%
Other	1 808	3	6.00%
Total market value of assets	16 440	3	7.79%
Present value of plan liabilities	(15 039)	(1 171)	
Aggregate net surplus/(deficit) in the plans	1 401	(1 168)	
Irrecoverable surplus	(268)	-	
Related deferred tax liability	(634)	467	
Net pension asset/(liability)	499	(701)	
Of which, in respect of funded plans in surplus:			
Aggregate surplus	2 723	-	
Irrecoverable surplus	(268)	-	
Related deferred tax liability	(832)	-	
Net pension asset	1 623	-	
And, in respect of funded plans in deficit and unfunded plans:			
Aggregate deficit	(1 322)	(1 168)	
Related deferred tax asset	198	467	
Net pension liability	(1 124)	(701)	

The surplus in the plans is only recoverable to the extent that the Group can benefit from either refunds formally agreed or future contribution reductions. All risk benefits were valued using the expected cost of benefits payable in the year.

For the remaining defined benefit plans, the market value of assets as at 31 December 2001 was €536 million (2000: €487 million). At the most recent valuations, the aggregate deficit and unfunded obligations in these plans was €1 245 million. The related deferred tax amount was €388 million.

If the above amounts had been recognised in the financial statements, the Group's net assets and profit retained at 31 December 2001 would be as follows:

	€ million Net Assets	€ million Profit Retained
Unilever Group as reported	7 859	6 619
Excluding SSAP 24 liability	2 842	2 817
Net assets/Profit retained excluding pension liability	10 701	9 436
FRS 17 pension liability	(1 059)	(1 040)
Net assets/Profit retained including FRS 17 pension liability	9 642	8 396

17 Pensions and similar obligations continued

US GAAP accounting:

The following tables summarise the balance sheet impact, as well as the benefit obligations, assets, funded status and economic assumptions associated with the key defined benefit pension plans and the other benefit plans as computed in accordance with SFAS 87 and SFAS 106. At 31 December 2001 these pension plans represented approximately 76% (2000: 76%; 1999: 79%) of all pension plans while 100% of the other benefit plans are represented (2000: 100%; 1999: 100%), based on the market value of the funds plus the provisions held in the Group's accounts.

	€ million	€ million	€ million	€ million		
	Pension plans 2001	Pension plans 2000	Other benefit plans 2001	Other benefit plans 2000		
Change in benefit obligations						
Benefit obligations at 1 January	12 047	9 958	1 132	748		
Service cost	252	231	20	16		
Interest cost	737	698	83	64		
Plan member contributions	1	–	–	–		
Amendments	90	–	–	1		
Plan mergers	41	1 097	–	–		
Actuarial (gains)/losses	291	225	–	(14)		
Acquisitions/disposals	(11)	621	(12)	349		
Settlements/curtailments	(31)	(39)	(3)	(2)		
Special termination benefits	29	32	1	1		
Benefits paid	(873)	(762)	(89)	(61)		
Currency retranslations	177	(14)	39	30		
Benefit obligations at 31 December	12 750	12 047	1 171	1 132		
Change in plan assets						
Fair value of plan assets at 1 January	15 401	13 838	3	3		
Plan mergers	–	1 397	–	–		
Actual return on plan assets	(928)	385	–	–		
Acquisitions/(disposals)	(11)	987	–	–		
Settlements	(31)	(39)	–	–		
Employer contribution/surplus refunds	(144)	(361)	88	60		
Plan member contributions	1	–	–	1		
Benefits paid	(873)	(762)	(89)	(61)		
Currency retranslations	145	(44)	1	–		
Fair value of plan assets at 31 December	13 560	15 401	3	3		
Funded status at 31 December	810	3 354	(1 168)	(1 129)		
Unrecognised net transition liability/(asset)	(247)	(309)	3	3		
Unrecognised net actuarial loss/(gain)	(1 119)	(3 437)	(85)	(76)		
Unrecognised prior service cost	201	127	5	4		
Other (SFAS 112 liabilities)	n/a	n/a	(39)	(16)		
Net amount recognised at 31 December	(355)	(265)	(1 284)	(1 214)		
Amount recognised in the statement of financial position consists of:						
Prepaid benefit cost	813	797	–	–		
Accrued benefit liability	(1 168)	(1 062)	(1 283)	(1 214)		
Additional minimum liability	(20)	(11)	–	–		
Intangible asset	4	6	–	–		
Accumulated other comprehensive income	16	5	(1)	–		
Net amount recognised at 31 December	(355)	(265)	(1 284)	(1 214)		
	Pension plans % 2001	Pension plans % 2000	Other benefit plans % 2001	Other benefit plans % 2000	Other benefit plans % 1999	
Weighted-average assumptions as at 31 December						
Discount rate	6.00	6.25	6.25	7.25	7.50	7.50
Expected return on plan assets	7.75	7.25	7.25	n/a	n/a	n/a
Rate of salary increases	3.75	3.75	3.75	4.50	4.50	4.50
Cost of living increases	2.50	2.50	2.50	n/a	n/a	n/a

The valuations of other benefit plans typically assume that medical cost inflation will fall from its current level (assumed to be approximately 7.5% in 2001) over the next few years and reach a constant level of approximately 5% within five years.

NOTES TO THE CONSOLIDATED ACCOUNTS

> 72

Unilever Group

17 Pensions and similar obligations continued

	€ million Pension plans 2001	€ million Pension plans 2000	€ million Pension plans 1999	€ million Other benefit plans 2001	€ million Other benefit plans 2000	€ million Other benefit plans 1999
Components of net periodic benefit cost						
Service cost (gross)	253	231	217	20	16	14
Interest cost	737	698	518	83	64	45
Expected return on plan assets	(1 007)	(932)	(683)	-	-	-
Employee contributions	(1)	-	-	-	-	-
Amortisation of prior service cost	24	26	25	-	-	-
Amortisation of transition (asset)	(63)	(66)	(64)	-	-	-
Amortisation of actuarial loss/(gain)	(81)	(58)	(5)	(2)	(2)	-
Total before SFAS 88 events	(138)	(101)	8	101	78	59
Adjustments for SFAS 88 events	43	19	21	(2)	(1)	-
Net periodic benefit cost	(95)	(82)	29	99	77	59

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were €2 171 million, €2 035 million, and €1 308 million respectively, as of 31 December 2001 and €2 122 million, €2 019 million, and €1 441 million respectively, as of 31 December 2000.

The Group also maintains a number of smaller defined benefit plans. Approximately €1 685 million (2000: €1 755 million) is provided for on their behalf in the Group balance sheet. In 2001, €202 million (2000: €151 million; 1999: €130 million) was charged in the accounts. These amounts would not have been materially different under SFAS 87.

In addition to the special termination benefits included in the table above, during 2001, the Group also charged €49 million (2000: €56 million; 1999: €28 million) in respect of pension or similar obligations arising on terminations of employment.

Post-retirement health care benefits

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

	€ million 1% point increase	€ million 1% point decrease
Effect on total of service and interest cost components	13	(12)
Effect on post-retirement benefit obligation	92	(82)

Unilever Annual Report & Accounts and Form 20-F 2001

Financial Statements

NOTES TO THE CONSOLIDATED ACCOUNTS

> 73

Unilever Group

18 Deferred taxation, restructuring and other provisions

	€ million 2001	€ million 2000
Deferred taxation on:		
Accelerated depreciation	1 009	1 051
Stock reliefs	55	59
Pension and similar provisions	(843)	(748)
Short-term and other timing differences	(990)	(1 177)
	(769)	(815)
Less asset balances reclassified as debtors due after more than one year 13	1 670	1 627
	901	812
Restructuring provisions	773	650
Other provisions	586	523
Total	2 260	1 985
Movements in deferred taxation:		
1 January	812	
Currency retranslation	32	
Acquisition/disposal of group companies	(105)	

Profit and loss account	120	
Other movements	42	
31 December	901	
On a SSAP 15 basis provision for deferred taxation would be:	(315)	(451)
Movements in restructuring provisions:		
1 January	650	
Currency retranslation	3	
Acquisition/disposal of group companies	183	
Profit and loss account:		
new charges	739	
releases	(70)	
Utilisation	(732)	
31 December	773	
Movements in other provisions:		
1 January	523	
Currency retranslation	20	
Acquisition/disposal of group companies	70	
Profit and loss account	20	
Utilisation	(47)	
31 December	586	

Restructuring provisions at end of 2001 amounted to €0.8 billion the cash impact of which is expected to be a cash outflow of €0.6 billion in 2002 and €0.2 billion thereafter. Other provisions principally comprise balances held in respect of legal and environmental exposures. The cash impact of these balances is expected to be a cash outflow of €0.1 billion in 2002, and €0.5 billion thereafter.

19 Capital and reserves

	€ million 2001	€ million 2000	€ million 1999
Movements during the year:			
1 January	8 169	7 761	4 748
Result for the year retained	257	(353)	1 506
Goodwill movements (a)	274	1 193	38
Currency retranslation	(1 069)	(248)	350
Change in numbers of shares or certificates held in connection with share options	(436)	(184)	(264)
Issue of new shares under PLC share option schemes	-	-	1
Issue of new NV preference shares	-	-	1 382
31 December	7 195	8 169	7 761
As required by United Kingdom Financial Reporting Standard 4 capital and reserves can be analysed as follows:			
Equity:			
Ordinary capital	5 693	6 667	
Non-equity:			
7% Cumulative Preference	13	13	
6% Cumulative Preference	73	73	
4% Cumulative Preference	34	34	
5 euro cents Cumulative Preference	1 382	1 382	
Total non-equity	1 502	1 502	
Total capital and reserves	7 195	8 169	

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

20 Called up share capital

					€ million	€ million
million	€ million	Preferred share capital NV		Nominal value per share	Number of shares issued	Issued, called up and full paid
2001	2000					20012000
34	34	7% Cumulative Preference		€453.78	29 000	1313
91	91	6% Cumulative Preference		€453.78	161 060	7373
34	34	4% Cumulative Preference		€45.38	750 000	3434
29	29	5 euro cents Cumulative Preference		€0.05	211 473 785	1010
188	188					130130
508	508	Ordinary share capital NV				
1	1	Ordinary		€0.51	571 575 900	290290
-	-	Ordinary (Shares numbered 1 to 2 400 - ‘Special Shares’)		€453.78	2 400	11
		Internal holdings eliminated in consolidation (€453.78 shares)				(1)(1)
509	509					290290
		Total NV share capital				420420
£ million	£ million	Ordinary share capital PLC				£ million£ million
136.2	136.2	Ordinary:		1.4p	2 911 458 580	40.840.8
0.1	0.1	Deferred		£1 stock	100 000	0.10.1
-	-	Internal holdings eliminated in consolidation (£1 stock)				(0.1)(0.1)
136.3	136.3	Total PLC share capital				40.840.8
		Euro equivalent in millions (at £1 = €5.445)				222222

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 amounts of 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.

The 7%, 6% and 4% preference shares of NV are entitled to dividends at the rates indicated. The €0.05 preference shares of NV are entitled to a dividend of 65% of the six months Euribor interest rate on their notional value of €6.580 each. A nominal dividend of ⅓% is paid on the deferred stock of PLC.

The 4% cumulative preference capital of NV is redeemable at par at the Company’s option either wholly or in part. The Company has agreed that it will not buy back the €0.05 cumulative preference share capital of NV before 9 June 2004. At any time after this date, at the Company’s option, €6.534 of the notional value of the preference shares is convertible into ordinary NV shares and the remaining notional value is then redeemable. The Company expects to exercise the conversion right if any preference shares remain outstanding after 1 December 2004. The other classes of preferential share capital of NV and the deferred stock of PLC are not redeemable.

For information on the rights of shareholders of NV and PLC and the operation of the Equalisation Agreement see ‘Control of Unilever’ on pages 107 to 110.

Internal holdings

The ordinary shares numbered 1 to 2 400 (inclusive) in NV and deferred stock of PLC are held as to one half of each class by N.V. Elma – a subsidiary of NV – and one half by United Holdings Limited – a subsidiary of PLC. This capital is eliminated in consolidation. It carries the right to nominate persons for election as directors at general meetings of shareholders. The subsidiaries mentioned above have waived their rights to dividends on their ordinary shares in NV. For more information see ‘Control of Unilever’ on pages 107 to 110.

Share options

The Group operates a number of equity based compensation plans involving options over ordinary shares of NV and PLC. Full details of these plans are given in note 28 on page 79.

Unilever Annual Report & Accounts and Form 20-F 2001

Financial Statements

NOTES TO THE CONSOLIDATED ACCOUNTS > 75

Unilever Group

21 Profit retained

	€ million NV 2001	€ million NV 2000	€ million NV 1999	€ million PLC 2001	€ million PLC 2000	€ million PLC 1999
Net profit	817	675	1 761	1 021	430	1 010
Preference dividends	(51)	(44)	(20)	-	-	-
Dividends on ordinary capital	(868)	(803)	(709)	(662)	(611)	(536)
Result for the year retained	(102)	(172)	1 032	359	(181)	474
Goodwill movements	192	917	25	82	276	13

Currency retranslation	(810)	(379)	276	(248)	142	104
Net movement during the year	(720)	366	1 333	193	237	591
Profit retained – 1 January	5 036	4 670	3 337	2 110	1 873	1 282
Profit retained – 31 December	4 316	5 036	4 670	2 303	2 110	1 873
Of which retained by:						
Parent companies	3 508	2 375	2 170	1 552	1 499	1 456
Other group companies	797	2 656	2 493	748	609	416
Joint ventures	11	5	7	3	2	1
	4 316	5 036	4 670	2 303	2 110	1 873
Cumulative goodwill written off directly to reserves	(5 456)	(5 648)	(6 565)	(2 399)	(2 481)	(2 757)

22 Other reserves

	€ million NV 2001	€ million NV 2000	€ million NV 1999	€ million PLC 2001	€ million PLC 2000	€ million PLC 1999
Adjustment on translation of PLC's ordinary capital at £1 = Fl. 12 = €5.445	-	-	-	(155)	(157)	(157)
Capital redemption reserve	-	-	-	18	18	18
Book value of shares or certificates held in connection with share options ^(a)	(1 077)	(553)	(364)	(403)	(475)	(468)
	(1 077)	(553)	(364)	(540)	(614)	(607)

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

23 Commitments and contingent liabilities

	€ million 2001	€ million 2000	€ million 1999
Long-term lease commitments under operating leases in respect of:			
Land and buildings	1 419	1 777	1 227
Other tangible fixed assets	615	793	440
	2 034	2 570	1 667
The commitments fall due as follows:			
Within 1 year	392	488	331
After 1 year but within 2 years	330	414	266
After 2 years but within 3 years	273	347	219
After 3 years but within 4 years	249	308	187
After 4 years but within 5 years	217	266	173
After 5 years	573	747	491
	2 034	2 570	1 667
Other commitments	407	310	255
Of which payable within one year	108	82	69

Contingent liabilities amounted to some €443 million (2000: €450 million) of which €202 million relates to guarantees. These guarantees are not expected to give rise to any material loss. Guarantees given by parent or group companies relating to liabilities included in the consolidated accounts are not included. Other contingent liabilities arise in respect of litigation against companies in the Group, investigations by competition authorities and obligations under environmental legislation in various countries. These are not expected to give rise to any material loss.

Unilever Annual Report & Accounts and Form 20-F 2001

NOTES TO THE CONSOLIDATED ACCOUNTS

> 76

Unilever Group

24 Acquisition and disposal of group companies

The net assets and results of acquired businesses are included in the consolidated accounts from their respective dates of acquisition. The following tables set out the effect of acquisitions of group companies in 2001 on the consolidated balance sheet. Acquisition accounting (purchase accounting) has been applied in all cases. The fair values currently established for all acquisitions made in 2001 are provisional. The goodwill arising on these transactions has been capitalised and is being amortised over 20 years.

	€ million Balance of acquired businesses	€ million Provisional adjustments to align accounting policies	€ million Provisional revaluations	€ million Provisional fair values at date of acquisition
2001 acquisitions				
Fixed assets	34	-	-	34
Current assets	1	-	-	1

Creditors	(1)	-	(1)	(2)
Provisions for liabilities and charges:				
Pensions and similar obligations	-	(1)	-	(1)
Minority interest	-	17	-	17
Net assets acquired	34	16	(1)	49

	€ million 2001	€ million 2000	€ million 1999
Acquisitions			
Net assets acquired	49	3 910	179
Adjustments to acquisitions made in 2000 (excluding Bestfoods)	(49)	-	-
Goodwill arising in subsidiaries	131	26 019	320
Goodwill arising in joint ventures	6	632	-
Consideration	137	30 561	499
Of which:			
Cash 26	132	27 777	483
Cash balances of businesses acquired 26	1	231	(20)
Current investments, cash deposits and borrowings of businesses acquired	1	3 100	26
Non-cash and deferred consideration	3	(547)	10

Following the acquisition of Bestfoods in 2000, provisional estimates were made of the fair values of net assets acquired. These were disclosed in the Unilever Annual Report & Accounts and Form 20-F 2000. These provisional fair value adjustments have now been finalised giving rise to the further adjustments detailed in the table below. These comprise the restatement of intangible and tangible fixed assets and pension scheme assets and liabilities to fair value, based on valuations obtained from independent experts, the adjustment of acquired businesses held for resale to the present value at acquisition of net disposal proceeds and the provision against certain legal and environmental exposures existing prior to acquisition.

	€ million Provisional fair values at date of acquisition	€ million Revaluations	€ million Adjusted fair values
Acquisition of Bestfoods			
Intangible assets	-	5 440	5 440
Other fixed assets	1 823	38	1 861
Acquired businesses held for resale (a)	1 757	(197)	1 560
Other current assets	1 745	418	2 163
Creditors	(1 965)	145	(1 820)
Provisions for liabilities and charges:			
Pensions and similar obligations	(437)	(201)	(638)
Deferred taxation	124	104	228
Other provisions	(938)	(129)	(1 067)
Minority interest	21	(23)	(2)
Net assets acquired	2 130	5 595	7 725
Goodwill arising in subsidiaries	23 321	(5 538)	17 783
Goodwill arising in joint ventures	632	(57)	575
Consideration	26 083	-	26 083

(a) The fair values of the acquired businesses held for resale are stated net of tax of €435 million.

Unilever Annual Report & Accounts and Form 20-F 2001

Financial Statements

NOTES TO THE CONSOLIDATED ACCOUNTS

> 77

Unilever Group

24 Acquisition and disposal of group companies continued

Disposals

The results of disposed businesses are included in the consolidated accounts up to their date of disposal. In 2001, disposed businesses principally comprised Unipath and Batchelors/Oxo in the United Kingdom, Royco in the Netherlands and Elizabeth Arden and Gortons in the USA.

	€ million 2001	€ million 2000	€ million 1999
Goodwill and intangible assets	6	-	2
Other fixed assets	273	276	51
Current assets	351	203	45
Creditors	(112)	(219)	(20)
Provisions for liabilities and charges:			

Pensions and similar obligations	(3)	(16)	(7)
Deferred taxation	–	(25)	(2)
Other provisions	(8)	(10)	–
Minority interest	(2)	8	9
Net assets sold	505	217	78
Attributable goodwill	223	258	38
Profit on sale attributable to Unilever	927	167	18
Consideration	1 655	642	134
Of which:			
Cash 26	1 650	626	123
Cash balances of businesses sold 26	(9)	11	3
Current investments, cash deposits and borrowings of businesses sold	3	2	4
Non cash and deferred consideration	11	3	4

During 2001 we completed the disposal of Elizabeth Arden, which is therefore reflected in the table above. A charge of €859 million was recognised in 2000 in respect of an impairment of Elizabeth Arden goodwill previously written off to reserves.

25 Reconciliation of group operating profit to operating cash flows

	€ million 2001	€ million 2000	€ million 1999
Group operating profit	5 174	3 302	4 303
Depreciation and amortisation	2 845	1 954	1 147
Changes in working capital:			
Stocks	(177)	415	19
Debtors	(40)	(28)	(169)
Creditors	440	302	266
Pensions and similar provisions less payments	114	475	182
Restructuring and other provisions less payments	173	(204)	(189)
Elimination of (profits)/losses on disposals	(941)	664	(18)
Other adjustments	(91)	(142)	113
Cash flow from group operating activities	7 497	6 738	5 654

Cash flow from group operating activities in 2000 included payments of approximately €550 million to settle share options and similar obligations in Bestfoods consequent to the change of control.

Cash flow from exceptional items included in operating profit comprises:

	€ million 2001	€ million 2000
Restructuring	(1 131)	(485)
Business disposals	1 650	626
Other, including asset disposals	429	428
Total	948	529
Of which related to items included in group operating profit in the current year	1 313	
Of which related to items included in group operating profit in prior years	(365)	
Total	948	

Unilever Annual Report & Accounts and Form 20-F 2001

NOTES TO THE CONSOLIDATED ACCOUNTS

> 78

Unilever Group

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

	€ million 2001	€ million 2000	€ million 1999
Returns on investments and servicing of finance			
Dividends from other fixed investments	7	4	10
Interest received	191	346	320
Interest paid	(1 842)	(966)	(378)
Preference dividend paid	(48)	(41)	(14)
Dividends and other payments to minority shareholders	(195)	(141)	(94)
Total	(1 887)	(798)	(156)
Capital expenditure and financial investment			

Purchase of tangible fixed assets	(1 536)	(1 361)	(1 314)
Disposal of tangible fixed assets	579	471	65
Acquisition/disposal of fixed investments	35	13	12
Purchase of own shares (employee share plans)	(436)	(184)	(264)
Total	(1 358)	(1 061)	(1 501)
Acquisitions and disposals			
Acquisition of group companies	(132)	(27 777)	(483)
Bestfoods	-	(23 623)	-
Other acquisitions	(132)	(4 154)	(483)
Cash balances of businesses acquired	(1)	(231)	20
Bestfoods	-	(22)	-
Other acquisitions	(1)	(209)	20
Consideration paid in respect of acquisitions made in previous years	(1)	(2)	(25)
Disposal of acquired business held for resale	1 968	-	-
Disposal of group companies	1 650	626	123
Cash balances of businesses sold	(9)	11	3
Consideration received in respect of disposals made in previous years	2	-	-
Total	3 477	(27 373)	(362)
Management of liquid resources			
Purchase of current investments	(108)	(217)	(447)
Sale of current investments	121	1 428	4 020
(Increase)/decrease in cash on deposit	1 093	1 253	2 102
Total	1 106	2 464	5 675
Financing			
Issue/purchase of shares by group companies to/(from) minority shareholders	(3)	(18)	4
Debt due within one year:			
Increases	3 854	15 001	191
Repayments	(13 618)	(2 716)	(390)
Debt after one year:			
Increases	4 933	10 692	61
Repayments	(264)	(57)	(12)
Total	(5 098)	22 902	(146)

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

Unilever Annual Report & Accounts and Form 20-F 2001

Financial Statements

NOTES TO THE CONSOLIDATED ACCOUNTS

> 79

Unilever Group

27 Analysis of net funds/(debt)

	€ million	€ million	€ million	€ million	€ million	€ million
	1 January 2001	Cash Flow	Acquisitions/ Disposals (excl. cash & overdrafts)	Other non cash changes	Currency movements	31 December 2001
Cash on call and in hand	1 235	205			136	1 576
Overdrafts	(393)	(11)			4	(400)
		194				
Borrowings due within one year	(16 282)	9 764	3	(4 074)	(290)	(10 879)
Borrowings due after one year	(13 066)	(4 669)	(1)	3 874	(359)	(14 221)
		5 095				
Current investments	660	(13)	-	(208)	-	439
Cash on deposit	1 378	(1 093)	-	-	1	286
		(1 106)				
Net funds/(debt)	(26 468)	4 183	2	(408)	(508)	(23 199)

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

28 Equity-based compensation plans

As at 31 December 2001, the Group had a number of equity-based compensation plans:

(i) All-Employee Option Plans

Local All-Employee Plans have been set up in several countries to enhance employee involvement with Unilever and its performance by providing a potential financial benefit linked to the Unilever share price. There are no individual performance targets to be met. The schemes permit participation by all permanent employees in the country where the relevant scheme applies.

(ii) Executive Option Plans

The Executive Plans were introduced in 1985 to reward key employees throughout the world for their contribution to the enhancement of the Group's longer-term future and their commitment to the Group over a sustained period. The grant is discretionary, dependent on performance of the Company and the individual.

(iii) The Share Matching Plans

If executives invest part of their annual bonus in Unilever shares, the Company will match this with the same number of shares on condition that they keep all shares for an agreed number of years and will still be employed by Unilever on vesting.

(iv) The TSR - Long-Term Incentive Plan

This plan was introduced in 2001 and depending on the TSR ranking (see page 33) of Unilever in comparison with its peer group it will potentially award top executives on the vesting date three years later with a number of Unilever shares.

(v) The Restricted Share Plan

Restricted shares awarded to a select number of executives for special performance. Awards will vest provided they are still employed by Unilever three or five years after the award.

(vi) The North American Performance Share Plan

A long-term incentive plan for North American managers awarding Unilever shares if company and personal performance targets are met over a three-year period.

Unilever will not grant more share options in respect of Executive Plans than 5% of its issued ordinary capital and for all Plans together, no more than 10% of its issued ordinary capital. The Board does not apportion these limits to each plan separately.

In recent years we have met the obligations under our option plans by purchasing shares in advance and transferring them to directors and employees as the options are exercised.

Unilever Annual Report & Accounts and Form 20-F 2001

NOTES TO THE CONSOLIDATED ACCOUNTS

> 80

Unilever Group

28 Equity-based compensation plans continued

The Group applies accounting policies consistent with APB Opinion 25 and related interpretations in accounting for these plans. Accordingly, the Group has recognised the following compensation costs, €46 million in 2001, €6 million in 2000 and €13 million in 1999. Had the Group accounted for options under the requirement of SFAS 123, the impact on reported results would have been as follows:

	€ million 2001	million 2000	million 1999
Actual compensation costs recognised	46	6	13
Pro forma compensation cost under SFAS 123	106	57	56
Actual net profit	1 838	1 105	2 771
Pro forma net profit under SFAS 123	1 778	1 054	2 739

	Euros per €0.51			Euro cents per 1.4p		
	2001	2000	1999	2001	2000	1999
Actual earnings per share	1.82	1.07	2.63	27.27	16.08	39.48
Pro forma earnings per share	1.76	1.02	2.60	26.36	15.32	39.04
Actual diluted earnings per share	1.77	1.05	2.57	26.54	15.69	38.50
Pro forma diluted earnings per share	1.71	1.00	2.54	25.65	14.94	38.06

The remaining disclosures required by SFAS 123, including a description of the method and significant assumptions used to estimate the fair values of options and the weighted-average information, are given below for each type of plan, on a combined basis.

(i) All-Employee Option Plans

Unilever has All-Employee Plans in 15 countries, which can be grouped together as follows:

- (a) Plans which follow a standard framework: Austria, Belgium, Denmark, Finland, France, Germany, Italy, Netherlands, Portugal, Spain, Sweden and Switzerland.
- (b) Other plans: North America, South Africa and United Kingdom.

Group (a):

The standard framework for these countries means, in principle, an annual grant of options over NV shares, at the same grant date, exercise price (the market price on the grant date) and grant size (including part-time employees pro rata) and with the same eligibility criteria (all permanent employees in a country). There are no vesting conditions other than being continuously employed by a Group company until the vesting date.

Group (b):

The UK and South Africa plans annually offer options over PLC shares, combined with a compulsory (UK) or optional (South Africa) savings plan. The exercise price is the market price at date of grant, except that prior to 2000 the exercise price of the UK plan was set at either 80% or 90% of the market price with the discount being amortised to remuneration cost over the vesting period.

The North American plan is a biannual share purchase offering, with a compulsory savings plan, under which up to 10% of the salary of eligible employees is withheld. After two years employees can use the savings to buy NV New York shares at a discount of 10%. This discount is amortised to remuneration cost over the two-year vesting period. The maximum number of shares made available under any offering is two million.

The table below summarises the main country-specific differences between the plans:

Maximum term Vesting period

Country (year of introduction)	Years	Years	Exercise period	Remarks
Austria (2001)	5	3	24 months	
Belgium (2001)	5	4	12 months	
Denmark (2001)	5	3	24 months	
Finland (2001)	5	3	24 months	on 3rd, 4th or 5th anniversary
France (2000)	5.5	5	6 months	
Germany (2000)	5	3	24 months	
Italy (2001)	5	3	24 months	
Netherlands (1995)	5	5	1 day	on 3rd or 5th anniversary
Portugal (2001)	3.5	3	6 months	
Spain (2001)	5	3	24 months	
Sweden (2001)	5	5	1 day	partly convertible bonds
Switzerland (2001)	5	3	24 months	
UK (1985)	5.5	5	6 months	sharesave plan
South Africa (2001)	3.5	3	6 months	optional sharesave plan
North America (1995)	2	2	1 day	purchase plan

Unilever Annual Report & Accounts and Form 20-F 2001

Financial Statements

NOTES TO THE CONSOLIDATED ACCOUNTS > 81

Unilever Group

28 Equity-based compensation plans continued

A summary of the status of the All-Employee Plans as at 31 December 2001, 2000 and 1999 and changes during the years ended on these dates is presented below:

	Number of shares	2001 Weighted average price	Number of shares	2000 Weighted average price	Number of shares	1999 Weighted average price
NV shares of €0.51						
Outstanding at 1 January	1 634 437	€54.41	690 838	€54.38	467 687	€47.06
Granted	1 853 007	€64.65	1 204 863	€53.05	276 751	€63.65
Exercised	(225 614)	€51.85	(125 707)	€40.72	(53 600)	€38.30
Forfeited/Expired (a)	(152 570)	€57.10	(135 557)	€54.94	-	-
Outstanding at 31 December	3 109 260	€60.56	1 634 437	€54.41	690 838	€54.38
Exercisable at 31 December	42 412	€42.99	94 861	€37.58	159 489	€33.31
PLC shares of 1.4p						
Outstanding at 1 January	26 512 577	£4.14	30 777 318	£4.00	32 029 021	£3.58
Granted	4 411 833	£5.29	7 960 043	£4.25	6 252 700	£5.14
Exercised	(5 756 768)	£2.94	(5 717 614)	£2.74	(4 521 318)	£2.42
Forfeited/Expired (a)	(3 165 328)	£4.62	(6 507 170)	£4.84	(2 983 085)	£4.30
Outstanding at 31 December	22 002 314	£4.61	26 512 577	£4.14	30 777 318	£4.00
Exercisable at 31 December	250 760	£2.78	192 156	£2.68	127 864	£2.29
NV New York shares of €0.51						
Outstanding at 1 January	470 680	\$52.43	633 913	\$52.43	785 756	\$47.83
Granted	-	-	-	-	633 913	\$52.43
Exercised	(255 208)	\$52.43	-	-	(701 897)	\$47.83
Forfeited/Expired (a)	(215 472)	\$52.43	(163 233)	\$52.43	(83 859)	\$47.83
Outstanding at 31 December	-	-	470 680	\$52.43	633 913	\$52.43
Exercisable at 31 December	-	-	-	-	-	-

(a) The number of expired options is immaterial.

	2001	2000	1999
NV option value information (b)			
Fair value per option (c)	€15.13	€10.18	€13.43
Valuation assumptions			
Expected option term	3.5 years	4.0 years	3.0 years
Expected volatility	29.3%	28.6%	29.5%
Expected dividend yield	2.2%	4.5%	1.6%
Risk-free interest rate	4.5%	4.9%	3.2%

PLC option value information ^(b)			
Fair value per option ^(c)	£1.31	£1.05	£1.40
Valuation assumptions			
Expected option term	4.7 years	5.0 years	5.0 years
Expected volatility	28.1%	25.6%	25.0%
Expected dividend yield	2.8%	3.3%	2.8%
Risk-free interest rate	5.4%	5.7%	5.2%
NV New York shares option value information ^(b)			
Fair value per option ^(c)	-	-	\$14.80
Valuation assumptions			
Expected option term	-	-	2.0 years
Expected volatility	-	-	34.2%
Expected dividend yield	-	-	1.2%
Risk-free interest rate	-	-	3.7%
Actual compensation costs recognised (€ million)	4	4	6

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

(c) Estimated using Black Scholes option pricing method.

Unilever Annual Report & Accounts and Form 20-F 2001

NOTES TO THE CONSOLIDATED ACCOUNTS

> 82

Unilever Group

28 Equity-based compensation plans continued

The exercise prices and remaining life of the All-Employee Option Plans as at 31 December 2001 are as follows:

		Options outstanding			Options exercisable	
	Range of exercise prices	Number outstanding at 31 December 2001	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at 31 December 2001	Weighted average exercise price
NV shares of €0.51	€42.99 – €57.63	1 104 359	3 years	€53.36	42 412	€42.99
	€63.65 – €64.65	2 004 901	4 years	€64.53	-	-
PLC shares of 1.4p	£2.78 – £3.71	5 866 499	1 year	£3.67	250 760	£2.78
	£4.25 – £5.94	16 135 815	4 years	£4.96	-	-
NV New York shares of €0.51	-	-	-	-	-	-

(ii) Executive Option Plans

The Executive Option Plans are made up of the following plans, which are granted to key employees of the Group on a discretionary basis:

The NV Executive Option Plan

The NV Executive Option Plan provides for the granting of options to purchase shares of Unilever N.V. and, from 1997 onwards, also shares of Unilever PLC, at the market price on the day the options were granted. Options granted until March 2001 become exercisable immediately from the date of grant but cannot be sold within three years; options granted from November 2001 become exercisable after three years. The options have a maximum term of five years for the grants made up to 1998 and of ten years for subsequent grants.

The PLC Executive Option Plan

The PLC Executive Option Plan provides for the granting of options to purchase shares of Unilever PLC and from 1997 onwards, also shares of Unilever N.V., at the market price on the day the options were granted. These options become exercisable after a three-year period from the date of grant and have a maximum term of ten years.

The NA Executive Option Plan

The NA Executive Option Plan provides for the granting of options to purchase a maximum of 3 200 000 shares in Unilever N.V. of the New York Registry, and from 1997, 4 000 000 shares of Unilever PLC, at the market value on the day the options are granted. These options become exercisable over a three-year period from the date of grant and have a maximum term of ten years.

In addition, managers working in India can participate in an Executive Option Plan relating to Hindustan Lever Limited's shares. As these are neither NV nor PLC shares, no figures for this plan are included in this note.

A summary of the status of the Executive Schemes as at 31 December 2001, 2000 and 1999 and changes during the years ended on these dates is presented below:

	Number of shares	2001 Weighted average price	Number of shares	2000 Weighted average price	Number of shares	1999 Weighted average price
NV shares of €0.51						
Outstanding at 1 January	4 835 834	€57.68	3 856 658	€54.49	2 540 242	€44.54
Granted	4 017 741	€58.26	1 659 616	€54.56	1 681 638	€63.50
Exercised	(372 052)	€33.83	(615 538)	€28.88	(354 852)	€25.55
Forfeited/Expired ^(a)	(283 474)	€60.40	(64 902)	€61.73	(10 370)	€67.03
Outstanding at 31 December	8 198 049	€58.95	4 835 834	€57.68	3 856 658	€54.49
Exercisable at 31 December	4 788 521	€58.75	3 418 554	€56.22	2 778 657	€51.87

PLC shares of 1.4p						
Outstanding at 1 January	34 455 159	£4.89	26 221 302	£4.98	16 483 769	£4.45
Granted	26 126 694	£4.97	10 793 301	£4.35	10 972 600	£5.55
Exercised	(1 649 129)	£3.42	(2 129 344)	£3.25	(1 145 041)	£2.64
Forfeited/Expired ^(a)	(1 677 012)	£5.11	(430 100)	£5.56	(90 026)	£5.41
Outstanding at 31 December	57 255 712	£4.96	34 455 159	£4.89	26 221 302	£4.98
Exercisable at 31 December	34 846 599	£4.90	25 183 453	£4.72	19 132 247	£4.75

Unilever Annual Report & Accounts and Form 20-F 2001

Financial Statements

NOTES TO THE CONSOLIDATED ACCOUNTS

> 83

Unilever Group

28 Equity-based compensation plans continued

	2001 Number of shares	2001 Weighted average price	2000 Number of shares	2000 Weighted average price	1999 Number of shares	1999 Weighted average price
NV New York shares of €0.51						
Outstanding at 1 January	2 030 941	\$47.29	1 963 471	\$45.41	1 702 300	\$41.04
Granted	840 937	\$52.22	294 645	\$51.77	293 888	\$69.19
Exercised	(119 965)	\$36.02	(185 740)	\$30.53	(23 933)	\$29.27
Forfeited/Expired ^(a)	(14 992)	\$59.43	(41 435)	\$65.22	(8 784)	\$38.41
Outstanding at 31 December	2 736 921	\$49.23	2 030 941	\$47.29	1 963 471	\$45.41
Exercisable at 31 December	1 632 955	\$46.29	1 473 860	\$42.00	1 388 599	\$36.21
PLC shares of 1.4p in the form of ADRs ^(d)						
Outstanding at 1 January	7 491 864	\$8.33	5 830 480	\$8.82	3 878 316	\$8.58
Granted	5 566 904	\$7.25	1 975 788	\$6.95	1 968 176	\$9.30
Exercised	(208 116)	\$6.86	(47 572)	\$6.72	(5 356)	\$6.72
Forfeited/Expired ^(a)	(105 808)	\$8.08	(266 832)	\$9.13	(10 656)	\$9.46
Outstanding at 31 December	12 744 844	\$7.88	7 491 864	\$8.33	5 830 480	\$8.82
Exercisable at 31 December	5 415 724	\$8.57	3 758 584	\$8.35	1 982 696	\$7.92

(a) The number of expired options is immaterial.

(d) 1 ADR is equivalent to 4 PLC shares.

	2001	2000	1999
NV option value information ^(b)			
Fair value per option ^(c)	€16.57 ^(e) £8.94 ^(f) \$13.96 ^(g)	€10.83 ^(e) £6.25 ^(f) \$15.97 ^(g)	€12.09 ^(e) £9.03 ^(f) \$19.45 ^(g)
Valuation assumptions			
Expected option term	6.3 years	6.3 years	5.0 years
Expected volatility	28.5%	24.5%	21.4%
Expected dividend yield	2.5%	4.0%	1.5%
Risk-free interest rate	4.1%	5.2%	3.7%
PLC option value information ^(b)			
Fair value per option ^(c)	€2.01 ^(e) £1.24 ^(f) \$1.86 ^(g)	€1.82 ^(e) £1.00 ^(f) \$1.95 ^(g)	€1.66 ^(e) £1.16 ^(f) \$2.23 ^(g)
Valuation assumptions			
Expected option term	6.8 years	6.3 years	5.0 years
Expected volatility	26.0%	23.9%	23.1%
Expected dividend yield	2.9%	3.2%	2.8%
Risk-free interest rate	4.6%	5.9%	4.7%
Actual compensation costs recognised (€ million)	-	-	7

- (b) Weighted average of options granted during each period.
- (c) Estimated using Black Scholes option pricing method.
- (e) Fair value per option of the NV Executive Option Plan.
- (f) Fair value per option of the PLC Executive Option Plan.
- (g) Fair value per option of the NA Executive Option Plan.

NOTES TO THE CONSOLIDATED ACCOUNTS

Unilever Group

28 Equity-based compensation plans continued

The exercise prices and remaining life of the Executive Option Plans as at 31 December 2001 are as follows:

		Options outstanding			Options exercisable	
	Range of exercise prices	Number outstanding at 31 December 2001	Weighted averagere maining contractual life	Weighted average exercise price	Number exercisable at 31 December 2001	Weighted average exercise price
NV shares of €0.51	€42.79 – €60.85	5 701 161	9 years	€56.10	2 872 549	€53.89
	€63.50 – €73.97	2 496 888	6 years	€65.47	1 915 972	€66.02
PLC shares of 1.4p	£2.54 – £3.08	3 135 879	3 years	£2.93	3 135 879	£2.93
	£3.43 – £4.78	27 136 885	8 years	£4.52	19 175 648	£4.50
	£5.24 – £6.79	26 982 948	8 years	£5.64	12 535 072	£6.01
NV New York shares of €0.51	\$25.67 – \$33.89	823 766	3 years	\$30.72	823 766	\$30.72
	\$41.16 – \$56.13	1 393 944	8 years	\$51.41	381 602	\$49.44
	\$69.19 – \$76.69	519 211	7 years	\$72.72	427 587	\$73.48
PLC shares of 1.4p in the form of ADRs (d)	\$5.56 –\$7.73	9 268 712	8 years	\$7.08	2 553 148	\$6.77
	\$9.30 – \$10.85	3 476 132	7 years	\$10.03	2 862 576	\$10.18

(d) 1 ADR is equivalent to 4 PLC shares

(iii) The Share Matching Plans

Under these plans managers can invest up to 25% of their gross bonus in Unilever shares. The Company matches this with the same number of shares on condition that all shares are held for the agreed period, and that the manager is still employed by Unilever at the end of this period. The North American managers participate in the North American Share Bonus Plan, the others in the Variable Pay in Shares Plan, both with a five-year retention period. The numbers below include the numbers of the plan for the directors described in the Remuneration Report on page 40.

A summary of the status of the Share Matching Plan as at 31 December 2001, 2000 and 1999 and changes during the years ended on these dates is presented below:

	Number of shares	2001 Weighted average price	Number of shares	2000 Weighted average price	Number of shares	1999 Weighted average price
NV shares of €0.51						
Outstanding at 1 January	26 302	€0.00	4 891	€0.00	2 809	€0.00
Granted	51 526	€0.00	21 411	€0.00	2 082	€0.00
Exercised	-	-	-	-	-	-
Forfeited/Expired (a)	(215)	€0.00	-	-	-	-
Outstanding at 31 December	77 613	€0.00	26 302	€0.00	4 891	€0.00
Exercisable at 31 December	-	-	-	-	-	-
PLC shares of 1.4p						
Outstanding at 1 January	198 676	£0.00	36 779	£0.00	19 877	£0.00
Granted	373 646	£0.00	161 897	£0.00	16 902	£0.00
Exercised	-	-	-	-	-	-
Forfeited/Expired (a)	(1 619)	£0.00	-	-	-	-
Outstanding at 31 December	570 703	£0.00	198 676	£0.00	36 779	£0.00
Exercisable at 31 December	-	-	-	-	-	-

(a) The number of expired options is immaterial.

NOTES TO THE CONSOLIDATED ACCOUNTS

> 85

Unilever Group

28 Equity-based compensation plans continued

	Number of shares	2001 Weighted average price	Number of shares	2000 Weighted average price
NV New York shares of €0.51				
Outstanding at 1 January	5 034	\$0.00	-	-
Granted	24 221	\$0.00	5 034	\$0.00
Exercised	-	-	-	-
Forfeited/Expired	-	-	-	-
Outstanding at 31 December	29 255	\$0.00	5 034	\$0.00
Exercisable at 31 December	-	-	-	-
PLC shares of 1.4p in the form of ADRs ^(d)				
Outstanding at 1 January	37 264	\$0.00	-	-
Granted	177 488	\$0.00	37 264	\$0.00
Exercised	-	-	-	-
Forfeited/Expired	-	-	-	-
Outstanding at 31 December	214 752	\$0.00	37 264	\$0.00
Exercisable at 31 December	-	-	-	-

(d) 1 ADR is equivalent to 4 PLC shares

	2001	2000	1999
NV option value information ^(b)			
Fair value per option	€61.73	€52.68	€68.15
	\$56.54	\$49.13	-
PLC option value information ^(b)			
Fair value per option	£5.22	£4.22	£5.94
	\$7.70	\$6.63	-
Actual compensation costs recognised (€ million)	2	-	-

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

(iv) The TSR - Long-Term Incentive Plan

This plan was introduced in 2001 and grants were made to Board members and some senior executives. The level of award which will vest will vary in accordance with the Total Shareholder Return in comparison with a peer group (see description on page 33). If the ranking is below the median, the award will lapse; the higher the ranking above the median, the higher the award.

A summary of the status of the TSR - Long-Term Incentive Plan as at 31 December 2001 and changes during the year ended on that date is presented below:

	Number of shares	2001 Weighted average price
NV shares of €0.51		
Outstanding at 1 January	-	-
Granted	71 564	€0.00
Exercised	-	-
Forfeited/Expired	-	-
Outstanding at 31 December	71 564	€0.00
Exercisable at 31 December	-	-
PLC shares of 1.4p		
Outstanding at 1 January	-	-
Granted	533 481	£0.00
Exercised	-	-
Forfeited/Expired	-	-
Outstanding at 31 December	533 481	£0.00
Exercisable at 31 December	-	-

28 Equity-based compensation plans continued

	2001
NV option value information ^(b)	
Fair value per option ^(h)	€57.33
PLC option value information ^(b)	
Fair value per option ^(h)	£5.11
Actual compensation costs recognised (€ million)	2

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

(h) Estimated using adapted binomial pricing model based on cross-volatilities of peer group TSR

(v) The Restricted Share Plan

During 2000 and 2001 a number of executives have been awarded the right to receive NV and PLC shares at a specified date in the future between 2001 and 2003, on the condition that they will still be employed by Unilever at that time. No directors participate in this plan.

A summary of the status of the Restricted Share Plan as at 31 December 2001 and 2000 and changes during the years ended on these dates is presented below:

	Number of shares	2001 Weighted average price	Number of shares	2000 Weighted average price
NV shares of €0.51				
Outstanding at 1 January	165 046	€0.00	-	-
Granted	256 662	€0.00	165 046	€0.00
Exercised	(40 380)	€0.00	-	-
Forfeited/Expired	-	-	-	-
Outstanding at 31 December	381 328	€0.00	165 046	€0.00
PLC shares of 1.4p				
Outstanding at 1 January	1 220 226	£0.00	-	-
Granted	1 894 148	£0.00	1 220 226	£0.00
Exercised	(299 236)	£0.00	-	-
Forfeited/Expired	-	-	-	-
Outstanding at 31 December	2 815 138	£0.00	1 220 226	£0.00

	2001	2000
NV option value information ^(b)		
Fair value per option	€67.40	€53.72
PLC option value information ^(b)		
Fair value per option	£5.73	£4.45
Actual compensation costs recognised (€ million)	6	2

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

(vi) The North American Performance Share Plan

This long-term incentive plan for North American managers awards Unilever shares if company and personal performance targets are met over a three-year period. It was introduced in 2001 to replace a former long-term incentive plan with cash awards rather than shares.

A summary of the status of the North American Performance Share Plan as at 31 December 2001 and changes during the year ended on that date is presented below:

	Number of shares	2001 Weighted average price
NV New York shares of €0.51		
Outstanding at 1 January	-	-
Granted	625 451	\$0.00
Exercised	-	-
Forfeited/Expired	-	-
Outstanding at 31 December	625 451	\$0.00
Exercisable at 31 December	-	-

28 Equity-based compensation plans continued

	Number of shares	2001 Weighted average price
PLC shares of 1.4p in the form of ADRs ^(d)		
Outstanding at 1 January	-	-
Granted	4 665 064	\$0.00
Exercised	-	-
Forfeited/Expired	-	-
Outstanding at 31 December	4 665 064	\$0.00
Exercisable at 31 December	-	-

(d) 1 ADR is equivalent to 4 PLC shares.

	2001
NV option value information ^(b)	
Fair value per option	\$59.65
PLC option value information ^(b)	
Fair value per option	\$8.59
Actual compensation costs recognised (€ million)	32

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

Employee share option plans: additional information

At 31 December 2001, there were options outstanding to purchase 12 446 685 (2000: 7 528 810) €0.51 ordinary NV shares, and 56 763 080 (2000: 27 733 624) 1.4p ordinary PLC shares in respect of equity-based compensation plans of NV and its subsidiaries and the North American plans, and 2 782 756 (2000:1 608 128) €0.51 ordinary NV shares and 44 038 928 (2000: 41 946 202) 1.4p ordinary PLC shares in respect of equity-based compensation plans of PLC and its subsidiaries.

To satisfy the options granted, certain NV group companies hold 13 679 007 (2000: 9 417 914) certificates or depositary receipts of ordinary shares of NV and 43 038 640 (2000: 27 394 112) of PLC, a forward equity contract at a spot price of £5.59 to buy 10 000 000 (2000: nil) PLC shares in 2006 has been entered into, and trusts in Jersey and the United Kingdom hold 41 531 145 (2000: 40 194 042) PLC shares. The book value of the shares held by the trusts, together with their borrowings, is taken up in the entity accounts of PLC, as required by United Kingdom UITF Abstract 13. The trustees of these trusts have agreed, until further notice, to waive dividends on these shares, save for the nominal sum of 0.01p per 1.4p ordinary share. Shares acquired during 2001 represent 0.8% of the Group’s called-up capital. The balance at year end is 2.6% (2000: 2.0%).

The book value of €1 480 million (2000: €1 028 million) of all shares held in respect of equity-based compensation plans for both NV and PLC is eliminated on consolidation by deduction from other reserves (see note 22 on page 75). Their market value at 31 December 2001 was €1 681 million (2000: €1 259 million).

At 31 December 2001 the exercise price of 11 382 978 (2000: 12 243 522) PLC options and 1 314 187 (2000: 1 354 607) NV options was above the market price of the shares. Shares held to satisfy options are accounted for in accordance with Dutch law. Any difference between the market value of the shares at the grant date and the exercise price of the related options is charged to the profit and loss account over the vesting period. In accordance with Dutch law, all other differences between the purchase price of the shares held to satisfy options granted and the exercise price of those options are charged to other reserves.

Options over the following number of shares were granted, exercised, forfeited or expired between 31 December 2001 and 28 February 2002.

	Granted		Exercised, forfeited or expired	
	Shares of 1.4p ⁽ⁱ⁾	Shares of €0.51 ⁽ⁱ⁾	Shares of 1.4p ⁽ⁱ⁾	Shares of €0.51 ⁽ⁱ⁾
All-Employee Option Plans	-	-	451 257	58 319
Executive Option Plans	-	-	538 733	80 964
Share Matching Plans	499 184	73 122	-	-
TSR Long-Term Incentive Plan	-	-	-	-
Restricted Share Plan	54 000	8 000	894 072	121 875
North American Performance Share Plan	-	-	1 900	260

(i) When under a North American Plan, in the form of PLC ADR’s and NV New York Shares respectively.

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

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

Profit and loss account for the year ended 31 December

	million € NV 2001	million € NV 2000	million € NV 1999	million € PLC 2001	million € PLC 2000	million € PLC 1999
Group turnover	35 584	32 398	27 658	15 930	15 184	13 319
Group operating profit	2 938	1 971	2 651	2 236	1 331	1 652

Total income from fixed investments	43	55	38	53	(2)	14
Interest	(1 228)	(442)	(39)	(418)	(190)	25
Profit on ordinary activities before taxation	1 753	1 584	2 650	1 871	1 139	1 691
Taxation	(892)	(882)	(854)	(655)	(521)	(515)
Profit on ordinary activities after taxation	861	702	1 796	1 216	618	1 176
Minority interests	(44)	(27)	(35)	(195)	(188)	(166)
Net profit	817	675	1 761	1 021	430	1 010

Balance sheet as at 31 December

	million NV 2001	€ million NV 2000	million PLC 2001	€ million PLC 2000
Fixed assets				
Goodwill and intangibles	19 012	20 166	6 085	6 301
Other fixed assets	6 600	7 194	3 524	3 802
Current assets				
Stocks	3 520	3 550	1 823	1 871
Debtors	7 448	7 398	2 646	2 419
Debtors due within one year	5 418	5 612	1 767	1 642
Debtors due after more than one year	2 030	1 786	879	777
Acquired businesses held for resale	-	1 250	-	416
Cash and current investments	1 124	1 782	1 177	1 491
	12 092	13 980	5 646	6 197
Creditors due within one year	(17 128)	(20 399)	(6 084)	(7 965)
Borrowings	(8 983)	(12 217)	(2 296)	(4 458)
Trade and other creditors	(8 145)	(8 182)	(3 788)	(3 507)
Net current assets	(5 036)	(6 419)	(438)	(1 768)
Total assets less current liabilities	20 576	20 941	9 171	8 335
Creditors due after more than one year	11 894	9 424	3 132	4 661
Borrowings	11 233	8 593	2 988	4 473
Trade and other creditors	661	831	144	188
Provisions for liabilities and charges	5 342	4 962	1 520	1 442
Intra-group - NV/PLC	(1 757)	200	1 757	(200)
Minority interests	41	55	623	563
Capital and reserves	5 056	6 300	2 139	1 869
Total capital employed	20 576	20 941	9 171	8 335

Unilever Annual Report & Accounts and Form 20-F 2001

Financial Statements

FIVE YEAR RECORD

> 89

Unilever Group

The financial data below shows key figures which are derived from the audited consolidated accounts of the Unilever Group for the last five years and is qualified by reference to those accounts and notes. Please refer also to the notes on page 90.

Consolidated profit and loss account ^(a)

	million 2001	€ million 2000	million 1999	€ million 1998	million 1997
Group turnover	51 514	47 582	40 977	40 437	42 926
Group operating profit	5 174	3 302	4 303	4 410	3 432
Exceptional items in operating profit	(588)	(1 992)	(269)	125	(817)
Amortisation of goodwill and intangibles	(1 387)	(435)	(23)	(8)	-
Group operating profit before exceptional items and amortisation					
of goodwill and intangibles - continuing businesses					
(b)	7 149	5 729	4 595	4 293	4 016
Non-operating exceptional items ^(c)	-	-	-	-	3 629

Other income from fixed investments	96	53	52	37	38
Interest ^(d)	(1 646)	(632)	(14)	156	(104)
Profit on ordinary activities before taxation	3 624	2 723	4 341	4 603	6 995
Profit on ordinary activities after taxation	2 077	1 320	2 972	3 088	5 096
Net profit	1 838	1 105	2 771	2 944	4 957
Normal dividends on ordinary capital	(1 530)	(1 414)	(1 245)	(1 237)	(1 033)
Special dividends on ordinary capital	-	-	-	(7 430)	-
Preference dividends	(51)	(44)	(20)	(7)	(7)
Profit for the year retained	257	(353)	1 506	(5 730)	3 917
Combined earnings per share ^(e)					
Euros per €0.51 (1997-98: Fl. 1) of ordinary capital	1.82	1.07	2.63	2.63	4.44
Euro cents per 1.4p (1997-98: 1.25p) of ordinary capital	27.27	16.08	39.48	39.47	66.57
Ordinary dividends ^(f)					
NV - euros per €0.51 (1997-98: Fl. 1) of ordinary capital (f)	1.56	1.43	1.27	1.14	1.01
PLC - pence per 1.4p (1997-98: 1.25p) of ordinary capital	14.54	13.07	12.50	10.70	8.42
Special ordinary dividends					
NV - euros per Fl. 1 of ordinary capital ^(f)	-	-	-	6.58	-
PLC - pence per 1.25p of ordinary capital	-	-	-	66.13	-

Consolidated balance sheet ^(a)	€ million 2001	€ million 2000	€ million 1999	€ million 1998	€ million 1997
Goodwill and intangible assets	25 097	26 467	643	284	-
Other fixed assets	10 124	10 996	8 963	8 336	9 246
Stocks	5 343	5 421	5 124	4 747	4 709
Debtors	10 094	9 817	7 685	6 738	6 966
Acquired businesses held for resale	-	1 666	-	-	-
Total cash and current investments	2 301	3 273	5 473	10 383	8 863
Total assets	52 959	57 640	27 888	30 488	29 784
Creditors due within one year ^(g)	(23 212)	(28 364)	(12 134)	(17 976)	(9 839)
Total assets less current liabilities	29 747	29 276	15 754	12 512	19 945
Creditors due after one year	15 026	14 085	2 832	3 042	3 296
Provisions for liabilities and charges	6 862	6 404	4 582	4 314	4 954
Minority interests	664	618	579	408	471
Capital and reserves ^(g)	7 195	8 169	7 761	4 748	11 224
Total capital employed	29 747	29 276	15 754	12 512	19 945

FIVE YEAR RECORD

Unilever Group

Consolidated cash flow statement ^(a)	€ million 2001	€ million 2000	€ million 1999	€ million 1998	€ million 1997
Cash flow from operating activities	7 497	6 738	5 654	4 514	5 558
Returns on investments and servicing of finance	(1 805)	(760)	(128)	91	(340)
Taxation	(2 205)	(1 734)	(1 443)	(1 261)	(1 886)
Capital expenditure and financial investment	(1 358)	(1 061)	(1 501)	(1 399)	(1 259)
Acquisitions and disposals	3 477	(27 373)	(362)	338	6 239
Dividends paid on ordinary share capital	(1 420)	(1 365)	(1 266)	(1 073)	(936)
Special dividend	-	-	(6 093)	-	-
Cash flow before management of liquid resources and financing	4 186	(25 555)	(5 139)	1 210	7 376

Management of liquid resources	1 196	2 464	5 675	(2 003)	(6 408)
Financing	(5 098)	22 902	(146)	42	(688)
Increase/(decrease) in cash in the period	194	(189)	390	(751)	280

Key ratios

Return on shareholders’ equity (%) ^(h)	23.2	12.5	42.3	24.6	49.8
Return on capital employed (%)	8.8	7.7	22.3	16.0	28.5
Group operating margin (%)	10.0	6.9	10.5	10.9	8.0
Net profit margin (%) ⁽ⁱ⁾	3.6	2.3	6.8	7.3	11.6
Net interest cover (times)	3.2	5.3	319.0	–	68.0
Net interest cover based on EBITDA before exceptional items (times)	5	11	412	–	51
Net gearing (adjusted) (%)	71	73	–	–	–
Ratio of earnings to fixed charges (times)	2.7	3.3	8.1	9.7	12.8
Funds from operations after interest and tax before exceptional items over lease adjusted net debt (%)	18	14	251	–	–

Selected financial data on a US GAAP basis

	€ million 2001	€ million 2000	€ million 1999	€ million 1998	€ million 1997
Net profit	1 506	1 266	2 490	2 543	4 801
Capital and reserves	13 553	15 075	15 375	19 292	19 259
Combined earnings per share:					
Euros per €0.51 (1997-98: Fl. 1) of ordinary capital	1.49	1.24	2.36	2.27	4.30
Euro cents per 1.4p (1997-98: 1.25p) of ordinary capital	22.30	18.53	35.45	34.09	64.48
Combined earnings per share excluding discontinued operations:					
Euros per €0.51 (1997-98: Fl. 1) of ordinary capital	1.49	1.24	2.36	2.27	1.40
Euro cents per 1.4p (1997-98: 1.25p) of ordinary capital	22.30	18.53	35.45	34.09	20.95
Diluted earnings per share:					
Euros per €0.51 (1997-98: Fl. 1) of ordinary capital	1.45	1.20	2.30	2.22	4.20
Euro cents per 1.4p (1997-98: 1.25p) of ordinary capital	21.70	18.07	34.57	33.25	62.95
Ratio of earnings to fixed charges (times)	2.5	3.3	7.5	8.4	12.3
Net gearing (%)	62.0	62.8	–	–	–
Net interest cover (times)	3.1	5.1	183.0	–	60.5

Notes

- (a) Amounts previously reported in guilders have been restated and are now reported in euros using the fixed conversion rate of €1.00 = Fl. 2.20371 that became effective on 1 January 1999.
- (b) Continuing businesses means excluding the results of the speciality chemicals businesses which were sold in 1997.
- (c) Non-operating exceptional items in 1997 includes €3 849 million profit on the sale of the speciality chemicals businesses.
- (d) Interest cost in 2000 includes €37 million of exceptional interest (see note 5 on page 63).
- (e) For the basis of the calculations of combined earnings per share see note 7 on page 64.
- (f) In 1999 and prior years, NV dividends were declared and paid in guilders. For comparative purposes, guilder values have been converted into euros in this table using the official rate of €1.00 = Fl. 2.20371. Full details of dividends for the years 1997 to 2001 are given on page 116.
- (g) Figures for 1998 includes the special dividend of €7 267 million assuming all shareholders had taken the cash dividend. Capital and reserves in 1999 reflect the increase of €1 382 million as a result of the issue of the preference shares.
- (h) Return on shareholders’ equity is substantially influenced by the Group’s policy prior to 1998, of writing off purchased goodwill in the year of acquisition as a movement in profit retained. Return on capital employed and net gearing are also influenced but to a lesser extent.
- (i) Net profit margin includes the profit on the sale of the speciality chemicals businesses in 1997.

Unilever Annual Report & Accounts and Form 20-F 2001

Financial Statements

FIVE YEAR RECORD

> 91

Unilever Group

Definitions

Return on shareholders’ equity	Net profit attributable to ordinary shareholders expressed as a percentage of the average capital and reserves attributable to ordinary shareholders during the year.
Return on capital employed	The sum of profit on ordinary activities after taxation plus interest after taxation on borrowings due after more than one year, expressed as a percentage of the average capital employed during the year.
Group operating margin	Group operating profit expressed as a percentage of group turnover.

Total operating margin	Total operating profit expressed as a percentage of total turnover.
Net profit margin	Net profit expressed as a percentage of group turnover.
Net interest cover	Profit on ordinary activities before net interest and taxation divided by net interest.
Net interest cover based on EBITDA (before exceptional items)	Earnings on ordinary activities before net interest, taxation, depreciation and amortisation and exceptional items divided by net interest.
Net gearing (adjusted)	Net debt (borrowings less cash and current investments) expressed as a percentage of the sum of capital and reserves, minority interests and net debt. In calculating capital and reserves, the book value of shares or certificates held in connection with share option plans is classified as fixed assets, rather than deducted from reserves as required by Dutch law.
Net operating assets	<p>The total of:</p> <p>> goodwill and intangible assets purchased after 1 January 1998</p> <p>> tangible fixed assets</p> <p>> stocks</p> <p>> debtors</p> <p>less:</p> <p>> trade and other creditors (excluding taxation and dividend creditors)</p> <p>> provisions for liabilities and charges (excluding deferred taxation and deferred purchase consideration).</p>
Ratio of earnings to fixed charges	Earnings consist of net profit (including the profit on the sale of the speciality chemicals businesses) increased by fixed charges and income taxes. Fixed charges consist of interest payable on debt and a portion of lease costs determined to be representative of interest. This ratio takes no account of interest receivable although Unilever's treasury operations involve both borrowing and depositing funds.
Funds from operations after interest and tax (before exceptional items) over lease adjusted net debt	Profit on ordinary activities before depreciation and amortisation of goodwill and intangibles and exceptional items, and after actual tax paid and other non exceptional non cash items, expressed as a percentage of the lease adjusted net debt. Lease adjusted net debt is calculated by adding to the net debt five times the operational lease costs.
Weighted average cost of capital	The real cost of equity multiplied by the market capitalisation, plus the real after taxation interest cost of debt multiplied by the market value of the net debt, divided by the sum of the market values of debt and equity.

FIVE YEAR RECORD

Unilever Group

By geographical area

	€ million 2001	€ million 2000	€ million 1999	€ million 1998	€ million 1997
Group turnover					
Europe	20 119	18 967	18 040	18 165	19 663
North America	13 767	11 631	8 838	8 417	8 900
Africa, Middle East and Turkey	3 191	3 296	3 048	3 034	2 871
Asia and Pacific	7 846	8 038	6 723	5 803	6 631
Latin America	6 591	5 650	4 328	5 018	4 861
	51 514	47 582	40 977	40 437	42 926
Group operating profit					
Europe	2 689	1 697	2 131	2 254	1 742
North America	1 092	165	847	942	505
Africa, Middle East and Turkey	203	321	302	268	217
Asia and Pacific	862	776	642	457	557
Latin America	328	343	381	489	411
	5 174	3 302	4 303	4 410	3 432
Net operating assets					
Europe	11 295	12 174	3 215	3 025	2 817
North America	12 172	11 891	1 996	1 738	1 676
Africa, Middle East and Turkey	1 082	1 075	1 034	936	1 034
Asia and Pacific	1 525	1 487	1 499	1 282	1 431
Latin America	6 256	7 526	1 520	1 370	1 361
	32 330	34 153	9 264	8 351	8 319

By operation ^(a)

	€ million 2001	€ million 2000	€ million 1999	€ million 1998	€ million 1997
Group turnover					
Foods	28 155	23 898	20 339	20 919	21 332
Home & Personal Care	22 739	22 825	19 781	18 783	18 674

Other Operations	620	859	857	735	1 106
Speciality Chemicals					1 814
	51 514	47 582	40 977	40 437	42 926
Group operating profit					
Foods	2 303	1 735	1 788	1 801	1 242
Home & Personal Care	2 823	1 536	2 361	2 093	1 849
Other Operations	48	31	154	516	108
Speciality Chemicals					233
	5 174	3 302	4 303	4 410	3 432
Net operating assets					
Foods	29 093	30 418	5 315	4 891	4 894
Home & Personal Care	2 852	3 565	3 792	3 294	3 233
Other Operations	385	170	157	166	192
Speciality Chemicals					-
	32 330	34 153	9 264	8 351	8 319
Capital expenditure					
Foods	810	704	690	775	732
Home & Personal Care	678	619	577	510	507
Other Operations	25	33	37	44	32
Speciality Chemicals					119
	1 513	1 356	1 304	1 329	1 390

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

Financial Statements

FIVE YEAR RECORD

> 93

Unilever Group

Exchange rates and European Economic and Monetary Union

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

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

	2001	2000	1999	1998	1997
Year end					
\$1 = Fl.				1.88	2.03
€1 = \$	0.885	0.930	1.005		
£1 = Fl.				3.12	3.34
€1 = £	0.611	0.624	0.621		
Annual average					
\$1 = Fl.				1.98	1.94
€ 1 = \$	0.895	0.921	1.065		
£1 = Fl.				3.29	3.18
€1 = £	0.622	0.609	0.659		

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

	2001	2000	1999	1998	1997
Year end					
\$1 = Fl.				1.88	2.03
€1 = \$	0.890	0.939	1.007		
Annual average					
\$1 = Fl.				1.97	1.95
€1 = \$	0.895	0.923	1.065		
High					
\$1 = Fl.				2.09	2.12
€1 = \$	0.954	1.034	1.181		
Low					
\$1 = Fl.				1.81	1.73

€1 = \$	0.837	0.827	1.001
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High and low exchange rate values for each of the last six months:

	September 2001	October 2001	November 2001	December 2001	January 2002	February 2002
High:						
€1 = \$	0.933	0.924	0.912	0.908	0.903	0.877
Low:						
€1 = \$	0.891	0.893	0.880	0.882	0.859	0.862

Unilever Annual Report & Accounts and Form 20-F 2001

ADDITIONAL INFORMATION FOR US INVESTORS

> 94

Unilever Group

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

	€ million 2001	million 2000	€ million 1999
Net profit as reported in the consolidated profit and loss account	1 838	1 105	2 771
Attributable to: NV	817	675	1 761
PLC	1 021	430	1 010
US GAAP adjustments:			
Currency retranslation written back due to Elizabeth Arden disposal	-	115	-
Goodwill	(124)	76	(213)
Identifiable intangibles	(118)	(128)	(112)
Restructuring costs	(18)	76	45
Interest	(55)	(68)	(9)
Derivative financial instruments	(119)	-	-
Pensions and similar liabilities	-	95	(13)
Taxation effect of above adjustments	108	(5)	21
Net increase/(decrease)	(326)	161	(281)
Net income under US GAAP before cumulative effect of change in accounting principle for derivative financial instruments	1 512	1 266	2 490
Cumulative effect of change in accounting principle for derivative financial instruments, net of tax benefit of €3 million.	(6)	-	-
Net income under US GAAP	1 506	1 266	2 490
Attributable to: NV	540	832	1 576
PLC	966	434	914
Combined net income per share under US GAAP before cumulative effect of change in accounting principle			
Euros per €0.51 of ordinary capital	1.49	1.24	2.36
Euro cents per 1.4p of ordinary capital	22.30	18.53	35.45
Combined diluted net income per share under US GAAP before cumulative effect of change in accounting principle			
Euros per €0.51 of ordinary capital	1.45	1.20	2.30
Euro cents per 1.4p of ordinary capital	21.70	18.07	34.57
Cumulative effect of change in accounting principle - combined net income per share			
Euros per €0.51 of ordinary capital	0.01	-	-
Euro cents per 1.4p of ordinary capital	0.09	-	-
Cumulative effect of change in accounting principle - diluted combined net income per share			
Euros per €0.51 of ordinary capital	0.01	-	-
Euro cents per 1.4p of ordinary capital	0.09	-	-

Unilever Annual Report & Accounts and Form 20-F 2001

	€ million 2001	€million 2000
Capital and reserves as reported in the consolidated balance sheet	7 195	8 169
Attributable to: NV	5 056	6 300
PLC	2 139	1 869
US GAAP adjustments:		
Goodwill	2 303	2 926
Identifiable intangibles	3 009	3 067
Restructuring costs	166	185
Interest	432	487
Other comprehensive income effect of derivative financial instruments	(101)	-
transition adjustment		
Derivative financial instruments	(128)	-
Pensions and similar liabilities	538	437
Dividends	1 059	937
Taxation effect of above adjustments	(920)	(1 133)
Net increase	6 358	6 906
Capital and reserves under US GAAP	13 553	15 075
Attributable to: NV	9 340	11 086
PLC	4 213	3 989

The aggregate amounts included in the consolidated Unilever Group capital and reserves (Unilever accounting principles) in respect of cumulative currency translation adjustments are as follows:

	€ million 2001	€ million 2000	€ million 1999
Balance 1 January	(3 663)	(3 411)	(3 761)
Arising during the year	(1 069)	(252)	350
Balance 31 December	(4 732)	(3 663)	(3 411)
The aggregate amounts of foreign currency transaction gains and (losses) charged in the consolidated profit and loss account are:	(30)	8	(2)

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

The principal differences are set out below.

Goodwill and other intangibles

Prior to 1 January 1998 Unilever wrote off goodwill and all other intangible assets arising on the acquisition of new interests in group companies and joint ventures directly to profit retained in the year of acquisition. Under US GAAP goodwill and identifiable intangibles, principally trade marks, are capitalised and amortised over their estimated useful lives.

There is no difference between the accounting policy applied to goodwill and intangible assets purchased after 1 January 1998 and US GAAP as applicable up to the end of 2001.

Profit or loss on disposal of businesses

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

Restructuring costs

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

Interest

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

Derivative financial instruments

Transition adjustment

Unilever has applied the provisions of SFAS 133 ‘Accounting for Derivative Instruments and Hedging Activities’ in this divergence statement as from 1 January 2001. In accordance with the transition provisions of SFAS 133, an adjustment of €6 million (net of tax of €3 million) was recorded as the cumulative effect of a change in accounting principle to recognise the fair value of all the Group’s derivative financial instruments and hedge items under US GAAP. In addition, Unilever has recorded a one-time unrealised loss of €85 million (net of tax of €37 million) to consolidated other comprehensive income under US GAAP. During the year ended 31 December 2001, a reclassification from other comprehensive income to net income of €21 million was recorded as a result of the underlying hedged transactions which impacted earnings.

Hedging policy

Unilever’s accounting policies in respect of derivative financial instruments are described in the accounting information and policies on page 53. Unilever has not designated any of its derivative instruments as qualifying hedge instruments under SFAS 133 and, accordingly, this divergence statement assumes that derivative financial instruments are valued at fair value and that changes in their value are reflected in earnings.

Pensions

Under Unilever’s accounting policy the expected costs of providing retirement pensions are charged to the profit and loss account over the periods benefiting from

the employees’ services. Variations from expected cost are similarly spread. Under US GAAP, pension costs and liabilities are calculated in accordance with Statement of Financial Accounting Standards No. 87 (SFAS 87), which requires the use of a prescribed actuarial method and a prescribed set of measurement principles.

Investments

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

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

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

Dividends

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

Cash flow statement

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

Movements in those current investments which are included under the heading of cash and cash equivalents under US GAAP form part of the movement entitled ‘Management of liquid resources’ in the cash flow statements. At the end of 2001 the balance of such investments was €9 million (2000: €58 million, 1999: €28 million).

Recently issued accounting pronouncements

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

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

United States EITF 01-09 ‘Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor’s Products’ issued early in 2002 codifies and reconciles the consensus on certain interpretative issues, primarily United States EITF 00-14, 00-22 and 00-25 which address the recognition, measurement and profit and loss account classification of certain sales incentives. The required implementation date of this pronouncement would be 1 January 2002 except for certain provisions which would have been effective as of 1 April 2001. Unilever has assessed the impact of this new standard. It would have an impact on turnover but would have no material effect on Unilever’s net results.

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

In June 2001, the FASB issued SFAS 141, ‘Business Combinations’. SFAS 141 applies to all business combinations initiated after 30 June 2001. This Statement eliminates the pooling-of-interests method of accounting and further clarifies the criteria for recognition of intangible assets separately from goodwill.

In June 2001, the FASB also issued SFAS 142 ‘Goodwill and Other Intangible Assets’. SFAS 142 eliminates the amortisation of goodwill and certain intangible assets and initiates an annual review for impairment, as measured under US GAAP. The amortisation provisions apply to goodwill and other intangible assets acquired after 30 June 2001. Goodwill and other intangible assets acquired prior to 30 June 2001 will be affected upon adoption. Because of the extensive effort needed to comply with adopting SFAS 141 and SFAS 142, it is not practicable to estimate reasonably the impact these Statements would have on the Unilever’s financial statements at the date of this report.

In August 2001, FASB issued SFAS 143, ‘Accounting for Asset Retirement Obligations’. This statement is effective for fiscal years beginning after 15 June 2002 and requires that obligations associated with the retirement of a tangible long-lived asset to be recorded as a liability when those obligations are incurred, with the amount of the liability initially measured at fair value. Upon initially recognising a liability for an asset retirement obligation, an entity must capitalise the cost by recognising an increase in the carrying amount of the related long-lived asset. FASB 143 would not have a material impact on Unilever’s financial position or results of operations.

In October 2001, the FASB issued SFAS 144, ‘Accounting for the Impairment or Disposal of Long-Lived Assets’. SFAS 144 provides guidance on the accounting for the impairment or disposal of long-lived assets. SFAS 144 requires that long-lived assets that are to be disposed of by sale be measured at the lower of book value or fair value less cost to sell. This eliminates the requirement that discontinued operations be measured at net realisable value or that entities be included under ‘discontinued operations’ in the financial statements amounts for operating losses that have not yet occurred. Additionally, SFAS 144 expands the scope of discontinued operations to include all components of an entity with operations that (a) can be distinguished from the rest of the entity and (b) will be eliminated from the ongoing operations of the entity in a disposal transaction. SFAS 144 is effective for financial statements issued for fiscal years beginning after 15 December 2001 and, generally, its provisions are to be applied prospectively. Unilever is currently assessing the impact of this new standard, but it would not have a material effect on Unilever’s financial position or results of operations.

Documents on display in the United States

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

Unilever Annual Report & Accounts and Form 20-F 2001

Financial Statements

PRINCIPAL GROUP COMPANIES AND
FIXED INVESTMENTS

As at 31 December 2001
Unilever Group

The companies listed below and on pages 98 to 100 are those which in the opinion of the directors, principally affect the amount of profit and assets shown in the Unilever Group accounts. The directors consider that those companies not listed are not significant in relation to Unilever as a whole.

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

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

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

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

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

The letters NV or PLC after the name of each country indicate whether in the country concerned the shares in the companies listed are held directly or indirectly by NV and/or by PLC. However, shares in companies which were acquired with the acquisition of Bestfoods in October 2000 are mainly held by Unilever United States, Inc. As a result they are ultimately jointly owned by NV and PLC in the ratio 75:25.

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

Principal group companies		
% Europe		
Austria – NV		
C.H. Knorr Nahrungsmittelfabrik Ges.m.b.H.	F	
Österreichische Unilever Ges.m.b.H.	FP	
Belgium – NV		
99 Bestfoods Belgium N.V./S.A.	F	
Unilever Belgium S.A./N.V.	FP0	
Czech Republic – NV		
Unilever CR s.r.o.	FP	
Denmark – NV		
Unilever Bestfoods A/S	F	
Unilever Danmark A/S	FP	
Finland – NV		
Suomen Unilever Oy	FP	
France – NV		
99 Amora Maille Societé Industrielle S.A.	F	
99 Bestfoods France Societé Industrielle S.A.	F	
99 Boursin S.A.	F	
99 Cogesal-Miko S.A.	F	
99 Frigedoc S.A.	F	
99 Lever Fabergé France S.A.	P	
99 Unilever Bestfoods France S.A.	F	
99 Unilever France S.A.	H	
% Europe continued		
Germany – NV		
Bestfoods Deutschland GmbH & Co. OHG	F	
Langnese-Iglo GmbH	F	
Lever Fabergé Deutschland GmbH	P	
Unilever Bestfoods Deutschland GmbH	F	
Unilever Beteiligungs GmbH	H	
Greece – NV		
67 ‘Elais’ Oleaginous Products A.E.	F	
Unilever Hellas A.E.B.E.	FP	
Hungary – NV		
Unilever Magyarország Kft	FP	
Ireland – PLC		
Lever Fabergé Ireland Ltd.	P	
Unilever Bestfoods (Ireland) Limited.	F	
Italy – NV		
Bestfoods Italia SpA	F	
Lever Fabergé Italia SpA	P	
Van den Bergh Italia SpA	F	
Sagit SpA	F	
Unilever Italia SpA	H	
The Netherlands – NV		
DiverseyLever B.V.	P	
DiverseyLever International B.V.	P	
IgloMora Groep B.V.	F	
Lever Fabergé Nederland B.V.	P	
Loders Croklaan B.V.	F	
Unilever Bestfoods Nederland B.V.	F	
Unilever N.V. ⁽¹⁾	H	
Unilever Nederland B.V.	H	
Norway		
Bestfoods Nordic A/S	F	
Poland – NV		

99 Bestfoods Polska Sp. zo.o	F
Unilever Polska S.A.	FP
Portugal – NV	
74 IgloOlá-Distribuição de Gelados e de Ultracongelados, Lda.	F
60 LeverElida-Distribuição de Produtos de Limpeza e	
Higiene Pessoal, Lda.	P
Unilever Bestfoods Portugal Produtos Alimentares S.A.	F
Romania – NV	
99 Unilever Romania	P
Russia – NV	
Unilever SNG	FP
Slovakia – NV	
Unilever Slovensko spol. sr. o.	FP
Spain – NV	
Bestfoods España S.A.	F
Unilever España S.A.	HP
Unilever Foods España S.A.	F

(1) See ‘Basis of consolidation’ on page 51.

PRINCIPAL GROUP COMPANIES AND FIXED INVESTMENTS

As at 31 December 2001
Unilever Group

Principal group companies continued

% Europe continued

Sweden – NV	
GB Glace AB	F
Lever Fabergé AB	P
Van den Bergh Foods AB	F
Switzerland – NV	
Bestfoods Knorr Holding GmbH	F
DiverseyLever AG	P
Knorr Nahrungsmittel AG	F
Lever Fabergé AG	P
Meina Holding AG	H
51 Pierrot-Lusso AG	F
Sunlight AG	O
Unilever Bestfoods Schweiz AG	F
Unilever Cosmetics International S.A.	P
Unilever (Schweiz) AG	O
United Kingdom – PLC	
Bestfoods UK Ltd.	F
Birds Eye Wall’s Ltd.	F
DiverseyLever Limited.	P
Lever Fabergé Ltd.	P
Lipton Ltd.	F
Unilever Cosmetics International (UK) Ltd.	P
Unilever PLC (1)	H
Unilever U.K. Central Resources Ltd.	O
Unilever U.K. Holdings Ltd.	H
Van den Bergh Foods Ltd.	F
% North America	
Canada – PLC	
Bestfoods Canada Inc.	F
Bestfoods Holdings Inc., Canada	H
UL Canada Inc.	FP
Unilever Canada Limited	H
United States of America – NV (75%); PLC (25%)	
Ben & Jerry’s Homemade Inc.	F
Bestfoods-Caribbean, Inc.	F
Bestfoods Europe (Group) Ltd.	F
Diversey Lever, Inc.	P
Good Humor-Breyers Ice Cream (2)	F
Henri’s Food Products Co., Inc.	F
Slim•Fast Foods Company	F
Unilever Bestfoods(2)	F
Unilever Capital Corporation	O
Unilever Cosmetics International (2)	P
Unilever Home & Personal Care USA (2)	P
Unilever United States, Inc.	H

(1) See ‘Basis of consolidation’ on page 51.

(2) A division of Conopco, Inc., a subsidiary of Unilever United States, Inc.

% Africa, Middle East and Turkey

Côte d’Ivoire – PLC		
90 Unilever Côte d’Ivoire		FP0
Democratic Republic of Congo – NV		
Compagnie des Margarines, Savons et Cosmétiques au Zaïre s.a.r.l.		FP
76 Plantations Lever au Zaïre s.a.r.l.		0
Dubai – PLC		
Unilever Gulf Free Zone Establishment		0
Egypt – PLC		
60 Fine Foods Egypt SAE		F
60 Lever Egypt SAE		P
Ghana – PLC		
67 Unilever Ghana Ltd.		FP0
Israel – PLC		
51 Glidat Strauss Ltd.		F
Lever Israel Ltd.		P
Kenya – PLC		
88 Brooke Bond Kenya Ltd.		0
Unilever Kenya Ltd.		FP
Malawi – PLC		
Lever Brothers (Malawi) Ltd.		FP
Morocco – NV		
Lever Maroc S.A.		P
Nigeria – PLC		
50 Unilever Nigeria		FP
Saudi Arabia – PLC		
49 Binzagr Lever Ltd.		P
49 Lever Arabia Ltd.		P
South Africa – PLC		
Unilever South Africa (Pty.) Ltd.		FP
Tanzania – PLC		
Brooke Bond Tanzania Ltd.		0
Tunisia – NV		
Société de Produits Chimiques et Détergents		P
Turkey – NV		
85 Lever Elida Temizlik ve Kis,isel Bakim Ürünleri		
Sanayi ve Ticaret A.S.		P
Unilever Sanayi ve Ticaret Türk A.S.		F
Unilever Tüketim Ürünleri Satis, Pazarlama ve Ticaret A.S.		FP
Uganda – PLC		
Unilever Uganda Ltd.		FP
Zambia – PLC		
Lever Brothers Zambia Limited		FP
Zimbabwe – PLC		
Lever Brothers (Private) Ltd.		FP

FIXED INVESTMENTS

As at 31 December 2001
Unilever Group

Principal group companies continued

% Asia and Pacific		
Australia - PLC		
Unilever Australia Ltd.		FP
Bangladesh - PLC		
61 Lever Brothers Bangladesh Ltd.		FP
China - NV		
Bestfoods Guangzhou Ltd.		F
Unilever (China) Ltd.		H
77 Unilever Company Ltd.		P
Unilever Foods (China) Company Ltd.		F
Unilever Services (Shanghai) Company Limited.		P
Wall's (China) Company Ltd.		F
China S.A.R. - NV		
Unilever Hong Kong Ltd.		FP
India - PLC		
50 Hindlever Chemicals Ltd.		0
51 Hindustan Lever Ltd. (NV 2%)		FP0
89 Rossell Industries Ltd.		0
Indonesia - NV		
P.T. Knorr Indonesia		F
85 P.T. Unilever Indonesia		FP
Japan - NV		
Nippon Lever KK		FP
Malaysia - PLC		
Pamol Plantations Sdn. Bhd.		0
70 Unilever (Malaysia) Holdings Sdn. Bhd.		FP
New Zealand - PLC		
Unilever New Zealand Ltd.		FP
Pakistan - PLC		
67 Lever Brothers Pakistan Ltd.		FP
Philippines - NV		
Unilever Philippines (PRC) Inc.		FP
Singapore - PLC		
Unilever Singapore Private Ltd.		FP
South Korea - NV		
Unilever Korea Chusik Hoesa		P
Sri Lanka - PLC		
Unilever Ceylon Ltd.		FP0
Taiwan - NV		
Unilever Taiwan Ltd.		P
Thailand - NV		
Unilever Thai Holdings Ltd.		FP
Vietnam - NV		
55 Elida P/S		P
66 Lever Vietnam		P
Unilever Bestfoods Vietnam		F
% Latin America		
Argentina - NV		
Refinerias de Maiz S.A.I.C.F.		F
Unilever de Argentina S.A.		FP
Bolivia - NV		
Quimbol Lever S.A.		FP

Brazil - NV	
Mavibel Brasil Ltda.	H
Unilever Brasil Ltda.	FP
Unilever Bestfoods Brasil Ltda.	F
Chile - NV	
Industrias de Maiz y Alimentos S.A.	F
Colombia - NV	
DISA S.A.	F
Unilever Andina (Colombia) S.A.	FP
60 Varela S.A.	P
Costa Rica - NV	
Productos Agroindustriales del Caribe S.A.	F
Dominican Republic - NV	
Unilever Dominicana S.A.	P
Ecuador - NV	
Unilever Andina - Jaboneria Nacional S.A.	FP
El Salvador - NV	
Industrias Unisola S.A.	FP
Guatemala - NV	
Productos de Maiz y Alimentos, S.A.	F
Honduras - NV	
Lever de Honduras S.A.	FP
Mexico - NV	
Circulo Esmeralda S.A. de C.V.	F
Corporativo Unilever de Mexico S.A. de C.V.	H
Unilever de Mexico S.A. de C.V.	FP
Netherlands Antilles - NV	
Unilever Becumij N.V.	0
Nicaragua - NV	
Lever de el Nicaragua S.A.	FP
Panama - NV	
Unilever de Centroamerica S.A.	FP
Paraguay - NV	
Unilever de Paraguay S.A.	FP
Peru - NV	
72 Industrias Pacocha S.A.	FP
Trinidad & Tobago - PLC	
50 Lever Brothers West Indies Ltd.	FP
Uruguay - NV	
Sudy Lever S.A.	FP
Venezuela - NV	
Aliven S.A.	F
Unilever Andina S.A.	FP

Unilever Annual Report & Accounts and Form 20-F 2001

PRINCIPAL GROUP COMPANIES AND
FIXED INVESTMENTS

> 100

As at 31 December 2001
Unilever Group

Principal fixed investments
Joint ventures

% Europe

Portugal - NV
40 FIMA/VG-Distribuição de Produtos Alimentares, Lda.

F

% North America		
United States of America – NV (75%); PLC (25%)		
50 The Pepsi/Lipton Partnership		F
% Africa, Middle East and Turkey		
Israel		
50 Israel Edible Products Ltd.		F
Kenya		
50 CPC Kenya Ltd.		F
Morocco		
50 Knorr Bestfoods Morocco		F
South Africa		
50 Robertsons Foodservice (Pty.) Ltd.		F
% Asia and Pacific		
China S.A.R.		
50 CPC/AJI (Hong Kong) Ltd.		F
Malaysia		
50 CPC/AJI (Malaysia) Sdn. Bhd.		F
Philippines		
50 California Manufacturing Company Inc.		F
Singapore		
50 CPC/AJI (Singapore) Pte Ltd.		F
Taiwan		
50 CPC/AJI (Taiwan) Ltd.		F
Thailand		
50 CPC/AJI (Thailand) Ltd.		F

Unilever Annual Report & Accounts and Form 20-F 2001

Financial Statements

COMPANY ACCOUNTS

> 101

Unilever N.V.

Balance sheet as at 31 December

	€ million 2001	€ million 2000
Fixed assets		
Fixed investments	7 328	7 092
Current assets		
Debtors	19 374	13 266
Cash at bank and in hand	361	900
Total current assets	19 735	14 166
Creditors due within one year	(16 339)	(14 068)
Net current assets	3 396	98
Total assets less current liabilities	10 724	7 190
Creditors due after more than one year	5 883	3 344
Provisions for liabilities and charges	296	160
Capital and reserves	4 545	3 686
Called up share capital:		
Preferential share capital 20	130	130
Ordinary share capital 20	291	291
	421	421
Share premium account	1 399	1 399
Profit retained and other reserves	2 725	1 866
Total capital employed	10 724	7 190

Profit and loss account for the year ended 31 December

	€ million 2001	€ million 2000
Income from fixed investments after taxation	2 202	706
Other income and expenses	(146)	350

Profit for the year	2 056	1 056
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Pages 51 to 88 and 97 to 102 contain the notes to the NV company accounts. For the information required by Article 392 of Book 2, Civil Code, refer to pages 50 and 103.

In accordance with Article 402 of Book 2, Civil Code, the accounts of NV have been included in the consolidated accounts. The profit and loss account mentions only income from fixed investments after taxation as a separate item. The balance sheet includes the proposed profit appropriation.

The Board of Directors
6 March 2002

Unilever Annual Report & Accounts and Form 20-F 2001

NOTES TO THE COMPANY ACCOUNTS

> 102

Unilever N.V.

Fixed investments

	€ million 2001	€ million 2000
Shares in group companies	7 201	7 033
Book value of PLC shares held in connection with share options	264	169
Less NV shares held by group companies	(153)	(126)
Other unlisted investments	16	16
	7 328	7 092
Movements during the year:		
1 January	7 092	
Book value of PLC shares held in connection with share options	95	
Less NV shares held by group companies	(27)	
Additions	315	
Decrease	(147)	
31 December	7 328	

Shares in group companies are stated at cost in accordance with international accounting practice in various countries, in particular the United Kingdom.

Debtors

	€ million 2001	€ million 2000
Loans to group companies	16 607	10 363
Other amounts owed by group companies	2 570	2 790
Amounts owed by undertakings in which the company has a participating interest	1	1
Other	196	112
	19 374	13 266
Of which due after more than one year	9	13

Cash at bank and in hand

	€ million 2001	€ million 2000
This includes amounts for which repayment notice is required of:	61	489

Creditors

	€ million 2001	€ million 2000
Due within one year:		
Bank loans and overdrafts	39	10
Bonds and other loans	5 898	4 499
Loans from group companies	638	3 571
Other amounts owed to group companies	8 805	5 088
Taxation and social security	79	126
Accruals and deferred income	264	223
Dividends	601	544
Other	15	7
	16 339	14 068
Due after more than one year:		
Bonds and other loans	5 883	3 336

Other creditors	-	8
	5 883	3 344
Provisions for liabilities and charges		
	€ million 2001	€ million 2000
Pension provisions	124	124
Deferred taxation and other provisions	172	36
	296	160
Of which due within one year	68	16

Ordinary share capital

Shares numbered 1 to 2 400 are held by a subsidiary of NV and a subsidiary of PLC. Additionally, 13 679 007 €0.51 ordinary shares are held by NV and other group companies. Full details are given in note 28 on pages 79 to 87.

Share premium account

The share premium shown in the balance sheet is not available for the issue of bonus shares or for repayment without incurring withholding tax payable by the company. This is despite the change in the Dutch tax law, as a result of which dividends received from 2001 onwards by individual shareholders who are Dutch residents are no longer taxed. For an amount of €1 382 million the premium is for Dutch tax purposes considered ‘profit retained’.

Profit retained and other reserves

	€ million 2001	€ million 2000
Profit retained 31 December	3 508	2 375
Cost of NV shares purchased and held by NV and by group companies	(783)	(509)
Balance 31 December	2 725	1 866

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

Contingent liabilities

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

	€ million 2001	€ million 2000
Group companies	11 033	15 161
Other	-	-
	11 033	15 161
Of the above, guaranteed also by PLC	6 247	12 141

Unilever Annual Report & Accounts and Form 20-F 2001

Financial Statements

FURTHER STATUTORY INFORMATION

> 103

Unilever N.V.

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

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

	€ million 2001	€ million 2000
Proposed profit appropriation		
Profit for the year	2 056	1 056
Preference dividends	(51)	(44)
Profit at disposal of the Annual General Meeting of shareholders	2 005	1 012
Ordinary dividends	(872)	(807)
Profit for the year retained	1 133	205
Profit retained – 1 January	2 375	2 170

Profit retained - 31 December	3 508	2 375
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Special controlling rights under the Articles of Association
See note 20 on page 74.

Auditors
A resolution will be proposed at the Annual General Meeting on 8 May 2002 for the reappointment of PricewaterhouseCoopers N.V. as auditors of NV. The present appointment will end at the conclusion of the Annual General Meeting.

J A A van der Bijl
S G Williams
Joint Secretaries of Unilever N.V.
6 March 2002

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

Unilever Annual Report & Accounts and Form 20-F 2001

COMPANY ACCOUNTS

> 104

Unilever PLC

Balance sheet as at 31 December

	£ million 2001	£ million 2000
Fixed assets		
Fixed investments	2 433	2 442
Current assets		
Debtors due within one year	2 007	1 938
Cash and current investments	138	387
Total current assets	2 145	2 325
Creditors due within one year	(2 721)	(1 973)
Net current assets/(liabilities)	(576)	352
Total assets less current liabilities	1 857	2 794
Creditors due after more than one year	763	1 713
Capital and reserves	1 094	1 081
Called up share capital 20	41	41
Share premium account	94	94
Capital redemption reserve 22	11	11
Profit retained	948	935
Total capital employed	1 857	2 794

All amounts included in capital and reserves are classified as equity as defined under United Kingdom Financial Reporting Standard 4.
As permitted by Section 230 of the United Kingdom Companies Act 1985, PLC's profit and loss account does not accompany its balance sheet.
On behalf of the Board of Directors

N W A FitzGerald Chairman
A Burgmans Vice-Chairman
6 March 2002

Unilever Annual Report & Accounts and Form 20-F 2001

Financial Statements

NOTES TO THE COMPANY ACCOUNTS

> 105

Unilever PLC

Fixed investments

	£ million 2001	£ million 2000
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Shares in group companies	2 237	2 266
Book value of PLC shares held in connection with share options	196	176
	2 433	2 442

Shares in group companies

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

	£ million 2001	
Movements during the year:		
1 January	2 266	
Additions	14	
Disposals	(43)	
31 December	2 237	

Shares held in connection with share options

	£ million 2001	
Movements during the year:		
1 January	176	
Additions	45	
Disposals	(20)	
Valuation adjustments	(5)	
31 December	196	

Cash at bank/in hand

	£ million 2001	£ million 2000
This includes amounts for which repayment notice is required	138	387

Debtors

	£ million 2001	£ million 2000
Due within one year:		
Amounts owed by group companies	1 928	1 894
Other	79	44
Total debtors	2 007	1 938

Creditors

	£ million 2001	£ million 2000
Due within one year:		
Amounts owed to group companies	1 349	182
Bonds and other loans	1 043	1 447
Taxation and social security	34	79
Dividends	284	249
Other	2	-
Accruals and deferred income	9	16
	2 721	1 973
Due after more than one year:		
Bonds and other loans	763	1 713

Profit retained

	£ million 2001	£ million 2000
1 January	935	905
Profit for the year	430	405
Dividends on ordinary and deferred shares	(417)	(375)

31 December	948	935
Contingent liabilities		
	£ million 2001	£ million 2000
These are not expected to give rise to any material loss and include guarantees given for group companies, under which amounts outstanding at 31 December were:	8 526	11 712
Of the above, guaranteed also by NV	3 817	7 570

Remuneration of auditors

	£ million 2001	£ million 2000
Parent company audit fee	1.4	1.4
Payments by the parent company for non-audit services provided by PricewaterhouseCoopers United Kingdom (a)	17.3	16.2
(a) See also note 2 on page 62.		

Profit appropriation

	£ million 2001	£ million 2000
The proposed appropriation of the profit of PLC is as follows:		
Interim and recommended final dividends	417	375
Profit for the year retained	13	30

Unilever Annual Report & Accounts and Form 20-F 2001

FURTHER STATUTORY INFORMATION AND OTHER INFORMATION

> 106

Unilever PLC

Employee involvement and communication

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

A European Works Council, embracing employee and management representatives from 15 countries of Western Europe, has been in existence for five years and provides a forum for discussing issues that extend across national boundaries. The constitution has recently been reviewed and revised to take account of the experiences of the first four years.

The directors' reports of the United Kingdom group companies contain more details about how they have communicated with their employees during 2001.

Equal opportunities and diversity

The heads of all operating companies and units in the UK have committed their businesses to achieving greater diversity. Every Unilever company in the United Kingdom has an equal opportunities policy and actively pursues equality of opportunity for all employees.

An on-line open advertising system has been implemented for management vacancies in the UK, allowing any employee an opportunity to register an interest in an advertised vacancy. This is to be extended globally in 2002.

The Company has committed itself to carrying out an Equal Pay Audit, and Richard Greenhalgh, Chairman of Unilever UK, has been appointed an Equal Pay Champion by the UK Government. The Company is also reviewing ways in which diversity in recruitment and selection may be further improved.

Charitable and other contributions

During the year group companies made a total contribution to the community of £9.6 million, based on the London Benchmarking Group Model. This includes £1 million donated to the Centre for Molecular Sciences Informatics at Cambridge University.

In addition, in early February 2001 £100 000 was paid to Britain in Europe. No contribution was made for political purposes.

Supplier payment policies

Individual operating companies are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. The directors' reports of the United Kingdom operating companies give information about their supplier payment policies as required by the United Kingdom Companies Act 1985. PLC, as a holding company, does not itself make any relevant payments in this respect.

Auditors

A resolution will be proposed at the Annual General Meeting on 8 May 2002 for the reappointment of PricewaterhouseCoopers as auditors of PLC. The present appointment will end at the conclusion of the Annual General Meeting.

Authority to purchase own shares

At the Annual General Meeting of PLC held on 9 May 2001 authority was given pursuant to Article 64 of the PLC Articles of Association to make market purchases of PLC Ordinary Shares of 1.4p each, to a maximum of 290 million shares. This authority will expire on 8 May 2002. The Company has not exercised this authority during the year.

Details of shares purchased by employee share trusts and Unilever group companies to satisfy options granted under PLC's employee share schemes are given in the Remuneration Report on page 45 and in note 28 to the consolidated accounts on page 87.

Directors report of PLC

For the purposes of Section 234 of the Companies Act 1985, the Directors Report of Unilever PLC for the year ended 31 December 2001 comprises this page and the information contained in the Report of the Directors on pages 3 to 48, Dividends on page 116, and Principal Group Companies and Fixed Investments on pages 97 to 100.

Corporate Centre
Unilever PLC
PO Box 68 Unilever House
Blackfriars
London EC4P 4BQ

Unilever PLC Registered Office
Port Sunlight
Wirral
Merseyside CH62 4UJ

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

By Order of the Board

J A A van der Bijl
S G Williams

Joint Secretaries of Unilever PLC
6 March 2002

Unilever Annual Report & Accounts and Form 20-F 2001

Shareholder information

CONTROL OF UNILEVER

> 107

NV’s issued share capital on 31 December 2001 was made up of:

- > €291 503 709 split into 571 575 900 ordinary shares of €0.51 each
- > €1 089 072 split into 2 400 ordinary shares numbered 1 to 2 400, known as special shares
- > €130 854 115.25 split into several classes of cumulative preference shares.

PLC’s issued share capital on 31 December 2001 was made up of:

- > £40 760 420 split into 2 911 458 580 ordinary shares of 1.4p each
- > £100 000 of deferred stock.

For NV share capital, the euro amounts quoted 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 amounts in Dutch guilders, which have not been converted into euros in NV’s Articles of Association or in the Equalisation Agreement. 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.

Unity of management
In order to ensure unity of management, NV and PLC have the same directors. We achieve this through our nomination procedure. Only the holders of NV’s special shares can nominate candidates for election to the NV Board, and only the holders of PLC’s deferred stock can nominate candidates for election to the PLC Board. The current directors can ensure that both NV and PLC shareholders are presented with the same candidates for election as directors, because the joint holders of both the special shares and the deferred stock are NV Elma and United Holdings Limited, which are subsidiaries of NV and PLC.

NV and PLC both act as directors of NV Elma and of United Holdings Limited. The Chairmen of NV and PLC are additional directors of United Holdings Limited.

Equalisation Agreement
To ensure that NV and PLC operate for all practical purposes as a single company, we have an Equalisation Agreement.

Under the Equalisation Agreement NV and PLC adopt the same financial periods and accounting policies. Neither company can issue or reduce capital without the consent of the other. If one company had losses, or was unable to pay its preference dividends, we would make up the loss or shortfall out of:

- > the current profits of the other company (after it has paid its own preference shareholders)
- > then its own free reserves
- > then the free reserves of the other company.

If either company could not pay its ordinary dividends, we would follow the same procedure, except that the current profits of the other company would only be used after it had paid its own ordinary shareholders and if the directors thought it appropriate.

So far NV and PLC have always been able to pay their own dividends, so we have never had to follow this procedure. If we did, the payment from one company to the other would be subject to any United Kingdom and Dutch tax and exchange control laws applicable at that time. The Equalisation Agreement also makes the position of the shareholders of both companies, as far as

possible, the same as if they held shares in a single company. To make this possible we compare the ordinary share capital of the two companies in units: a unit made up of €5.445 nominal of NV's ordinary capital carries the same weight as a unit made up of £1 nominal of PLC's ordinary capital. For every unit (€5.445) you have of NV you have the same rights and benefits as the owner of a unit (£1) of PLC. NV's ordinary shares currently each have a nominal value of €0.51, and PLC's share capital is divided into ordinary shares of 1.4p each. This means that a €5.445 unit of NV is made up of 10.7 NV ordinary shares of €0.51 each and a £1 unit of PLC is made up of 71.4 PLC ordinary shares of 1.4p each. Consequently, one NV ordinary share equates to 6.67 ordinary shares of PLC.

When we pay ordinary dividends we use this formula. On the same day NV and PLC allocate funds for the dividend from their parts of our current profits and free reserves. We pay the same amount on each NV share as on 6.67 PLC shares calculated at the relevant exchange rate. For interim dividends this exchange rate is the average rate for the quarter before we declare the dividend. For final dividends it is the average rate for the year. In arriving at the equalised amount we include any tax payable by the company in respect of the dividend, but calculate it before any tax deductible by the company from the dividend.

In principle, issues of bonus shares and rights offerings can only be made in ordinary shares. Again we would ensure that shareholders of NV and PLC received shares in equal proportions, using the ratio of €5.445 NV nominal share capital to £1 PLC nominal share capital. The subscription price for one new NV share would have to be the same, at the prevailing exchange rate, as the price for 6.67 new PLC shares.

Under the Equalisation Agreement (as amended in 1981) the two companies are permitted to pay different dividends in the following exceptional circumstances:

- > if the average annual sterling/euro exchange rate changed so substantially from one year to the next that to pay equal dividends at the current exchange rates, either NV or PLC would have to pay a dividend that was unreasonable (ie, substantially larger or smaller in its own currency than the dividend it paid in the previous year).

Unilever Annual Report & Accounts and Form 20-F 2001

CONTROL OF UNILEVER

> 108

- > the governments of the Netherlands or the United Kingdom could in some circumstances place restrictions on the proportion of a company's profits which can be paid out as dividends; this could mean that in order to pay equal dividends one company would have to pay out an amount which would breach the limitations in place at the time, or that the other company would have to pay a smaller dividend.

In either of these rare cases, NV and PLC could pay different amounts of dividend if the Boards thought it appropriate. The company paying less than the equalised dividend would put the difference between the dividends into a reserve: an equalisation reserve in the case of exchange rate fluctuations, or a dividend reserve in the case of a government restriction. The reserves would be paid out to its shareholders when it became possible or reasonable to do so, which would ensure that the shareholders of both companies would ultimately be treated the same.

If both companies go into liquidation, NV and PLC will each use any funds available for shareholders to pay the prior claims of their own preference shareholders. Then they will use any surplus to pay each other's preference shareholders, if necessary. After these claims have been met, they will pay out any equalisation or dividend reserve to their own shareholders before pooling the remaining surplus. This will be distributed to the ordinary shareholders of both companies, once again on the basis that the owner of €5.445 nominal NV ordinary share capital will get the same as the owner of £1 nominal PLC ordinary share capital. If one company goes into liquidation, we will apply the same principles as if both had gone into liquidation simultaneously.

In addition to the Equalisation Agreement, NV and PLC have agreed to follow common policies, to exchange all relevant business information, and to ensure that all group companies act accordingly. They aim to co-operate in all areas, including in the purchase of raw materials and the exchange and use of technical, financial and commercial information, secret or patented processes and trade marks.

[More information about our constitutional documents](#)

Under the Articles of Association of NV and the Memorandum and Articles of Association of PLC both companies are required to carry out the Equalisation Agreement with the other. Both documents state that the agreement cannot be changed or terminated without the approval of both sets of shareholders.

For NV the necessary approval is as follows:

- > at least one half of the total issued ordinary capital must be represented at an ordinary shareholders meeting, where the majority must vote in favour; and
- > (if they would be disadvantaged or the agreement is to be terminated), at least two thirds of the total issued preference share capital must be represented at a preference shareholders meeting, where at least three quarters must vote in favour.

For PLC, the necessary approval must be given by:

- > the holders of a majority of all issued shares voting at a general meeting; and
- > the holders of the ordinary shares, either by three quarters in writing, or by three quarters voting at a general meeting where the majority of the ordinary shares in issue are represented.

The Articles of NV establish that any payment under the Equalisation Agreement will be credited or debited to the profit and loss account for the financial year in question.

The PLC Articles state that the Board must carry out the Equalisation Agreement and that the provisions of the Articles are subject to it.

We are advised by Counsel that these provisions oblige the Boards to carry out the Equalisation Agreement, unless it is amended or terminated with the approval of the shareholders of both companies. If the Boards fail to enforce the agreement shareholders can compel them to do so under Dutch and United Kingdom law.

[General Meetings and Voting Rights](#)

General Meetings of shareholders of NV and PLC are held at times and places decided by the Boards. NV meetings are held in Rotterdam and PLC meetings are held in London.

To be entitled to attend and vote at NV General Meetings you must be a shareholder on the Record Date, which may be set by the directors and must be not more than 7 days before the meeting. In addition you must, within the time specified in the Notice calling the meeting, either

- > (if you have registered shares) advise NV in writing that you intend to attend; or
- > (if you have bearer shares) deposit your share certificates at the place specified in the Notice.

You can vote in person or by proxy, and you can cast one vote for each €0.05 nominal amount you hold of NV preference shares, ordinary shares or New York registry shares. NV Elma and United Holdings Limited, the holders of the special shares, and other group companies of NV which hold preference or ordinary shares, are not permitted to vote, by law.

For information on the rights of Nedamtrust certificate holders see page 110.

To be able to vote by proxy at PLC General Meetings you must lodge your Form of Appointment of Proxy with PLC's Registrars 48 hours before the meeting, either in paper or electronic format. You can cast one vote for each PLC ordinary 1.4p share you hold. United Holdings Limited, which owns half of the deferred stock, is not permitted to vote at General Meetings.

Unilever Annual Report & Accounts and Form 20-F 2001

Shareholder information

CONTROL OF UNILEVER

> 109

If you are a holder of NV New York shares or PLC American Depositary Receipts of shares, you will receive a proxy form enabling you to authorise and instruct ABN AMRO N.V. or JPMorgan Chase Bank respectively to vote on your behalf at the shareholders' meeting of NV or PLC.

Resolutions are usually adopted at NV and PLC shareholder meetings by an absolute majority of votes cast, unless there are other requirements under the law or the NV or PLC Articles. There are special requirements for resolutions relating to the alteration of NV or PLC's Articles of Association or the Equalisation Agreement, or to the liquidation of NV or PLC.

According to NV's articles, shareholders who together represent at least 10% of the issued capital of NV can propose resolutions for inclusion in the agenda of any General Meeting. They can also requisition Extraordinary General Meetings to deal with specific resolutions. However, following the recommendations of the Committee of Corporate Governance, the board of directors has confirmed that shareholders may propose resolutions if:

- > they individually or together hold 1% of the issued capital; or
- > they hold shares or depository receipts worth at least € 226 890.

They must submit the request at least 60 days before the date of the General Meeting, and it will be honoured unless, in the opinion of the board of directors, it is against the interests of the company.

Under United Kingdom company law,

- > shareholders who together hold shares representing at least 5% of the total voting rights of PLC; or
- > at least 100 shareholders who hold on average £100 each in nominal value of PLC capital

can require PLC to propose a resolution at a General Meeting.

There are no limitations on the right to hold NV and PLC shares.

Directors

The directors of NV are able to vote on transactions in which they are materially interested so long as they are acting in good faith. In general PLC directors cannot vote in respect of contracts in which they know they are materially interested, unless, for example, their interest is shared with other shareholders and employees.

The borrowing powers of NV directors are not limited by the Articles of Association of NV. PLC directors have the power to borrow up to three times the Adjusted Capital and Reserves of PLC without the sanction of an ordinary resolution.

The Articles of Association of NV and PLC do not require directors of NV, or full-time employed directors of PLC, to hold shares in NV or PLC. Directors of PLC who are not employed full-time by NV or PLC must hold either £1 000 in nominal value of PLC ordinary shares, or €5 445 in nominal value of NV ordinary shares. The remuneration arrangements applicable to directors as employees contain requirements for the holding and retention of shares (see Remuneration Report page 42).

Mutual guarantee of borrowings

There is a contractual arrangement between NV and PLC under which each will, if asked by the other, guarantee the borrowings of the other. They can also agree jointly to guarantee the borrowings of their subsidiaries. We use this arrangement, as a matter of financial policy, for certain significant public borrowings. The arrangements enable lenders to rely on our combined financial strength.

Combined earnings per share

Because of the Equalisation Agreement and the other arrangements between NV and PLC we calculate combined earnings per share for NV and PLC (see note 7 on page 64).

We base the calculation on the average amount of NV and PLC's ordinary capital in issue during the year. For the main calculation we exclude shares which have been purchased to satisfy employee share options. We also calculate a diluted earnings per share figure, where we include these shares, as well as certain PLC shares which may be issued in 2038 under the arrangements for the variation of the Leverhulme Trust (see below).

The process by which we calculate earnings per share is as follows. First we convert the average capital of NV and PLC into units using the formula contained in the Equalisation Agreement: one unit equals 10.7 NV shares or 71.4 PLC shares. We add these together to find the total number of units of combined share capital. Then the amount of net profit in euros which is

attributable to ordinary capital is divided by this total number of units to find the amount per combined unit. Finally we convert the combined unit back into NV and PLC ordinary shares, to show the amount per one share of each. The amount per unit is divided by 10.7 to find the amount per €0.51 share, and by 71.4 to find the amount per 1.4p share.

Despite the Equalisation Agreement, NV and PLC are independent corporations, and are subject to different laws and regulations governing dividend payments in the Netherlands and the United Kingdom. We assume in our combined earnings per share calculation that both companies will be able to pay their dividends out of their part of our profits. This has always been the case in the past, but if we did have to make a payment from one to the other it could result in additional taxes, and reduce our combined earnings per share.

Unilever Annual Report & Accounts and Form 20-F 2001

CONTROL OF UNILEVER

> 110

Leverhulme Trust

The first Viscount Leverhulme was the founder of the company which became PLC. When he died in 1925, he left in his will a large number of PLC shares in various trusts. The High Court of Justice in England varied these trusts in 1983, and established two independent charitable trusts:

- > the Leverhulme Trust, which awards grants for research and education, and
- > the Leverhulme Trade Charities Trust, for the benefit of members of trades which the first Viscount considered to have particular associations with the business.

The major assets of both these trusts are PLC ordinary shares.

When the will trusts were varied in 1983 the interests of the beneficiaries of his will were also preserved. Four classes of special shares were created in Margarine Union (1930) Limited, a subsidiary of PLC. One of these classes can be converted at the end of the year 2038, into a maximum of 157 500 000 PLC ordinary shares of 1.4p each. These convertible shares replicate the rights which the descendants of the Viscount would have had under his will. This class of the special shares only has a right to dividends in specified circumstances, and no dividends have yet been paid. PLC guarantees the dividend and conversion rights of the special shares.

The first Viscount wanted the trustees of the trusts he established to be directors of PLC. On 28 February 2002 the trustees of both the charitable trusts and the will trust were:

- > Sir Michael Angus – former Chairman of PLC
- > Sir Michael Perry – former Chairman of PLC
- > Mr N W A FitzGerald – Chairman of PLC
- > Dr J I W Anderson – former director
- > Dr A S Ganguly – former director

On 28 February 2002, in their capacity as trustees of the two charitable trusts, they held approximately 5.38% of PLC's issued ordinary capital.

N.V. Nederlandsch Administratie- en Trustkantoor (Nedamtrust)

Nedamtrust is an independent trust company under the Netherlands' law, which has an agreement with NV to issue depository receipts against NV shares. We do not control Nedamtrust – it is a wholly owned subsidiary of N.V. Algemeen Nederlands Trustkantoor ANT (ANT). Five Dutch financial institutions hold 45% of ANT's shares between them – they have between 5% and 10% each, and the rest of its shares are owned by a large number of individual shareholders.

As part of its corporate objects Nedamtrust is able to:

- > issue depository receipts;
- > carry out administration for the shares which underlie depository receipts it has issued; and
- > exercise voting rights for these underlying shares.

The depository receipts issued by Nedamtrust against NV shares are known as Nedamtrust certificates. They are in bearer form, and are traded and quoted on the Euronext Stock Exchange and other European stock exchanges. Nedamtrust has issued certificates for NV's ordinary and 7% cumulative preference shares, and almost all the NV shares traded and quoted in Europe are in the form of these certificates. The exception is that there are no certificates for NV's 4%, 6% and €0.05 cumulative preference shares.

If you hold Nedamtrust certificates you can attend or appoint a proxy at NV shareholders' meetings. If you wish to vote at a meeting, on your request Nedamtrust will give you a power of attorney to vote. If you hold Nedamtrust certificates with a bank or broker in the Netherlands and have notified the Shareholders Communication Channel (see page 37), you will receive a proxy form enabling you to authorise and instruct Nedamtrust to vote at the NV shareholders' meeting on your behalf. Nedamtrust is obliged to follow these instructions.

For shares for which Nedamtrust does not receive instructions, Nedamtrust's Board decides on the best way to vote the NV ordinary and preference shares it holds at shareholders' meetings. Trust companies in the Netherlands will not usually vote to influence the operations of companies, and in the past Nedamtrust has always followed this policy. However, if a change to shareholders' rights is proposed Nedamtrust will let shareholders know if it intends to vote, at least 14 days in advance if possible. It will do this by advertising in the press, but it will not necessarily say which way it is planning to vote.

As a holder of Nedamtrust certificates you can exchange your Nedamtrust certificate at any time for the underlying ordinary or preference share (or vice versa).

In the past the majority of votes cast by ordinary and preference shareholders at NV meetings were cast by Nedamtrust.

Nedamtrust is appointed as a proxyholder for the proxy voting through the Shareholders Communication Channel.

Nedamtrust’s NV shareholding fluctuates daily – its holdings on 28 February 2002 were:

- > Ordinary shares of €0.51: 411 306 443 (71.96%)
- > 7% Cumulative Preference Shares of €453.78:9 820 (33.86%)
- > 6% Cumulative Preference Shares of €453.78:6 (0.00%)
- > 4% Cumulative Preference Shares of €45.38:23 (0.00%)

Material modifications to the rights of security holders

On 10 May 1999 the share capitals of NV and PLC were each consolidated (see notes to NV and PLC Dividends tables on page 116). Otherwise there have been no material modifications to the rights of security holders.

Unilever Annual Report & Accounts and Form 20-F 2001

Shareholder information

ANALYSIS OF SHAREHOLDING

> 111

Significant shareholders of NV

As far as we are aware the only holders of more than 5% of any class of NV shares (apart from Nedamtrust, see page 110) are Nationale Nederlanden N.V. and Aegon Levensverzekering N.V. The voting rights of such shareholders are the same as for other holders of the class of share indicated. Details of such holdings on 28 February 2002 are as follows:

Nationale Nederlanden N.V.

- > 12 477 469 (2.18%) ordinary shares (€6 341 472)
- > 20 670 (71.26%) 7% Cumulative Preference Shares (€9 377 595)
- > 120 092 (74.56%) 6% Cumulative Preference Shares (€54 493 740)
- > 504 440 (67.26%) 4% Cumulative Preference Shares (€22 890 489)
- > 21 013 355 (9.94%) 5 eurocents Cumulative Preference Shares (€953 545)

Aegon Levensverzekering N.V.

- > 59 280 (0.01%) ordinary shares (€30 128)
- > 4 998 (17.23%) 7% Cumulative Preference Shares (€2 266 768)
- > 29 540 (18.34%) 6% Cumulative Preference Shares (€13 404 668)
- > 157 106 (20.95%) 4% Cumulative Preference Shares (€7 129 159)

Some of the above holdings are in the form of depositary receipts against NV shares issued by Nedamtrust (see page 110). There have been no material changes to the holdings of significant shareholders of NV during the three years up to and including 2001.

Significant shareholders of PLC

The following table gives details of shareholders who held more than 3% of PLC’s shares or deferred stock on 28 February 2002. The voting rights of such shareholders are the same as for other holders of the class of share indicated. We take this information from the register we hold under section 211 of the UK Companies Act 1985.

Title of class	Name of holder	Number of shares held	Approximate % held
Deferred Stock	Naamlooze Vennootschap Elma	£50 000	50
	United Holdings Limited	£50 000	50
Ordinary shares	Trustees of the Leverhulme Trust and the		
	Leverhulme Trade Charities Trust	156 815 034	5
	Brandes Investment Partners L.P.	177 754 236	6
	The Capital Group Companies, Inc	145 570 079	5

The holding by Brandes Investments Partners L.P. is on behalf of unaffiliated custodian banks and that of The Capital Group Companies, Inc. is on behalf of affiliated investment management companies. These holdings were first notified to PLC in November and December 2000. In May 2000 the Prudential Corporation plc, which had held 3% in both 1999 and 2000, ceased to be a significant shareholder in PLC. Otherwise, there have been no changes to the holdings of significant shareholders in PLC during the three years up to and including 2001.

Analysis of PLC registered holdings

At 31 December 2001 PLC had 101 822 ordinary shareholdings.

The following table analyses the registered holdings of PLC’s 1.4p ordinary shares at 31 December 2001:

Number of shares	Number of holdings	%	Total shares held	%
1 - 1 000	36 014	35.37	20 139 399	0.69
1 001 - 2 500	29 583	29.05	49 031 570	1.68
2 501 - 5 000	17 526	17.21	62 726 455	2.16
5 001 - 10 000	10 487	10.30	73 721 458	2.53
10 001 - 25 000	5 385	5.29	81 268 162	2.79
25 001 - 50 000	1 184	1.16	41 108 420	1.41
50 001 - 100 000	557	0.55	39 581 722	1.36
100 001 - 1 000 000	781	0.77	247 143 259	8.49
Over 1 000 000	305	0.30	2 296 738 135	78.89
	101 822	100.00	2 911 458 580	100.00

Unilever Annual Report & Accounts and Form 20-F 2001

INFORMATION ABOUT EXCHANGE CONTROLS AFFECTING SECURITY HOLDERS

> 112

Unilever N.V.

Under the Dutch External Financial Relations Act of 28 May 1980 the Government, the Minister of Finance and the Central Bank of Netherlands are all authorised to issue regulations relating to financial transactions involving Dutch residents, if a non-Dutch resident is also involved, or if the transactions are conducted in a foreign currency. If regulations are issued in the future, we could be in need of a licence for this type of transaction. To date no regulations of this type have been issued.

Unilever PLC

None.

NATURE OF THE TRADING MARKET

The principal trading markets upon which Unilever shares are listed are the Euronext Stock Exchange for NV ordinary shares and the London Stock Exchange for PLC ordinary shares. NV ordinary shares trade in the form of Nedamtrust Certificates and almost all the shares are in bearer form. PLC ordinary shares are all in registered form.

In the United States, NV ordinary shares in registered form and PLC American Depositary Receipts, representing four PLC ordinary shares, are traded on the New York Stock Exchange. JPMorgan Chase Bank of New York acts for NV and PLC as issuer, transfer agent and, in respect of the American Depositary Receipts, depositary.

At 28 February 2002 there were 8 747 registered holders of NV ordinary shares and 750 registered holders of PLC American Depositary Receipts in the United States. We estimate that approximately 33% of NV’s ordinary shareholdings were in the United States (approximately 28% in 2000), based on the distribution of the 2001 interim dividend payments, whilst most holders of PLC ordinary shares are registered in the United Kingdom – approximately 99% in both 2001 and 2000.

The high and low trading prices for the separate stock exchange listings are shown in the tables on the following page as follows:

- > the quarterly high and low prices for 2001 and 2000;
- > the annual high and low prices for 1999, 1998 and 1997; and
- > the monthly high and low prices for the last six months of 2001.

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

If you are a shareholder of NV, you have a direct interest in a Dutch legal entity, your dividends will be paid in euros (converted into US dollars if you have shares registered in the United States) and you will be subject to Dutch tax. If you are a shareholder of PLC, your interest is in a United Kingdom legal entity, your dividends will be paid in sterling (converted into US dollars if you have American Depositary Receipts) and you will be subject to United Kingdom tax. Nevertheless, the Equalisation Agreement means that as a shareholder of either company you effectively have an interest in the whole of Unilever. You have largely equal rights over our combined net profit and capital reserves as shown in the consolidated accounts. (See Taxation for US Residents on page 114 and Equalisation Agreement on page 107).

Unilever Annual Report & Accounts and Form 20-F 2001

Shareholder information

NATURE OF THE TRADING MARKET

> 113

Quarterly high and low prices for 2001 and 2000:

	2001	1st	2nd	3rd	4th

NV per €0.51 ordinary share in Amsterdam (in €)	High	68	71	71	66
	Low	56	59	55	56
NV per €0.51 ordinary share in New York (in \$)	High	65	60	63	58
	Low	50	52	52	50
PLC per 1.4p ordinary share in London (in pence)	High	574	605	610	573
	Low	478	497	480	485
PLC per American Share in New York (in \$)	High	35	35	35	34
	Low	28	29	28	28
	2000	1st	2nd	3rd	4th
NV per €0.51 ordinary share in Amsterdam (in €)	High	58	57	55	71
	Low	42	48	48	54
NV per €0.51 ordinary share in New York (in \$)	High	59	54	49	64
	Low	40	43	44	48
PLC per 1.4p ordinary share in London (in pence)	High	497	476	447	584
	Low	335	349	394	435
PLC per American Share in New York (in \$)	High	33	29	27	35
	Low	22	23	24	26

Annual high and low prices for 1999, 1998 and 1997:

		1999	1998	1997
NV per €0.51 ordinary share in Amsterdam (in € ^(a))	High	74	77	57
	Low	49	49	34
NV per €0.51 ordinary share in New York (in \$)	High	88	89	65
	Low	50	59	44
PLC per 1.4p (1997-98: 1.25p) ordinary share in London (in pence)	High	695	702	519
	Low	401	457	336
PLC per American Share in New York (in \$)	High	47	46	35
	Low	27	32	22

(a) Amounts previously reported in guilders have been restated and are now reported in euros using the fixed conversion rate of €1.00 = Fl. 2.20371 that became effective on 1 January 1999.

Monthly high and low prices for the last six months of 2001:

	July	August	September	October	November	December
NV per €0.51 ordinary share in Amsterdam (in €)						
High	71	68	69	61	65	66
Low	66	66	55	56	58	60
NV per €0.51 ordinary share in New York (in \$)						
High	61	63	61	56	57	58
Low	58	58	52	50	52	53
PLC per 1.4p ordinary share in London (in pence)						
High	610	607	580	533	567	573
Low	584	580	480	485	501	527
PLC per American Share in New York (in \$)						
High	35	35	34	31	32	34
Low	34	33	28	28	29	31

Share prices at 31 December 2001:

The share price of the ordinary shares at the end of the year was for NV €65.85 and \$57.61 and for PLC 564p and \$33.27.

Unilever Annual Report & Accounts and Form 20-F 2001

TAXATION FOR US RESIDENTS

> 114

The following notes are provided for guidance. US residents should consult their local tax advisers, particularly in connection with potential liability to pay US taxes on disposal, lifetime gift or bequest of their shares:

Netherlands

Taxation on dividends

Dividends of companies in the Netherlands are subject to dividend withholding tax of 25%. Where a shareholder is entitled to the benefits of the current Income Tax Convention (‘the Convention’) concluded on 18 December 1992 between the United States and the Netherlands, when dividends are paid by NV to:

- > a United States resident;
- > a corporation organised under the laws of the United States (or any territory of it) having no permanent establishment in the Netherlands of which such shares form a part of the business property;
- > or any other legal person subject to United States Federal income tax with respect to its world-wide income, having no permanent establishment in the Netherlands of which such shares form a part of the business property;

these dividends qualify for a reduction of Netherlands withholding tax on dividends from 25% to 15% (to 5% if the beneficial owner is a company which directly holds at least 10% of the voting power of NV shares and to 0% if the beneficial owner is a qualified ‘Exempt Organisation’ as defined in article 36 of the Convention).

The entire dividend (including the withheld amount) will be dividend income to the United States shareholder not eligible for the dividends received deduction allowed to corporations. However, the Netherlands withholding tax will be treated as a foreign income tax that is eligible for credit against the shareholder’s United States income taxes.

Where a United States resident or corporation has a permanent establishment in the Netherlands, which has shares in Unilever N.V. forming part of its business property, dividends it receives on those shares are included in that establishment’s profit. They are subject to the Netherlands income tax or corporation tax, as appropriate, and the Netherlands tax on dividends will be applied at the full rate of 25%. This tax will be treated as foreign income tax eligible for credit against the shareholder’s United States income taxes.

Under a provision of the Netherlands Dividend Tax Act NV is entitled to a credit (up to a maximum of 3% of the gross dividend from which dividend tax is withheld) against the amount of dividend tax withheld before remittance to the Netherlands tax authorities. For dividends paid on or after 1 January 1995, the United States tax authority may take the position that the Netherlands withholding tax eligible for credit should be limited accordingly.

Under the Convention, qualifying United States organisations that are generally exempt from United States taxes and that are constituted and operated exclusively to administer or provide pension, retirement or other employee benefits may be exempt at source from withholding tax on dividends received from a Netherlands corporation. A recent agreement between the United States and the Netherlands tax authorities describes the eligibility of these US organisations for benefits under the Convention and the procedures for them to claim benefits under the Convention. This agreement was published by the US Internal Revenue Service on 20 April 2000 in release IR-INT-2000-9 and these procedures apply to dividends made payable after 30 June 2000.

A United States trust, company or organisation that is operated exclusively for religious, charitable, scientific, educational or public purposes, is now subject to an initial 25% withholding tax rate. Such an exempt organisation is entitled to reclaim from the Netherlands Tax Authorities a refund of the Netherlands dividend tax, if and to the extent that it is exempt from United States Federal Income Tax and it would be exempt from tax in the Netherlands if it were organised and carried on all its activities there.

If you are a Unilever shareholder resident in any country other than the United States or the Netherlands, any exemption from, or reduction or refund of, the Netherlands dividend withholding tax may be governed by the ‘Tax Regulation for the Kingdom of the Netherlands’ or by the tax convention, if any, between the Netherlands and your country of residence.

Taxation on capital gains

Under the Convention, if you are a United States resident or corporation and you have capital gains on the sale of shares of a Netherlands company, these are generally not subject to taxation by the Netherlands. The exception to this is if you have a permanent establishment in the Netherlands and the capital gain is derived from the sale of shares which form part of that permanent establishment’s business property.

Succession duty and gift taxes

Under the Estate and Inheritance Tax Convention between the United States and the Netherlands of 15 July 1969, United States individual residents who are not Dutch citizens who have shares will generally not be subject to succession duty in the Netherlands on the individual’s death, unless the shares are part of the business property of a permanent establishment situated in the Netherlands.

A gift of shares of a Netherlands company by a person who is not a resident or a deemed resident of the Netherlands is generally not subject to Netherlands gift tax. A non-resident Netherlands citizen, however, is still treated as a resident of the Netherlands for gift tax purposes for ten years and any other non-resident person for one year after leaving the Netherlands.

Unilever Annual Report & Accounts and Form 20-F 2001

Shareholder information

TAXATION FOR US RESIDENTS

United Kingdom

Taxation on dividends

Under United Kingdom law income tax is not withheld from dividends paid by United Kingdom companies. Shareholders, whether resident in the United Kingdom or not, receive the full amount of the dividend actually declared.

If you are a shareholder resident in the United Kingdom you are entitled to a tax credit against your liability for United Kingdom income tax, equal to 10% of the aggregate amount of the dividend plus tax credit (or one-ninth of the dividend). For example, a dividend payment of £9.00 will carry a tax credit of £1.00.

If you are a shareholder resident in the US, the dividend actually declared is taxable in the US as ordinary income and is not eligible for the dividends received deduction allowable to corporations. The dividend is foreign source income for US foreign tax credit purposes.

In addition, under the current income tax Convention between the US and the UK (the ‘Convention’), a US shareholder eligible for the benefits of the Convention may elect to be treated for US tax purposes only as having received an additional taxable dividend. The additional deemed dividend is equal to one-ninth of the actual cash dividend received (an additional dividend

of £1 in the above example). The shareholder will be eligible to claim a US foreign tax credit in the amount of the additional deemed dividend. The tax credit may, subject to certain limitations and restrictions, reduce the shareholder’s US Federal income tax liability. The procedure for making this election is described in IRS Revenue Procedure 2000-13.

On 24 July 2001, the US and the UK signed a new income tax Convention (the ‘New Convention’). Under the New Convention, US shareholders would not be entitled to make the election described in the preceding paragraph. These provisions of the New Convention will apply to US shareholders beginning on the first day of the second month following the date on which the New Convention is ratified by the US and the UK.

However, US shareholders may elect to remain subject to all the provisions of the current Convention for a period of 12 months after the date on which the New Convention would otherwise be applicable. It is uncertain when the New Convention will be ratified.

Taxation on capital gains

Under United Kingdom law, when you sell shares you may be liable to pay capital gains tax. However, if you are either:

- > an individual who is neither resident nor ordinarily resident in the United Kingdom; or
- > a company which is not resident in the United Kingdom;

you will not be liable to United Kingdom tax on any capital gains made on disposal of your shares.

The exception is if the shares are held in connection with a trade or business which is conducted in the United Kingdom through a branch or an agency.

Inheritance tax

Under the current estate and gift tax convention between the United States and the United Kingdom, ordinary shares held by an individual shareholder who is:

- > domiciled for the purposes of the convention in the United States; and
- > is not for the purposes of the convention a national of the United Kingdom;

will not be subject to United Kingdom inheritance tax on:

- > the individual’s death; or
- > on a gift of the shares during the individual’s lifetime.

The exception is if the shares are part of the business property of a permanent establishment of the individual in the United Kingdom or, in the case of a shareholder who performs independent personal services, pertain to a fixed base situated in the United Kingdom.

DIVIDENDS

> 116

Our interim ordinary dividends are normally announced in November and paid in December. Final ordinary dividends are normally proposed in February and, if approved by shareholders at the Annual General Meetings, paid in May or June.

The following tables show the dividends paid by NV and PLC for the last five years. NV dividends are per €0.51 (1997-1998: Fl. 1) ordinary share and PLC dividends are per 1.4p (1997-1998: 1.25p) ordinary share and per depositary receipt of 5.6p (1997-1998: 5p). Dividends have been translated at the exchange rates prevailing on the dates of declaration of the dividends for NV and the payment of the sterling dividends for PLC.

For the 2001 final dividend, payable in 2002, there has been a change in policy. The dividend will be translated into US dollars at the rate prevailing on the date of declaration of the dividend.

The interim dividend is normally 35% of the previous year’s total normal dividend per share, based on the stronger of our two parent currencies over the first nine months of the year. Equalisation of the interim dividend in the other currency takes place at the average exchange rate of the third quarter. Equalisation of the final dividend takes place at the average exchange rate for the full year.

The dividend timetable for 2002 is shown on page 119.

NV Dividends

	2001	2000	1999	1998	1997
Interim dividend per €0.51 (1997-1998: Fl. 1)	€0.50	€0.48	Fl. 0.88	Fl. 0.81	Fl. 0.74
Exchange rate Fl. to \$			2.1173	1.8717	1.9208
Exchange rate € to \$	0.9097	0.8646			
Interim dividend per €0.51 (1997-1998: Fl. 1) (US registry)	\$0.454850	\$0.415008	\$0.415624	\$0.432762	\$0.385256
Normal final dividend per €0.51 (1997-1998: Fl. 1)	€1.06	€0.95	Fl. 1.91	Fl. 1.70	Fl. 1.49
Special final dividend per Fl. 1				Fl. 14.50	
Final exchange rate Fl. to \$			2.4725	2.0861	1.9951
Final exchange rate € to \$	0.8747	0.8827			
Normal final dividend per €0.51 (1997-1998: Fl. 1) (US registry)	\$0.927182	\$0.838565	\$0.772497	\$0.814918	\$0.746830
Special final dividend per Fl. 1 (US registry)				\$6.950769	

Note 1: For the purposes of illustration, the US dollar dividends shown above are those paid on the €0.51 (1997-1998: Fl. 1) ordinary shares of NV registered in New York. The above exchange rates were those ruling on the dates of declaration of the dividend.
Note 2: The final euro dividend for 2001 is payable on 10 June 2002. The dollar dividend will be calculated with reference to the exchange rates prevailing on 8 May 2002.