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OVERVIEW:

Overall company sales growth of 1.8% for Q was in line with expectations. Q+A Review: Geographies broken out further; initiatives described in greater detail; competition in various markets discussed.

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PRESENTATION

Operator

Welcome to Unilever's first quarter 2002 results conference call. This conference will begin with a presentation by Mr. Howard Green, Senior Vice President, Investor Relations, followed by a question and answer session. At any time during the presentation, you may indicate your desire to ask a question by pressing one on your telephone touch pad. Should you wish to cancel your question, simply press the pound or hash button. This conference is being recorded and will be available up to and including May 10, 2002. Details of the replay numbers and access code can be found on Unilever's web site, and audio archive copy of the teleconference will also be available on Unilever's web site at www.unilever.com. We will shortly hand you over to Mr. Green.

Howard Green - *Unilever - Senior Vice President of Investor Relations*

Ladies and gentlemen, good morning and welcome to this presentation of Unilever's first quarter results. A transcript of this presentation can be accessed via our website. That transcript contains the usual formal disclaimer as to forward-looking statements within the meaning of relevant US legislation and this presentation and discussions are conducted subject to that disclaimer. I propose not to read that disclaimer, but that we take it as read into the record for the purpose of this presentation and conference call.

So now let me turn to our results for the first quarter. I remind you that, unless otherwise stated, the financial numbers used in this presentation are in Euros at constant rates exchange, that is average 2001 rates. On chart one, you will see the key features of our results for the quarter. Firstly, underlying sales growth was in line with our expectations at 1.8 percent. In the leading brands, sales growth was 4.6 percent over the last twelve months with 3 percent in the quarter. We have seen good momentum through the quarter with underlying sales growth of the leading brands of over 6 percent in March.

Secondly, our operation margins, before exceptional items and goodwill amortization, moved ahead strongly by 250 basis points to 14.9 percent in the quarter. This progress has been driven by substantial increase in gross margins, which are ahead by 160 basis points.

Thirdly, net interest of 320 million Euros is 26 percent below last year reflecting the combination of lower rates and the benefits of strong cash flow from operations, good management of capital employed, and proceeds from our disposal program. As a result of the strong increase in operating profit and low interest, earnings per share the before exceptional items and goodwill amortization accounts a 37 percent in the quarter. Compared to pre-close, we saw stronger progress in gross margins. Expenditure on advertising promotions and associated costs was slightly low because activities rephased into quarter two. This rephasing contributed six percentage points to the EPSBEIA growth. The amounts of advertising and promotions involved was 30 million Euros, equivalent to less than 2 percent spend in the first quarter.

Let me now put these results in the context of our operating p l a n (ph) in 2002. The value creation culture embedded in Unilever ensures our focus is on growth, which is profitable growth. The surest way of securing profitable growth is to work at getting the business fundamentals right. So let me illustrate what this has meant for us as we implement our p a t h - t o - g r o w t h (ph) strategy and how it has influenced our quarter one results, the ninth quarter of our twenty quarter program. As we implement our strategy, different parts of our business will have different priorities at any particular moment. Those priorities are, however, all consistent with the building blocks of our strategy, and in combination, they will get us to our 2004 targets.

Let me to turn to chart 2 and try and go behind the numbers to show you what I mean through a few examples. Firstly, our near 10 billion year annual turnover skin, hair, and deodorant mass market businesses grew by a little over 7 percent in the quarter and have grown by over 8 percent per annum over the last three years. With good growth and operating margins, we certainly have a good example of s u s t a i n i n g v a l u e c r e a t i o n (ph) . We had a good start for the year, and it is only the phasing of innovation that is slightly diluting our quarter one growth rate.

Secondly, within our 6 billion Euro plus annual turnover spreads and cooking products business, our leading brands, which account for over 4 billion Euros of sales, grew by more than 3 percent in the quarter. The emphasis is on proving that we can sustain growth on the back of our proven track record of generating attractive margins. The second part of our strategy is about finding value enhancing strategies to exit from our oils business. The sale of refineries in Europe and Mazola are good examples of what we are doing. My third example is our near 7 billion Euros annual turnover laundry business, which saw flat growth in the quarter, but around a 350 basis points increase in operating margins. We have a regionally differentiated strategy, and thus in Europe, we have regained share compared to a few years ago and we have improved profitability by building on our market strengths and through innovations. Even in a very competitive market of quarter one of this year, we have seen 2 percent volume growth.

In the US, our strategy is to be a profitable number two and with a tough comparator on sales growth in the previous year, we have given up some share, but significantly stepped up profitability whilst in the rest of the world, where we lead the market, the emphasis has been on improving profitability as we continue to move share forward. Incidentally, our total laundry business has grown on average 4 percent per annum over the last three years and grew in mid single digits in March month as the emphasis is on improving profitability, particularly in our rest of the world markets, turned back towards growth. I now turn to our near 10 billion Euros annual turnovers savory and dressings business, which includes olive oil. Our leading brands are 90 percent of this and we have seen underlying sales growth of around 1.5 percent.

Here the emphasis has been on showing that we have created a firm foundation from the Best Foods integration, particularly with regard to brand understanding and sales growth integration on which to leverage a regular flow of innovation. We have secured that foundation and again we will see momentum through the quarter with underlying sales growth of approaching 3 percent in March. We have a strong innovation program scheduled through the rest of the year. It is here that we also have the world-class brands that provide the vehicles for accelerating the growth of our foods businesses in developing and emerging markets. These brands, plus our unparalleled reach and experience, represents an exciting growth and profit opportunity as we move forward with our plans. Now to tea-based beverages: a 2.5 billion Euros plus annual turnover business saw a small decline in sales. This is described as two very different phases in the implementation of our strategy.

On the one hand, we saw a low double-digit growth in Lipton ready-to-drink tea in both Europe and North America, as we continue to expand the brand into the 350 billion Euros soft drink market. In North America, there has also been a particularly positive response to the March launch of our Lipton Brisk Lemonade. On the other hand in leaf tea, we see two facets of p a t h - t o - g r o w t h (ph) in action, which in this quarter produced an underlying sales decline of around 10 million Euros. Firstly, we continued to see strong growth in Central and Eastern Europe, particularly in Russia, as we extended reach of our leading brands. Secondly, however, this growth has been offset by deliberate reduction of unprofitable volume in our business in India, as we continue to focus on improving margins, which are ahead by some 320 basis points in the quarter in India.

Lastly, ice cream and frozen foods. Businesses with annualized turnover of over 7.5 billion Euros, grew underlying sales by very close to 4 percent in the quarter and also moved operating margins ahead by 270 basis points. In many ways, these businesses showed the power of p a t h - t o - g r o w t h (ph) , cutting the tail brands, exiting from certain countries, or finding different business models, a rapid implementation of restructuring initiatives and a focus on innovation have all contributed to rejuvenation of businesses where we have strong market positions. Again, we have to sustain this performance, but the building blocks are in place to do just that. I hope these three examples give you a flavor of the different aspects of p a t h - t o - g r o w t h (ph) as it gets implemented in our businesses around the world.

Let me turn to the overall sales growth for the quarter by focussing on the common themes within these strategies and their implications for our first quarter growth rate. These are shown on chart three. Within the 3 percent leading brands growth for the quarter, foods grew 2.6 percent and home and personal care grew 3.5 percent. In March month, we saw leading brands growth of over 6 percent with both foods and home and personal care contributing strongly. In food, the majority of the growth came from v o l u m e (ph) , whereas in home and personal care there was a higher proportion of price. The greater contribution coming from price in home and personal care reflects the higher proportion of business in developing and emerging markets, which have experienced devaluations. This takes us to our first common theme. In a number of developing and emerging markets, we're in the process of restoring margins, which have been affected by the valuation led cost increases.

That is normal at this stage of the cycle. Underlying sales growth slows. This happens because pricing action is offset by an increase in the rate of underlying volume declines as consumer markets shrink. Our focus is on maintaining the strength of our market position and coming out of the crisis stronger than when we went in. We know from experience that this trend starts to reverse itself, and we would expect to see this as we move through 2002. We also now are for the long-term health of the business. In 2001, developing and emerging market sales were 34 percent of sales, up from 20 percent in 1991, and the growth rate before acquisitions in current Euros is around 9 percent per annum. Operating profit has increased slightly above this rate.

Our second common theme is that we have very different phasing of innovation this year compared with last year, particularly in Asia Pacific and North America. In 2001, as we said at the time, we're just over a third of our big innovation in the market in the first quarter. Just to remind you this included innovation in spreads and cooking products, the launch of E n j o y (ph) in the UK, the launch of the ready-to-drink tea partnership with S u m T o i (ph) in Japan, the launch of laundry tablets and innovation in Surf liquid in the United States, the launch of easy-to-use wipes on the Lever 2000 and Dove brands in the United States and the launch of S u n S i l k (ph) branded as C i d a l (ph) in Mexico. The different phasing of innovation is simply that - phasing. Not a lack of initiatives, but is not that last year's initiatives have run out of steam.

Any number of factors have to be taken into account in the practical reality of an operating plan when it comes to the timing of innovation. This year, our program of market initiatives is more back-end loaded, but it is also at least as intensive as last year with a sustained rate in home and personal care and a step-up in foods. The impact of margin recovery and innovation phasing and the growth of the leading brands is well in excess of 150 basis points. In the balance of the business, we have a faster rate of attrition in the non-leading brands with a decline of around 4.3 percent in the quarter compared with a growth of 80 basis points in the first quarter of last year. We have always said that the harvesting of value from the non-leading brand part of our business c o u l d (ph) vary quarter by quarter, but the most important issue for us is to make sure we extract the value and it is not to worry about consistency of sales delivery.

I think we have shown that we are in control of this process and our margin progress and the momentum in our restructuring programs provide the supporting evidence. attrition has impacted underlying sales growth by some 80 basis points. In respect of managing the of our business, we also see that the effects of disposals is to reduce sales growth by 300 basis points to give the sales of 12.3 billion Euros, a decline of 1.3 percent on the prior year. Let me wrap up this section on sales by reconfirming that we remain confident with where we are in terms of the business cycle and those markets which have suffered economic dislocation. Our innovation plans for 2002 are on track and we continue to manage the tail of our business to maximize value. We also remain confident of achieving our objectives of sustaining the growth of our leading brands and that these brands will represent approaching 90 percent of total sales by the end of 2002.

Let me now turn to how we can continue to drive forward our operating margin. This is shown on chart four. The basis point are all expressed as an effect on total Unilever operating margin. Gross margins moved ahead by 160 basis points in the quarter. The key drivers of the improvements in gross margins have been, firstly, continued benefits for our procurements and supply chain restructuring programs, which contributed some 160 basis points of gross margins. Secondly, improved mix contributed some 60 basis points to disposals in a larger proportion of higher margin categories. Thirdly, good progress with recovery of valuation led cost increases through pricing action.

There's still a shortfall between cost increases and price of around 60 basis points. This is, however, a substantial improvement on the 130 basis points we saw in quarter four of last year. We increased investment behind our brands in the quarter, notwithstanding the relatively high rate of spend in the first quarter of last year. While advertising and promotion was u p (ph) , essentially the sales were 50 basis points low last year, it was more than offset by higher investment in trade and consumer price promotions, which we call above the line expenditure, of 150 million Euros. You will remember that we deduct the above the line expenditure in order to arrive at reported sales. Continued savings from both lower media rates and media efficiency measures are also estimated to be worth some 50 basis points of sales in the quarter. In advertising and promotion, we saw step-up during the quarter as we introduced innovations for the markets.

In the March month, advertising and promotions as a percentage of sales was 30 basis points ahead of last year, lower associated costs at 20 basis points of the operating margin progression with an additional benefit of 20 basis points from lower overheads. Let me turn to chart five to highlight the other key financial indicators for the first quarter. Operating profit before exceptional items and goodwill amortization rises by 282 million Euros or 18 percent. EBITDA before exceptional items, which is in current money, is 2.1 billion Euros in the quarter. Exceptional items for the quarter were 197 million Euros, which includes 222 million Euros of restructuring and 25 million Euros profit on disposals. Associated costs included in the operating profit D E I A (ph) were 40 million Euros in the quarter. Interest payable is 320 million Euros, 26 percent lower than last year, with approximately half of the reduction coming from a lower debt level through cash flow from operations and disposals and a balance from lower rates. Cash flow from operating activities was 1.1 billion Euros in the quarter and if we look at it on the moving annual total basis it has gone from 5.6 billion Euros in quarter four of 1999 to 7.6 billion Euros in this quarter. Net debt at quarter end at current rate of exchange was 23 billion Euros, compared to 27.8 billion Euros a year ago. Net is 72 percent. Profit before tax at 962 million Euros is 62 percent above last year, reflecting the improved operating margin and the low interest charge. The effective tax rate for the quarter was 44.9 percent, reflecting the non-tax deductibility of Best Foods goodwill amortization. The underlying tax rate for normal trading operations, and excluding the goodwill effects, is 33.9 percent.

Now let me turn to chart six, which shows how our reporting currencies have developed in the quarter and shows the impact of EPS on current exchange rates. When expressed in current rates of exchange, EPS before exceptional items and goodwill amortization grew about 33 percent in the quarter. In the quarter, we saw a strengthening of the pound sterling against the Euro by 2.8 percent and of the US dollar against the Euro by 4.8 percent compared with a year ago. The current exchange rate results ought to reflect a 50 percent deviation of the Argentinian peso.

Chart six shows the current exchange rate, EPS, and the EPSBEIA a percentage change of Euro, pounds sterling, and US dollar. I will now review the and performance by region, beginning with Europe on chart seven. Sales growth was broad-based across categories and includes a continuing s p e n d (ph) contribution in Central and Eastern Europe. Underlying sales growth was 2.4 percent with 100 basis points from price. Key highlights in the development of our business have been in Western Europe. Underlying sales growth of 5.2 percent in branded spreads and cooking products driven by the sustained progress of our innovations. Good growth in savory and dressings of 3.6 percent fueled by continued s p e n d (ph) growth in A m o r e (ph) , growth of over 4 percent in Knorr, and a strong contribution from Hellman's in the United Kingdom. In our home and personal care mass consumer businesses, underlying sales were ahead by a little over 4 percent. We have seen good growth in skin, hair, and deodorants, the key drivers being Dove, R e x o n a (ph) and A x (ph) . Dove shampoo and conditioner is now available in ten markets and the initial purchase patent is encouraging. In laundry, volume growth has been only partially offset by competitive pricing environments. In Central and Eastern Europe, we have seen growth in low double digits driven by a particularly strong growth in Russia in tea, savory and dressings, skin and hair, and in savory and dressings and household care across the rest of the regions. Operating margins are 190 basis points ahead of last year, reflecting the benefits of supply chain restructuring and Best Foods synergy.

I now turn to North America on chart eight. Sales were 3.5 percent lower through the effects of disposals. Flat underlying sales reflect a tougher comparator through later phasing of innovation this year. The impact on turnover increased promotional investment in foods and the one-off effect on trade stocks of K-Mart store closures. In foods, underlying sales grew 2 percent with good volume growth partly offset by negative pricing impacts of 30 basis points. Slim Fast and ice cream continued to grow very strongly and our leading spreads brands also performed well. Ragout Express continues to make progress and Lipton Brisk Lemonade was launched successfully in March.

However, overall sales growth was held back by the impact from turnover of trade investments behind a Wishbone product launch, the migration of Five Brothers to Bertolli, and promotions behind the Hellman's brand in response to contested pricing. Harvesting of t o l l (ph) brands reduced the underlying sales growth in foods by 140 basis points. We have gained market share in spreads, including Skippy, i n s c r u t a b l e s (ph) with Hellman's, and in Wishbone salad dressings. Shares in pasta sauce and side dishes are marginally down of competitive initiatives relative to our own innovation plans. We have an active program to counter this going forward. In home and personal care, underlying sales declined 2.5 percent with good growth in skin being offset by a number of factors. Firstly, our innovation program is phased for later in the year, while our first quarter of last year benefitted strongly from launches under the Dove, Suave, Caress, and W i s k (ph) bands. The effect is some 300 basis points to sales growth. Secondly, in laundry we're focusing on improving profitability and margins have moved ahead strongly. Some loss of share means the overall sales b o a t (ph) was pulled down by some 130 basis points. Innovations in laundry are back-end loaded in 2002 compared to 2001.

Finally, K-Mart's program of store closures produced a one-off reduction in trade stocks with an effect of some 150 basis points on home and personal care underlying sales growth. Operating margins increased strongly by 390 basis points for 15 percent, driven by supply chain savings a n d (ph) Best Foods synergy. Margins were also boosted by lower advertising and promotion as a result of the different phasing of innovation and lower media rates. Lower media rates contribute 40 basis points of this. I know turn to Africa, Middle East, and Turkey on chart nine. Underlying sales growth of 5 percent is driven by price increases, in particular to restore margins in a number of countries where there has been devaluation. This has enabled us to protect operating margin at 9 percent, notwithstanding tough economic conditions. South Africa performed strongly with good h o l d i n g (ph) growth across dressings, spreads, tea, and personal care. S u n S i l k (ph) was successfully launched on our experience from Latin America. In Turkey, we continued to see consumer down-trading and declining markets, reflecting a difficult economy. Whilst market shares in key categories were at least maintained, we have seen underlying sales decline by 10 percent. However, we have also significantly improved profitability. Good sales growth in Egypt and Arabia was offset by difficult trading conditions in much of West and sub-Saharan Africa.

I now turn to Asia Pacific on chart ten. Underlying sales growth in Asia Pacific moved ahead by 40 basis points with a rapid acceleration through the quarter. In Southeast Asia, we continue to see strong growth in Indonesia across foods, home care, and personal care. However, this was partly offset by both the Philippines and Thailand due to tough comparators in the previous year from phasing of innovations. In Japan, we continue to see high single digit growth in home and personal care, driven by Dove, following the launch of shampoo last year and also Pond's.

However, in foods we see a decline in sales against a strong quarter in the previous year. This included the initial sales associated with the launch of our ready-to-drink tea alliance with S a n t o r i (ph) . In India, underlying sales in the quarter declined 5 percent.This reflects the stocking of the trade as we introduced continuous replenishment to our distributors, the impact of the budget where duties have been reduced from skin and hair products, and we have given rebates to the t r a d e s (ph) and duties already paid, and the continued impact on sales and foods as we focus on improvement in profitability. Our innovation plans are also p h a s e d (ph) late in the year as we get our housekeeping out of the way.

Taken together, sales reduced by 35 million Euros, which is the equivalent of nearly 200 basis points on the growth rate of the Asia Pacific region. However, these initiatives also have important benefits for our business going forward, as we have structurally improved our capital efficiency, strengthened our margin structure, and thus far further enhanced our competitiveness. In the second quarter, we expect to see good top-line growth in the region as we build on the innovations launched in March. L a u n c h e d (ph) further innovations in the quarter in all markets across the region and see a pickup in demand in India as the benefit of lower prices in skin and hair f e e d (ph) through to consumers.

Operating margins of 300 basis points ahead with a startup improvement of results in both China and India and 60 basis points and lower advertising and promotions, reflecting phasing of innovation and media efficiencies in almost equal proportion. I now turn to Latin America on chart eleven. Sales grew by 1.3 percent with underlying sales ahead by 3.5 percent. Pricing is still the main driver as we recovery devaluation -led cost increases. Harvesting of the tail reduced underlying sales growth by 220 basis points. Mexico continues to show very good growth, particularly in personal care through C i d a l (ph) , which has now reached a share of almost 10 percent. and Dove and a savory following the successful launch of last year. We also see good growth in A n d i n a (ph) , led by the launch of C i d a l (ph) . From Brazil, underlying sales moved ahead strongly. Deodorants, through R e x o n a (ph) and A x (ph) , and hair through C i d a l (ph) , both grew at more than 20 percent. Spreads also performed well from V o l i a n a (ph) and B a y c e l l (ph) , including B a y c e l l P r o a c t i v e (ph) . volume i n t e r n a l (ph) businesses has been shed as we've managed them for value.

The current situation in Argentina has severely reduced consumer demands and volumes have been affected as a result. However, our management has deep local experience and are taking the appropriate actions to preserve the long-term value of the business. Market shares are firm in declining markets. Our laundry market shares in Brazil, Argentina, and Chile remain firm. Operating margins increased by 200 basis points through benefits and savings programs, pricing action to recover devaluation-driven cost increases. That completes my review of the regions and I will now be happy to take your questions.

QUESTIONS AND ANSWERS

Operator

Thank you, Mr. Green. We will now poll for questions from analysts. If you have a question, please press the number one on your telephone. If you're listening to the conference call on a speakerphone, please use the handset while asking your question. Should you wish to cancel your question, simply press the pound or hash button. Our first question will be from Mr. John M c M i l l a n (ph) of Prudential. Please ask your question at this time, sir.

John McMillan - *Prudential*

Hi Howard.

Howard Green - *Unilever - Senior Vice President of Investor Relations*

Hi, John.

John McMillan - *Prudential*

Your marketing initiatives are more back-end loaded and I guess I've heard that about six or seven times over the last week from other companies that delivered first quarter sales or March quarter sales o r t h e l i k e (ph) , whether it's, you know, domestic companies like Kraft and Hershey or Unilever, Nestle, D e N o n e (ph) . I mean, everyone seems to be a little bit light. Now, I understand your Latin American issues, which are somewhat unique and certainly would explain some of the shortfalls short-term and clearly have to get better from this juncture. But, I guess to the extent everyone's marketing initiatives are more back-end loaded, conceptually shouldn't that cause competition to increase?

Howard Green - *Unilever - Senior Vice President of Investor Relations*

Well, let me just try and, you know, sort of paint a picture of...

John McMillan - *Prudential*

How you see it?

Howard Green - *Unilever - Senior Vice President of Investor Relations*

No, of one of the specific reasons for us actually developing a plan that had this skew in it. Two of the most important reasons for the skew in the plan was that we wanted to make sure that before we launched initiatives in our foods businesses that we had actually got a stable base through the integration of Best Foods. There would be nothing worse for brand equities than trying to push through innovation into the marketplace onto sales forces that might, at the time we were doing the plans, have been at the stage of still going through that integration process. We've made good progress with that integration. We, in fact, ran slightly ahead of it and in terms of the providing that robust p a c e (ph) . I mean, March you already started to see the pickup in the performance of the business and we have a very energetic program going forward.

Now, in terms of how that interfaces in the competitive space, we believe that we have also done the research and the homework that shows that those innovations are relevant to consumers and are appealing to consumers in the competitive environment. To me it sounds like all good news for consumers and we are confident about those innovations getting away and achieving our plans. The second key thing that I would pick out is that whereas Latin America is one specific area for us in terms of the economic environment, there are a number of other markets where we have been going through either devaluation type issues or where we have been deliberately taking structural changes in the approach to the business to improve the robustness on which we actually build going forward. In the devaluation type countries, or where we've been putting price increases through, then we also know from experience that to try and launch innovation at time that you're trying to get pricing in, is actually a tricky task and a lot of time of the sales force is actually spent in just making sure that we make the list prices stick and we are able to do that by making sure that, you know, it might involve some dealing back, some price increases, just to make sure that pricing does stick.

The other type of example within the general economy that I would point to you is the example of India that I gave in the speech, which has not been subject to a devaluation, but where we've actually taken quite clear actions to structurally improve some aspects of the business. We've accepted that there'd be a 5 percent sales decline in that market so that we actually get the infrastructure so that we actually improve capital efficiency. It was also very important to us that we actually made sure that overall for Unilever our margin structures were where we wanted them. The margin structures, in fact, have moved ahead better than we had anticipated and therefore we actually think that we've created some headroom for ourselves as we move into the second quarter and through the rest of the year to really get behind our launches. So, it's a somewhat long answer.

John McMillan - *Prudential*

But, you don't see increased category competition on the horizon?

Howard Green - *Unilever - Senior Vice President of Investor Relations*

I think a lot of what we've actually seen, John, over a number of years is people increasingly focussing on their niches and their areas within categories. Yes, there will be competition, but we believe competition is good and that competition actually drives more efficient businesses and the more powerful your brands, which is the focus of p a t h - t o - g r o w t h (ph) , will be competition influenced for the more powerful brands and it's the brands five through seven are the ones that will feel the squeeze.

John McMillan - *Prudential*

And, General Mills will tell you that integration isn't all that easy, so you certainly had to go through some issues yourself. Can I just kind of focus a little bit just on North America, you know, where sales trends were, you know, flat.

Howard Green - *Unilever - Senior Vice President of Investor Relations*

You mean by the changing of the packaging size?

John McMillan - *Prudential*

Well, the t r i c k y (ph) price increase, I guess. Is that what .

Howard Green - *Unilever - Senior Vice President of Investor Relations*

Yeah, no, we haven't.

John McMillan - *Prudential*

Do you plan to or you don't want to get into that?

Howard Green - *Unilever - Senior Vice President of Investor Relations*

I wouldn't get into that just to say that our ice cream business grew 15 percent in the first quarter, John.

John McMillan - *Prudential*

Well, it was pretty warm over here.

Howard Green - *Unilever - Senior Vice President of Investor Relations*

Yeah, I heard that you had 90º or something. We've had a good start to summer over here, as well.

John McMillan - *Prudential*

And, just the other food businesses. I'm trying to build models going back, but I thought I had somewhat used your comparisons. Maybe I was kind of hoping for more than two, but in terms of, I guess the warm weather also hurts your tea business or your - so there are some issues that benefit and hurt you. But, just in terms of little more color to the overall food business. Is that basically what you're targeting in North America?

Howard Green - *Unilever - Senior Vice President of Investor Relations*

Again, just for the sake of clarity, we did have a light program of marketplace activities in the first quarter because we really wanted to make sure that we actually had that sound foundation going forward. In terms of the individual market areas, our spread brands did perform well and that includes Skippy and we actually gained market share, both in spreads and the category. We responded to some fairly aggressive pricing activity in the spoonables area. The volume of business actually stayed well, but we actually saw price promotions of around about 8 percent quarter-on-quarter, which obviously impacts the top line.

But in overall share terms, Hellman's has put on a full share point, despite that aggressive competitor activity. Equally, Wishbone, both in the business and in the new initiatives that we've got in the liquid dressings area, new products and also part of a health promotion, we've seen some share gain there. The pasta sauces, that is where there's been a different timing of innovation. Competitors have got innovation in the marketplace. Ours are phased later. We have certainly given some share up in pasta sauces, 50 or 60 basis points. However, in what I would call the special , almost type area, Ragout Express, we've actually gotten very, very strong there - strong growth. The other area that I should comment on is in tea where we've been changing over delivery of Lipton Brisk to the international yellow flagship color. We have seen some fall in sales there just as we actually adjust trade inventories and make sure that we've got the yellow color out along with our painting the walls yellow. So, our foods business overall is looking pretty healthy as we go into quarter two and also given the phasing of innovations as we move forward. Innovations already announced for quarter two in the US, for example, Hellman's flavored mayonnaise, Lipton Asian side dishes. Across this side of the pond, just to , we've also got , which I'm told is the UK's biggest initiative ever under the h o t n o o d l e s b r a n d (ph) .

John McMillan - *Prudential*

I think you guys have all the fun.

Howard Green - *Unilever - Senior Vice President of Investor Relations*

So, I mean we're actually excited about the program as we forward. Yes, sure, we've got to make it work, but we've got the innovations. We've got the, importantly, the increased investments to go behind those brands and we think that we will, as planned, see an uptick in growth as we move through the year.

John McMillan - *Prudential*

Thanks for all of that, Howard.

Howard Green - *Unilever - Senior Vice President of Investor Relations*

OK, John. Thanks.

Operator

The next question will be from Mr. N e i l G o l d n e r (ph) of State Street Global Advisors. Please ask your question at this time, sir.

Neil Goldner - *State Street Global Advisors*

Hi Howard. I've got a question about your A & P spending, a two-part question, I guess. First thing is, on the tail brands, is there any A & P being spent on the tail brands at all? And, if so, as you harvest the tail brands, what happens to that A & P spending? the bottom line, or is it reallocated to the leading brands?

Howard Green - *Unilever - Senior Vice President of Investor Relations*

Ninety-six percent of A & P is going behind the leading brands, so there's 4 percent of A & P going behind the tail brands. Of course, they're still what we would call just above the line expenditure that enables us to actually maintain distribution, to maintain price r e l a t i v e s (ph) on shelves as we extract the value from the tail brands. The assumption in p a t h - t o - g r o w t h (ph) was that as we got out to the tail, the A & P that was behind the tail would indeed be shifted across behind the leading brands and that is part of the movement of why we actually see 96 percent of it being behind those leading brands.

Neil Goldner - *State Street Global Advisors*

I just want to make sure - the 96 percent of the A & P was...

Howard Green - *Unilever - Senior Vice President of Investor Relations*

Yes, behind the leading brands.

Neil Goldner - *State Street Global Advisors*

OK, now is that just the A & P that goes through SG & A, I guess, or are you including...

Howard Green - *Unilever - Senior Vice President of Investor Relations*

Yes, that is just the A & P that goes into what you guys would call SG & A.

Neil Goldner - *State Street Global Advisors*

OK. So, the part that's being netted against the sales that we don't see as a separate line item, I guess the same question with that, as you harvest that business, eventually you're going to decide it's nothing worth harvesting anymore, the commercial spending going behind those brands, those also are expected to be shifted to the leading brands?

Howard Green - *Unilever - Senior Vice President of Investor Relations*

Well, I think the most - we would certainly make a judgment as to what is the appropriate level of so-called above the line expenditure that is needed to get the growth that we want. If that meant putting above the line money behind the leading brands, then that would be an operational decision that is made. In terms of the overall shape of p a t h - t o - g r o w t h (ph) , we were actually looking to increase the proportion of A within A & P because we expect to have more powerful innovation for that innovation to be focussed behind fewer and more powerful brands and for us to be building brand equity through that. I think in terms of the overall direction, that is the message that I'd like to leave you with.

Neil Goldner - *State Street Global Advisors*

Great. If I can just ask - two quick questions. Just (a) are the price increases in there as well? Are they sticking? And then the second question, of the 3 percent leading brands growth, how much of that came from acquisitions in the last twelve months?

Howard Green - *Unilever - Senior Vice President of Investor Relations*

OK. In terms of the leading brand growth, there is no acquisition effect in there any more. We've anniversaried the acquisition of Best Foods, therefore that's an organic leading brand growth number.

Neil Goldner - *State Street Global Advisors*

OK, so Slim Fast and Ben and Jerry's just aren't big enough to matter?

Howard Green - *Unilever - Senior Vice President of Investor Relations*

They're all big enough to matter. I think the issue is more of the one to do with phasing of innovation, the effects of the devaluation, driven effect on underlying sales growth. Those are a lot bigger issues in the total r a t e (ph) of Unilever, so Slim Fast and Ben and Jerry have performed extremely well. But, the others just happen to outweigh and I wouldn't want to take anything away from either of those businesses, which have continued their strong progress within the Unilever portfolio. In terms of the Brazilian price issue, then, yes. We've - our pricing is sticking and we are seeing the benefits of that in improved operating margins.

Neil Goldner - *State Street Global Advisors*

Great. Thank you.

Howard Green - *Unilever - Senior Vice President of Investor Relations*

Thanks, N e i l (ph) .

Operator

Our next question will be from Ms. A n n (ph) G i l l o n (ph) of L e h m a n d l e r s (ph) . Please ask your question at this time, ma'am.

Ann Gillon - *Lehmandlers*

Hello, Howard.

Howard Green - *Unilever - Senior Vice President of Investor Relations*

Hi, Ann.

Ann Gillon - *Lehmandlers*

Just a question. If you could update us on Unilever's efforts to accelerate its new product launches across geographies in not so much the work of the i n n o v a t i o n (ph) centers to develop the products, but more the ability to transfer from manufacturing sites across geographies.

Howard Green - *Unilever - Senior Vice President of Investor Relations*

Yeah, I mean, let me give two different examples. Let me take Slim Fast as a first example. We've started redeveloping the European market based on US-sourced production and we have then entered into a co-packing arrangement, as we would call it, a third-party manufacturing arrangement. The market positions got established and that is the way that we have moved with speed to grow the Slim Fast proposition in European markets. I think the other example I would give is in the personal care area where t h e r e (ph) is a to the innovation center network. It's easier to leverage innovation globally because at the global category b o a r d (ph) the ownership is established and the basic rules of harmonization that are essential for speed of and speed of l a y o u t (ph) are determined by that category board. So, something like Dove shampoo, for example, which was t r i a l e d (ph) out in Asia Pacific, we'd move rapidly into ten countries, as I said in the speech. And another example is the way that we actually moved our S u n S i l k (ph) experience into the Mexican market by being able to work within geography so that to grab 10 percent share there and then across regions into South Africa where we actually launched there for black or colored hair. Those are sort of two or three examples of where grand focus, the focus on harmonization, actually allows you to properly leverage your scale.

Ann Gillon - *Lehmandlers*

OK, with Slim Fast you gave the example of being able to co-pack locally. Can you comment on whether or not you're able to move manufacturing as quickly to take advantage of local cost structures or whether part of your speed to broad geography rollout has meant that you're shipping more from the place the innovation was first launched.

Howard Green - *Unilever - Senior Vice President of Investor Relations*

No. I mean, for example, we've got a very active what we would call sourcing center based in India, which takes some of the more complex issues, perhaps some of the smaller things that you actually want to start out in small market tests, and is able to actually develop markets in that way. I mean, of the business we tend not to be particularly capital intensive. Our fixed assets or the percentage of sales are now down to around about 20 percent of sales. The intensive things tend to be things like laundry detergent blowing towers and things like that where there's certainly some more work to be done in overall sourcing arrangements and that's part of what's responsible for the improvement in the laundry margins that I talked about - about more regional approaches to sourcing. In some areas, such as deodorants, sourcing opportunities where we're just going to take it from one center because the value equation works that you use a sourcing center in country "A" to supply the world.

Ann Gillon - *Lehmandlers*

OK, thanks. That was helpful. And, then, separately - in your comments about the US you talked about innovations in laundry being back-end loaded this year. Can you share anything that already may have been announced, or are you still in the pre-announcement stage for these innovations?

Howard Green - *Unilever - Senior Vice President of Investor Relations*

We're very much in the pre-announcement stage and I think my old colleague C h a r l i e (ph) S t r a u s s (ph) would take me out and shoot me if he heard me say anything.

Unidentified

Well, we wouldn't want that, would be Howard?

Howard Green - *Unilever - Senior Vice President of Investor Relations*

Well, certainly not. N o r (ph) my family would want that.

Ann Gillon - *Lehmandlers*

Thanks much.

Operator

The next question will be from Ms. Florence T a j (ph) of Massachusetts Financial Services. Please ask your question at this time, ma'am.

Florence Taj - *Massachusetts Financial Services*

Hi, Howard. It's Florence T a j (ph) . I have some questions on the restructuring program. I was wondering if you could give the details of the savings you achieved this quarter and break it down between procurement, p a t h - t o - g r o w t h (ph) and the Best Foods . And, secondly, I have a follow-up question on North America. I was wondering if you could talk a little bit about the performance of the Best Foods brands. I know last year the performance there was a little bit disappointing. What are the trends like this year in the old Best Foods business? Are you seeing an acceleration?

Howard Green - *Unilever - Senior Vice President of Investor Relations*

OK. If I start with the restructuring and the savings. p a t h - t o - g r o w t h (ph) restructuring savings achieved in the quarter where 85 million Euros. Procurement savings were a little over 140 million Euros and the Best Foods synergy, as we call it, was just a little over 70 million Euros.

Florence Taj - *Massachusetts Financial Services*

OK.

Howard Green - *Unilever - Senior Vice President of Investor Relations*

The additional number of factories that we closed in the quarter is two, so all together now we have closed sixty-one factories and the head count reduction in the quarter was a little over 2,000 and for the total program so far we have got a head count reduction of a little over 25,000 people. If I turn to the Best Foods question, let's say just remember that in 2001 we focussed on integration of the business and s h a r i n g (ph) . We had a good understanding of the brands and h a v e i n t e g r a t e d (ph) the sales forces to provide the platform for growth driven by the innovation.

As we actually look into the actual progress within the various markets, in North America, as I've just said to John M c M i l l a n (ph) , that Hellman's spoonables, whilst it did look good in underlying sales growth terms because of the price competition in the market, we've actually gained a share point for spoonables. In Skippy, we've also seen good growth and share rose by, again, over a share point. And , which is a relatively smaller brand in the US, the shares are stable. In Europe, we have gains a tick up in shares. Sometimes I don't believe that people can actually measure it to within 10 basis points, but that's what the market share basis says. We are flat in hot sauces and we're mildly down in wet and dry soups, which again is a relatively small part of our business, the wet soups. The dry soups is obviously a bit larger. But, again that's 20 or 30 basis points down. In the dressings category, we've actually gained share gain up by 20 or 30 basis points.

In Latin America, in we've grown shares strongly in Mexico and in Brazil and what we call River Plate, which is Argentina and Uruguay, our shares remain exceptionally strong at around 60 percent in Brazil and over 80 percent in River Plate. Equally in mayonnaise, we're still very strong in Brazil with a share of 80 percent and over 70 percent again in River Plate. We've also gained share in Mexico. The plan - I should also mention food service. I shouldn't let our food service slip by. The progress in food service is - I'll break it down by geography. We've seen strong growth in developing an emerging markets. The only spot which is significantly down, in fact, from last year is Argentina and I'm sure you can understand that. And we've maintained that momentum in and D & E (ph) markets like China, Indonesia, Mexico. And in our Asia, I don't like particularly doing this, but let me exclude Argentina. If I go across Asia, Latin America, Africa, Middle East, and Turkey, food service showed high single-digit growth in food service. In Europe, we saw strong growth in many countries where we have fully completed the integration.

So double-digit growth in Italy, the Netherlands, and all of the Nordic countries, in Portugal. However, where we have not yet finished the integration, which is in the UK and France, we continue to see a flat sales performance. There is a particular issue to do with the German market where there seems to have been some issues with - it's actually with our customers that tried to take some advantage of the change over of the Euro at the beginning of the year - particularly in what we'd call the hotel and restaurant area and that's had a k n o c k (ph) on consumer demand, but I think that, from what I read, that's common to any food service providers in that market.

In the US, again, it's a story of two halves, as we would say in a football game. Our sort of what I would call the branded side of the business has grown quite strongly, whereas our food solution section, so-called I F X (ph) , that business, as I've said before, has remained weak because of one particular issue or an issue at one particular customer. There's a number of innovations in food service that we've got going forward. You might have seen the s o u p b a r (ph) concept. That will be rolled out in geography outside of its home base. We've got initiatives with Knorr frozen foods. There's a particular initiative in Austria; we're seeing how that goes. You might have seen Lipton F r e s h B r e w (ph) iced tea in food service outlets in the US. There's what we call M e x i - c a s a (ph) in Canada and a variety of sources and other initiatives in Thailand. So, Best Foods' plans are really all coming together and it's being programmed as we move forward through the rest of the year, but I think we'll start to see the kind of growth levels that we would expect from that kind of brand portfolio.

Florence Taj - *Massachusetts Financial Services*

OK. I have one further question on laundry . It seems that your seeing weakness in both US and North America. Can you elaborate a little bit on the competitive activity and who is being most aggressive, least aggressive, and whether you intend to follow?

Howard Green - *Unilever - Senior Vice President of Investor Relations*

Competitors who are being aggressive. I'm not going to name any of them. I don't think that does us any good. I think, again, there are two very different types of involvement. In North America, our ambition is to be a profitable number two and to make sure that we get the right balance between the growth part of the profit part of the equation. And over a second half of the year and this first quarter of this year, our American management in the home and personal care business have done an excellent job of raising profitability. That does mean that they have given u p (ph) around about 40 basis points of market share. But by creating the profits, which, just so you understand, is well into low double-digits, they're also creating their own headroom for the innovations that they have got scheduled for later in the year. But, our objective is very, very clearly to be a profitable number two to make sure that we get that balance right.

In Europe, again, the market - I think it's - I'd best describe it as, it's as competitive as it's always been. This is a very competitive market that we operate in. There's nothing different about it now compared to periods that I can remember in the past and, you know, there's just a lot of to-ing and fro-ing in terms of the balance. The competitors are making a strong run in France at the moment. There's quite a lot of price competition in the UK market. However, our position actually remains very strong in that market. So, if I look across the whole of Europe, then again we see an increase in profitability and 2 percent volume growth in a market that is only growing at that sort of rate, but some negative pricing. Negative pricing, I would guess, of around about 100 basis points. So, again, nothing material in overall share terms and the market just continues to be as competitive as it ever has been.

Florence Taj - *Massachusetts Financial Services*

OK. Thank you so much.

Howard Green - *Unilever - Senior Vice President of Investor Relations*

Thanks, Florence.

Operator

The next question will be from Mr. Andrew Wood of S a n f o r d B e r n s t e i n (ph) . Please ask your question at this time, sir. This concludes the question and answer session. Once again, we will hand over to Mr. Green for closing remarks.

Howard Green - *Unilever - Senior Vice President of Investor Relations*

Let me say a few words in summary. We have made a sound start for the year. Our operational plans are addressing the improvement in profitability in key parts of our business, such as laundry, tea, and ice cream, and there's a continued focus on extracting value from the tail of our business. In addition, we are taking pricing action in countries where there has been substantial devaluations. A continuing expansion in underlying operating margin affect our determination to grow our business profitably. Operating margins moved ahead by 250 basis points in the quarter with a key driver being an improvement of 160 basis points in gross margins. Margin gives us the space to step-up planned investment for the remainder of the year and reinforce our planned delivery of low double-digit growth and EPSBEIA for the year.

Through the quarter, we've also seen an increase in sales momentum, which is in line with our target for the year of sustaining the growth of our leading brands. We are confident that delivering our innovation and marketplace activities for the year which support the s t r o n g (ph) growth plan for the rest of the year. In foods we have a step-up in market initiatives, while in home and personal care we continue with a strong innovation program. Finally, as we extract value from the tail of our business, we the leading brands approaching 90 percent of sales by the end of 2002, up from 84 percent today. That leaves me to say thanks for your interest and questions. The IR team will, of course, be happy to take your calls if you have further questions. I think you know the number. Thanks and goodbye.

Operator

This conference has been recorded and will be available in one hour. Details of the replay number and access code can be found on Unilever's web site. An audio archive copy of the teleconference will also be available in two hours on Unilever's web site at www.unilever.com.
