Unilever N.V. 1999
Annual Report on Form 20-F

Reverse for Unilever PLC Report

Meeting everyday needs of people everywhere

A truly multi-local multinational

Unilever is dedicated to meeting the everyday needs of people everywhere. Around the world our Foods and Home & Personal Care brands are chosen by many millions of individual consumers each day. Earning their trust, anticipating their aspirations and meeting their daily needs are the tasks of our local companies. They bring to the service of their consumers the best in brands and both our international and local expertise.

Unilever's Corporate Purpose

Our purpose in Unilever is to meet the everyday needs of people everywhere – to anticipate the aspirations of our consumers and customers and to respond creatively and competitively with branded products and services which raise the quality of life.

Our deep roots in local cultures and markets around the world are our unparalleled inheritance and the foundation for our future growth. We will bring our wealth of knowledge and international expertise to the service of local consumers – a truly multi-local multinational.

Our long-term success requires a total commitment to exceptional standards of performance and productivity, to working together effectively and to a willingness to embrace new ideas and learn continuously.

We believe that to succeed requires the highest standards of corporate behaviour towards our employees, consumers and the societies and world in which we live.

This is Unilever's road to sustainable, profitable growth for our business and long-term value creation for our shareholders and employees.

Contents

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

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

The two parent companies, NV and PLC, operate as nearly as is practicable as a single entity, together referred to as the Group or the Unilever Group. NV and PLC and their group companies constitute a single group under Netherlands and United Kingdom legislation for the purposes of presenting consolidated accounts. Accordingly, the accounts of the Unilever Group are presented by both NV and PLC as their respective consolidated accounts.

This report is the Unilever Annual Report on Form 20-F to the Securities and Exchange Commission in the United States of America for the year ended 31 December 1999. There are two versions, expressed in guilders for NV and pounds sterling for PLC.

The brand names shown in *italics* in this Form 20-F are trade marks owned by or licensed to companies within the Unilever Group.

In addition, there is the Unilever Annual Report & Accounts for the year ended 31 December 1999, which is produced as two separate documents – the Unilever Annual Review 1999 and the Unilever Annual Accounts 1999. These documents comply with the Netherlands and the United Kingdom regulations. Both documents are made available to all shareholders but, unless they have elected to receive the full Annual Report & Accounts, only the Annual Review document is mailed to them.

There are three versions of both these documents:
– figures expressed in guilders, in Dutch;
– figures expressed in pounds sterling, in English;
– figures expressed in guilders, in English.

The effect of exchange rate fluctuations over time may result in the trends shown in the guilder accounts differing significantly from those shown in the sterling accounts.

Cross reference to Form 20-F

Cautionary Statement

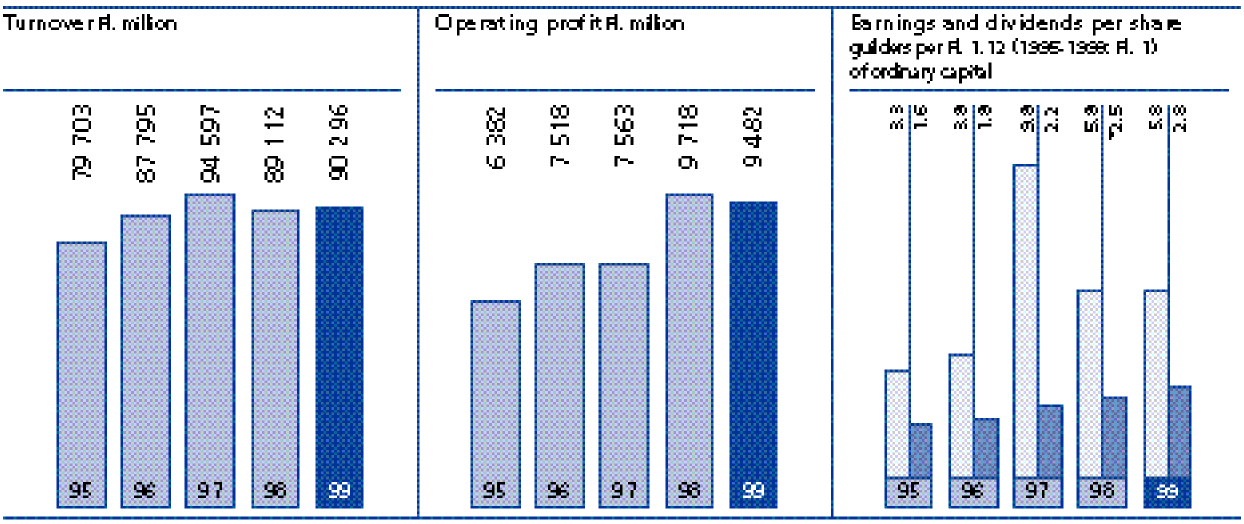
The Annual Report includes forward-looking statements within the meaning of section 27A of the US Securities Act of 1933, as amended, and section 21E of the US Securities and Exchange Act of 1934, as amended.

We believe that the expectations reflected in these statements are reasonable. However, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, price fluctuations; currency fluctuations; loss of market; environmental risks; physical risks; and legislative, fiscal and regulatory developments.

Financial highlights

- Excellent personal care results
- Food profits* rise on slightly lower volumes
- Home care volumes up but market investment reduces profit
- Strong progress in Asia and Pacific as regional economies recover
- Home & Personal Care profits* up in North America – Foods results lower
- Good performance in Western Europe and Africa and Middle East

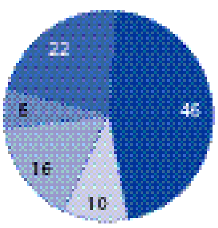
*before exceptional items



These tables above and below are Total Business results, after exceptional items, and at average current exchange rates. They include the speciality chemicals operations up to the date of disposal in July 1997 and, for earnings per share, the related disposal profit.

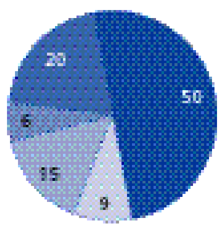
Turnover by region %

Europe	53	50	48	47	**46**
North America	19	21	21	21	**22**
Africa & Middle East	5	5	5	6	**6**
Asia & Pacific	14	14	15	14	**16**
Latin America	9	10	11	12	**10**
Year	95	96	97	98	**99**



Operating profit by region %

Europe	51	47	51	53	**50**
North America	17	22	15	21	**20**
Africa & Middle East	6	6	6	5	**6**
Asia & Pacific	15	14	16	10	**15**
Latin America	11	11	12	11	**9**
Year	95	96	97	98	**99**



Chairmen's Statement – 1999 and the path to growth

Operating margins before exceptional items rise to 11%

Excellent progress in personal care

Focus on 400 leading brands to accelerate top line growth

We have made good progress pursuing our strategy of category focus and margin improvement against a challenging economic and competitive background. Our Home & Personal Care categories all grew strongly and we saw further improved margins in Foods. We are pleased with the developments in Western Europe and the recovery in South East Asia. Marketing investments in Latin America reduced profits.

Margins before exceptional items further increased by half a percentage point to over 11%, a record.

The fourth quarter saw the business achieve the highest level of underlying growth for two years. This included good performances from businesses which are already advanced in implementing our strategy of focusing on fewer brands. This is early evidence the strategy is working. However, sales growth of 2% at constant exchange rates and underlying volume growth of 1% for the full year were disappointing.

In May 1999 our shareholders authorised a special dividend of Fl. 16 billion and a share consolidation which reduced the number of shares in issue. Earnings per share on the adjusted shareholdings rose by 9% before exceptional items.

Our objective of delivering a total return to shareholders in the top third of a group of peer companies over a three-year period was again achieved. However, our sector as a whole suffered as investor interest focused on high technology and internet stocks and there was an even sharper decline in the Unilever share price during the fourth quarter. This has been painful for everybody in Unilever. It was all the more disappointing given the significant appreciation in the preceding three years. As a result of this decline we were below the total shareholder return benchmark measured over a single year.

We are pleased to report that the business passed the critical Year 2000 change without disruption.

Categories

Corporate Categories, which represent 86% of the total sales, continue to grow faster than the business as a whole. In 1999 they grew 3%, whereas turnover in other categories fell by 2%, largely due to disposals. We remain committed to improving the performance of these other businesses or exiting those that are not able to deliver sustained value.

Our personal care businesses had another outstanding year. Turnover and profits grew strongly in all categories and regions with total sales up 7% and profits increasing by 24%. Home care and professional cleaning also showed good sales growth but profits declined by 4% as higher expenditure to protect our strong market position in Latin America offset increases in profits in Western Europe and Asia and Pacific.

Foods profitability improved but overall foods sales declined partly due to disposals. Beverages profits were up, led by double digit volume growth in the ready-to-drink sector. Oil and dairy based foods showed a good increase in profits but markets in Europe and North America continue to contract. Ice cream sales increased but profits overall were slightly below 1998.

Regions

The global reach of the Company was again an important factor. We were able to benefit from the good economic conditions in western markets. Sales and profits rose strongly in Asia and Pacific region as economies recovered from the crisis in late 1997 and 1998. In Western Europe profits and margins advanced well. In Central and Eastern Europe our business remained weak, with a slow recovery in Russia. There were notable increases in results for Africa and the Middle East. Sales and profits were affected in Latin America by difficult economic conditions in several countries coupled with a competitive challenge in our largest regional category, laundry.

People

The quality of our people was, as always, an important factor in our success during a demanding year. Unilever employees bring to the business dedication, skill and special values. It is a particular privilege to lead this team in these changing times. They are responding to new challenges with great enthusiasm. Our thanks to one and all.

The path to growth

In February 2000 we announced a series of linked initiatives to align our entire organisation behind ambitious plans for accelerating growth and expanding margins. By 2004 we will increase annual top line growth to 5% and operating margins to 15%, underpinning our commitment to double digit earnings growth.

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

The principal components of the plans are:

Brands We will concentrate product innovation and brand development on a focused portfolio of 400 leading brands. These have been chosen both on the basis of the strength of their current consumer appeal and their prospects for sustained growth. They include familiar brands such as *Dove, Lux, Lipton, Magnum,* and *Calvin Klein* fragrances. We will invest a total of €1.5 billion in additional marketing support over five years and by 2004, we expect this investment to have driven growth rates in the focused portfolio to at least 6% per annum.

E-business E-business is directly relevant to our growth plans in the areas of brand communication and building direct relationships with consumers. The development of online selling will be pioneered by the recently announced venture with iVillage. Alliances with AOL, Microsoft, Excite@Home and Wowgo are in place to support brand communication and build consumer understanding. E-business also offers significant opportunities in business-to-business transactions throughout the supply chain and we will be rolling out a global e-procurement system over the next two years. We are intent on achieving a rapid expansion of e-business and have committed €200 million to these initiatives in 2000 and this will grow.

Supply chain Our local businesses will be involved in developing plans to reorder our manufacturing activities into integrated regional networks in support of our brands. Our target is a world-class supply chain based on some 150 key sites plus a number producing principally for local markets. As a consequence we expect there will be a substantial reduction in the number of manufacturing sites, probably by around 100.

Simplification Concentrating on 400 brands will give us the opportunity to focus resources where they can be most effective, reduce overheads and streamline the Corporate Centre. Central to the plans will be revised knowledge and information systems to support our leading brands and the redesigned supply chain.

Under-performing businesses The remaining businesses that do not meet performance standards, or which are no longer relevant to our strategy, will be restructured or divested.

These initiatives are planned to deliver annualised savings of €1.5 billion by 2004. Of those savings, €1.15 billion will be allocated to margin improvement and €350 million to increasing resources behind the 400 leading brands.

The programme is estimated to cost €5 billion in total, the majority of which is expected to be exceptional restructuring cost. It is likely to lead to a reduction of around 25 000 jobs over the next five years, primarily in Europe and the Americas, representing 10% of Unilever's total workforce. Provision for the costs and asset write-downs will be made as necessary consultations are completed and specific plans finalised.

While these initiatives will lead to job losses over the five-year period, they are necessary for the long-term health of the company. We will take the utmost care to implement these changes in close consultation with those affected to minimise the personal impact.

Our strategic objectives and the imperative for change are clear. To translate strategy into action, we must now align the entire Company and all our employees behind our strategic aims.

Therefore, during 2000, we will be making changes to our organisation and the way we reward people to put greater insistence on delivery. We are confident that such changes will energise the business and build the momentum for sustained outstanding performance.

Antony Burgmans **Niall FitzGerald**

Chairmen of Unilever

This statement accompanied the Annual Accounts which were signed on 7 March 2000.

Subsequent to that date there have been the following notable developments:

In April 2000 Unilever agreed to buy Slim•Fast Foods for Fl. 5.3 billion and the directors of Ben and Jerry's Homemade Inc. approved Unilever's offer of Fl. 750 million for all the outstanding shares of the company.

On 2 May 2000 Unilever confirmed that it had made a non-public proposal to Bestfoods seeking to enter into negotiations to acquire all the outstanding stock of Bestfoods for US $ 66 per share in cash, subject to certain conditions.

Selected financial data

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

Consolidated profit and loss account

					Fl. million
	1995	1996	1997	1998	**1999**
Turnover	79 703	87 795	94 597	89 112	**90 296**
Operating profit	6 382	7 518	7 563	9 718	**9 482**
Exceptional items in operating profit	(585)	(620)	(1 800)	276	**(594)**
Operating profit before exceptional items					
– continuing businesses	6 129	7 518	8 849	9 442	**10 076**
Non-operating exceptional items [(a)]	—	—	7 998	—	**—**
Income from fixed investments	120	89	85	82	**114**
Interest	(645)	(657)	(230)	344	**(30)**
Profit on ordinary activities before taxation	5 857	6 950	15 416	10 144	**9 566**
Profit on ordinary activities after taxation	3 882	4 419	11 231	6 806	**6 549**
Net profit	3 718	4 205	10 923	6 488	**6 106**
Normal dividends on ordinary capital	(1 578)	(1 780)	(2 277)	(2 727)	**(2 743)**
Special dividends on ordinary capital				(16 374)	
Profit of the year retained	2 125	2 410	8 631	(12 628)	**3 319**
Combined earnings per share [(b)(c)]					
Guilders per Fl. 1.12 (1995-98: Fl. 1) of ordinary capital	3.32	3.76	9.78	5.80	**5.80**
Ordinary dividends [(b)]					
NV – Guilders per Fl. 1.12 (1995-98: Fl. 1) of ordinary capital	1.55	1.75	2.23	2.51	**2.79**
Special ordinary dividends					
NV – Guilders per Fl. 1 of ordinary capital				14.50	

Consolidated balance sheet

	1995	1996	1997	1998	**1999**
Fixed assets [(d)]	22 042	23 902	20 375	18 995	**21 171**
Stocks	10 683	11 573	10 378	10 461	**11 291**
Debtors	11 757	13 562	15 352	14 849	**16 935**
Trade and other creditors [(e)]	(16 675)	(18 644)	(20 039)	(36 170)	**(22 428)**
	27 807	30 393	26 066	8 135	**26 969**
Net (funds)/debt [(f)]	4 703	5 014	(10 625)	(12 735)	**(1 508)**
Provisions for liabilities and charges	8 220	9 014	10 918	9 507	**10 097**
Minority interests	895	1 015	1 039	899	**1 275**
Capital and reserves [(e)]	13 989	15 350	24 734	10 464	**17 105**
	27 807	30 393	26 066	8 135	**26 969**

Consolidated cash flow statement (g)

					Fl. million
	1995	1996	1997	1998	**1999**
Cash flow from operating activities	8 182	9 983	12 249	9 948	**12 460**
Returns on investments and servicing of finance	(756)	(687)	(750)	201	**(283)**
Taxation	(1 669)	(1 877)	(4 157)	(2 779)	**(3 180)**
Capital expenditure and financial investment	(2 953)	(2 819)	(2 774)	(3 083)	**(3 307)**
Acquisitions and disposals	(1 581)	(2 275)	13 749	744	**(799)**
Dividends paid on ordinary share capital	(1 533)	(1 786)	(2 062)	(2 365)	**(2 791)**
Special dividend					**(13 427)**
Cash flow before management of liquid resources and financing	(310)	539	16 255	2 666	**(11 327)**
Management of liquid resources	651	(766)	(14 122)	(4 413)	**12 509**
Financing	(195)	770	(1 517)	92	**(322)**
Increase/(decrease) in cash in the period	146	543	616	(1 655)	**860**

Key ratios

	1995	1996	1997	1998	**1999**
Return on shareholders' equity (%)	26.4	29.4	49.8	24.6	**42.3**
Return on capital employed (%)	14.2	15.2	28.5	16.0	**22.3**
Operating margin (%)	8.0	8.6	8.0	10.9	**10.5**
Net profit margin (%) (h)	4.7	4.8	11.6	7.3	**6.8**
Net interest cover (times)	10.1	11.6	68.0	—	**319.0**
Net gearing (%)	24.0	23.5	—	—	**—**
Earnings: fixed charges	5.7	6.5	12.8	9.7	**8.1**

Sterling/guilder exchange rates

	1995	1996	1997	1998	**1999**
Annual average £1 = Fl.	2.53	2.62	3.18	3.29	**3.35**
Year-end £1 = Fl.	2.49	2.96	3.34	3.12	**3.55**

Selected financial data on a US GAAP basis

	1995	1996	1997	1998	**1999**
Net profit	3 740	3 568	10 581	5 605	**5 488**
Combined earnings per share					
Guilders per Fl. 1.12 (1995–98: Fl. 1) of ordinary capital	3.34	3.19	9.47	5.01	**5.20**
Combined earnings per share excluding non-operating exceptional items					
Guilders per Fl. 1.12 (1995–98: Fl. 1) of ordinary capital	2.87	2.72	3.08	5.01	**5.20**
Capital and reserves	27 402	31 388	42 441	42 515	**33 883**
Earnings: fixed charges	6.1	5.9	12.3	8.4	**7.5**
Net gearing (%)	14.3	13.4	—	—	**—**
Net interest cover (times)	11.2	10.6	60.5	—	**183.0**

Additional financial data

	1995	1996	1997	1998	**1999**
Total assets	48 189	54 040	65 635	67 186	**61 458**
Creditors due after more than one year	6 386	7 585	7 263	6 702	**6 241**

Definition of key ratios

Return on shareholders' equity is net profit attributable to ordinary shareholders expressed as a percentage of the average capital and reserves attributable to ordinary shareholders during the year.

Return on capital employed is the sum of profit on ordinary activities after taxation plus interest after taxation on borrowings due after more than one year, expressed as a percentage of the average capital employed during the year.

Return on shareholders' equity is substantially influenced by the Group's policy prior to 1998, of writing off purchased goodwill in the year of acquisition as a movement in profit retained. Return on capital employed and net gearing are also influenced but to a lesser extent.

Operating margin is operating profit expressed as a percentage of turnover.

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

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

Net gearing is net debt (borrowings less cash and current investments) expressed as a percentage of the sum of capital and reserves, minority interests and net debt.

Earnings: 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.

Notes

(a) Non-operating exceptional items in 1997 includes Fl. 8 482 million profit on sale of speciality chemicals businesses.
(b) Figures for earnings per share and dividends have been restated to reflect the four-for-one share split in October 1997.
(c) For the basis of the calculations of combined earnings per share including the treatment of the 1999 share consolidation see note 30 on page 90.
(d) Includes goodwill and intangibles purchased after 1 January 1998.
(e) 1998 includes the special dividend of Fl. 16 014 million assuming all shareholders had taken the cash dividend. Capital and reserves in 1999 reflect the increase of Fl. 3 045 million as a result of the preference shares issued.
(f) Net (funds)/debt comprises borrowings less cash and current investments.
(g) The cash flow statement and the associated notes are presented in accordance with United Kingdom Financial Reporting Standard 1. Figures for 1995 have been restated on the same basis.
(h) Net profit margin includes the profit on sale of the speciality chemicals businesses in 1997.

Selected financial data

By geographical area

	1995	1996	1997	1998	**1999**
					Fl. million
Turnover					
Europe	42 547	44 002	44 832	41 805	**41 404**
North America	14 993	18 328	19 613	18 552	**19 474**
Africa and Middle East	3 675	4 217	4 826	4 911	**5 065**
Asia and Pacific	10 924	12 589	14 613	12 786	**14 815**
Latin America	7 564	8 659	10 713	11 058	**9 538**
	79 703	87 795	94 597	89 112	**90 296**
Operating profit					
Europe	3 241	3 593	3 868	5 068	**4 775**
North America	1 109	1 628	1 112	2 077	**1 866**
Africa and Middle East	400	436	450	490	**585**
Asia and Pacific	951	1 033	1 228	1 005	**1 415**
Latin America	681	828	905	1 078	**841**
	6 382	7 518	7 563	9 718	**9 482**
Net operating assets					
Europe	10 601	11 305	6 782	7 187	**7 572**
North America	5 067	6 121	3 693	3 831	**4 399**
Africa and Middle East	1 428	1 624	1 705	1 542	**1 794**
Asia and Pacific	2 876	3 289	3 153	2 825	**3 304**
Latin America	2 178	2 258	2 999	3 019	**3 350**
	22 150	24 597	18 332	18 404	**20 419**

Selected financial data

By operation

	1995	1996	1997	1998	**1999**
					Fl. million
Turnover					
Foods	41 690	43 841	47 216	46 385	**45 183**
Home & Personal Care	28 937	34 583	41 152	41 393	**43 588**
Other Operations	2 502	2 397	2 232	1 334	**1 525**
Speciality Chemicals	6 574	6 974	3 997		
	79 703	87 795	94 597	89 112	**90 296**
Operating profit					
Foods	2 824	3 122	2 737	3 970	**3 942**
Home & Personal Care	2 458	3 211	4 074	4 611	**5 202**
Other Operations	225	195	238	1 137	**338**
Speciality Chemicals	875	990	514		
	6 382	7 518	7 563	9 718	**9 482**
Net operating assets					
Foods	11 176	11 918	10 784	10 780	**11 716**
Home & Personal Care	6 190	7 315	7 124	7 259	**8 356**
Other Operations	839	853	424	365	**347**
Speciality Chemicals	3 945	4 511			
	22 150	24 597	18 332	18 404	**20 419**
Capital expenditur e					
Foods	1 614	1 642	1 614	1 708	**1 523**
Home & Personal Care	870	906	1 117	1 122	**1 271**
Other Operations	73	83	70	98	**81**
Speciality Chemicals	513	430	262		
	3 070	3 061	3 063	2 928	**2 875**

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

About Unilever

History and structure of Unilever

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

Since 1930 when the Unilever Group was formed, NV and PLC have operated, as nearly as is practicable, as a single entity. They have the same directors, adopt the same accounting principles, and are linked by a series of agreements. The Equalisation Agreement, which regulates the mutual rights of the two sets of shareholders, is particularly important. It makes the position of the shareholders of both companies, as far as possible, the same as if they held shares in a single company. (See Control of Unilever on page 118)

NV and PLC are both public companies, with separate stock exchange listings and different shareholders. You cannot convert or exchange the shares of one for shares of the other. There is no fixed relationship between the trading prices of their shares – the relative share prices on the various markets can, and do, fluctuate from day to day and hour to hour. This happens for various reasons, including changes in exchange rates. Over time the prices of NV and PLC shares do stay in close relation to each other, in particular because of our equalisation arrangements. (See Control of Unilever on page 118)

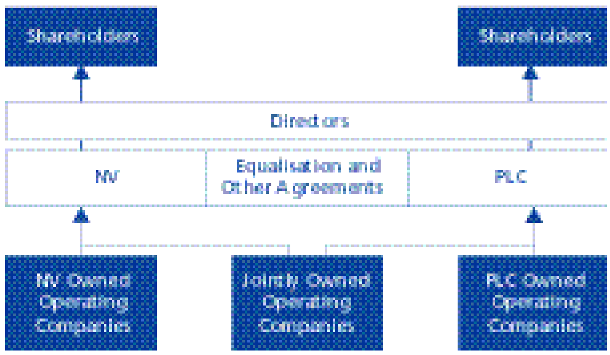
NV and PLC are holding and service companies. Our businesses are carried out by our Group companies around the world. The holding companies have agreed to co-operate in all areas, to exchange all relevant business information and to ensure all group companies act accordingly. In most cases, shares in the group companies are held ultimately by NV or PLC. The main exception is that US companies are owned by both – 75% by NV and 25% by PLC. This arrangement is designed to create a balance between the funds generated by the NV and PLC parts of the Group. (See Control of Unilever on page 118)

Business structure

Unilever is organised, and its internal results are reported, on both a product and a regional basis.

On a product basis, Category Directors are responsible for developing category strategies for implementation across Unilever's operations and they work closely with Business Groups to develop regional strategies. They are also responsible for directing and managing the allocation of corporate resources for research and development and the innovation network.

Legal structure of the Group



On a regional basis, Unilever's operations are organised into twelve Business Groups. These are regionally based with the exception of DiverseyLever, a worldwide grouping of professional cleaning products and services. Western Europe and North America are further sub-divided by Foods and Home & Personal Care product categories.

The individual operating companies, which form the core building blocks of the Unilever organisation, come within the Business Groups. The President of each Business Group is accountable for the performance of the companies in his group. (See Business Group Presidents on page 45)

Description of business

Unilever is one of the world's leading suppliers of fast moving consumer goods in foods, household care and personal product categories. It also has other operations, mainly plantations.

Foods

Oil and Dairy Based Foods and Bakery We are the market leader in margarine and related spreads in most countries in Europe and North America. We sell spreads, oils and cooking fats in more than 50 countries including Australia, Indonesia, South Africa and Turkey.

In Western Europe and North America, consumer interest remains strong in spreads offering qualities related to 'health' and 'taste', although overall consumption in the sector is declining. Important brands in these markets are *Becel* (the Netherlands), *Flora* (UK), *Fruit d'Or* (France), *Rama* (Germany) and *Country Crock* and *Take Control* (USA). In many other countries, sales of spreads are growing as a result of changes in eating habits and increases in population and personal incomes. We sell olive oil in a number of European countries and North America under the *Bertolli* brand name and in France under the *Puget* brand.

Bakery products comprise speciality bakery fats, designed for end-applications such as bread, cakes, biscuits and pastry, as well as bread and confectionery ingredients. Frozen bakery products are supplied to bakeries.

Ice cream and beverages We are the leading producer of ice cream in most European countries, the United States and Latin America. We have ice cream sales in more than 90 countries worldwide. Important household names are *Wall's*, *Langnese*, *Ola* and *Algida* in Europe and *Good Humor* and *Breyers* in the United States. Ice cream products such as *Magnum*, *Solero, Cornetto, Carte d'Or* and *Viennetta* are brands sold internationally as part of local or international house names.

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

Culinary and frozen foods We are the leading producer of frozen foods in Europe, under the *Birds Eye* brand in the United Kingdom and *Iglo* brand in most other European countries. We also market frozen seafood in the United States under the *Gorton's* brand. A range of meal solutions, first launched in Italy under the brand *Quattro Stelle*, is being extended across Europe.

We have a significant pasta sauce business under the *Ragú* and *Five Brothers* brands. We also sell bouillons and other cooking aids in Europe, North America, Australasia, Egypt and sub-Saharan Africa. In the United Kingdom, *Colman's* is a significant brand in meal sauces and condiments and the announcement of the acquisition of Amora Maille in France in 1999 will add an important brand covering condiments, mayonnaise and vinegar-based products with sales in a number of European countries. Salad dressings, spices and seasonings are marketed in the United States under the *Lipton* and *Lawry's* brands.

Instant soups are sold under the *Cup-a-Soup*, *Recipe Soups* and *Lipton* brands, particularly within Europe, the United States and Australasia.

Home & Personal Care

Home care and professional cleaning We are one of the two leading global suppliers of products for fabrics cleaning, surface care and hygiene in a domestic and a professional setting. We have operations in some 60 countries and we are market leader in many. The best known brands, some of which are limited to single countries or regions, are *Wisk*, *all*, *Omo*, *Skip* and *Persil* (UK and France) fabric cleaners, *Comfort*, *Cajoline* and *Snuggle* fabric conditioners, and *Cif/Jif* and *Domestos* surface cleaners and hygiene products.

DiverseyLever is a leading provider of cleaning and hygiene products and services to institutional, laundry and food and beverage customers.

Personal care We are the world leader in personal wash, deodorants and anti-perspirants. We have important market shares in toothpastes, skin care and hair care products in many countries.

Our leading international brands include *Lux*, *Dove* and *Lifebuoy* in personal wash, *Rexona*, *Impulse* and *Degree* deodorants and anti-perspirants, and *Axe* male personal care range. In skincare, *Pond's*, *Vaseline* and *Fair & Lovely* are international brands and *Hazeline* is an important brand in China for skin care and hair shampoos. Hair shampoos are sold internationally under the *Organics* and *Timotei* brands and in North America under the *ThermaSilk*, *Salon Selectives* and *Finesse* brands. Toothpastes are sold widely under the *Signal*, *Close-Up* and *Mentadent* brands and in China *Zhonghua* is the brand leader.

We are one of the world's largest producers of prestige fragrances. We sell a number of fragrances under the Calvin Klein house name, including *Obsession*, *Eternity* and *Escape*, which are classic brands, and *cK be* aimed at a youthful market. Elizabeth Arden sells an integrated range of cosmetics, skin care and fragrances and markets a number of fragrances under designer house names.

Our Unipath business manufactures and markets diagnostic medical products, with a special focus on women's reproductive health.

Other Operations

We own significant oil plantations in the Democratic Republic of Congo, Côte d'Ivoire, Ghana and Malaysia and tea plantations in India, Kenya and Tanzania. These are classified as Other Operations from 1999 onwards.

Chemicals

We sold our speciality chemicals businesses in July 1997.

Performance review

This discussion, unless otherwise indicated, is based on the results of our Group's continuing operations, which:

- includes acquisitions made each year;
- excludes from 1997 the speciality chemicals businesses that were sold in 1997 and the proceeds of that sale.

Our accounting policies are based on United Kingdom generally accepted accounting principles (GAAP) and Dutch GAAP which differ significantly from United States GAAP. The principal differences are described on page 107. We have shown reconciliations to the approximate net income and capital and reserves under US GAAP on page 106.

Euro reporting

Following the introduction of the euro, we have published supplementary information in euros throughout 1999 and will replace the guilder and sterling with the euro for reporting purposes from the start of the year 2000.

Effect of exchange rates on the way we present our financial statements

We have published our accounts in two currencies, Dutch guilders and pounds sterling. The effect of exchange rate fluctuations over time may result in the trends shown in the guilder accounts differing significantly from those shown in the sterling accounts.

Foreign currency amounts are translated into the published currency using annual average exchange rates for results and cash flows. An exception to this was in 1997, when the profit on disposal of the speciality chemicals businesses was translated at the rates prevailing on 8 July 1997, and the discontinued businesses' results were translated at the average rates up to the date of disposal. Year-end exchange rates are used for the consolidated balance sheet, except for the ordinary capital of NV which is translated at the rate of £1 = Fl. 12 (see Control of Unilever on page 118).

The exchange rates used for the last five years were:

	Fl. 1 to £1	
	Average rates	Year-end rates
1995	Fl. 2.53	Fl. 2.49
1996	Fl. 2.62	Fl. 2.96
1997	Fl. 3.18	Fl. 3.34
1998	Fl. 3.29	Fl. 3.12
1999	Fl. 3.35	Fl. 3.55

In the following discussion we have used annual average exchange rates to translate foreign currency amounts. To eliminate the effect of exchange rate fluctuations, we express our key year-on-year comparisons at constant rates of exchange. This means using the annual average rates for the previous year so that year-on-year comparisons are the same in both guilders and sterling.

Our results in a particular reporting currency (guilders or sterling) are depressed in years in which the reporting currency strengthens in relation to other currencies and vice versa. The difference between the percentage change calculated for each of the reporting currencies in the table below and the percentage change at constant exchange rates reflects the extent to which the reporting currency has strengthened or weakened against the weighted average of the underlying currencies. The difference in the percentage change between the guilder accounts and the sterling accounts reflects the movement in the exchange rate between the two currencies. Figures in 1996/1997 and the trend in 1997/1998 are impacted by the profit on disposal of the speciality chemicals businesses.

The following table shows certain percentage increases/(decreases) in our Group results between years expressed in guilders and sterling, and at constant exchange rates.

	1996-1997			1997-1998			1998-1999		
	Fl. %	Results £ %	Const. Rates %	Fl. %	Results £ %	Const. Rates %	Fl. %	Results £ %	Const. Rates %
Turnover	8	(11)	(1)	(6)	(9)	(2)	1	—	2
Operating profit	1	(17)	(8)	28	24	34	(2)	(4)	(2)
Net profit	159	107	141	(41)	(41)	(38)	(6)	(7)	(5)

Performance review

The information in the following tables is based on exchange rates between pounds sterling and US dollars, and guilders and US dollars, based on the Noon Buying Rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York (The Noon Buying Rate).

US $ per £1 Calendar period	At 31 December	Average rate	High	Low
1995	1.55	1.58	1.64	1.53
1996	1.71	1.57	1.71	1.49
1997	1.64	1.64	1.70	1.58
1998	1.66	1.66	1.72	1.61
1999	1.62	1.62	1.68	1.55

On 28 April 2000 the Noon Buying Rate was US $ 1.56 to £1.

Fl. per US $ 1 Calendar period	At 31 December	Average rate	High	Low
1995	1.60	1.60	1.75	1.52
1996	1.73	1.69	1.76	1.61
1997	2.03	1.95	2.12	1.73
1998	1.88	1.97	2.09	1.81
1999	2.19	2.07	2.20	1.87

On 28 April 2000 the Noon Buying Rate was Fl. 2.00 to US $ 1.

The exchange rates used for translating US dollars into pounds sterling and guildersin this report for the last five years were:

	US $ per £1 Average rates	Year-end rates	Fl. per US $ 1 Average rates	Year-end rates
1995	1.58	1.55	1.60	1.60
1996	1.56	1.70	1.68	1.74
1997	1.64	1.65	1.94	2.03
1998	1.66	1.66	1.98	1.88
1999	1.62	1.62	2.07	2.19

The exchange rate on 28 April 2000 for €1 was £0.58, Fl. 2.20371 and US $ 0.91.

1999 results compared with 1998

Unilever Group

Overall turnover increased by 2% to Fl. 90 890 million and underlying volume growth of 1% was just over half that achieved in 1998. This reflected the challenging economic and competitive nature of some of our regional markets.

Operating profit increased 7% to Fl. 10 082 million. Operating margins at 11% were at an historic high. There was good margin progress in almost all regions, notably in Europe and Asia and Pacific. Profit growth in personal care was particularly strong.

Net profit was up 3%. This reflected lower interest income, due to the reduction in net funds following payment of the special dividend in mid-1999. Earnings per share taking account of the share consolidation, which reduced the number of shares, rose 9%.

Exceptionals and restructuring

Included in operating profit in 1999 was an exceptional charge of Fl. 594 million. This compared with a net benefit of Fl. 276 million in 1998, which included the Fl. 858 million profit on the disposal of Plant Breeding International, in Cambridge, United Kingdom.

The 1999 exceptional charge includes a restructuring charge of Fl. 512 million (1998: Fl. 585 million). In 1999 these charges were principally in respect of our Foods and Personal Care operations in North America, and in Western European Foods and Latin American businesses. In 1998 the restructuring projects were focused mainly in Foods in Europe and the businesses in Asia and Pacific.

Details of movements in all restructuring provisions in 1999 and 1998 are shown in current money in note 18 on page 78 and the cash flows in note 26 on page 86.

Under US GAAP, certain of the restructuring charges in each year would not have been recognised until certain additional criteria had been met, and would then have been included as a charge in subsequent years. Details of the US GAAP adjustments relating to the restructuring charges are given on page 106.

The benefits arising from the 1998 restructuring plan are now being seen, although we expect further progress in the coming year.

The 1997 restructuring plan is substantially implemented and the expected headcount reductions and levels of savings are broadly in line with the original plan.

On 22 February 2000 we announced a series of linked initiatives as part of a programme to accelerate growth and expand margins. These initiatives consist of focusing resources on 400 key brands, closing certain manufacturing sites and reorganising or divesting underperforming businesses. The programme is estimated to cost €5 billion in total, the majority of which is expected to be exceptional restructuring cost. It is likely to lead to the reduction of around 25 000 jobs over five years, primarily in Europe and the Americas, and to deliver annual savings of €1.5 billion by 2004.

Performance review – 1999

Recent acquisition and disposals

During the year we made 27 small acquisitions. The most important were:

Varela SA – Home & Personal Care in Colombia
Mountain Cream – Ice cream in China and Hong Kong
Beijing Tea Processing Factory – Tea in China
Sociedad Industrial Dominicana – Home & Personal Care and ice cream in the Dominican Republic
Miro Aebe – Tomato products in Greece
Rossell – Tea plantation in India
Selecta Dairy Products Inc.– Ice cream in Philippines
Slotts & Kockens – Culinary brands in Sweden

At current exchange rates, Fl. 1 101 million was invested in acquisitions, which are expected to add approximately Fl. 529 million to sales in a full year.

In addition to the above the following acquisitions are expected to be completed in May 2000.

- agreement was reached in 1999 to acquire two leading French culinary brands, *Amora* and *Maille*, for Fl. 1 540 million.
- in April 2000 Unilever agreed to buy Slim•Fast Foods Company, a leading US-based food business, best known for its nutritionally-balanced products, for Fl. 5.3 billion (US $ 2.3 billion) cash.
- in April 2000 the Board of Directors of Ben & Jerry's Homemade Inc. approved Unilever's offer of Fl. 750 million (US $ 326 million) for all of the outstanding shares of the company on a fully diluted basis.

In 1999, we disposed of 23 businesses, including Homann, a salad and dressing business in Germany, a beverage business in Dubai and various other small businesses. At current exchange rates, Fl. 294 million was received from these disposals, with a reduction of approximately Fl. 766 million of sales in a full year.

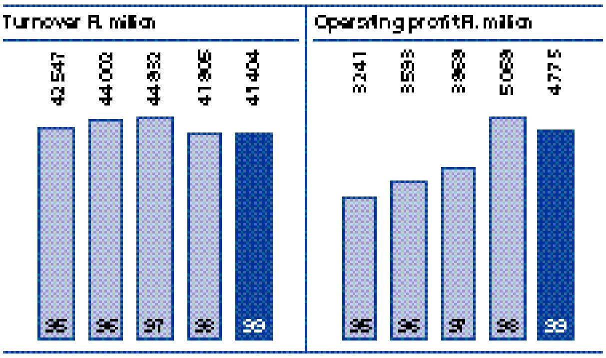
Performance review by region and category

The segmental analysis which follows is based on operating results before exceptional items, at constant exchange rates, and includes the results of the speciality chemicals businesses up to 8 July 1997 but does not take account of US GAAP adjustments. Turkey, formerly reported under Africa and Middle East region, is reported within Europe from 1 January 1998. Figures for previous years have been restated on the same basis.

Performance review by region and category – 1999

Europe

Fl. million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	41 404	41 346	41 805	(1)%
Operating profit	4 775	4 767	5 068	(6)%
Operating profit before exceptional items	4 988	4 977	4 670	7%
Exceptional items (net)	(213)	(210)	398	
Operating margin	11.5%	11.5%	12.1%	
Operating margin before exceptional items	12.0%	12.0%	11.2%	



- Strong advances in operating profit
- Home & Personal Care sales grew strongly
- Central and Eastern Europe business weak due to continuing economic crisis

Western Europe Our results again improved. Strong improvements in operating profits and margins reflected the benefits of restructuring and supply chain efficiencies. Volumes increased but disposals and other portfolio rationalisation led to a slight fall in overall sales.

We continued the move from a national to a European structure, in order to better manage our leading brands, reduce costs and improve efficiency.

Home & Personal Care continued to drive our success, with volume growth of more than 3% and market share advances in most categories. In personal care, our deodorants, personal wash and oral categories did especially well, with deodorants enjoying another year of double digit growth. The continuing extension of *Dove*, the brand contributing most to the growth of our personal care portfolio, made a particular impact. Sales were lower in *Calvin Klein* and *Elizabeth Arden* prestige fragrance brands.

In home care, we increased market share in laundry. Tablets maintained their sector leadership and we launched a double-layer variant. Fabric conditioners increased sales markedly on the back of a new 'easy-ironing' variant under the *Comfort* and *Snuggle* brands. Innovative brand extensions in household cleaning, including *Domestos 3-in-1*, *Domestos* hygienic wipes and *Cif Oxy-Gel*, contributed to overall growth.

In Foods, overall profits improved, but volumes were marginally down. Volumes rose in culinary, ice cream and tea, with *Lipton* ready-to-drink tea growing by more than 13%. We maintained our market share in yellow fats in a contracting market. Frozen foods volumes declined, reflecting the continued focusing of our portfolio. In December 1999 we announced the acquisition of the major French culinary company Amora Maille, which will improve our culinary market position and geographical coverage.

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

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

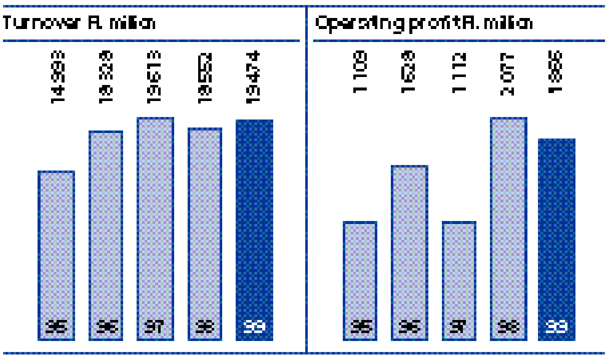
Falls in tea and ice cream profits in the region were partly offset by an improved performance in laundry, particularly in Turkey.

In Europe as a whole, exceptional items in 1999 mainly related to the restructuring of our Foods business. In the previous year, they included the profit on the disposal of Plant Breeding International.

Performance review by region and category – 1999

North America

Fl. million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	19 474	18 693	18 552	1%
Operating profit	1 866	1 791	2 077	(14)%
Operating profit before exceptional items	2 144	2 057	1 991	3%
Exceptional items (net)	(278)	(266)	86	
Operating margin	9.6%	9.6%	11.2%	
Operating margin before exceptional items	11.0%	11.0%	10.7%	



- Modest increase in overall operating profit
- Volume growth and market share gains in Home & Personal Care
- Foods results and volumes down

We had a mixed year in North America: Home & Personal Care achieved excellent results, but our Foods business returned a weaker performance. Overall, profits rose by 3% with sales and volumes climbing modestly.

Our Home & Personal Care business achieved a 5% volume growth, well above 1998, with profits also ahead. Our key brands flourished, with market share increases in our three priority categories of deodorants, hair and personal wash. Led by the successful relaunch of *Suave* and the strong growth of *ThermaSilk*, we achieved daily hair care category leadership. In home care, laundry experienced 4% underlying volume growth, with liquid *all* making a particular contribution.

The merger of the three mass market Home & Personal Care businesses was completed successfully, although there were short-term customer service difficulties. The size and scope of the new organisation have strengthened our position in the marketplace.

Our prestige fragrance brands returned to modest growth in North America on the strength of the Elizabeth Arden launches of *Green Tea* and *Cerruti Image*. However, Elizabeth Arden cosmetics sales were less robust. We announced the launch of a new Calvin Klein cosmetics range.

In DiverseyLever, our professional cleaning business, profits were adversely impacted by a sales reorganisation and some account losses.

We marked the first full year since the new Lipton was formed from the merger of Thomas J. Lipton and Van den Bergh Foods. After achieving strong growth in 1998, Foods volumes were 3% down with profits and margins also falling.

In tea, we successfully trialled *Lipton Cold Brew*, cold infusion tea bags aimed at the huge iced tea market. Investment in innovation also helped maintain our market share in yellow fats. By the end of the year our new blood cholesterol-level lowering spread *Take Control* had taken leadership in this new sector.

In culinary, *Wishbone* dressings and *Ragú* pasta sauce made excellent progress. However, our withdrawal from the industrial tomato business and supply chain difficulties contributed to a drop in overall culinary volumes.

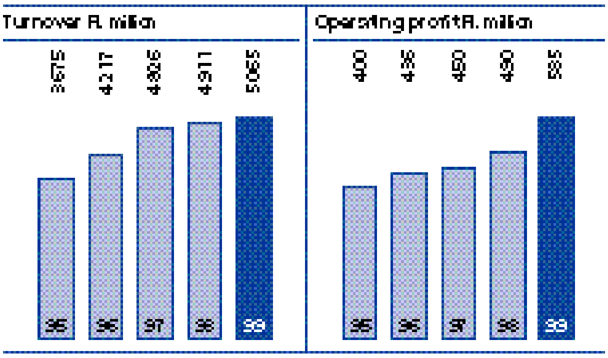
We invested strongly in ice cream cabinets and sold more impulse products. However, competitive pressure saw us lose some ground in packaged ice cream.

Exceptional charges in 1999 relate to the restructuring of our Foods and Home & Personal Care businesses.

Performance review by region and category – 1999

Africa and Middle East

Fl. million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	5 065	5 291	4 911	8%
Operating profit	585	610	490	24%
Operating profit before exceptional items	553	578	493	17%
Exceptional items (net)	32	32	(3)	
Operating margin	11.6%	11.5%	10.0%	
Operating margin before exceptional items	10.9%	10.9%	10.0%	



- Healthy volume growth in corporate categories
- Advances in operating profit and margins
- Good progress in South Africa, Israel and Morocco

Our businesses in Africa and Middle East had another good year despite depressed oil prices in early 1999 and economic and political instability in parts of Africa.

Volumes grew by more than 6% in our corporate categories, operating profits climbed by 17%, sales increased by 8% and margins also rose.

In Africa, we attained excellent growth in Home & Personal Care – our largest business in the region. Laundry, oral and mass skin were strong. To increase the affordability of our brands, we launched sachet versions of toothpaste and laundry products in most African markets.

Our South African operations flourished, with share increases in priority categories. We introduced our ice cream brands to the South African townships for the first time, with smaller, more affordable products. Our businesses in Côte d'Ivoire and Ghana did well and we achieved volume growth in Nigeria.

Throughout Africa, we focused on strengthening our distribution network by developing exclusive regional agents, and on increasing the availability of our products with a more effective sales approach.

In the Middle East, our Egyptian Foods and Home & Personal Care companies were successfully merged. We developed our out-of-home tea portfolio by introducing *Lipton* branding into thousands of independent tea shops – creating new Unilever channels to consumers. Indicative of our ability to satisfy local tastes was the roll-out of *Tasbeeka*, a ready-made version of a popular tomato-based culinary product.

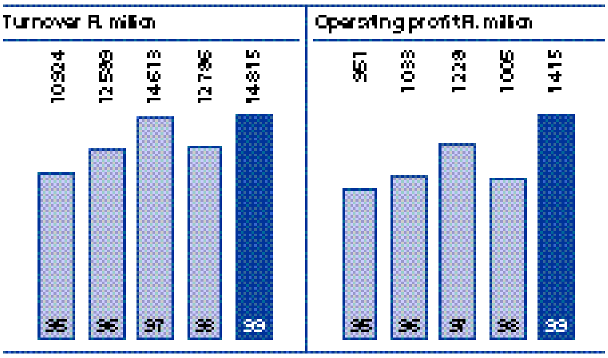
Arabia performed strongly, particularly in tea, where we increased market share by more than 3%. As part of our strategy of making our supply chain more efficient, we opened a new tea packing factory in Dubai.

We made good progress in Morocco, where strong growth in laundry reinforced our position. We made strides in Israel and built on our successful presence in Lebanon by launching operations in Jordan and Syria.

Performance review by region and category – 1999

Asia and Pacific

Fl. million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	14 815	14 014	12 786	10%
Operating profit	1 415	1 333	1 005	33%
Operating profit before exceptional items	1 455	1 373	1 120	23%
Exceptional items (net)	(40)	(40)	(115)	
Operating margin	9.6%	9.5%	7.9%	
Operating margin before exceptional items	9.8%	9.8%	8.8%	



- Economic recovery in South East Asia
- Strong performances across countries and categories
- Margins improve by a full percentage point

Our Asia and Pacific business had a very good year across most countries in the region, benefiting from the recovery in South East Asia.

Led by a strong showing in Home & Personal Care, we achieved excellent growth in volume and profits. Foods, however, performed less well and profits were marginally below 1998. Overall margins improved by a full percentage point and there was significantly increased investment in marketing.

In India, we had another outstanding year in both volume and profit growth. Key to this growth was a powerful Home & Personal Care performance, with particularly good results in hair, laundry, mass skin and personal wash. We continued to meet consumer needs with innovation, for example, rolling out a resealable toothpaste sachet and a miniature *Rexona* deodorant stick for lower income consumers.

Foods was less buoyant in India. The business was particularly affected by disappointing tea sales which only started to recover towards the end of the year following the withdrawal of the excise duty on packaged tea imposed in 1998. However, there was an enthusiastic reception from Indian consumers to the roll-out of our tea-based beverage *Lipton Tiger*.

Our operations in China achieved double digit volume growth, largely due to the accelerating growth of the *Hazeline* range of hair products and the successful relaunch of the brand's personal wash range. However, the business remained in loss, reflecting our continued investment. We streamlined the business, moving from joint venture based operations to a three company structure focused on the core areas of home and personal care, foods and beverages, and ice cream.

Other activities included the launch of herbal based *Zhonghua* toothpaste, entry into the large green tea market through the purchase of *Jinghua*, a leading Beijing based brand, and the acquisition of *Mountain Cream* ice cream.

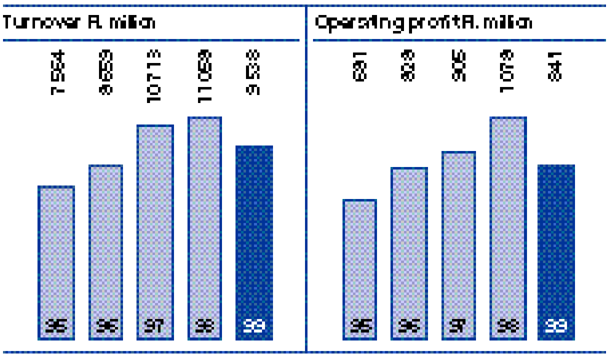
In the face of last year's economic crisis in South East Asia, the strategy of adapting our portfolio and reaching out to lower income consumers was successful, leaving us well placed to benefit from the economic recovery. In Indonesia, turnover grew by a third, and in the Philippines and Vietnam, where sales were also buoyant, we achieved double digit volume growth.

We made further good progress in Japan, particularly in personal care, on the back of successful launches such as *Dove* bar and facial foam and the *Mod's Hair* care range. In Australasia, our laundry range was simplified and relaunched, making products easier for consumers to use and enabling us to reinforce our strong position. In Foods, *Flora pro.activ*, our innovative blood cholesterol-level lowering spread, sold very well. In Japan and Australia tea profits grew.

Performance review by region and category – 1999

Latin America

Fl. million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	9 538	11 546	11 058	4%
Operating profit	841	993	1 078	(8)%
Operating profit before exceptional items	936	1 097	1 168	(6)%
Exceptional items (net)	(95)	(104)	(90)	
Operating margin	8.8%	8.6%	9.8%	
Operating margin before exceptional items	9.8%	9.5%	10.6%	



- Devaluation in Brazil and increased competition
- Investing to safeguard our strong home care positions
- Good performance in personal care

Our Latin American business proved its resilience in a challenging year, adapting to regional recession and devaluation in Brazil and responding vigorously to competitive activity.

Sales rose by 4%, at constant exchange rates; sales declined 14% at current rates. Volumes fell, but much less sharply than private consumption. Home care profits were affected by major investments behind our market leading position in laundry. This was mostly offset by excellent results in personal care. Sales in Foods were generally lower, but overall margins and profits increased, particularly in Mexico. Overall profits declined by 6%.

We responded swiftly to the increased laundry competition. We reformulated our leading brands, were first to introduce tablets in Argentina and Chile and took steps to ensure brand availability across all price ranges. We maintained leading positions in all our key markets.

Elsewhere in home care, our new *Cif* floor cleaning range met with great success following its launch in Argentina.

In personal care, innovation helped deodorants, hair and oral to another good year. Overall personal care sales were up and we increased our market leadership in several categories. In particular, excellent progress was achieved in Brazil. In Foods, volumes fell in ice cream – though market share improved – and in yellow fats.

To counter the recession, we accelerated cost reduction plans, focused resources on leading brands and adapted our portfolio to offer consumers more affordable products, such as a reformulated *Ala* soap. We advanced plans to rationalise Brazilian ice cream production and distribution and opened a low cost Mexican ice cream factory, replacing three local facilities. Across the region, cross-border sourcing became increasingly important.

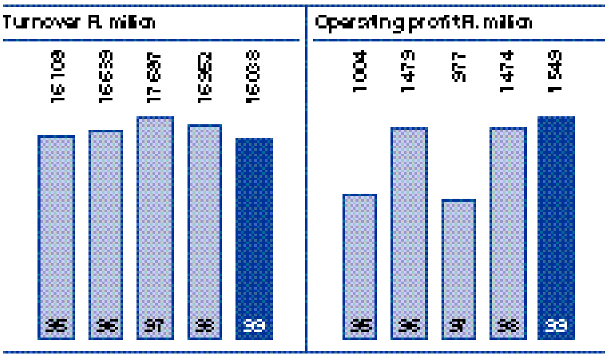
Joint ventures and acquisitions remained central to developing the business. In the Dominican Republic we acquired Sociedad Industrial Dominicana, an ice cream and home and personal care business with good coverage in several Caribbean countries. In Colombia we embarked on a joint venture with Varela, a leading home care company.

Exceptional charges in 1999 relate mainly to restructuring in our regional Foods operations.

Performance review by region and category – 1999

Oil and dairy based foods and bakery

Fl. million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	16 038	16 187	16 952	(5)%
Operating profit	1 549	1 561	1 474	6%
Operating profit before exceptional items	1 714	1 724	1 628	6%
Exceptional items (net)	(165)	(163)	(154)	
Operating margin	9.7%	9.7%	8.7%	
Operating margin before exceptional items	10.7%	10.6%	9.6%	



Oil and dairy based foods Consumers in more than 50 countries use our spreads, oils and cooking fats and we are market leader in margarine and related spreads in most European countries and in North America.

In 1999, operating profits from our oil and dairy based foods and bakery business grew by 6% and margins improved, mainly in Europe. This reflected lower input costs and the benefits of restructuring and supply chain efficiencies.

Our yellow fats volumes fell in a declining market. In Western Europe and North America, we maintained share by continuing to stimulate consumer demand through innovative new products. In Central and Eastern Europe and Latin America volumes were down.

We have strong market positions in brands promoting cardiovascular health. In 1999, we successfully added products proven to lower blood cholesterol levels under the *Take Control* and *Flora* and *Becel pro.activ* brands. They were launched in Australia, Switzerland, New Zealand and the United States, where *Take Control* became category market leader in its launch year. We will introduce these products in the European Union as soon as regulatory clearance is obtained.

More and more consumers are choosing liquid oils for cooking. In North America and Northern Europe, olive oil, in particular, is becoming increasingly popular. Unilever is the world's biggest marketer of branded olive oil. In 1999, our *Bertolli* and *Puget* olive oil brands performed well, despite increased raw material costs.

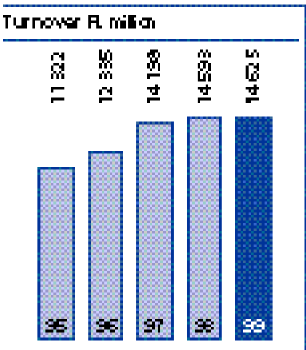
Bakery Our bakery products business mainly provides speciality bakery fats, designed for professional bread, cake and pastry-making, and frozen bakery products for bakeries. Our operating profits in bakery improved in 1999, partly due to a programme of cost savings.

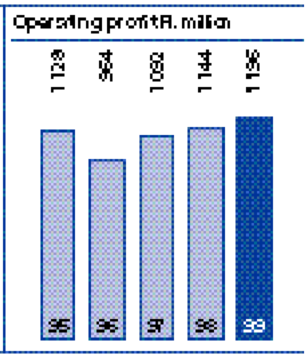
The future of our European bakery business is under review; it is being restructured to improve performance significantly, or it will be divested by the end of 2000.

Performance review by region and category – 1999

Ice cream and beverages

Fl. million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	14 625	14 657	14 593	0%
Operating profit	1 196	1 193	1 144	4%
Operating profit before exceptional items	1 307	1 311	1 312	0%
Exceptional items (net)	(111)	(118)	(168)	
Operating margin	8.2%	8.1%	7.8%	
Operating margin before exceptional items	8.9%	8.9%	9.0%	





Ice cream We are the world's leading producer of ice cream, supplying consumers in more than 90 countries. Our strategy focuses on growing leading brands such as *Magnum*, *Solero*, *Cornetto*, *Carte d'Or* and *Viennetta*, which are sold as international brands, and also on developing locally relevant varieties and extending our business with new sales channels.

In 1999, overall volumes were flat and operating profits were slightly below 1998. In Western Europe, where we benefited from a warmer summer, volumes rose by 2% and profits improved. Growth centred on demand for multi-packs and desserts, particularly *Carte d'Or*. Results fell in Central and Eastern Europe and Latin America due to economic instability and reduced consumption levels. In North America, impulse volumes rose but our packaged ice cream sales and profits fell due to increased price competition.

We virtually completed the worldwide roll-out of our heart logo. This provides international recognition of our brands and enables us to further concentrate production and move products between different markets.

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

In the United Kingdom, the Competition Commission's report into the ice cream industry recommended limitations on both our freezer cabinet and distribution arrangements. We are confident the strength of our brands will sustain our business. The more significant ruling of the European courts is expected in 2000.

Beverages *Brooke Bond*, and our world leading brand *Lipton*, have earned us extremely strong international positions in packet tea and related drinks. We are also strong in ready-to-drink tea, which is growing throughout Europe, North America and East Asia, and have a joint venture with PepsiCo Inc. to market ready-to-drink products in North America.

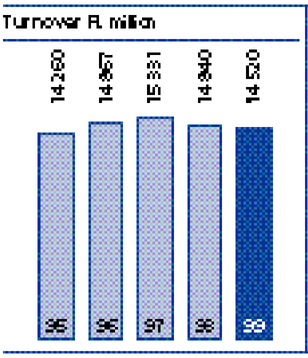
Operating profits were up 7%. Volume was on a par with 1998, reflecting the temporary impact of excise duties on packaged tea in India. We enjoyed good growth in Western Europe, Africa and Middle East and saw a strong global volume increase of 14% in ready-to-drink tea.

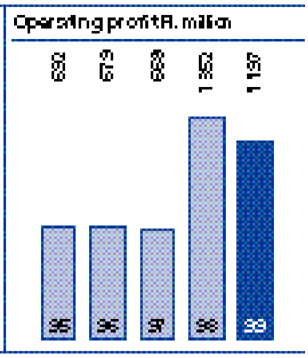
We brought a range of innovations to our product and sales channels. In Europe, we developed our portfolio with the launch of a new harmonised range of fruit flavoured teas, *Lipton Sun Tea* and the further roll-out of *Tchaé* green tea and pyramid tea bags. In the United Kingdom, *Brooke Bond* pyramid bags were established as the top brand. In North America, we successfully test-marketed our patent-protected cold infusion tea bags.

Performance review by region and category – 1999

Culinary and frozen foods

Fl. million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	14 520	14 539	14 840	(2)%
Operating profit	1 197	1 177	1 352	(13)%
Operating profit before exceptional items	1 460	1 437	1 464	(2)%
Exceptional items (net)	(263)	(260)	(112)	
Operating margin	8.2%	8.1%	9.1%	
Operating margin before exceptional items	10.1%	9.9%	9.9%	





Culinary Our culinary category includes ranges of cooking ingredients, sauces and soups. The acquisition of Amora Maille in France, announced in December 1999, will add two important brands with sales in a number of European countries. During the year we also reported the acquisition of Scandinavian culinary company Slotts and Kockens. To raise global awareness of our brands and achieve supply chain efficiencies, we began branding selected items with a newly designed culinary masterbrand logo.

In 1999, overall culinary volumes were down, although profits rose slightly. A lower sales figure reflects the disposal of our Homann salads business. We achieved 5% underlying volume growth in Western Europe but volumes were lower in the Americas.

We used a raft of innovative approaches to bring flavour and convenience to familiar foods. In the United Kingdom, our ethnic two-step chicken sauce range, *Sizzle & Stir*, had a great year; in North America, new *Lawry's* fruit juice-based marinades swiftly gained market leadership and in Russia we started local production of mayonnaise in a new, low cost pack format.

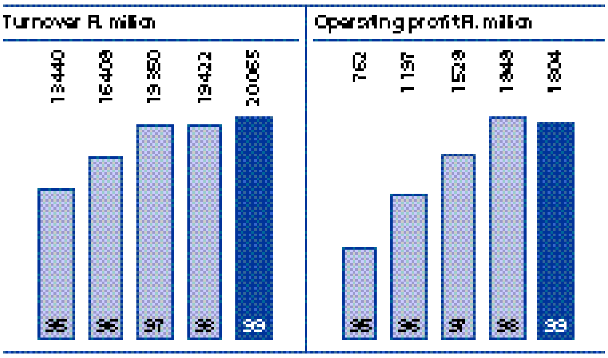
Frozen foods We are the leading producer of frozen foods in Europe, under the *Findus* brand in Italy and the *Birds Eye*, *Frudesa*, *Mora* and *Iglo* brands in other countries. We are brand leader in frozen seafood in the United States, under the *Gorton's* name.

In 1999 the refocusing of our portfolio took overall frozen foods volumes and profits below last year. We continued to focus on our strongest lines, such as meal solutions, which are one of the areas targeted for strategic growth. In 1999, our premium ready meal range *4 Salti in Padella*, first launched in Italy, continued its remarkable progress. We are now rolling it out throughout Europe. In the United States, we test-marketed innovative crispy stuffed and herb-flavoured fish fillets.

Performance review by region and category – 1999

Home care and professional cleaning

Fl. million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	20 065	20 555	19 422	6%
Operating profit	1 804	1 825	1 848	(1)%
Operating profit before exceptional items	1 880	1 897	1 983	(4)%
Exceptional items (net)	(76)	(72)	(135)	
Operating margin	9.0%	8.9%	9.5%	
Operating margin before exceptional items	9.4%	9.2%	10.2%	



We are one of the two leading global suppliers of products for fabric and surface cleaning and hygiene in a domestic and a professional setting. DiverseyLever is a leading provider of cleaning and hygiene products and services to institutional, laundry and food and beverage customers.

Home care Overall volumes climbed by 3% across our home care businesses. We enjoyed particular growth in Africa and Middle East and Asia and Pacific, with good progress in Western Europe and North America. Although we achieved improved results and margins in Western Europe and Asia and Pacific, operating profits declined globally by 4%. This reflected major investments behind our market leading positions in Latin America.

In Europe, laundry volumes grew by almost 4% and supply chain savings boosted margins. A second generation, double-layer tablet formulation built on last year's pioneering launch helped maintain our sector market leadership. The introduction of *Surf* powder in the Philippines met with great success while in Brazil *Brilhiante* powder became the number two brand by combining the superior cleaning properties of bleach with kindness to clothes. The popularity of liquid *all* helped us to a 4% rise in laundry volumes in North America.

Some innovations, like our new 'easy-ironing' fabric conditioner, created whole new segments in the market. *Easy Iron*, which will be rolled out throughout Western Europe under the *Comfort* and *Snuggle* brands, captured a 10% share of the United Kingdom market within six months.

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

Professional cleaning DiverseyLever had another challenging year. Volumes were 1% ahead, with operating profits broadly in line with 1998.

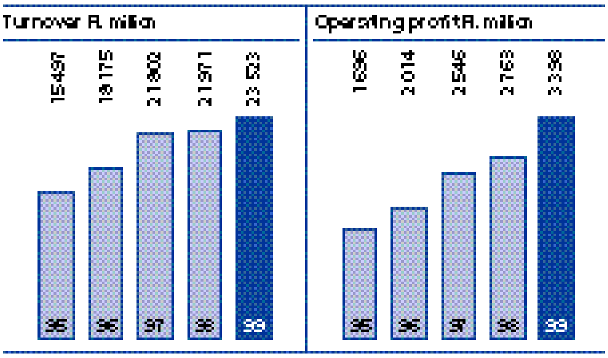
Europe, where the business is strongest, performed better than the previous year. In North America, sales grew but profits were adversely impacted by a reshaping of part of the sales organisation. Latin America and Asia and Pacific achieved higher sales and profits, the latter region benefiting from improved economic conditions.

In Europe, we began simplifying the product portfolio and focusing on key customer segments.

Performance review by region and category – 1999

Personal care

Fl. million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	23 523	23 423	21 971	7%
Operating profit	3 398	3 401	2 763	23%
Operating profit before exceptional items	3 479	3 477	2 812	24%
Exceptional items (net)	(81)	(76)	(49)	
Operating margin	14.4%	14.5%	12.6%	
Operating margin before exceptional items	14.8%	14.8%	12.8%	



We are the world leader in deodorants and skin, with important market positions in toothpaste and hair products in many countries. Our strategy focuses on growing leading brands such as *Dove*, *Lux* and *Axe*, while finding new ways to reach consumers and to make our brands affordable to those with lower incomes.

Our personal care business had an exceptional year. We achieved a significant double digit rise in operating profits across all regions, volume growth of almost 5% and a strong improvement in margins.

Dove, the brand contributing most to the growth of our personal care portfolio, had another excellent year. As part of our strategy to 'stretch' the brand and get closer to consumers, many *Dove* users in North America were individually advised of new launches, such as *Dove Nutrium*. In Japan, *Dove* facial foam became market leader in its first year.

Our hair business enjoyed another healthy year, growing by 9%. Consumer insight helped us develop variants that meet local needs. For example, in Latin America, where we are already market leaders, a formulation of *Sedal* specially designed for local hair types is proving very popular among Brazilian consumers. New variants of our premium product *ThermaSilk* and the enduringly popular *Suave* helped us to grow share in North America, taking market leadership.

Deodorants grew in many major markets including North America, Latin America and Western Europe, where we made particular inroads in the United Kingdom. *Dove* deodorant has been launched in more than 20 countries. In India, a campaign to raise awareness of deodorants among lower income consumers was led by a miniature version of the *Rexona* stick.

In oral care, the launch of successful new chewing gums, *Signal* in France and *Mentadent Actigum* in Italy, showed our ability to penetrate new areas and new outlets, such as confectioners.

We are one of the world's largest producers of prestige fragrances, which are sold under the names of *Calvin Klein*, *Elizabeth Arden* and other designers. Sales of fragrance brands grew slightly during 1999. Recent Calvin Klein launches have been overshadowed by the phenomenal success of the earlier brands. However, our Calvin Klein business remains strong and profitable and we have announced the launch of a new cosmetics range. We will restructure Elizabeth Arden by the end of 2000, as part of our plans to create a fast growing international cosmetics and fragrance business.

Performance review – 1998

1998 results compared with 1997

Unilever Group

In 1998 our net profits before all exceptional items increased by 16% at constant rates of exchange. The net profit margin on the same basis exceeded 7% of turnover, an all-time high. Our global reach and regional balance were significant factors in our performance in 1998. We have almost two thirds of our business in Western Europe and North America, which helped to maintain momentum when developing and emerging markets faltered.

In Western Europe, underlying volume growth was flat but we had a further strong increase in operating margins. Turnover was down slightly due to continued reduction in non-core brands and disposals of businesses. In Central and Eastern Europe, the Russian economic crisis caused a sharp downturn in our business from August onwards. We will remain committed to Russia as a long-term opportunity, provided free market conditions continue.

In North America our Foods business achieved underlying volume growth of 5%, the highest for several years. Volume growth in Home & Personal Care was lower at 2%. Our profit margins increased significantly in both businesses. We completed the integration of our Foods businesses in the United States.

Our businesses in Africa and the Middle East performed well. This region is consistently successful despite a volatile environment. In 1998 our volume, market share and profits again increased in the face of heightened international competition.

The slowdown in economies in Latin America in the second half of 1998 meant that we had weaker volume growth than in 1997. Our profits still advanced strongly, despite higher marketing spend than in the previous year.

Our performance in Asia and Pacific varied enormously. Yet again, our businesses in India produced outstanding results with Home & Personal Care being particularly successful. In those economies hit by the South East Asia crisis, our businesses performed well by shifting rapidly from a strategy of high growth to one of protecting market share, margins and cash flow. We continue to see attractive long-term growth potential in these countries, and also in China, where our performance in 1998 was disappointing.

Economies around the world were delicately poised at the end of 1998. Looking ahead, it was unclear whether they would recover or move further into recession. Nevertheless, we believed that the improvement in underlying profitability of recent years was sustainable and further margin improvement could reasonably be expected as restructuring benefits continue to flow. We believed many of the challenges and opportunities the business experienced in 1998 would continue to be faced in 1999. In 1998 we concentrated on building and enhancing market shares in key categories and we were well placed to benefit from any improvement in general trading conditions.

1998 was a critical year for the European Monetary Union. The introduction of the euro proceeded on time on 1 January 1999. The Netherlands participated; the United Kingdom did not. As a consequence the euro will replace the Dutch guilder by 2002. As a result we published supplementary information in euros in 1999 and will replace the guilder with the euro for reporting purposes as from year 2000. We began to undertake euro contracts for foreign exchange contracts and deposits from January 1999. We believe it is an important step in the development of the single market and will enhance competitiveness to the benefit of Europe's citizens.

Our turnover of Fl. 89 112 million (at current rates) decreased by 6% compared with 1997, which included the speciality chemicals businesses. At constant rates of exchange, turnover decreased by 2%.

In our continuing operations, (that is excluding the speciality chemicals businesses in 1997), turnover fell by 2%; at constant rates of exchange turnover increased by 2% to Fl. 92 393 million. In our continuing business, underlying volume growth was little more than half the rate achieved in 1997. Productivity for our continuing operations, based on sales per employee, improved by 6% in 1998.

Exceptionals and restructuring

Exceptional items in 1998 produced a net benefit of Fl. 276 million in comparison with the charge of Fl. 1 800 million in 1997. This Fl. 276 million includes restructuring costs of Fl. 585 million mainly focused in Europe, and Asia and Pacific which were more than offset by profits on business disposals. Our significant projects included further restructuring of foods businesses in Europe (mainly Austria, France, Germany and Turkey), foods operations in India, ice cream and detergents in China and tomato products in Brazil.

The profits on business disposals arose principally from the sale of Plant Breeding International in Europe. The cash

Performance review – 1998

impact of these disposals was Fl. 1 460 million, all of which we received in 1998.

Restructuring under our 1998 plan was much lower than the Fl. 1 492 million in our 1997 plan, which included the acceleration of some projects.

We focused our 1997 gross restructuring plan, mainly in Europe (Fl. 862 million) and North America (Fl. 533 million). Our significant projects included continuing rationalisation of foods operations in Europe, merger of our mass personal care business in North America and closure of our Lipton USA culinary factory. We were satisfied with progress in 1998; both the timescale for implementation of headcount reduction and the level of savings were broadly in line with our original plan.

Savings from our 1996 restructuring plan, the total gross cost of which was Fl. 912 million, were in line with original expectations. By the end of 1998, the plan was substantially implemented with significant savings and headcount reductions already achieved.

Under United States GAAP, a proportion of these costs were not recognised until 1999 and a proportion of the 1997 costs were recognised in 1998 (see pages 106 and 107). In addition, we charged a further Fl. 307 million of non-exceptional restructuring costs to operating profit in 1998.

The movements in restructuring provisions are shown in note 18 on page 78 and the cash flows in note 26 on page 86.

Acquisitions and disposals

During 1998 we made 20 acquisitions. The most important were:

Vegetaline – White fat in France
Star – Margarine in Italy
Arua – Margarine in Spain
Moskovsky Margarinovy Zavod – Margarine in Russia
AmeriClean – Professional cleaning in the United States
Huanan Laocai – Soy sauce in China
Carrancedo – Bakery in Mexico

At current exchange rates, Fl. 783 million was invested in acquisitions, which were expected to add approximately Fl. 651 million to sales in a full year.

In 1998 we disposed of 24 businesses reflecting ongoing refocusing of the portfolio and reducing the non-core activities. This included PBI, the plant breeding business in the UK; Bushells, a coffee business in Australia; Puritan, a meat business in Canada; Astra Calve's seed oils business in France; the remaining Cutex nail polish remover businesses in various countries, mainly Latin America; and Harmony, a hair care brand in the UK.

At current exchange rates, Fl. 1 460 million was received from disposals, with approximately Fl. 678 million of sales in a full year.

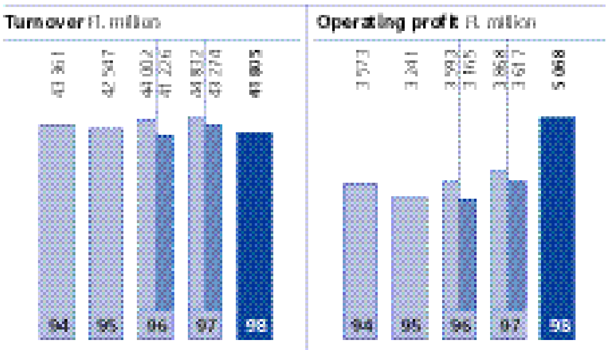
Performance review by region and category

The segmental analysis which follows is based on operating results before exceptional items, at constant exchange rates, and includes the results of the speciality chemicals businesses up to 8 July 1997 but does not take account of US GAAP adjustments. Turkey, formerly reported under Africa and Middle East region, is reported within Europe from 1 January 1998. Figures for previous years have been restated on the same basis.

Performance review by region and category – 1998

Europe

Fl. million Continuing business	1998 at current rates	1998 at constant rates	1997	Change at constant rates
Turnover	41 805	41 477	43 274	(4)%
Operating profit	5 068	5 016	3 617	39%
Operating profit before exceptional items	4 670	4 631	4 467	4%
Exceptional items (net)	398	385	(850)	
Operating margin	12.1%	12.1%	8.4%	
Operating margin before exceptional items	11.2%	11.2%	10.3%	



Total business including discontinued operations   Continuing business

- Operating profit margins rose by almost 1% of turnover
- Market share increases in most corporate categories
- Underlying volume flat

In Western Europe our operating profits were ahead of 1997, with our margins rising by almost 1% of turnover. This reflected the benefits of restructuring, our focus on corporate categories and further reduction in non-core brands. However, our underlying volume was flat due to the effect on ice cream of a poor summer in Northern Europe. We had lower sales because of the impact of business disposals and reduction in non-core brands. In Home & Personal Care we had another very good year, with strong advances in sales, operating profits and margins. In Foods, despite a poor ice cream season, we maintained our strong position in the ice cream market. Our operating profits improved in tea, frozen foods and culinary. Overall margins in Foods were slightly ahead of 1997.

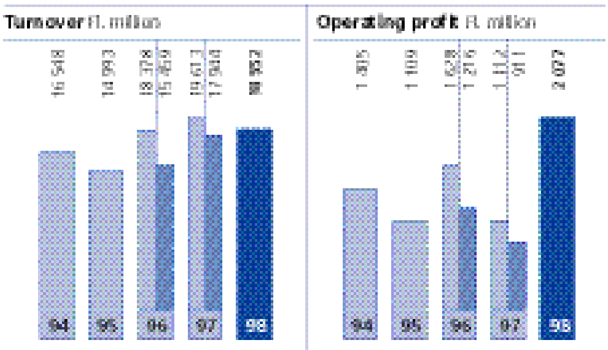
Given the difficult circumstances caused by Russia's economic crisis, our results in Central and Eastern Europe were creditable. Sales rose 4% and underlying volumes by 5%. Profits overall were slightly ahead of 1997 and we maintained operating margins. Growth in Central and Eastern Europe was mixed. The Czech business was very successful, but Poland was down on the previous year. We made good progress in restructuring our business in Turkey, which delivered a satisfactory underlying volume growth and much improved profitability. In Russia our business was far ahead of expectations at the end of the first half of 1998. This progress was cut short by the economic crisis which intensified in August and we responded quickly to the new situation. Our overall results were well below 1997.

In Europe as a whole, the net benefit of exceptional items in 1998 was Fl. 385 million, compared with a charge of Fl. 850 million in 1997. Restructuring costs were focused primarily on our Foods business. They were more than offset by profits from the sale of Plant Breeding International.

Performance review by region and category – 1998

North America

Fl. million Continuing business	1998 at current rates	1998 at constant rates	1997	Change at constant rates
Turnover	18 552	18 287	17 944	2%
Operating profit	2 077	2 041	911	124%
Operating profit before exceptional items	1 991	1 955	1 719	14%
Exceptional items (net)	86	86	(808)	
Operating margin	11.2%	11.2%	5.1%	
Operating margin before exceptional items	10.7%	10.7%	9.6%	



Total business including discontinued operations Continuing business

- Underlying volume growth 3%
- Operating profits rose by 14%
- Margins improved by over 1% of turnover

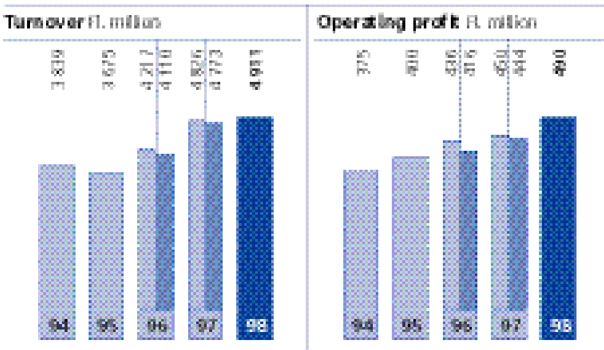
Our business continued to benefit from high consumer confidence arising from the strength of the United States economy. Underlying volume growth was 3% and operating profits rose by 14%, after increased investment in marketing. In Foods, underlying volume growth was 5%; Home & Personal Care recorded a 2% growth in volumes, with mass market gains balancing lower sales of prestige products. Our overall margins improved by over 1% of turnover, mainly due to reduction in non-core brands and savings from restructuring.

Our home care business, with a slight increase in sales, saw good progress in operating profits, which continued to benefit from past restructuring. In personal care, we had notable growth in hair care, deodorants, mass skin products and personal wash. Our prestige business recorded lower profits in North America. Calvin Klein fragrance sales fell, although demand for the new *Contradiction* range did compensate in part for lower sales of *cK be* and *cK one*. Elizabeth Arden made progress with the launch of *Splendor* and the favourable performance of *White Diamonds*, and returned to profit, although still not at acceptable levels.

During the year, we completed the merger of Thomas J. Lipton and Van den Bergh Foods to form our new Lipton food businesses. Exceptional items in 1998 reflect profits on minor business disposals: the significant charge during the previous year related to the merger of the Home & Personal Care businesses, completed in 1999.

Africa and Middle East

Fl. million Continuing business	1998 at current rates	1998 at constant rates	1997	Change at constant rates
Turnover	4 911	5 276	4 773	11%
Operating profit	490	551	444	24%
Operating profit before exceptional items	493	554	454	22%
Exceptional items (net)	(3)	(3)	(10)	
Operating margin	10.0%	10.4%	9.3%	
Operating margin before exceptional items	10.0%	10.5%	9.5%	



Total business including discontinued operations Continuing business

- Underlying volumes grew by 7%
- Good progress in profits and margins
- Strong results across many categories and countries

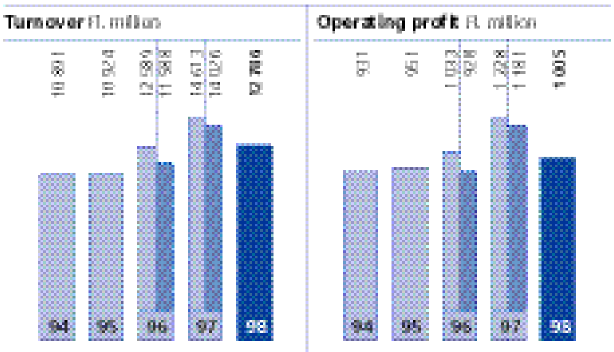
Our businesses in this region made good progress in operating profits and margins. Underlying volumes grew by 7%. We achieved these strong results in an increasingly competitive market and against a tough economic and political background.

In South Africa, our profits and margins advanced strongly, due to an improved mix of products and good cost control. Home care results were particularly good. Operations in Côte d'Ivoire again did well, benefiting from favourable economic conditions. There were encouraging signs of recovery in our Kenyan business, and in Nigeria we made good progress in stabilising the business and implementing a restructuring programme. Despite no GDP growth in the Middle East, our businesses in Saudi Arabia and the Gulf increased underlying volumes, and improved profits and margins. Egypt did particularly well in tea and personal care. Our tea and oil palm estates made a useful contribution to the region's results, mainly reflecting world commodity prices. We bought an oil palm estate in Ghana to support our core business there.

Performance review by region and category – 1998

Asia and Pacific

Fl. million Continuing business	1998 at current rates	1998 at constant rates	1997	Change at constant rates
Turnover	12 786	16 140	14 026	15%
Operating profit	1 005	1 408	1 181	19%
Operating profit before exceptional items	1 120	1 516	1 242	22%
Exceptional items (net)	(115)	(108)	(61)	
Operating margin	7.9%	8.7%	8.4%	
Operating margin before exceptional items	8.8%	9.4%	8.8%	



- Results hit by severe economic crisis in South East Asia
- Operating margins maintained at current exchange rates
- Shift in emphasis from growth to improvement of strong market position

The region presented considerable challenges in 1998. We made good progress in strengthening our business, but our results were hit by the severe economic crisis in South East Asia. The currency devaluations in Indonesia, Malaysia, the Philippines, South Korea and Thailand mean that, at current rates, sales and operating profits for the region were down 9% and 10% respectively, although we maintained operating margins as a percentage of turnover, and already strong market positions further improved. In managing the economic downturn in South East Asia and handling the effect of rapidly devaluing currencies, we determined that our ability to make less expensive products to meet the needs of consumers with reduced spending power was vital. This demanded creativity in the way we formulated, packaged and distributed our products. Speed in development was also critical.

Our business in India once again delivered an outstanding performance. It achieved this in an economic environment that was more difficult than in 1997. Underlying volume growth rate was more than twice the country's GDP growth rate. Profits rose faster than sales, despite a significant increase in marketing spend. There were further market share advances in all categories. Personal care products were particularly successful. Our operations in Pakistan also improved in 1998 with strong growth in sales and profits. Tea market shares and profits recovered following a long-awaited adjustment to the duty regime to address smuggling.

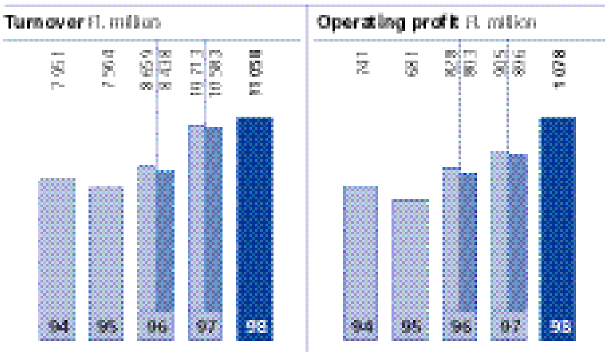
We had a disappointing business performance in China, with lower sales and increased losses. However, we maintain a long-term commitment to this region. In 1998 we made a start on simplifying the legal structure of the business and costs reduced. Sales in Japan were adversely affected by economic conditions in the country. We have made further good progress in Vietnam.

In Australia, our results were lower than 1997, partly due to the disposal of coffee operations.

Performance review by region and category – 1998

Latin America

Fl. million Continuing business	1998 at current rates	1998 at constant rates	1997	Change at constant rates
Turnover	11 058	11 213	10 583	6%
Operating profit	1 078	1 106	896	23%
Operating profit before exceptional items	1 168	1 192	967	23%
Exceptional items (net)	(90)	(86)	(71)	
Operating margin	9.8%	9.8%	8.5%	
Operating margin before exceptional items	10.6%	10.6%	9.1%	



Total business including discontinued operations Continuing business

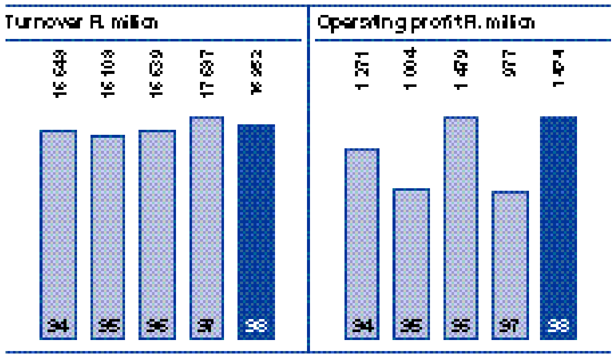
- Profits and margins moved ahead strongly
- Underlying volume growth slowed from mid-year
- Personal care performed strongly

Economies in the region started to falter around mid-year. This reduced consumption in many markets, particularly in the south, and slowed underlying volume growth. Nevertheless, the region again performed well. Profits and margins moved ahead strongly, most notably in personal care. A continuing strategy of focusing on key categories and countries was critical to our success here, which was underpinned by greater cost effectiveness and efficiency in the business operations. We increased marketing investment, improving market shares in important categories.

In Brazil, our largest business in the region, ice cream and personal care products led a significant profit advance. Kibon, the ice cream company purchased towards the end of 1997, made an important contribution to profits and made us market leader in the region. In Foods, an important restructuring programme began to improve margins, whilst in laundry, higher investment in marketing reduced profits but increased market share. Chile and Colombia showed good sales growth and, together with Argentina, advanced profits strongly. We made continued progress in Mexico, where changes to our portfolio increased the focus on core operations. We made significant advances in profits, and underlying volumes grew with personal care performing particularly well.

Oil and dairy based foods and bakery

Fl. million	1998 at current rates	1998 at constant rates	1997	Change at constant rates
Turnover	16 952	17 196	17 687	(3)%
Operating profit	1 474	1 498	977	53%
Operating profit before exceptional items	1 628	1 648	1 702	(3)%
Exceptional items (net)	(154)	(150)	(725)	
Operating margin	8.7%	8.7%	5.5%	
Operating margin before exceptional items	9.6%	9.6%	9.6%	



Globally, turnover in this product area was down slightly, mainly due to business disposals, with underlying volume staying flat. However, in North America we increased our margarine market share via innovative products such as *Brummel & Brown*, a new low-fat yoghurt-based spread. We also made share gains in Western Europe, where the initial roll-out of *Bertolli*, an olive oil-based range, was successful. We have well-established health-focused brands, such as *Flora* and *Becel*, which remained strong.

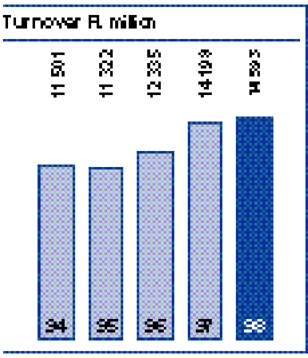
Through much of Central and Eastern Europe, our sales of margarine continued at the same levels as in 1997, despite regional economic difficulties. In Russia, however, we started the year extremely positively but sales fell sharply after the economic crisis intensified in August. In olive oil, Italy and France did well, but Spain experienced another difficult year due to the competitive market place.

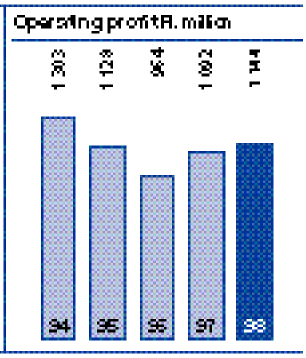
In bakery, to achieve greater focus in Europe, we integrated three businesses. Speciality products, such as *Maison du Pain*, are proving increasingly successful.

Performance review by region and category – 1998

Ice cream and beverages

Fl. million	1998 at current rates	1998 at constant rates	1997	Change at constant rates
Turnover	14 593	14 987	14 198	6%
Operating profit	1 144	1 171	1 092	7%
Operating profit before exceptional items	1 312	1 340	1 340	0%
Exceptional items (net)	(168)	(169)	(248)	
Operating margin	7.8%	7.8%	7.7%	
Operating margin before exceptional items	9.0%	8.9%	9.4%	





Overall, underlying volume growth was flat in this product area. The progress we made in North America and Latin America was offset by Europe, following the effect of the poor summer on ice cream sales. Profits were also flat.

Ice cream turnover rose by 4% in 1998. This is explained partly by price increases, due to higher raw material costs in North America, and to the acquisition of Kibon in Brazil. Our profits were lower, mainly in Europe. We had a good year in North America, where innovation and increased marketing investment helped regain our leadership of take-home packaged ice cream and maintain our lead in the impulse-buy ice cream sector. In Northern Europe, the poor summer hit our sales and profits, emphasising the need for us to encourage people to eat ice cream all year round. We rolled-out *Winner Taco*, an any-time ice cream snack, throughout Western Europe. Our focus continued on developing global brands, including new variants of the *Magnum* brand. We launched a global logo for ice cream, the heart-shaped 'happiness' design, as part of our strategy of increasing brand awareness among consumers around the world.

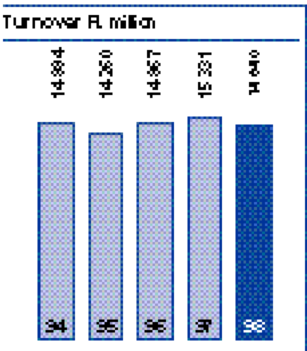
The European Commission's investigation into ice cream marketing in Ireland culminated in its decision declaring the practice of cabinet exclusivity contrary to Articles 85 and 86 of the Treaty of Rome, at least in the specific context of the Irish market. This decision was subsequently suspended by the European Court and we are vigorously appealing it. Since the end of 1998, we have amended distribution agreements in the United Kingdom to accommodate observations made by the Monopolies and Mergers Commission.

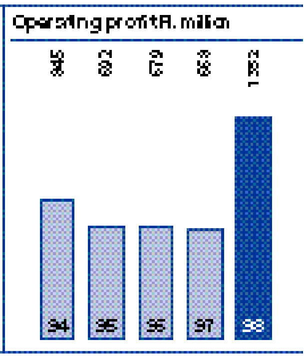
In beverages, our business continued to develop a global tea portfolio and achieved a 4% rise in underlying volume growth, mainly in Latin America, Europe, and Africa and Middle East. Our overall margins also improved. In the United Kingdom, we completed the roll-out of *PG Tips Pyramid* tea bags, increasing market share. We also achieved strong growth in new markets, particularly in Egypt and Poland. Fruit-flavoured teas, relaunched as *Lipton Sun Tea*, continued to grow and we have now introduced them in 18 countries. In ready-to-drink tea, *Lipton Brisk* iced tea increased our market lead in North America and, in Southern Europe, the very hot summer helped increase our sales. Conversely, in Northern Europe the bad weather held back growth.

Performance review by region and category – 1998

Culinary and frozen foods

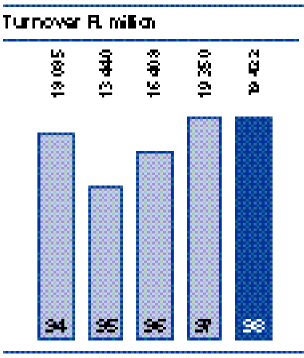
Fl. million	1998 at current rates	1998 at constant rates	1997	Change at constant rates
Turnover	14 840	14 885	15 331	(3)%
Operating profit	1 352	1 349	668	102%
Operating profit before exceptional items	1 464	1 454	1 133	28%
Exceptional items (net)	(112)	(105)	(465)	
Operating margin	9.1%	9.1%	4.4%	
Operating margin before exceptional items	9.9%	9.8%	7.4%	

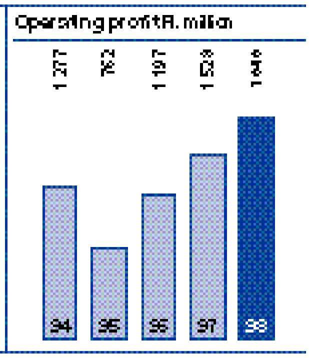




Home care and professional cleaning

Fl. million	1998 at current rates	1998 at constant rates	1997	Change at constant rates
Turnover	19 422	20 228	19 350	5%
Operating profit	1 848	1 916	1 528	25%
Operating profit before exceptional items	1 983	2 046	1 711	20%
Exceptional items (net)	(135)	(130)	(183)	
Operating margin	9.5%	9.5%	7.9%	
Operating margin before exceptional items	10.2%	10.1%	8.8%	





Our underlying volume growth was higher than 1997, principally in culinary which grew by 4%. Operating profits and margins improved significantly and we had notable gains in Europe and North America. Overall, our turnover declined by 3% largely due to disposals of businesses in Germany and the United Kingdom.

In culinary, we had a good year with pasta sauces in North America, reflecting the continued success of our expanding *Five Brothers* and *Ragú Cheese Creations!* ranges. Tailoring mayonnaise to national or regional taste continued to prove successful. In France, *Mayonnaise Gourmande* sold well, with a place in the dairy cabinet reinforcing associations of freshness. In Italy, we relaunched *Calvé* yoghurt-based mayonnaise which proved particularly successful and has extended our market-leadership. Strong innovation enhanced the business's stock and bouillon range. We launched a new liquid bouillon in Scandinavia under the *Touch of Taste* brand which was a particular success. In Latin America, restructuring of culinary operations continued and profits improved.

In frozen foods, our overall volume was marginally below 1997, due to our continued portfolio rationalisation. However, profits were higher in Western Europe, particularly in the United Kingdom. In 1998, we successfully continued the development of individual products for local markets.

Our home care and professional cleaning business made good progress overall, particularly in Western Europe and North America. We had both a better product mix and increased efficiencies meaning operating margins again rose, even after further marketing investment.

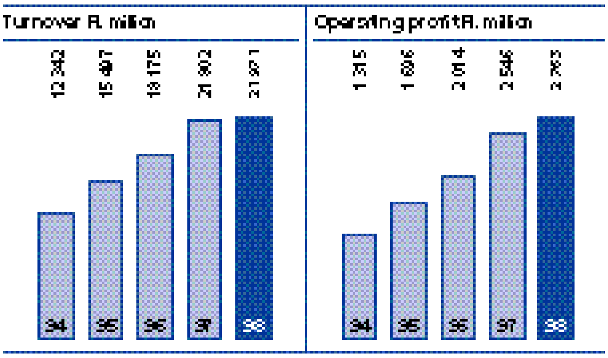
Our laundry business achieved increases in both turnover and profits. In Europe, the convenience and quality of our new laundry tablets, backed by a substantial marketing programme, swiftly established our leadership in the European laundry tablets market. We also advanced our laundry market share in almost all developing and emerging markets. Household care maintained a track-record for labour-saving innovation with *Domestos Active Toilet Gel*, which we launched successfully in five European countries. We had other launches around the world, including *Sunlight* machine dish wash tablets in the United States and *Cif/Jif* extensions in Latin America and Europe.

DiverseyLever's second full trading year since we merged Lever Industrial International with Diversey was somewhat disappointing with underlying volume flat in 1998. We had reasonable results in Southern Europe, the United Kingdom and North America, but we experienced difficulties in other parts of Western Europe and the Far East. In May 1998, we bought Michigan-based cleaning and hygiene business AmeriClean Systems, which became part of DiverseyLever.

Performance review by region and category – 1998

Personal care

Fl. million	1998 at current rates	1998 at constant rates	1997	Change at constant rates
Turnover	21 971	23 617	21 802	8%
Operating profit	2 763	3 039	2 546	19%
Operating profit before exceptional items	2 812	3 087	2 723	13%
Exceptional items (net)	(49)	(48)	(177)	
Operating margin	12.6%	12.9%	11.7%	
Operating margin before exceptional items	12.8%	13.1%	12.5%	



Our personal care business had another excellent year, with strong underlying volume growth across most categories and regions. After we increased investment in marketing, we made very good progress in profits and margins. Our results were especially encouraging in Western Europe and Latin America.

Personal wash did very well, assisted by the development of *Dove*. The *Dove* brand, which we originally launched as a personal wash bar, has now been extended into body-wash liquid and, in some countries, facial foam, body lotion and deodorants. Our new product launches were key to the significant growth in our skin care businesses in North America and Latin America.

In hair care, our business advanced through innovation, such as the successful development and launch of the *ThermaSilk* range in the United States.

We had varying success with oral care. In India, we gained market share with *Pepsodent* toothpaste, but in the United States, our sales of *Mentadent* toothpaste were hit by intense competition, although the brand's toothbrushes continued to gain ground.

We had another outstanding year in deodorants, particularly in North America and Europe, which both increased our market share.

Our prestige business had a mixed year. Results were good in Europe but were hit by difficult trading conditions in North America. Elizabeth Arden returned to profit, although not yet at acceptable levels. Calvin Klein fragrance sales were flat, as consumer enthusiasm for the new *Contradiction* range was offset by reduced demand for *cK* products.

Plantations, plant science & trading operations

Following our disposal of Univanich Thailand, Plant Breeding International and the Sulmac flower businesses, the remaining Plantations and Trading Operations were reclassified as 'Other Operations' in 1999.

Financial review

The figures quoted in this review are in guilders, at current rates of exchange, unless otherwise stated. The profit and loss and cash flow information is translated at average rates of exchange for the relevant year and the balance sheet information at year-end rates of exchange.

Results - 1999

Turnover for the Group was 1% higher at Fl. 90 296 million. Underlying volume growth of 1% was partly offset by the slight strengthening of the guilder against the basket of Unilever currencies.

Operating profit before exceptional items increased by 7%, reflecting a further strengthening in underlying margin of 0.6 percentage points of turnover to 11.2%.

Operating profit, however, fell by 2% after taking exceptional charges of Fl. 594 million, compared to net gains in 1998 of Fl. 276 million which included the profit on the disposal of Plant Breeding International, Cambridge, UK. The 1999 charge included Fl. 512 million for restructuring. Under US GAAP, the operating profit from continuing operations before and after exceptional items increased by approximately 6% and 2% respectively, reflecting different treatment of restructuring costs and goodwill (see pages 106 and 107).

Income from fixed investments increased to Fl. 114 million (1998: Fl. 82 million), reflecting improved performance in our joint ventures in the US and Portugal, and the profit on a number of small disposals.

Net interest costs were Fl. 30 million, compared with an interest income in 1998 of Fl. 344 million. The swing is due to a Fl. 11.2 billion reduction in **net funds** during the year, following payment of Fl. 13 billion for the cash element of the special dividend in June 1999. **Net interest cover** for the year was more than 300 times, and over 30 times for the second half year.

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

Minority interests increased to Fl. 443 million (1998: Fl. 318 million) as a result of continued strong performance in India, and a return to profitability in Nigeria.

Net profit after exceptional items fell by 6% (2% under US GAAP, see pages 106 and 107) as a result of the negative swing in exceptional items, and the impact on net interest of the special dividend. Combined **earnings per share** was unchanged at Fl. 5.80, as the reduction in net income was offset by the reduction in the number of shares following the share consolidation. Combined **earnings per share before exceptional items** rose by 9%.

Return on capital employed increased to 22% from 16% in 1998. This improvement is due to the more efficient capital structure resulting from the payment of the special dividend.

The payment of the special dividend has been responsible for a reduction of the Weighted Average Cost of Capital **(WACC)** of some 0.5%. **WACC** is calculated as the real cost of equity multiplied by the market capitalisation, plus the real after taxation interest cost of debt multiplied by the market value of the net debt, divided by the sum of the market values of debt and equity.

Results - 1998

Turnover for the Group at Fl. 89 112 million decreased by 6% compared with 1997 which included the speciality chemicals businesses disposed of during the year. In the continuing operations (ie excluding the speciality chemicals businesses in 1997), turnover fell by 2%, and underlying volume growth of almost 2% was little more than half the rate achieved in 1997. Productivity for the continuing operations, based on sales per employee, improved by 6% in 1998.

Operating profit before exceptional items for the Group decreased by 7% in 1998 to Fl. 9 442 million. However, for the continuing operations this represented an increase of 7%. This increase reflected mainly a significant improvement in margins in both North America and Latin America.

Operating profit in the continuing operations increased by 28% to Fl. 9 718 million. Exceptional items in 1998 produced a net benefit of Fl. 276 million in comparison with a charge of Fl. 1 800 million in 1997. This Fl. 276 million includes restructuring costs of Fl. 585 million mainly focused in Europe and Asia Pacific which were more than offset by profits on business disposals which arose principally on the disposal of Plant Breeding International in Europe. Under US GAAP the increase in operating profit from continuing operations before and after exceptional items would have been approximately 5% and 30% respectively, reflecting different treatment of restructuring cost, goodwill and profits on sale of the specialty chemicals businesses (see pages 106 and 107).

Income from fixed investments in 1998 of Fl. 82 million was in line with last year (1997: Fl. 85 million).

Net interest income was Fl. 334 million compared to an interest cost in 1997 of Fl. 230 million. Average net funds for the year at constant rates were Fl. 11.0 billion.

The Group's effective **tax rate** reduced to 33% compared to 35% in 1997 when the impact of the disposal of the speciality chemicals businesses is excluded. The reduction is mainly due to one-off items and the benefit of prior year tax credits.

Minority interests of Fl. 318 million were in line with 1997 with higher profits in India offset by increased losses in China, and the impact in 1997 of the minority interests' share in the profit on disposal of the speciality chemicals businesses.

Net profit after exceptional items decreased by 41% to Fl. 6 488 million (47% to Fl. 5 605 million under US GAAP, pages 106 and 107). Excluding the profit on the sale of the speciality chemicals businesses and loss on the disposal of fixed assets in 1997, net profit increased by 41%. The Fl. 2 076 million positive swing in operating exceptional items referred to previously made a significant contribution to this improvement; excluding exceptional items, net income was 13% ahead of 1997 (approximately 11% under US GAAP). **Earnings per share** decreased by 41% from Fl. 9.78 to Fl. 5.80 due to the speciality chemicals businesses disposal profit in 1997.

Return on capital employed, before the impact of the special dividend (see below), decreased to 16% from 28% in 1997, entirely due to the impact of the profit on sale of speciality chemicals businesses in 1997. Average capital employed excludes goodwill on acquisitions made before 1998, which are eliminated in reserves. As the special dividend is accounted for on 31 December 1998, its impact on average capital employed and the related return on capital employed is not material in 1998. In a full year the impact of the special dividend would increase return on capital employed to approximately 24%.

Dividends and market capitalisation

Ordinary dividends paid and proposed on the NV ordinary capital amount to Fl. 2.79 per Fl. 1.12 share (1998: Fl. 2.51 per Fl. 1 share), an increase of 11% per share. The ratio of dividends to profit attributable to ordinary shareholders increased to 45.2% (1998: 42.1%). Profit of the year retained was Fl. 3 319 million (1998: Fl. 3 746 million before the special dividend).

Unilever's combined **market capitalisation** at 31 December 1999 was Fl. 116.1 billion (1998: Fl. 171.3 billion).

Balance sheet

The weakening of the guilder against the basket of Unilever currencies between the two balance sheet dates resulted in a Fl. 774 million gain on retranslation of net assets. Profit retained, after accounting for dividends, currency retranslation of opening balances and of movements, and goodwill adjustments on the disposal of businesses previously acquired, increased by Fl. 4 239 million to Fl. 14 420 million. Total capital and reserves increased to Fl. 17 105 million (1998: Fl. 10 464 million). The issue of new 10 cents NV preference shares, to NV shareholders who opted to take the special dividend in this form, contributed Fl. 3 045 million.

Cash flow

Cash flow from operations increased by Fl. 2 512 million to Fl. 12 460 million on the strength of lower working capital outflows and improved results (before acquisitions and disposals).

Capital expenditure was in line with last year; financial investments increased somewhat as a result of additional share purchases to meet employee share option plans. During the year 27 businesses were **acquired** for a cash consideration of Fl. 1 064 million and 23 businesses were **disposed** for cash proceeds of Fl. 270 million. In December 1999 Unilever agreed to purchase the French foods business Amora Maille for Fl. 1 540 million; this acquisition is expected to be completed in the first half of 2000.

Net funds at the end of the year were Fl. 1 508 million, Fl. 11 227 million lower than at the end of 1998 with the decrease reflecting the Fl. 13 billion cash payment in respect of the special dividend. Gearing remained zero at the end of 1999.

Finance and liquidity

During 1999 Unilever paid a special dividend of some Fl. 16 billion to ordinary shareholders, of which approximately Fl. 3 billion was taken up by NV shareholders in the form of preference shares. After payment of the special dividend the balance sheet remains very strong, and Unilever retains its capability to raise funds in all major global debt markets at the lowest costs available to corporate borrowers.

Group policy is to finance operating subsidiaries through the mix of retained earnings, third party borrowings and loans from parent and Group financing companies that is most appropriate for the particular country and business concerned.

Total borrowings at the end of 1999 totalled Fl. 10 553 million (1998: Fl. 10 146 million). More than one third of Unilever's total borrowings are in euros, approximately one third in US dollars and the remainder spread over a large number of other currencies.

Long-term debt fell by Fl. 939 million to Fl. 4 084 million. Debt totalling Fl. 1 464 million was reclassified to short-term at the year end and there were no significant new long-term borrowings. The maturity profile is spread over an eight year period to 2007. Some 85% of the long-term debt was repayable within five years at the end of 1999 (1998: 60%).

Unilever has commercial paper programmes in place in the United States and Europe for short-term finance purposes. In addition, operating subsidiaries fund part of their day-to-day needs through local bank borrowings. At the end of 1999 short-term borrowings were Fl. 6 469 million (1998: Fl. 5 123 million).

Cash and current investments at the end of 1999 totalled Fl. 12 061 million (1998: Fl. 22 881 million); these funds are held in euros (52%), US dollars (17%), sterling (12%) and other currencies (19%). The funds are mainly invested in short-term bank deposits and high-grade marketable securities.

Assets held in foreign currencies are, to a considerable extent, financed by borrowings in the same currencies. Consequently, at the end of 1999 some 51% (1998: 57% before accounting for the special dividend) of Unilever's total capital and reserves were denominated in the currencies of the two parent companies, euro and sterling. From an earnings perspective, some 43% of Unilever's 1999 net income was denominated in the euro, 14% in sterling and 15% in the US dollar.

Treasury and hedging policies

Unilever's Treasury aims to be excellent in meeting the business requirements for finance and financial services, with its prime objective being to minimise the cost of debt and maintain Unilever's financial strength. The Group Treasury function is governed by financial policies and plans agreed by the directors, and operates as a cost centre. In addition to policies, guidelines and exposure limits, a system of authorities and extensive independent reporting covers all major areas of activity. Performance is monitored closely. Independent reviews are undertaken by the corporate internal audit function.

Unilever has an interest rate management policy aimed at optimising net interest and reducing volatility. This is achieved by modifying the underlying interest rate exposure of debt and cash positions through the use of straightforward derivative instruments. The proportion of fixed rate cash and fixed rate debt was reduced in 1999 in line with changes in the recommended fixing levels within this policy.

Under the Group's foreign exchange policy, trading and financial exposures are generally hedged, mainly through the use of forward foreign exchange contracts. Some flexibility is permitted within overall exposure limits.

Managing market risks

The Group is exposed to a variety of market risks, including the effects of changes in foreign currency exchange rates, interest rates and credit spreads. In the normal course of business, the Group also faces risks that are either non-financial or non-quantifiable, eg country and counterparty risk.

Counterparty exposures are minimised by restricting dealing counterparties to a limited number of financial institutions that have secure credit ratings, by working within agreed counterparty limits and by setting limits on the maturity of investments. Counterparty credit ratings are closely monitored and concentration of credit risk with any single counterparty is avoided.

The Group uses straightforward derivative financial instruments, eg interest rate swaps, forward rate agreements and forward exchange contracts, to manage the market risks associated with the underlying assets, liabilities and anticipated transactions. The Group uses these derivative financial instruments to reduce risk by creating offsetting market exposures. The use of leveraged instruments is not permitted.

The following discussion about our risk-management activities includes 'forward-looking' statements that involve risk and uncertainties. Our actual results could differ materially from those projected.

The analysis below presents the sensitivity of our fair value of the financial and derivative instruments our Group held at 31 December 1999, to the hypothetical changes described below.

Interest rate risk

The fair value of our debt, investments and related hedging instruments is affected by movements in interest rates. The analysis shows the sensitivity of the fair value of interest rate sensitive instruments to a hypothetical 10% change in the interest rates across all maturities as at 31 December 1999.

Foreign exchange rate risk

The fair value of our debt, investments and hedging instruments, denominated in currencies other than the functional currency of the entities holding them, are subject to exchange rate movements. The analysis shows the sensitivity of these fair values to a hypothetical 10% change in foreign exchange rates as at 31 December 1999.

	Sensitivity to a hypothetical 10% adverse movement in rates as at 31 December (Fl. million)	
	1999	1998
Interest rate risk	**9**	44
Foreign exchange rate risk	**35**	31

Further details on derivatives, foreign exchange exposures and other related information on financial instruments are given in note 29 on pages 88 to 90.

Commodities contracts

Some of our businesses, principally edible fats companies in Europe, may use forward contracts in a number of oils to hedge future requirements. We purchase forward contracts in bean, rape, sunflower, palm, coconut and palm kernel oils, almost always for physical delivery. We may also use futures contracts to hedge future price movements; however, the amounts are not material. The total value of open futures contracts at the end of 1999 was not material.

In addition, our plantations' businesses may use forward contracts for physical delivery of palm oil and tea under strictly controlled policies and exposure limits. We did not have any outstanding futures contracts at the end of 1999.

Impact of price changes

Information concerning the impact of price changes is restricted to tangible fixed assets and depreciation. See note 9 on page 74.

Total shareholder return

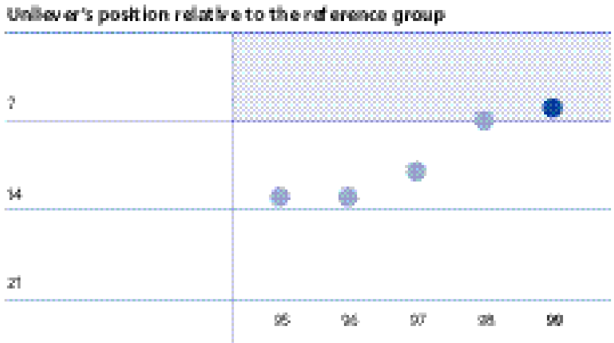
Total Shareholder Return (TSR) is a concept used to compare the performance of different companies' stocks and shares over time. It combines share price appreciation and dividends paid to show the total return to the shareholder. The absolute size of the TSR will vary with stock markets, but the relative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

The Company calculates the 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 has set itself a TSR target in the top third of a reference group of 21 international consumer goods companies. Together, these give a fair reflection of its category and regional spread.

Our objective of delivering a total return to shareholders in the top third over a three year period was again achieved. However, in 1999 share prices in our sector as a whole suffered as investor interest focused on high technology and internet stocks and there was an even sharper decline in the Unilever share price during the fourth quarter. Consequently we would be below the benchmark if it were measured over a single year.

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.

Operating review

Year 2000

We had no Y2K-related issues of any significance during the millennium change. Our Y2K teams tested critical systems throughout the millennium weekend and confirmed within 48 hours that all our business systems around the world were operating normally.

The seamless way our people worked together emphasised the strength and coherence of Unilever's global organisation. All aspects of our three-year Y2K preparation programme were completed on schedule. This included checking and, where necessary, upgrading 100 000 internal systems, verifying the millennium readiness of almost 100 000 business partners and infrastructure providers, and preparing detailed contingency plans to protect against possible failures.

Unilever's spend for the Y2K programme amounted to Fl. 670 million. This included all external costs, associated depreciation on capital expenditure, and directly related internal costs from 1996 to the completion of the programme.

Technology and innovation

The popularity of iced tea continues to grow. Until now, the main way to make it has been to boil water and then allow it to cool. In 1999, our scientists found a way to make the key elements of tea more soluble, allowing it to be brewed with cold water straight from the tap. The result was *Lipton Cold Brew* tea bags – a breakthrough that saves the consumer time and effort when preparing iced tea.

To develop *Dove Nutrium* skin nourishing body wash we combined our expert knowledge of the chemistry of product development and the physiology of skin. The product is sold in an innovative twin-chamber bottle which dispenses the cleansing and nourishing elements separately, improving the deposition of nutrients to the skin.

These two examples demonstrate the way we combine world-class technology with deep consumer insight to produce revolutionary new products that make a real difference to people's daily lives and set the agenda for our competitors.

Based in six laboratories and over 70 innovation centres around the world, our technology and innovation capability is focused entirely on our business goals.

In Brazil, for example, the São Paulo innovation centre worked with our European laboratories to reformulate *Omo*. An ingredient was identified and added, making this popular laundry brand more effective at removing oily stains. This helped retain our leading market position and attracted new consumers to the brand.

Technology is also used to reduce supply chain costs and enhance performance. In India, ice cream distribution costs were halved through a number of improvements, including the development of insulated boxes for carriage in hire trucks. These removed the need for dedicated vehicle fleets which stay idle out of season.

In 1999, we invested further in extending the reach of our international laboratories. For example, we expanded the key technology teams in our new Indian facility in Bangalore, completed a new Home & Personal Care laboratory in China and began upgrading our food science and nutrition facilities in Vlaardingen, in the Netherlands.

Collaboration with external agencies is an integral part of our research. In 1999, work started on the Unilever Centre, a UK research facility which we are building in partnership with the University of Cambridge. The Centre is due to open in 2000.

In 1999 Unilever spent Fl. 2 060 million on technology and innovation: 2.3% of our turnover. We filed 466 patent applications, an increase of more than a third on last year.

Information technology

Hollywood hairstyle secrets were shared with our consumers via the internet, courtesy of a ground-breaking Unilever promotion.

Our *Salon Selectives* brand sponsored part of the hair and beauty section of the America Online (AOL) Oscars night web site. Tens of thousands of people logged on and chose to register their details in a bid to win a Hollywood-style beauty makeover. The result: consumers felt *Salon Selectives* could relate to, and meet, their hair care needs, the brand profile was raised and our online marketing database was boosted significantly.

This initiative, co-ordinated by our New York Interactive Brand Centre, is a prime example of how we are using internet technology to get closer to consumers. In 2000 we announced a joint venture with iVillage, the leading American online women's site, to create an interactive personal care business. We announced a similar partnership with Wowgo, the new European online company for teenage girls.

In 1999, we doubled our spending on online advertising. Integral to this expansion has been the development of our marketing alliances with leading internet companies AOL and Microsoft and the forging of a similar relationship with broad band internet provider Excite@Home.

Unilever has established a global reach of internet expertise, with interactive brand centres in key locations around the world. One of our first steps to developing direct internet channels enabled American consumers to buy Unipath's new fertility monitors online as well as through conventional retailers. The internet proves a perfect channel for selling items such as these which require detailed product information.

We are increasingly using IT to support customer – as well as consumer – relationships. During the year, we laid the ground for internet-enabled sales with our customers by conducting web-based tests with a limited number of retailers. In the UK, we worked with leading retailer Tesco to develop a shared information resource which will support effective promotion via the more efficient transfer of up to the minute information. By 2001 we expect to be working collaboratively via the internet with some of our major customers.

The internet is also a powerful tool for exploiting our scale in purchasing. In 2000, we announced that we would be working with Ariba, a leading business-to-business e-commerce system provider, to build a global online procurement platform. By 2001, we aim to use e-commerce and web-enabled systems for a significant part of our purchasing spend – saving time and money. All our computer hardware is already bought via the internet and intranet and we have successfully piloted the purchase of packaging supplies and ingredients using 'electronic auctions'.

Leveraging Unilever's knowledge and making it easily accessible to our people is the great challenge. Our extensive IT networks are now making this possible.

Environmental responsibility

Unilever's Viso factory in Vietnam produces detergent powders and shampoos for this important market in South East Asia. Since 1996, it has reduced rates of water pollution loading by 84%, emissions by 70% and energy use by 46%. This is just one example of our dedication to the responsible environmental management we see as an integral part of our business processes.

Environmental management We have completed environmental audits at 90% of our factories and will have audited all sites by the end of 2000. Progress continues on certifying operations to the international environmental management system standard ISO 14001. To date we have 44 certified factories.

Eco-efficiency We are reducing our impact on the environment by making energy and raw material use more efficient and systematically cutting factory waste. Since 1996, our Tortuguitas personal products factory in Buenos Aires has cut pollution loading by 65%, waste by 45% and energy use by 25%. In Ghana, the national Environmental Protection Agency recognised Unilever Ghana as the leader in environmental management practices in the manufacturing industry.

Unilever is working to ensure packaging does its job with minimum environmental impact. Our European ice cream operations are exceeding waste reduction demands with lighter weight ice cream wrappers, and by using more recycled materials and reduced-weight secondary packaging.

We are helping consumers to optimise product use. For instance, laundry tablets, which we have launched in Chile, Argentina and many countries in Europe, enable exact dosing which has reduced the average weight of detergent per wash.

Sustainability The Marine Stewardship Council, now a fully independent non-profit organisation, will launch the first products from certified, sustainable fisheries in 2000. In 1999, we completed a screening programme of our fishery suppliers and continue to progress towards sourcing all fish from sustainable fisheries by 2005.

Clean water is essential for the consumption of Unilever products. We support more than 20 water stewardship projects: in the Philippines we received the 1999 Mother Nature Award from the Pollution Control Association for our factory water treatment and contribution to remediation of the Pasig River. In the UK, we are backing SWIM (Sustainable Water – Integrated Catchment Management), an inclusive, multi-disciplinary approach to improving access to and management of water resources. During 1999 we made preparations to take a leading role at the spring 2000 World Water Forum in the Netherlands.

As part of our sustainable agriculture initiative, Brooke Bond Tea estates in Kericho, Kenya, have been working with farmers, environmentalists and agronomists to test sustainability indicators in tea production. Similar pilots are under way in palm oil, spinach, peas and tomatoes in eight other countries.

Unilever's commitment to sustainability was recognised in 1999 with our inclusion in the Dow Jones Sustainability Group Index. This index uses a systematic methodology to identify companies that lead the way in taking a strategic approach towards sustainable business development.

Responsible corporate behaviour

Unilever is committed to the highest standards of corporate behaviour towards its employees, consumers and the societies in which we operate.

This commitment is at the heart of the Unilever Corporate Purpose, and is reflected in the Company's Code of Business Principles. This code sets the framework for worldwide operational standards, covering issues such as employee health and safety, product quality and environmental impact. All Company chairmen are required to give positive assurance that these policies and principles are adhered to, and compliance is audited on a regular basis.

To succeed as a 'multi-local multinational', it is essential that Unilever's operating companies stay close to and understand evolving consumer needs and values. Unilever's long-term commitment means that not only are our branded products and services instrumental in raising living standards, but our policies of developing employees and business partners also contribute to economic development locally.

As well as pursuing high standards in our business practices, we also recognise Unilever's responsibility to wider society. We are committed to working directly and in partnership with public authorities and a range of different organisations to address important social, economic and environmental challenges. Around the world Unilever companies are active in projects that contribute to sustainable development and in initiatives to raise standards of education and health both among employees and in local communities.

In 1999 our companies spent around Fl. 85 million on community involvement and almost Fl. 10 million was contributed to disaster relief projects in countries as far apart as Turkey, Taiwan and Colombia.

How companies interact with society is attracting increasing attention. We believe corporate social responsibility should be managed as professionally as any other business discipline. In the year 2000, several Unilever companies in different parts of the world are testing a framework to evaluate our performance in this area. The outcome of the project will help us to develop a consistent Unilever approach to managing corporate social responsibility in diverse cultures. It will also enable us to share good practice which will strengthen our local contribution around the world.

Conducting our business with respect for the communities where we operate is not only responsible corporate behaviour, it also makes good business sense. We will continue to strive to meet the highest standards and to enhance Unilever's reputation as a company that recognises its wider corporate responsibilities.

Competition

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

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

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

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

Exports

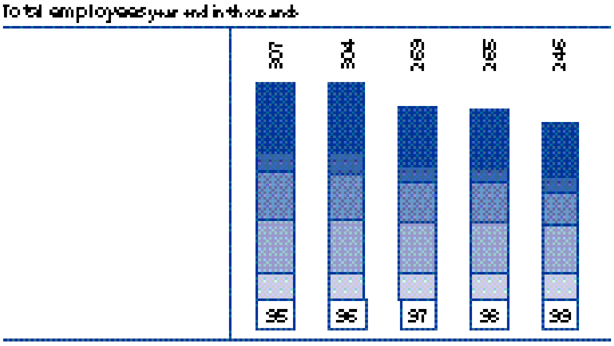
We sell our products in nearly all countries throughout the world and manufacture in many of them. Inside the European Union we make many of our products in only a few countries, for sale in all of them.

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

People

year end in thousands	95	96	97	98	**99**
Europe	102	101	84	82	**76**
North America	27	31	23	23	**22**
Africa & Middle East	72	64	58	57	**48**
Asia & Pacific	76	78	74	72	**71**
Latin America	30	30	30	31	**29**

Total employees year end in thousands



Included in the table above are 50 000 people employed in our plantations businesses worldwide. The average number of employees during the year is shown in note 3 on page 72.

A brand manager at Elida Fabergé UK was one of 400 graduate recruits from all over the world who went out to meet consumers in their own homes. Such training aims to bring our employees even closer to consumers and provide insights that will help us build powerful, relevant brands and channels.

The initiative is part of Unilever's Foundation programme, co-ordinated by our Marketing Academy, which was established in 1999 to further develop the skills of our marketers and to foster a spirit of enterprise. Similar academies are at work in other parts of our business.

In 1999 we also introduced career 'road maps' for young managers. These help people to plan, and take more control of, their career development. They assist individuals to build experience and expertise in a logical sequence.

Growth is driven by leaders with certain characteristics, such as the relentless passion for winning. To assess and improve individual strengths, we have developed a 'Leadership Profile for Accelerated Growth' for our senior managers. To help them reach peak potential, they have been given their own personal development coaches and are being challenged to set themselves tougher targets directly linked to delivering superior performance.

To position the business behind our strategy for growth, in 2000 we will be making changes to the organisation and to the way we reward people. These changes will reinforce 1999 initiatives that aligned reward more closely to both Company performance and to developing the capability of the organisation to sustain strong growth.

The initiatives announced in February 2000 to accelerate top line growth and margin improvement are likely to lead to a reduction of around 25 000 jobs over the next five years. These are necessary for the long-term health of the Company; we will, however, take the utmost care to implement these changes in close consultation to minimise the personal impact.

Related party transactions

Transactions with related parties are conducted in accordance with the pricing policies described on page 65 and consist primarily of sales to joint ventures.The amounts involved are not material to the turnover or profits of the Group.

Intellectual property

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

Description of our properties

We have interests in properties in most of the countries where there are Unilever operations. We use our properties predominantly to house production and distribution activities, rather than for resale. For the list of principal group companies and fixed investments as at 31 December 1999, see pages 108 to 110.

We own properties and operate throughout the world, so we are subject to the changing laws and regulations of various countries. Future changes in these laws could affect our property ownership, currency control, taxation and trade regulation, and could also restrict our ability to pay dividends or repay capital.

Legal proceedings

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

Corporate governance

Directors

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

Our operations worldwide are organised into 12 Business Groups, each with a Business Group President. For details of the Business Group Presidents see page 45.

The directors have set out a number of areas for which the Boards have direct responsibility for decision-making. They meet to consider the following corporate events and actions:

- Agreement of quarterly results announcements
- Approval of the Annual Report and Accounts
- Declaration of dividends
- Convening of shareholders' meetings
- Approval of corporate strategy
- Authorisation of major transactions

All other matters are delegated to committees whose actions are reported to and monitored by the Boards.

Board meetings are held in London and Rotterdam and chaired by the Chairmen of NV and PLC. The Chairmen are assisted by the Joint Secretaries, who ensure the Boards are supplied with all the information necessary for their deliberations. Information is normally supplied a week prior to each meeting.

Directors are elected by shareholders at the Annual General Meetings of NV and PLC, to hold office until the end of the next AGM. For details of the nomination procedure for directors, see Control of Unilever on page 118. 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 for an indefinite period. None of our directors or executive officers are elected under any arrangement or understanding.

All of our directors have been with Unilever full time for at least five years, and in most cases for most of their business careers. For details see pages 44 to 46.

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 below.

The appointment of Advisory Directors is provided for in the Articles of Association of both parent companies, although they are not formally members of the Boards. They are therefore not entitled to vote at meetings of the Boards and bear no legal responsibility for the Boards' actions. Their terms of appointment, role and powers are enshrined in resolutions of the Boards. As well as their own committee meetings, they attend the quarterly directors' meetings, other directors' and Executive Committee members' conferences, and other meetings with the Chairmen. In addition, the Advisory Directors may meet as a body, at their discretion, and appoint a senior member as their spokesman.

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

Their remuneration is determined by the Boards. All appointments and re-appointments are based on the recommendations of the Nomination Committee.

Board Committees

The directors have established the following committees:

Executive Committee The Executive Committee comprises the Chairmen of NV and PLC and normally five other members: the two Category Directors for Foods and for Home & Personal Care; the Strategy & Technology Director; the Financial Director; and the Personnel Director. For details of the members of the Executive Committee see pages 44 and 45. Members of the Executive Committee are appointed by all the directors for one year at a time. It is responsible for agreeing priorities and allocating resources, setting overall corporate targets, agreeing and monitoring Business Group 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.

It generally meets formally every two or three weeks and is chaired, alternately, by the Chairmen of NV and PLC. It also meets with specific Business Groups and Corporate Centre departments. The Committee is supplied with information by the Executive Committee Secretariat.

Audit Committee The Audit Committee normally comprises three Advisory Directors and meets at least twice a year. Since 4 May 1999 it has been chaired by Hilmar Kopper, and its other members have been Claudio X Gonzalez and Onno Ruding. It reviews financial statements before publication and oversees financial reporting and control arrangements. The head of our internal audit function and our external auditors attend the Committee's meetings and have direct access to its Chairman. The Chief Auditor ensures that the Committee is supplied with necessary information.

External Affairs and Corporate Relations Committee
The External Affairs and Corporate Relations Committee usually comprises three Advisory Directors and normally meets four times a year. Since 4 May 1999 it has been chaired by Lady Chalker, and its other members have been Oscar Fanjul and Senator George Mitchell. It advises on external matters of relevance to the business – including issues of corporate social responsibility – and reviews our corporate relations strategy. The Committee is supplied with necessary information by the Head of the Corporate Relations Department.

Nomination Committee The Nomination Committee comprises three Advisory Directors and the Chairmen of NV and PLC and meets at least once a year. Since 4 May 1999 it has been chaired by Frits Fentener van Vlissingen and its other members have been Sir Derek Birkin, Bertrand Collomb, Antony Burgmans and Niall FitzGerald. It recommends to the Boards candidates for the positions of Director, Advisory Director and Executive Committee member. The Committee is supplied with information by the Joint Secretaries.

Remuneration Committee The Remuneration Committee normally comprises three Advisory Directors and meets at least twice a year. Since 4 May 1999 it has been chaired by Frits Fentener van Vlissingen, and its other members have been Sir Derek Birkin and Bertrand Collomb. It reviews our executive remuneration and is responsible for the Executive Share Option Scheme. 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.

Executive Committee of the Boar d

Antony Burgmans*
Chairman, Unilever N.V.
Aged 53. 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: Personal Products Co-ordinator 91/94. Responsible for South European Foods business 94/96. Business Group President, Ice Cream & Frozen Foods – Europe and Chairman of Unilever Europe Committee 96/98. Vice-Chairman of Unilever N.V. 1998. Member, Supervisory Board of ABN AMRO Bank N.V.

Niall FitzGerald*
Chairman, Unilever PLC
Aged 54. Chairman of Unilever PLC and Vice-Chairman of Unilever N.V. since 7 May 1996. Joined Unilever 1967. Appointed director 20 May 1987. Previous posts include: Financial Director 87/89. Edible Fats & Dairy Co-ordinator 89/90. Member, Foods Executive 89/91. Detergents Co-ordinator 91/95. Member of Special Committee 1996.

Clive Butler*
Category Director, Home & Personal Care
Aged 53. Category Director, Home & Personal Care since 1996. Joined Unilever 1970. Appointed director 6 May 1992. Previous posts include: Corporate Development Director 1992. Personnel Director 93/96. Non-executive director of Lloyds TSB Group plc.

Patrick Cescau*
Financial Director
Aged 51. Financial Director since 1999. Joined Unilever 1973. Appointed director 4 May 1999. Previous posts include: Chairman, Indonesia 91/95. President, Van den Bergh Foods, USA 95/97. President, Lipton, USA 97/98. Controller and Deputy Financial Director 98/99.

Alexander Kemner*
Category Director, Foods
Aged 60. Category Director, Foods since 1996. Joined Unilever 1966. Appointed director 3 May 1989. Previous posts include: Food & Drinks Co-ordinator 89/90. Member, Foods Executive 89/92. Regional Director, East Asia & Pacific 93/96.

Rudy Markham*
Strategy & Technology Director
Aged 53. Strategy & Technology Director since 1998. Joined Unilever 1968. Appointed director 6 May 1998. Previous posts include: Business Group President, North East Asia 96/98.

Jan Peelen*
Personnel Director
Aged 60. Personnel Director since 1996. Joined Unilever 1966. Appointed director 20 May 1987. Retiring 2000. Previous posts include: Regional Director, East Asia & Pacific 87/92. Chairman, Foods Executive 93/96. Chairman, Supervisory Board of VVAA Groep B.V. and Member, Supervisory Board of Buhrmann N.V. since 1999.

Business Group Presidents

Roy Brown*
Food & Beverages – Europe
Aged 53. Joined Unilever 1974. Appointed director 6 May 1992. Appointed Business Group President 1996. Chairman of Unilever Europe Committee since 1998. Previous position: Regional Director, Africa & Middle East and Central & Eastern Europe and responsible for Plantations and Plant Science Group. Non-executive director of GKN plc.

Robert Polet
Ice Cream & Frozen Foods – Europe
Aged 44. Joined Unilever 1978. Appointed Business Group President 1998. Previous position: Executive Vice-President for Ice Cream & Frozen Foods – Europe.

Richard Goldstein
Foods – North America
Aged 58. Joined Unilever 1975. Appointed Business Group President 1996. Previous position: President & CEO, Unilever United States (in which position he continues) and Chairman & CEO, Unilever Canada Ltd. Mr Goldstein will be resigning from Unilever on 1 June 2000.

John Sharpe
Home & Personal Care – Europe
Aged 58. Joined Unilever 1963. Appointed Business Group President 1996. Previous position: CEO, Lever Europe.

Charles Strauss
Home & Personal Care – North America
Aged 57. Joined Unilever 1986 upon Unilever's acquisition of Ragú Foods. Appointed Business Group President 1996. Previous position: Business Group President, Latin America 96/99.

Çetin Yüceuluğ
DiverseyLever
Aged 54. Joined Unilever 1973. Appointed Business Group President 1996. Previous position: CEO, Lever Industrial International.

Manfred Stach
Africa
Aged 57. Joined Unilever 1970. Appointed Business Group President 1998. Previous position: Chairman, Union Deutsche Lebensmittelwerke GmbH and National Manager, Germany.

Jeff Fraser
Central Asia & Middle East
Aged 56. Joined Unilever 1967. Appointed Business Group President 1996. Previous position: Operations Member, Latin America & Central Asia.

Jean Martin
Central & Eastern Europe
Aged 55. Joined Unilever 1968. Appointed Business Group President 1996. Previous position: CEO, Personal Products in Europe.

Bruno Lemagne
China
Aged 53. Joined Unilever 1972. Appointed Business Group President 1998. Previous position: Chairman, Unilever (China) Limited.

André van Heemstra
East Asia Pacific
Aged 54. Joined Unilever 1970. Appointed Business Group President 1996. Previous position: Chairman, Langnese-Iglo GmbH.

Ralph Kugler
Latin America
Aged 44. Joined Unilever 1979. Appointed Business Group President 1999. Previous position: Executive Vice-President, Latin America.

Robert Phillips*
Prestige Personal Products
Aged 61. Joined Unilever 1986 upon Unilever's acquisition of Chesebrough-Pond's. Appointed director 3 May 1995. Appointed Business Group President 1996. Chairman of Unilever North America Committee since 1996. Retiring 2000. Previous position: Business Group President, Home & Personal Care – North America 96/99.

* Unilever Board member

Advisory Directors

Sir Derek Birkin TD
Aged 70. Appointed 1993. Retiring 2000. Chairman, Tunnel Holdings 75/82. Director, RTZ Corporation 82/96, CEO 85/91 and Chairman 91/96. Director, Merchants Trust 86/99. Director, Carlton Communications Plc and Merck & Co. Inc. since 1992.

Baroness Chalker of Wallasey
Aged 57. Appointed 1998. Member of Parliament for Wallasey 74/92. Created a life peer in 1992. Minister of State at the Foreign and Commonwealth Office 86/97. Director, Freeplay Energy Ltd and Capital Shopping Centres PLCsince 1997 and Landell Mills Ltd since 1999.

Bertrand Collomb
Aged 57. Appointed 1994. French government administrator 66/75. Lafarge Group since 1975. Chairman and CEO, Lafarge since 1989. Member, European Round Table of Industrialists. Chairman, Institut de l'Entreprise. Director, Elf Aquitaine since 1994. Member, Supervisory Board, Allianz AG since 1998.

Oscar Fanjul
Aged 50. Appointed 1996. Secretary General and Under Secretary, Spanish Ministry of Industry and Energy 83/85. Chairman, Instituto Nacional de Hidrocarburos 85/95. Chairman and CEO Repsol 86/96 and Honorary Chairman since 1996. Director of Ericsson, S.A. since 1996, Tecnicas Reunidas, S.A. and Chairman, Cofir, S.A. 97/99. Member of the International Advisory Boards of the Chubb Corporation and Marsh McLennan.

Frits Fentener van Vlissingen
Aged 66. Appointed 1990. Member, Executive Board, SHV Holdings N.V. 67/75, and Chairman, 75/84. Managing Director, Flint Holding N.V. since 1984. Member, Supervisory Board, Amsterdam-Rotterdam Bank 74/91, ABN AMRO Bank N.V. since 1991 and Akzo Nobel N.V. since 1984.

Claudio X Gonzalez
Aged 65. Appointed 1998. Special Advisor to the President of Mexico 88/94. Chairman and CEO Kimberly-Clark de Mexico since 1973. Director, Kimberly-Clark Corp. since 1976, Kellogg Company since 1989 and General Electric Company (USA) since 1993.

Hilmar Kopper
Aged 64. Appointed 1998. Director, Deutsche Bank 77/97, CEO 89/97 and Chairman, Supervisory Board, since 1997. Member, Supervisory Board, Bayer AG since 1988, Akzo Nobel N.V. since 1990 and DaimlerChrysler AG (Chairman) since 1998. Director of Xerox Corp. since 1999.

Senator George J Mitchell
Aged 66. Appointed 1998. Member of the US Senate 80/95 and Senate Majority Leader 88/95. Member of the law firm Verner, Liipfert, Bernhard, McPherson and Hand since 1995. Chairman of the Northern Ireland Peace Initiative 95/99. Director, Walt Disney Company, Federal Express Corp., Xerox Corp. and UNUM Insurance Corp. since 1995 and Staples, Inc. since 1998.

Onno Ruding
Aged 60. Appointed 1990. Member of Board, Amsterdam-Rotterdam Bank 81/82. Minister of Finance, the Netherlands 82/89. Chairman, Netherlands Christian Federation of Employers 90/92. Vice-Chairman and Director, Citibank since 1992. Director of Corning Inc. since 1999.

Honorary Advisory Director
The Rt Hon The Viscount Leverhulme KG TD
Aged 84. Grandson of William Lever, the founder of Lever Brothers. Appointed Honorary Advisory Director of PLC for life on his retirement as an Advisory Director in 1985.

Corporate Officers

Jos Westerburgen
Joint Secretary
Aged 57. Appointed 4 May 1988.
Years of service on 31 December 1999: 16.

Stephen Williams
Joint Secretary
Aged 52. Appointed 1 December 1986.
Years of service on 31 December 1999: 13.

Jeffrey Allgrove
Controller
Aged 47. Appointed 4 May 1999.
Years of service on 31 December 1999: 22.

Jan Haars
Treasurer
Aged 48. Appointed 1 August 1997.
Years of service on 31 December 1999: 2.

Board changes

Mr Jan Peelen and Mr Bob Phillips retired in May 2000 and their colleagues wish to record their appreciation of their contributions to Unilever.

Mr Jan Peelen has served Unilever for 33 years, 12 of them as a director. After a period as Chairman of the Foods Executive, he has been Personnel Director. Mr Bob Phillips joined Unilever in 1986 upon the acquisition of Chesebrough-Pond's, was appointed a director in 1995, and has spent most of his Unilever career concerned with Personal Products, mainly in North America.

All existing directors retired from office, in accordance with the Articles of Association of NV and PLC, at the Annual General Meetings on 3 May 2000 and, with the exceptions of Mr Jan Peelen and Mr Bob Phillips, offered themselves for re-election and were duly re-elected.

As already announced, Mr Keki Dadiseth, Mr André van Heemstra and Mr Charles Strauss offered themselves for election at the Annual General Meetings on 3 May 2000. They were duly elected. Mr Dadiseth and Mr van Heemstra become members of the Executive Committee; Mr Dadiseth to undertake a review of the top organisation of Unilever and Mr van Heemstra to succeed Mr Jan Peelen as Personnel Director. Mr Strauss succeeds Mr Bob Phillips as Chairman of the North America Committee, while continuing as President of the Home & Personal Care North America Business Group.

Mr Keki Dadiseth is aged 54 and joined the Unilever Group in 1973. He became Chairman of Hindustan Lever Limited in 1993; having previously worked for the Overseas Committee in London and then been responsible in India at various times for personnel, personal products, mergers and acquisitions, and detergents.

Brief biographies of Mr van Heemstra and Mr Strauss can be found in 'Business Group Presidents' on page 45.

At the Annual General Meetings on 4 May 1999, Mr Patrick Cescau was elected a director and became Financial Director and a member of the Executive Committee. Mr J Allgrove succeeded him as Controller. Mr Morris Tabaksblat and Mr Hans Eggerstedt duly retired as directors at those meetings and Mr Antony Burgmans became Chairman of NV and Vice-Chairman of PLC.

Advisory Directors' changes

Sir Derek Birkin retired as an Advisory Director with effect from the Annual General Meetings in 2000. The directors wish to record their appreciation of his substantial contribution during the past seven years, particularly while a member of the Nomination and Remuneration Committees.

The Rt Hon The Lord Brittan of Spennithorne QC was appointed as an Advisory Director with effect from 1 May 2000 until the Annual General Meetings in 2003. Lord Brittan was a member of the UK Government, as Home Secretary and as Secretary of State for Trade and Industry, and, between 1989 and 1999, of the European Commission, where he became a Vice-President, his responsibilities having included competition and trade policy.

The Boards have resolved to re-appoint Mr Bertrand Collomb as an Advisory Director, also until the Annual General Meetings in 2003.

Sir Brian Hayes and Lord Wright of Richmond retired at the Annual General Meetings on 4 May 1999.

Requirements in the Netherlands and the UK

A vital factor in the arrangements between NV and PLC is their having the same directors. As the concept of the non-executive director, as recognised in the United Kingdom, is not a feature of corporate governance in the Netherlands, and the Supervisory Board, as recognised in the Netherlands, is unknown in the United Kingdom, it is not practicable to appoint supervisory or non-executive directors who could serve on both Boards. However, a strong independent element has long been provided by Unilever's Advisory Directors, who perform many of the functions of supervisory and non-executive directors. The Audit, External Affairs and Corporate Relations and Remuneration Committees consist exclusively of Advisory Directors and the majority of the members of the Nomination Committee are Advisory Directors. See page 44 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 Listing Rules of the London Stock Exchange.

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 49 to 59. This also deals with any 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 60.

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 1999.

Shareholder relations

We believe it is important to both explain the business developments and financial results to shareholders and to understand the objectives of investors. Within the Executive Committee, the Financial Director has lead responsibility for investor relations, with the active involvement of the Chairmen. They are supported by an Investor Relations Department which organises presentations for analysts and institutional investors, mainly held in Europe and North America.

Both NV and PLC communicate with their shareholders through the Annual General Meetings. At the AGMs, both Chairmen give 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 web site 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 has been set up by a group of Dutch companies in order to facilitate direct communications with shareholders who are otherwise unknown to them. The Shareholders Communication Channel will also be used to facilitate proxy voting in the Netherlands.

Reporting to shareholders

The directors' responsibilities are set out formally on page 60. These cover Annual accounts, Going concern and Internal control. The report to shareholders on directors' remuneration and interests is set out on pages 49 to 59.

The responsibility of the auditors to report on these matters is set out on page 61.

Remuneration report

Remuneration of Directors and Executive Officers

The aggregate amount of remuneration paid by the Unilever Group to all directors and executive officers for services in all capacities during 1999 was Fl. 28 198 932.

The aggregate amount set aside by the Unilever Group during 1999 to provide pension, retirement or similar benefits for directors and executive officers was Fl. 6 701 246.

Policy: directors' emoluments

The objective of Unilever's remuneration policy for directors is to motivate and retain top class business people able to direct and lead a large global company, and to reward them accordingly.

The Remuneration Committee believes that the level of remuneration of Dutch or British directors resident in their home countries should be in line with that of executive directors of major international industrial companies based in the Netherlands and the United Kingdom respectively, who have similar responsibilities to a Unilever director whilst recognising Unilever's size and special features. The levels of remuneration of the Chairmen and the members of the Executive Committee take into account their special responsibilities and provide differentials comparable to those found in other major international industrial companies. A director who is not resident in his home country is paid at the level of remuneration appropriate to his place of residence if this is higher than that in his home country. Directors not of Dutch or British nationality are, in principle, to be no worse off than they would be if based in their home country in a job of comparable importance.

Levels of remuneration are reviewed annually by the Remuneration Committee in the light of external expert advice which assesses competitive levels of remuneration in the largest companies relevant to the residence of the group of Unilever directors concerned. Comparison is also made with the remuneration of other employees within Unilever.

The Remuneration Committee's policy is to seek to link reward closely to performance by using merit pay increases and bonuses based on both corporate and personal performance.

NV and PLC and their group companies constitute a single group. It is therefore the practice for directors to receive emoluments from both NV and PLC because they serve both companies. Emoluments, wherever stated, include payments from both NV and PLC. All emoluments and fees earned by directors from outside directorships and like sources are required to be paid to and are retained by Unilever.

All directors' emoluments, including those of the Chairmen, are made up of the following elements:

(i) Salary:
Salaries are fixed by the Remuneration Committee. They are usually fixed in the currency appropriate to the location, the Netherlands, United Kingdom or United States, where the director is based. On the same basis as other employees, directors receive an additional month's salary in the year they complete 25 years' service with Unilever.

(ii) Allowances and value of benefits in kind:
In appropriate cases, and usually in accordance with the same rules as apply to all qualifying employees, directors receive allowances to help them meet expenses incurred by virtue of their employment, for example, in respect of relocation and consequential disturbance and education expenses. Certain of the London based directors receive an allowance to take account of the fact that part of their remuneration is paid in the Netherlands. Benefits in kind are items such as a company car and medical insurance.

(iii) Performance related payments:
These arise primarily under an annual bonus scheme. Bonuses are set by the Remuneration Committee. The maximum cash bonus for directors is 40% of salary. Bonuses are based on achievement of a target or target range which may involve two measures of performance:

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

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

Directors are given the opportunity to use 25% of their cash bonuses, during the year of payment, to purchase shares in NV and PLC and to be awarded shares of equivalent value, upon condition that all the shares are retained for at least five years.

Remuneration report

Policy: directors' pensions

The aim of the Remuneration Committee is that pension and other related benefits should be in line with good practice by major companies in the Netherlands and the United Kingdom, bearing in mind the need to establish reasonable comparability between the conditions for the various nationalities of directors.

All directors are members of the normal Unilever pension schemes. Because directors are paid by both NV and PLC, they participate in both the NV and PLC normal pension schemes. The NV scheme has been on a contribution holiday since 1990. The PLC scheme has been on a contribution holiday since January 1997.

All directors are also members of their respective early retirement scheme, which provides an overall pension coverage inclusive of benefits under other Unilever schemes. The current arrangements are that directors belong to either the NV or PLC scheme, depending on their contractual arrangements. NV finances the NV scheme and PLC finances the PLC scheme. Also, under the current arrangements, in order to equalise benefits amongst the directors, those directors who are members of the NV scheme and retire at normal retirement date, receive an additional lump sum amount equal to one year's final pensionable pay. The benefits received by directors under these early retirement schemes are, in most other respects, the same as those generally provided for senior management.

Under both the early retirement schemes, final pensionable pay takes into account the bonuses paid in the last three years prior to termination of service, subject to a maximum of 20% of pensionable pay. The Remuneration Committee believes that the policy of allocating a significant part of directors' emoluments to performance related payments instead of salary, whilst retaining control over the overall package of emoluments, should not affect the directors' reasonable expectations of a pension at a level that is in line with that provided by major companies in the Netherlands and the United Kingdom. The Committee does not agree with the recommendations of the Combined Code in this respect but continues to keep the development of best practice in respect of the pensionability of bonuses under review.

Directors' pensions: further information

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, the Netherlands or United Kingdom, to which the scheme in which they participate relates. 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 is shown. For the NV director who has not attained age 55 by the year end, the pension payable under the normal NV scheme is shown payable from the age at which it is most valuable, while that payable under the normal PLC scheme is payable unreduced (partly discretionary and partly by right) from age 60, and subject to a 5% per annum reduction for each year that retirement precedes age 60.

For directors in the PLC early retirement scheme, early retirement is possible from age 50 (or age 55 for PLC directors appointed after 1 January 1999), in which case the total accrued pension is reduced by 5% per annum for each year of early retirement prior to age 60.

Dependants' and children's pensions are payable under the normal and early retirement schemes in each country. Under the NV normal and early retirement scheme, the spouse's pension is 70% of the member's pension, while under the PLC early retirement scheme, the spouse's pension is 66.7% of the member's retirement pension. Under the normal PLC scheme, the spouse's pension is 50% of the member's pension.

Where, for directors in the NV early retirement scheme, the early retirement pension is shown, this amount will be reduced at age 65 by an allowance, currently Fl. 25 801, 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 nor the resulting benefits are included in the table of pension entitlements.

Remuneration report

Directors' pensions

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

NV scheme (1)

	Age, at 31 December 1999 yrs	mths	Normal Retirement Age (2) yrs	mths	Contributions paid by director during 1999 Fl.	Increase in accrued pension during 1999 (3)(4) Fl.	Total accrued pension at 31 December 1999 (4) Fl.
M Tabaksblat (5)	62	3	60	0	0	1 128	1 595 748
A Burgmans (6)	52	11	60	0	0	117 369	765 256
H Eggerstedt (7)	61	10	60	0	0	43 328	1 244 856
A Kemner	60	3	60	0	0	156 562	1 033 251
J Peelen	59	10	60	0	0	163 713	1 026 669

PLC scheme

	Age, at 31 December 1999 yrs	mths	Normal Retirement Age (2) yrs	mths	Contributions paid by director during 1999 £	Increase in accrued pension during 1999 (3)(8) £	Total accrued pension at 31 December 1999 (8) £
N W A FitzGerald	54	4	60	9	0	56 979	510 474
R D Brown	53	1	60	0	0	15 787	228 292
A C Butler	53	6	60	0	0	21 948	260 272
P J Cescau (9)	51	3	60	0	0	149 751	192 240
R H P Markham	53	10	60	0	0	44 414	251 351
R M Phillips (10)	61	6	60	0	0	42 392	556 723

(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.

(2) Normal Retirement Age is that established for the purposes of the respective early retirement scheme for the director, and generally does not coincide with the termination date of his employment under the terms of his service contracts (see 'Service contracts' on page 54).

(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 director 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. 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) Retired during the year. In addition to the pension benefit shown, a lump sum amount of Fl. 2 640 000 was paid on retirement.

(6) 88% of the total accrued pension at 31 December 1999 and 82% of the increase in accrued pension correspond to the normal NV scheme.

(7) Retired during the year. In addition to the pension benefit shown, a lump sum amount of Fl. 2 058 000 was paid on retirement.

(8) 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 1999, and includes benefits from all Unilever schemes. It does not include allowance for any future inflationary increases.

(9) Elected on 4 May 1999. The accrued pension includes benefits (actuarially converted for consistency) under all Unilever Schemes and those earned, prior to appointment, under social security schemes.

(10) The pension will be converted to US dollars upon retirement and will be increased in future to maintain US purchasing power.

Remuneration report

Directors' emoluments

The aggregate emoluments of the directors were as follows:

	Fl. 1999	Fl. 1998	£ 1999	£ 1998
Salary	15 878 902	15 819 554	4 747 056	4 809 837
Allowances and value of benefits in kind	2 401 242	2 416 405	717 860	734 693
Performance related payments	5 278 724	7 797 962	1 578 094	2 370 922
Total	23 558 868	26 033 921	7 043 010	7 915 452
Gains on exercise of share options (1)	2 585 849	8 008 505	773 049	2 434 936

The emoluments of the individual directors were as follows:

	Salary	Allowances and value of benefits in kind	Performance related payments (1)	Total 1999	Total 1998	Equivalent totals (10) 1999	Equivalent totals (10) 1998
Paid in guilders:	Fl.	Fl.	Fl.	Fl.	Fl.	£	£
M Tabaksblat (2)	916 667	87 280	264 642	1 268 589	3 272 891	379 249	995 102
A Burgmans (3)	1 533 333	41 507	558 483 (9)	2 133 323	1 909 962	637 765	580 712
A Kemner	1 420 000	35 838	495 617 (9)	1 951 455	1 858 548	583 395	565 080
J Peelen	1 420 000	286 353	409 954	2 116 307	2 151 582	632 678	654 175
Paid in pounds sterling:	£	£	£	£	£	Fl.	Fl.
N W A FitzGerald (4)	750 000	118 550	284 525 (9)	1 153 075	1 116 333	3 857 037	3 671 620
R D Brown	398 965 (7)	163 623	119 757	682 345	648 196	2 282 444	2 131 915
A C Butler	400 000	41 191	153 230 (9)	594 421	839 497	1 988 338	2 761 106
P J Cescau (5)	233 333	93 057	104 545	430 935	0	1 441 479	0
H Eggerstedt (6)	228 750	6 872	66 040	301 662	702 795	1 009 059	2 311 491
R H P Markham	375 000	42 158	139 713 (9)	556 871	363 972	1 862 733	1 197 104
Paid in US dollars:	$	$	$	$	$	Fl.	Fl.
R M Phillips	1 260 521 (8)	190 139	312 863	1 763 523	1 720 180	3 648 104	3 414 408
						£	£
						1 090 614	1 038 129

(1) See pages 58 and 59.
(2) Chairman of NV, retired on 31 May 1999.
(3) Chairman of NV.
(4) Chairman of PLC.
(5) Elected on 4 May 1999.
(6) Retired on 31 May 1999.
(7) Includes 25 year service award of £33 965.
(8) Includes 25 year service award of US $ 135 521.
(9) Includes value of shares awarded under bonus scheme (see page 49).
(10) Based on average rates for the year of £1 = Fl. 3.345, £1 = US $ 1.617, US $ 1 = Fl. 2.069 (1998: £1 = Fl. 3.289, £1 = US $ 1.657, US $ 1 = Fl. 1.985).

For the years up to and including 1997, NV lent 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 1999 a total of Fl. 1.0 million (1998: Fl. 1.1 million) was lent to the directors.

No compensation for loss of office, payments for loss of office or other termination payments were paid to directors in 1999.

Remuneration report

Directors' interests: share capital

The interest in the share capitals of NV and PLC and their group companies of those who were directors at the end of 1999 and of their families were as shown in the tables below:

	1 January	31 December
NV (ordinary shares)	Fl. 1	Fl. 1.12
A Burgmans	856	6 920
N W A FitzGerald	5 504	6 175
A C Butler	—	625
A Kemner	870	1 454
R H P Markham	—	582
J Peelen	894	798
R M Phillips	8 694	7 762
NV (preference shares)		Fl. 0.10
A Burgmans	—	7 750
A Kemner	—	1 628
J Peelen	—	894
PLC (ordinary shares)	1.25p	1.4p
N W A FitzGerald	33 140	40 357
	175 632 840[a]	156 815 034[a]
A Burgmans	17 894	20 627
A C Butler	24 828	27 243
A Kemner	14 684	18 605
R H P Markham	43 140	43 246
J Peelen	9 342	8 340
R M Phillips	10 572	9 439
Margarine Union (1930) Limited (shares)		
N W A FitzGerald	600[a]	600[a]

(a) Held jointly as a trustee of the Leverhulme Trust and the Leverhulme Trade Charities Trust with no beneficial interest.

On 10 May 1999, Unilever's share capital was consolidated on the basis of 100 new shares of Fl. 1.12 each for every 112 existing NV shares of Fl. 1 each and 100 new shares of 1.4p each for every 112 existing PLC shares of 1.25p each.

The directors, in common with other employees of PLC and its United Kingdom subsidiaries, have beneficial interests in the undermentioned NV and PLC ordinary shares acquired for the purpose of satisfying options granted under the PLC 1985 Executive Share Option and Sharesave Schemes and the Unilever PLC International 1997 Executive Share Option Scheme.

	1 January Fl. 1/1.25p	31 December Fl. 1.12/1.4p
All directors – NV ordinary shares	551 802	—
– PLC ordinary shares	39 623 389	42 492 210

On election of P J Cescau as a director on 4 May 1999 the trusts held 42 129 131 PLC 1.25p shares and 1 099 623 NV Fl. 1 shares.

Further information, including details of the NV and PLC ordinary shares acquired by certain group companies in connection with other share option schemes, is given in note 20 on page 81.

The only changes in the interests of the directors and their families in NV ordinary shares between 31 December 1999 and 28 April 2000 were that:

(i) A Burgmans acquired 1 050 NV ordinary shares pursuant to the annual bonus scheme;
(ii) A C Butler acquired 962 NV ordinary shares pursuant to the annual bonus scheme;
(iii) P J Cescau acquired 842 NV ordinary shares pursuant to the annual bonus scheme;
(iv) N W A FitzGerald acquired 1 744 NV ordinary shares pursuant to the annual bonus scheme;
(v) R H P Markham acquired 872 NV ordinary shares pursuant to the annual bonus scheme;
(vi) J Peelen acquired and sold 37 396 NV shares through the exercise of options granted under the NV Executive Share Option Scheme.

Remuneration report

The only changes in the interests of the directors and of their families in PLC ordinary shares between 31 December 1999 and 28 April 2000 were that:

(i) A Burgmans acquired 8 294 PLC ordinary shares pursuant to the annual bonus scheme;
(ii) A C Butler acquired 7 604 PLC ordinary shares pursuant to the annual bonus scheme;
(iii) P J Cescau acquired 6 654 PLC ordinary shares pursuant to the annual bonus scheme;
(iv) N W A FitzGerald acquired 13 782 PLC ordinary shares pursuant to the annual bonus scheme;
(v) N W A FitzGerald acquired 30 PLC ordinary shares;
(vi) R H P Markham acquired 6 890 PLC ordinary shares pursuant to the annual bonus scheme;
(vii) the holding of the Unilever Employee Share Trusts has reduced to 41 969 815 PLC ordinary shares.

Service contracts

NV and PLC's Articles of Association require that at every Annual General Meeting, all the directors shall retire from office. All directors' contracts of service with the Unilever Group are generally terminated not later than the end of the month in which the Annual General Meeting next before or after the director's 62nd birthday occurs.

Contracts are currently determinable by the employer at not less than two years' notice. Formerly, contracts were determinable by the employer at not less than three years' notice. The Remuneration Committee believes that this change for existing directors has brought their service contracts into line with the arrangements for the existing directors of many peer group companies. The Committee has noted the recommendation in the Combined Code in favour of one year contracts but continues to be concerned to have regard to best practice, as well as legal entitlements upon termination, in both the Netherlands and the United Kingdom. Developments in both countries are kept under regular review with respect to existing directors and new appointments.

The compensation payable to a director upon the termination of his service contract will be calculated in accordance with the law applicable. The directors have service contracts with both NV and PLC. The Remuneration Committee's aim is always to deal fairly with cases of termination whilst taking a robust line in minimising any such compensation. The Remuneration Committee has given due consideration to the recommendations contained in the Combined Code regarding the merits of providing explicitly in the directors' contracts of service provisions relating to compensation commitments in the event of early termination. However, the companies have to take account of the law in the Netherlands that provides that, irrespective of what the service contract may say, the termination of employment for a reason other than misconduct or negligence entitles a long serving employee to compensation comparable to at least two years' remuneration. The Committee will continue to keep its current practice under review.

In 1999 three directors served for only part of the year. In 1998 two directors served for only part of the year.

Advisory Directors

The Advisory Directors are not formally members of the Boards of NV and PLC and are therefore excluded when reference is made to directors in the preceding text.

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 1999 to each of B Collomb, O Fanjul, F H Fentener van Vlissingen, H Kopper and H O C R Ruding was Fl. 80 000 and to each of Sir Derek Birkin, Lady Chalker of Wallasey, C X Gonzalez and Senator G J Mitchell was £27 500. Sir Brian Hayes and Lord Wright of Richmond retired during the year and each received fees of £9 424.

At the end of 1999 the aggregate interest of the Advisory Directors in the share capital of NV and PLC were 8 479 (1998: 8 375) ordinary shares of NV and 1 785 (1998: 4 000) ordinary shares of PLC.

Share options

Unilever introduced share options for directors and other senior managers during 1985 in the United Kingdom and the Netherlands and for key employees in North America during 1992. Types of share options for employees generally were introduced during 1985 in the United Kingdom, 1991 in the Republic of Ireland and 1995 in the Netherlands and North America.

Remuneration report

Directors are generally entitled to share options on the same basis as other employees. They participate in the NV Employee Share Option Scheme and the PLC 1985 Sharesave Scheme, which are all-employee schemes, and in the International 1997 Executive Share Option Scheme.

The NV Employee Share Option Scheme was introduced in 1995 and is open to all employees in the Netherlands. The PLC 1985 Sharesave Scheme is open to all employees who work a minimum number of hours in the United Kingdom. The North American Employee Stock Purchase Plan was also introduced in 1995 and is open to all employees in the United States and Canada.

Grants of share options to directors and other senior executives in 1999 were made under the International 1997 Executive Share Option Scheme (the 'International Scheme') which was established after taking into account the guidelines and views of institutional investor committees. The International Scheme comprises the NV Executive Share Option Scheme, the Unilever PLC International 1997 Executive Share Option Scheme, the Unilever PLC 1985 Executive Share Option Scheme and the North American Executive Stock Option Plan. The Boards granted options to acquire a number of ordinary shares in NV and a number of ordinary shares in PLC of approximately equal market value.

The Boards have established benchmark grant levels (the 'normal allocation') to assist in determining actual grant levels under the International Scheme. In accordance with the undertaking made at the time the International Scheme was introduced, the Remuneration Committee has reviewed these normal allocations and has determined that they continue to be in line with those awarded by companies in Unilever's peer group. The actual level of grant made to each individual, which is decided by the Boards, who are advised by the Remuneration Committee, is dependent on certain performance criteria, group and individual, which are set annually by the Boards and the Remuneration Committee. These criteria must be satisfied before an individual can be granted an option.

The Group criterion for 1999 was that the Group's earnings per share over the three financial years preceding the date of grant of any option should have cumulatively risen by at least 6% more than the rate of inflation. If it had not, no grants would have been made.

Once the Group criterion had been met, each individual's option grant varied according to the percentage increase, above the rate of inflation, of the Group's earnings per share over the financial year preceding the date of grant. The level of grant would vary according to the amount of the percentage rise. The Remuneration Committee decided that for 1999 the targets and levels of grant would be:

EPS achieved in prior year	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 normal allocations in 1999 to which the percentages above would be applied were:

	NV shares	PLC shares
Chairmen	12 000	80 000
Other directors	6 000 – 7 500	40 000 – 50 000

The price payable for each ordinary share under an option is not less than the closing price on the Stock Exchange Daily Official List on the date of grant. In normal circumstances, an option granted under the International Scheme may not be exercised earlier than three years after the date of grant.

Participants are further incentivised by the grant of 'premium options'. These are options granted to reward commitment and good performance over a five year period. The first premium options will be granted in 2002. To qualify for the grant of a premium option the Group must have performed well over the preceding five years and each individual must not have realised free cash from the exercise of options granted in the previous five years and must have received on average at least 100% of his normal allocation over the preceding five years. Premium options will be granted over 20% of the number of shares subject to the individual's initial grant of options under the scheme.

Prior to 1997, options under the NV and PLC Executive Share Option Schemes were only granted if the Remuneration Committee was satisfied that there had been a sufficient improvement in the performance of the Group over the two to three years preceding the grant. The grant of options was discretionary. It was dependent on the Chairmen being satisfied that the grant was merited by the individual in the light of personal performance and potential for future contribution to the business. For the Boards, the Remuneration Committee had to be so satisfied. Options were phased in evenly over

Remuneration report

a three year period. The maximum number of options depended on seniority. The maximum aggregate value of the exercise prices of options that could be held at any one time was four times appropriate salary.

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

Under the terms of the PLC Unapproved Share Option Scheme (formerly the PLC Expatriate Share Option Scheme), PLC has the right to substitute the equivalent cash value for any individual's right to acquire shares on the exercise of their options. It is not PLC's intention to exercise this right except in circumstances where it may be unduly disadvantageous to an individual were it not to do so. Accordingly, no amount has been charged as a compensation expense during the year ended 31 December 1999 in respect of this scheme.

The PLC Sharesave Scheme covers all directors of PLC and employees of its United Kingdom subsidiaries meeting minimum service and United Kingdom taxation residence requirements. Participants to whom options have been granted make monthly contributions to a savings scheme approved by the United Kingdom Treasury for this purpose. At the end of five years the proceeds from the savings scheme may be applied to obtain ordinary shares of PLC at a price which is not less than 90% of the market value of the shares on a specified date within a thirty day period ending with the date on which the options were granted.

The Unilever Savings Related Share Option Scheme (Ireland) operated in a similar manner to the PLC Sharesave Scheme for employees of Group companies in the Republic of Ireland. Following a change in the law, options are no longer granted under this scheme.

All directors of NV and all employees of Unilever Nederland B.V. may participate in the share option scheme for employees in the Netherlands if they are on the payroll at the moment of grant. In respect of grants made in 1995, 1996 and 1997 an employee also had to be a participant in the Save-As-You-Earn Scheme. For grants made in 1998 and subsequent years there was no requirement for employees to participate in the Save-As-You-Earn Scheme. The grant of share options takes place after a resolution to such effect has been adopted by the Board of Unilever Nederland B.V. The share options are granted at 100% of the market price at the moment of the grant. Options granted prior to 1998 can be exercised during a period of five years from the date of grant. Options granted in 1998 and subsequent years can only be exercised on the fifth anniversary of the grant date. In 1998 and 1999 each participant was granted an option to acquire 50 NV shares.

Under the Unilever North America 1999 Employee Stock Purchase Plans, employees meeting minimum service requirements are granted options to purchase shares of NV at a special price, which is some 90% of the market price at the grant date, through a payroll deduction programme over a two year period.

NV intends to meet the obligations under the NV options by transferring previously purchased shares to directors and employees as the options are exercised. Any excess of cost over option price in respect of shares acquired for this purpose, together with any movement in the market value above option price in respect of shares not yet acquired for this purpose, is charged against the results over the vesting period. During the year ended 31 December 1999 the maximum amount of this charge which could be regarded as compensatory, should all individuals with a right to receive cash as an alternative to shares exercise such a right, was less than Fl. 15 million.

De Doffer B.V., a wholly owned subsidiary of NV, has acquired such number of NV shares as will be sufficient to satisfy the obligations Unilever United States, Inc. has incurred so far under the Unilever North America 1992 Stock Option Plan and the Unilever North American 1999 Employee Stock Purchase Plan. The excess of cost over the option price with respect to the shares acquired for this purpose is charged against results for the period.

In 1990, the Unilever Employee Share Trust was established to purchase and hold ordinary shares of PLC to satisfy options granted under the PLC 1985 Sharesave Scheme and the PLC 1985 Executive Share Option Schemes. In 1995 the Unilever Employee Share Trust (Jersey) was established for the same purpose, and in 1997 the powers of this trust were extended to enable it to purchase and hold shares of NV to satisfy options granted under the Unilever PLC International 1997 Executive Share Option Scheme.

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At 31 December 1999, the Trusts together held 42 492 210 ordinary shares.
In March 1998 the Unilever Qualifying Employee Share Ownership Trust was established to purchase and hold ordinary shares of PLC to satisfy options granted under the PLC 1985 Sharesave Scheme.

Options held by directors and employees to acquire ordinary shares of NV and PLC at 31 December 1999 are shown in note 20 on page 81.

For convenience and ease of presentation, the information on the directors' share options and notional options is presented together on the next page.

Options to purchase securities from Registrant of subsidiaries

Options over the following number of shares were granted, exercised, forfeited or expired between 31 December 1999 and 28 April 2000.

	Granted		Exercised, forfeited or expired	
	Shares of 1.4p	Shares of Fl. 1.12	Shares of 1.4p	Shares of Fl. 1.12
PLC Sharesave Plan	–	n/a	2 687 922	n/a
PLC Option Plans	3 235 100	495 050	169 613	1 250
NV Option Plans	6 569 800	1 008 850	–	121 836
NV Sharesave Plan	n/a	–	n/a	9 856

	Granted		Exercised, forfeited or expired	
	Shares of 1.4p in the form of American Depositary Receipts	Shares of Fl. 1.12 of the New York Registry	Shares of 1.4p in the form of American Depositary Receipts	Shares of Fl. 1.12 of the New York Registry
NA Option Plan	1 741 516	259 725	63 004	17 868
NA Purchase Plan	n/a	–	n/a	61 712

As at 28 April 2000 the directors and officers as a group held options to purchase the following ordinary shares:
3 461 440 shares of 1.4p
455 188 shares of Fl. 1.12
194 828 shares of 1.4p in the form of American Depositary Receipts
133 134 shares of Fl. 1.12 of the New York Registry

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Options to acquire NV ordinary shares of Fl. 1.12 each and options to acquire PLC ordinary shares of 1.4p each were granted, exercised and held during 1999 as follows:

						Options outstanding below market price at end of year		Options outstanding above market price at end of year	
Name		1 January Fl. 1/1.25p	Granted (g)	Exercised	31 December Fl. 1.12/1.4p	Number	Weighted average price	Number	Weighted average price
A Burgmans	(a)	61 512	18 000[2]	6 252[6]	73 260	46 260	Fl. 64.42	27 000	Fl. 144.21
	(b)	122	50[3]	0	172	72	Fl. 66.58	100	Fl. 133.64
	(c)	120 000	120 000[4]	0	240 000	60 000	407p	180 000	593p
	(d)	2 904	0	0	2 904	0	0	2 904	594p
N W A FitzGerald	(a)	42 932	18 000[2]	0	60 932	24 932	Fl. 84.37	36 000	Fl. 146.34
	(b)	50	50[3]	0	100	0	0	100	Fl. 133.64
	(c)	635 392	120 000[4]	0	755 392	515 392	315p	240 000	611p
	(d)	5 025	0	0	5 025	3 864	268p	1 161	594p
R D Brown	(a)	18 636	9 000[2]	0	27 636	9 636	Fl. 91.95	18 000	Fl. 146.34
	(c)	166 180	60 000[4]	0	226 180	106 180	364p	120 000	611p
	(d)	1 240	0	0	1 240	1 240	278p	0	0
A C Butler	(a)	25 450	11 250[2]	0	36 700	14 200	Fl. 85.79	22 500	Fl. 146.34
	(b)	0	50[3]	0	50	0	0	50	Fl. 140.27
	(c)	388 212	75 000[4]	0	463 212	313 212	330p	150 000	611p
	(d)	4 652	0	0	4 652	4 652	371p	0	0
P J Cescau	(a)	20 250[1]	0	0	20 250	0	0	20 250	Fl. 145.62
	(c)	135 000[1]	0	0	135 000	0	0	135 000	605p
	(e)	45 000[1]	0	0	45 000	45 000	US $ 38.84	0	0
	(f)	100 192[1]	0	0	100 192	100 192	US $ 6.72	0	0
A Kemner	(a)	47 966	11 250[2]	11 524[7]	47 692	25 192	Fl. 73.54	22 500	Fl. 146.34
	(b)	122	50[3]	0	172	72	Fl. 66.58	100	Fl. 133.64
	(c)	150 000	75 000[4]	0	225 000	75 000	407p	150 000	611p
	(d)	6 440	0	0	6 440	6 440	268p	0	0
R H P Markham	(a)	51 082	11 250[2]	0	62 332	39 832	Fl. 61.42	22 500	Fl. 146.34
	(b)	50	50[3]	0	100	0	0	100	Fl. 133.64
	(c)	167 292	75 000[4]	0	242 292	92 292	384p	150 000	611p
	(d)	0	3 283[5]	0	3 283	0	0	3 283	514p
J Peelen	(a)	70 858	0	10 960[8]	59 898	48 648	Fl. 66.80	11 250	Fl. 152.70
	(b)	122	50[3]	0	172	72	Fl. 66.58	100	Fl. 133.64
	(c)	150 000	0	0	150 000	75 000	407p	75 000	668p
	(d)	5 025	0	0	5 025	3 864	268p	1 161	594p
R M Phillips	(a)	18 000	0	0	18 000	9 000	Fl. 94.30	9 000	Fl. 152.70
	(c)	457 928	0	0	457 928	397 928	315p	60 000	668p
	(e)	71 800	0	0	71 800	71 800	US $ 26.05	0	0
M Tabaksblat	(a)	86 120	0	0	86 120[9]	86 120	Fl. 63.96	0	0
	(c)	120 000	0	0	120 000[9]	120 000	407p	0	0
H Eggerstedt	(a)	50 300	0	0	50 300[9]	50 300	Fl. 62.53	0	0
	(c)	75 000	0	0	75 000[9]	75 000	407p	0	0
	(d)	3 864	0	0	3 864[9]	3 864	268p	0	0

(a) Number of NV shares the subject of options under the International Scheme.
(b) NV Employee Share Option Scheme.
(c) Number of PLC shares the subject of options under the International Scheme.
(d) PLC 1985 Sharesave Scheme.
(e) Number of NV New York shares the subject of options under the International Scheme.
(f) Number of PLC shares the subject of options in the form of American Depositary Receipts under the International Scheme.
(g) Granted in the year on the basis of earnings per share in the prior year.

See also notes on page 59.

Remuneration report

All share options are exercisable at a range of dates between 2000 and 2009 (see note 20 on page 81). No options lapsed unexercised during the year. The market price of the ordinary shares at the end of the year was for NV Fl. 120.78 and US $ 54.44 and for PLC 456p and US $ 7.56, and the range during the year was between Fl. 107.98 and Fl. 163.07 and US $ 49.50 and US $ 88.25, and between 401p and 695p and US $ 6.45 and US $ 11.67 respectively. Options outstanding above and below the market prices at 31 December 1999 are set out in the table on page 58.

Notes:

Note	Number of shares	Exercise price	Market price at date of exercise
(1)		On election as a director	
(2)	all	Fl. 139.95	
(3)	all	Fl. 140.27	
(4)	all	555p	
(5)	all	514p	
(6)	6 252	Fl. 48.00	Fl. 138.37
(7)	1 876	Fl. 48.00	Fl. 138.35
	9 648	Fl. 48.70	Fl. 138.35
(8)	1 876	Fl. 48.00	Fl. 138.35
	4 312	Fl. 48.70	Fl. 138.35
	4 772	Fl. 50.30	Fl. 140.49
(9)		On date of retirement	

The exercise of all options under the NV Executive Share Option Scheme and North American Executive Stock Option Plan have always been satisfied by the transfer of shares purchased in the market at the time of the grant and held until exercise. The same practice has been adopted in respect of the PLC 1985 Sharesave and Executive Share Option Schemes for grants made from 1990 onwards and in respect of the NV Employee Share Option Scheme and the North American Employee Stock Purchase Plan from their inceptions during 1995. The Board has continued the same practice with the Unilever PLC International 1997 Executive Share Option Scheme. During 1999, 2 803 641 NV shares and 17 732 079 PLC shares were purchased in the market in respect of options granted under these schemes, and 782 480 NV shares and 6 558 181 PLC shares to bring the number of shares back to the level before the share consolidation.

Statements of directors' responsibilities

Annual accounts

The directors are required by Book 2 of the Civil Code in the Netherlands and the United Kingdom Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Unilever Group, NV and PLC as at the end of the financial year and of the profit or loss for that year.

The directors consider that in preparing the accounts the Group, NV and PLC have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed, except as noted under 'Accounting standards' on page 62.

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 61, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

Going concer n

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 2000 and 2001, 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 internal control procedures which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled. The Boards of NV and PLC have also established a clear organisation 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 these controls rests with the Group's senior management at individual operating company and Business Group level. Business Groups, each of which have their own Risk Committees, review, on an ongoing basis, the risks faced by their group and the related internal control arrangements and provide written reports to the Corporate Risk Committee. This is comprised mainly of Board members and chaired by the Financial Director. The Corporate Risk Committee 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.

Unilever's corporate internal audit function plays a key role in providing an objective view and continuing assessment of the effectiveness of the internal 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 internal control has been in place throughout 1999 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.

Report of independent auditors

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

In our opinion the accounts and related schedule of the Unilever Group set out on pages 62 to 107, present fairly, in all material respects, the financial position of the Unilever Group at 31 December 1999 and 1998, 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 1999, in accordance with the general information on Accounting Standards and the accounting policies on pages 62 to 65. These accounts and related schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these accounts and related schedule based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United Kingdom and the Netherlands, which are substantially the same as auditing standards generally accepted in the United States. These standards require that we plan and perform our audit to obtain reasonable assurance about whether the accounts are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the accounts, assessing the accounting principles used and significant estimates made by management, and evaluating the presentation of the accounts. We believe that our audits provide a reasonable basis for the opinion expressed above.

The accounting principles applied vary in certain significant respects from accounting principles generally accepted in the United States. The approximate effect of the major differences in the determination of net profit and capital and reserves are shown on page 106.

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

7 March 2000

A separate report on the accounts of the Unilever Group expressed in sterling is included in Unilever PLC's Annual Report on Form 20-F for 1999.

Accounting information and policies

Unilever Group

Unilever

The two parent companies, NV and PLC, operate as nearly as is practicable as a single entity (the Unilever Group, also referred to as Unilever or the Group). NV and PLC have the same directors and are linked by a series of agreements, including an Equalisation Agreement, which is designed so that the position of the shareholders of both companies is as nearly as possible the same as if they held shares in a single company.

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

Basis of consolidation

By reason of the operational and contractual arrangements referred to above and the internal participating interests set out in note 20 on page 80, 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 84 and note 34 on page 103 by additional information for the NV and PLC parts of the Group in which group companies are consolidated according to respective ownership.

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 63, 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.

OECD Guidelines

In preparing its annual accounts Unilever adheres to the disclosure recommendations of the OECD Guidelines for Multinational Enterprises.

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 63 to 65. Material variations from United States generally accepted accounting principles are set out on pages 106 and 107.

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 73, note 18 on page 78 and note 30 on pages 90 and 91.

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 84.

United Kingdom Financial Reporting Standard 12 'Provisions, Contingent Liabilities and Contingent Assets' became mandatory for all UK companies with accounting periods ending on or after 23 March 1999. The only material impact of the adoption of this standard was the reallocation of fixed asset write down provisions to depreciation as disclosed in note 9 on page 75.

The Group has also adopted United Kingdom Financial Reporting Standard 13 'Derivatives and Other Financial Instruments: Disclosures' and this has resulted in additional disclosure in notes 14 and 15 on pages 76 and 77.

United Kingdom Financial Reporting Standard 15 'Measurement of Tangible Fixed Assets' was issued in 1999. The adoption of this standard did not result in a material change.

Unilever Group Accounting information and policies

The Group has decided not to adopt the fair value provisions of SFAS 123 'Accounting for Stock-Based Compensation'. The disclosure requirements of this standard are given in note 33 on pages 94 to 102.

SFAS 133 'Accounting for Derivative Instruments and Hedging Activities' as amended by SFAS 137 is effective for fiscal years beginning after 15 June 2000. The statement requires that an entity recognise all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. It is not possible to quantify the impact of this standard on Unilever's financial position or results of operations in advance.

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

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

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 66, 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 84.

Foreign currencies

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

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

The ordinary share capital of NV and PLC is translated at the rate of £1 = Fl.12 contained in the Equalisation Agreement. 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 84).

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

Goodwill and intangible assets

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

Unilever Group Accounting information and policies

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

Tangible fixed assets

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

Freehold buildings	33-40 years
(no depreciation on freehold land)	
Leasehold land and buildings	*33-40 years
Plant and equipment	3-20 years
Motor vehicles	3-6 years

*or life of lease if less than 33 years

Current cost information is given in note 9 on page 74.

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.

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

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

Current assets

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

Debtors are stated after deducting adequate provision for doubtful debts.

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

Retirement benefits

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

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

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

Deferred taxation

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

Provision is not made for taxation which would become payable if retained profits of group companies and joint ventures were distributed to the parent companies, as it is not the intention to distribute more than the dividends, the tax on which is included in the accounts.

Derivative financial instruments

The types of derivative financial instruments used by Unilever are described in note 29 on page 88 and in the Financial review on page 37.

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.

Unilever Group Accounting information and policies

Research and development
Expenditure on research and development 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.

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

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

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

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

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

Consolidated profit and loss account and Statement of total recognised gains and losses

Unilever Group

Consolidated profit and loss account

for the year ended 31 December

			Fl. million
	1999	1998	1997
Turnover 1	**90 296**	89 112	94 597
Continuing operations	**89 996**	89 112	90 600
Acquisitions	**300**		
Discontinued operations			3 997
Operating costs 2	**(80 814)**	(79 394)	(87 034)
Operating profit 1	**9 482**	9 718	7 563
Continuing operations	**9 495**	9 718	7 049
Acquisitions	**(13)**		
Discontinued operations			514
Operating profit before exceptional items – continuing businesses	**10 076**	9 442	8 849
Profit on sale of discontinued speciality chemicals businesses			8 482
Loss on disposal of fixed assets in continuing businesses			(484)
Income from fixed investments 10	**114**	82	85
Interest 5	**(30)**	344	(230)
Profit on ordinary activities before taxation	**9 566**	10 144	15 416
Taxation on profit on ordinary activities 6	**(3 017)**	(3 338)	(4 185)
Profit on ordinary activities after taxation	**6 549**	6 806	11 231
Minority interests	**(443)**	(318)	(308)
Net profit	**6 106**	6 488	10 923
Attributable to: **NV** 21	**3 882**	3 655	7 649
PLC 21	**2 224**	2 833	3 274
Dividends	**(2 787)**	(19 116)	(2 292)
Preference dividends	**(44)**	(15)	(15)
Dividends on ordinary capital 7	**(2 743)**	(2 727)	(2 277)
Special dividend 7		(16 374)	
Profit of the year retained	**3 319**	(12 628)	8 631
Combined earnings per share 30			
Guilders per Fl. 1.12 (1997-98: Fl. 1) of ordinary capital	**5.80**	5.80	9.78
Pence per 1.4p (1997-98: 1.25p) of ordinary capital	**26.01**	26.45	44.74
On a diluted basis the figures would be:			
Guilders per Fl. 1.12 (1997-98: Fl. 1) of ordinary capital	**5.66**	5.66	9.55
Pence per 1.4p (1997-98: 1.25p) of ordinary capital	**25.36**	25.80	43.68

See note 30 on page 90 for an explanation of the impact of the share consolidation on earnings per share.

Statement of total recognised gains and losses

for the year ended 31 December

Net profit	**6 106**	6 488	10 923
Currency retranslation	**837**	(1 356)	728
Total recognised gains since last annual accounts	**6 943**	5 132	11 651

The notes on pages 62 to 65, 69 to 104, 106 and 107 form part of these accounts.
References relate to notes on pages 69 to 75, 84, 90 and 91.
Accounting policies of the Unilever Group are set out on pages 62 to 65.
Variations from United States generally accepted accounting principles and Regulation S-X are outlined on pages 106 and 107.

Consolidated balance sheet as at 31 December

Unilever Group

	1999	1998
		Fl. million
Fixed assets	**21 171**	18 995
Goodwill and intangible assets 8	**1 418**	626
Tangible fixed assets 9	**19 440**	18 045
Fixed investments 10	**313**	324
Current assets		
Stocks 11	**11 291**	10 461
Debtors 12	**16 935**	14 849
Debtors due within one year 12	**12 653**	11 297
Debtors due after more than one year 12	**4 282**	3 552
Current investments 13	**3 254**	10 870
Cash at bank and in hand 14	**8 807**	12 011
Total current assets	**40 287**	48 191
Creditors due within one year	**(26 740)**	(39 614)
Borrowings 15	**(6 469)**	(5 123)
Trade and other creditors 16	**(20 271)**	(18 477)
Special dividend		(16 014)
Net current assets	**13 547**	8 577
Total assets less current liabilities	**34 718**	27 572
Creditors due after more than one year	**6 241**	6 702
Borrowings 15	**4 084**	5 023
Trade and other creditors 16	**2 157**	1 679
Provisions for liabilities and charges	**10 097**	9 507
Pensions and similar obligations 17	**7 296**	6 509
Deferred taxation and other provisions 18	**2 801**	2 998
Minority interests	**1 275**	899
Capital and reserves 19	**17 105**	10 464
Attributable to: **NV**: Called up share capital 20	**926**	905
Share premium account	**3 076**	52
Other reserves 22	**(802)**	(498)
Profit retained 21	**10 292**	7 355
	13 492	7 814
PLC: Called up share capital 20	**489**	489
Share premium account	**333**	293
Other reserves 22	**(1 337)**	(958)
Profit retained 21	**4 128**	2 826
	3 613	2 650
Total capital employed	**34 718**	27 572

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.

The notes on pages 62 to 65, 69 to 104, 106 and 107 form part of these accounts.
References relate to notes on pages 74 to 84.
Commitments and contingent liabilities are shown in notes 23 and 24 on pages 84 and 85.
Accounting policies of the Unilever Group are set out on pages 62 to 65.

Consolidated cash flow statement for the year ended 31 December

Unilever Group

			Fl. million
	1999	1998	1997
Cash flow from operating activities 26	**12 460**	9 948	12 249
Continuing businesses	**12 460**	9 948	11 693
Discontinued operations	**—**	—	556
Dividends from joint ventures	**61**	53	58
Returns on investments and servicing of finance 27	**(344)**	148	(808)
Taxation	**(3 180)**	(2 779)	(4 157)
Capital expenditure and financial investment 27	**(3 307)**	(3 083)	(2 774)
Acquisitions and disposals 27	**(799)**	744	13 749
Dividends paid on ordinary share capital	**(2 791)**	(2 365)	(2 062)
Special dividend	**(13 427)**		
Cash flow before management of liquid resources and financing	**(11 327)**	2 666	16 255
Management of liquid resources 27	**12 509**	(4 413)	(14 122)
Financing 27	**(322)**	92	(1 517)
Increase/(decrease) in cash in the period	**860**	(1 655)	616

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

Net funds/(debt) at 1 January 28	**12 735**	10 625	(5 014)
Increase/(decrease) in cash in the period	**860**	(1 655)	616
Cash flow from decrease/(increase) in borrowings	**332**	(55)	1 612
Cash flow from (decrease)/increase in liquid resources	**(12 509)**	4 413	14 122
Change in net funds resulting from cash flows	**(11 317)**	2 703	16 350
Borrowings within group companies acquired	**(63)**	(37)	(63)
Borrowings within group companies sold	**10**	7	292
Liquid resources within group companies acquired	**6**	—	1
Liquid resources within group companies sold	**—**	(4)	(10)
Non cash movements	**(465)**	(22)	72
Currency retranslation	**602**	(537)	(1 003)
(Decrease)/increase in net funds in the period	**(11 227)**	2 110	15 639
Net funds/(debt) at 31 December 28	**1 508**	12 735	10 625

The notes on pages 62 to 65, 69 to 104, 106 and 107 form part of these accounts.
References relate to notes on pages 86 to 88.
Accounting policies of the Unilever Group are set out on pages 62 to 65.
Variations from United States generally accepted accounting principles and Regulation S-X are outlined on pages 106 and 107.

Notes to the consolidated accounts

Unilever Group

1 Segmental information

							Fl. million
			1999	1998			1997
	Continuing operations	**Acquisitions**	**Total**	Total	Continuing operations	Discontinued operations [c]	Total
Turnover [a)(b)(e]							
By geographical area:							
Europe	**41 308**	**96**	**41 404**	41 805	43 274	1 558	44 832
North America	**19 473**	**1**	**19 474**	18 552	17 944	1 669	19 613
Africa and Middle East	**5 065**	**—**	**5 065**	4 911	4 773	53	4 826
Asia and Pacific	**14 668**	**147**	**14 815**	12 786	14 026	587	14 613
Latin America	**9 482**	**56**	**9 538**	11 058	10 583	130	10 713
	89 996	**300**	**90 296**	89 112	90 600	3 997	94 597
By operation: [c]							
Foods – Oil & dairy based foods and bakery	**16 038**	**—**	**16 038**	16 952	17 687		17 687
– Ice cream and beverages	**14 464**	**161**	**14 625**	14 593	14 198		14 198
– Culinary and frozen foods	**14 437**	**83**	**14 520**	14 840	15 331		15 331
Home care and professional cleaning	**20 018**	**47**	**20 065**	19 422	19 350		19 350
Personal care	**23 514**	**9**	**23 523**	21 971	21 802		21 802
Other Operations	**1 525**	**—**	**1 525**	1 334	2 232		2 232
Speciality Chemicals						3 997	3 997
	89 996	**300**	**90 296**	89 112	90 600	3 997	94 597
Operating profit [a)(e]							
By geographical area before exceptional items:							
Europe	**4 980**	**8**	**4 988**	4 670	4 467	251	4 718
North America	**2 144**	**—**	**2 144**	1 991	1 719	201	1 920
Africa and Middle East	**553**	**—**	**553**	493	454	6	460
Asia and Pacific	**1 472**	**(17)**	**1 455**	1 120	1 242	47	1 289
Latin America	**940**	**(4)**	**936**	1 168	967	9	976
Operating profit before exceptional items	**10 089**	**(13)**	**10 076**	9 442	8 849	514	9 363
Exceptional items 4 [f]	**(594)**	**—**	**(594)**	276	(1 800)	—	(1 800)
Operating profit	**9 495**	**(13)**	**9 482**	9 718	7 049	514	7 563
By operation before exceptional items: [c]							
Foods – Oil & dairy based foods and bakery	**1 715**	**(1)**	**1 714**	1 628	1 702		1 702
– Ice cream and beverages	**1 327**	**(20)**	**1 307**	1 312	1 340		1 340
– Culinary and frozen foods	**1 449**	**11**	**1 460**	1 464	1 133		1 133
Home care and professional cleaning	**1 883**	**(3)**	**1 880**	1 983	1 711		1 711
Personal care	**3 479**	**—**	**3 479**	2 812	2 723		2 723
Other Operations	**236**	**—**	**236**	243	240		240
Speciality Chemicals						514	514
Operating profit before exceptional items	**10 089**	**(13)**	**10 076**	9 442	8 849	514	9 363
Exceptional items 4 [f]	**(594)**	**—**	**(594)**	276	(1 800)	—	(1 800)
Operating profit	**9 495**	**(13)**	**9 482**	9 718	7 049	514	7 563

(a) The analysis of turnover by geographical area is stated on the basis of origin. Turnover on a destination basis would not be materially different. Inter-segment sales between operational segments and between geographical areas are not material. For the United Kingdom and the Netherlands, the combined turnover was Fl. 10 996 million (1998: Fl. 10 846million, 1997: Fl. 12 557 million) and the combined operating profit was Fl. 1 589 million (1998: Fl. 2 916 million, 1997: Fl. 2 209 million).

(b) Group share of the turnover of joint ventures was Fl. 628 million (1998: Fl. 445million, 1997: Fl. 381million) of which Fl. 200million (1998: Fl. 192 million, 1997: Fl. 87million) was in Europe. These figures are not included in the analysis above.

(c) In July 1997 Unilever sold its international speciality chemicals businesses – National Starch and Chemical Company, Quest International, Unichema International and Crosfield. These operations were reported as discontinued in 1997. No other business disposal qualifies to be treated as 'Discontinued operations' in these accounts.

(d) Net operating assets are goodwill and intangible assets purchased after 1 January 1998, tangible fixed assets, stocks and debtors less trade and other creditors (excluding taxation and dividends) and less provisions for liabilities and charges other than deferred taxation, deferred purchase consideration and certain balances arising as a result of the sale of the speciality chemicals businesses. 1998 has been restated to include goodwill and intangible assets.

(e) The results for Turkey, formerly reported under Africa and Middle East region, are reported within Europe from 1 January 1998. Results for 1997 have been restated on the same basis.

(f) 1998 included the profit on disposal of Plant Breeding International.

1 Segmental information (continued)

	Fl. million	
	1999	1998
Net operating assets (d)(e)		
By geographical area:		
Europe	**7 572**	7 187
North America	**4 399**	3 831
Africa and Middle East	**1 794**	1 542
Asia and Pacific	**3 304**	2 825
Latin America	**3 350**	3 019
	20 419	18 404
By operation: (c)(d)		
Foods – Oil & dairy based foods and bakery	**2 786**	2 854
– Ice cream and beverages	**5 516**	4 935
– Culinary and frozen foods	**3 414**	2 991
Home care and professional cleaning	**4 715**	4 046
Personal care	**3 641**	3 213
Other Operations	**347**	365
	20 419	18 404

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 includes depreciation on the basis of replacement cost, and a number of other adjustments, including the application of an inflation charge on working capital which is added back to arrive at operating profit, and certain other statistical items. Fixed assets are measured at depreciated replacement cost for management reporting purposes.

Fl. million

	1999			1998			1997		
	At constant 1998 rates	**Exchange rates adjustments**	**At current 1999 rates**	At constant 1997 rates	Exchange rates adjustments	At current 1998 rates	At constant 1996 rates	Exchange rates adjustments	At current 1997 rates
Turnover									
By operation:									
Foods – Oil & dairy based foods and bakery	**16 187**	**(149)**	**16 038**	17 196	(244)	16 952	16 614	1 073	17 687
– Ice cream and beverages	**14 657**	**(32)**	**14 625**	14 987	(394)	14 593	13 134	1 064	14 198
– Culinary and frozen foods	**14 539**	**(19)**	**14 520**	14 885	(45)	14 840	14 151	1 180	15 331
Home care and professional cleaning	**20 555**	**(490)**	**20 065**	20 228	(806)	19 422	17 606	1 744	19 350
Personal care	**23 423**	**100**	**23 523**	23 617	(1 646)	21 971	19 756	2 046	21 802
Other Operations	**1 529**	**(4)**	**1 525**	1 480	(146)	1 334	1 932	300	2 232
Speciality Chemicals							3 677	320	3 997
Total	**90 890**	**(594)**	**90 296**	92 393	(3 281)	89 112	86 870	7 727	94 597
Trading result									
By operation:									
Foods – Oil & dairy based foods and bakery	**1 442**	**(12)**	**1 430**	1 435	(31)	1 404	822	24	846
– Ice cream and beverages	**1 229**	**14**	**1 243**	1 168	3	1 171	1 003	85	1 088
– Culinary and frozen foods	**1 115**	**21**	**1 136**	1 286	—	1 286	574	79	652
Home care and professional cleaning	**1 791**	**(16)**	**1 775**	1 890	(42)	1 848	1 320	125	1 445
Personal care	**3 338**	**2**	**3 340**	2 997	(224)	2 773	2 271	205	2 476
Other Operations	**169**	**2**	**171**	964	69	1 033	126	8	134
Speciality Chemicals							398	35	433
Total trading result	**9 084**	**11**	**9 095**	9 740	(225)	9 515	6 513	560	7 074
Other adjustments			**387**			203			489
Total operating profit			**9 482**			9 718			7 563

1 Segmental information (continued)

									Fl. million
			1999			1998			1997
	At constant 1998 rates	Exchange rates adjustments	At current 1999 rates	At constant 1997 rates	Exchange rates adjustments	At current 1998 rates	At constant 1996 rates	Exchange rates adjustments	At current 1997 rates
Depreciation and amortisation charge									
By operation:									
Foods – Oil & dairy based foods and bakery	582	(4)	578	496	(6)	490	487	22	509
– Ice cream and beverages	769	(2)	767	652	(24)	628	629	45	674
– Culinary and frozen foods	441	2	443	446	(2)	444	419	39	458
Home care and professional cleaning	621	(2)	619	595	(17)	578	532	69	601
Personal care	541	4	545	468	(21)	447	419	55	474
Other Operations	145	—	145	45	1	46	42	2	44
Speciality Chemicals							191	15	206
Total	3 099	(2)	3 097	2 702	(69)	2 633	2 719	247	2 966
Other adjustments			(568)			(565)			(630)
Depreciation and amortisation charged to profit and loss account			2 529			2 068			2 336
Total assets									
By operation:									
Foods – Oil & dairy based foods and bakery			7 417			8 226			
– Ice cream and beverages			9 098			9 325			
– Culinary and frozen foods			7 200			8 233			
Home care and professional cleaning			10 625			10 003			
Personal care			9 522			9 041			
Other Operations			7 323			1 218			
Total			51 185			46 046			
Corporate			14 599			24 350			
Other adjustments			(4 326)			(3 210)			
Total assets			61 458			67 186			
Capital expenditure									
By operation:									
Foods – Oil & dairy based foods and bakery	408	(2)	406	464	11	475	409	14	423
– Ice cream and beverages	811	(37)	774	907	(45)	862	762	48	810
– Culinary and frozen foods	360	(17)	343	372	(1)	371	356	25	381
Home care and professional cleaning	685	(4)	681	665	(40)	625	579	38	617
Personal care	595	(5)	590	525	(28)	497	456	44	500
Other Operations	80	1	81	99	(1)	98	65	5	70
Speciality Chemicals							230	32	262
Total	2 939	(64)	2 875	3 032	(104)	2 928	2 857	206	3 063
Geographic analysis									
Turnover:									
United Kingdom and Netherlands	10 864	132	10 996	10 602	244	10 846	10 987	1 570	12 557
United States	16 906	713	17 619	16 464	348	16 812	15 360	2 337	17 697
Other	63 120	(1 439)	61 681	65 327	(3 873)	61 454	60 523	3 820	64 343
Total	90 890	(594)	90 296	92 393	(3 281)	89 112	86 870	7 727	94 597
Fixed assets:									
United Kingdom and Netherlands			3 281			3 545			
United States			3 673			3 311			
Other			14 217			12 139			
Total			21 171			18 995			

2 Operating costs

	1999	1998	1997
			Fl. million
Cost of sales	**(49 010)**	(49 167)	(52 358)
Continuing operations	**(48 806)**	(49 167)	(49 898)
Acquisitions	**(204)**		
Discontinued operations			(2 460)
Distribution and selling costs	**(22 312)**	(21 752)	(22 300)
Continuing operations	**(22 250)**	(21 752)	(21 835)
Acquisitions	**(62)**		
Discontinued operations			(465)
Administrative expenses	**(9 492)**	(8 475)	(12 376)
Continuing operations	**(9 445)**	(8 475)	(11 818)
Acquisitions	**(47)**		
Discontinued operations			(558)
	(80 814)	(79 394)	(87 034)
Operating costs include:			
Staff costs 3	**(12 842)**	(13 370)	(14 091)
Raw materials and packaging	**(38 634)**	(39 008)	(41 519)
Amortisation of goodwill and intangibles	**(50)**	(17)	—
Depreciation of tangible fixed assets	**(2 479)**	(2 051)	(2 336)
Advertising and promotions	**(11 779)**	(11 432)	(11 545)
Research and development	**(2 060)**	(1 828)	(1 734)
*Lease rentals:			
Plant and machinery	**(241)**	(280)	(280)
Other	**(819)**	(678)	(663)
Remuneration of auditors:			
Audit fees	**(27)**	(23)	(23)
Payments to PricewaterhouseCoopers for non-audit services [(a)]	**(77)**	(66)	(46)

(a) Non-audit services include due diligence work in respect of acquisitions and disposals Fl. 7 million (1998: Fl. 7 million, 1997: Fl. 5 million); tax compliance and advisory services Fl. 30 million (1998: Fl. 10 million, 1997: Fl. 8 million) and other general consultancy Fl. 40 million (1998: Fl. 49 million, 1997: Fl. 30million). Coopers & Lybrand were paid Fl. 19 million in 1997 for services in connection with the sale of the speciality chemicals businesses. This amount was charged against the profit on disposal.

	1999	1998	1997
*Lease rentals:			
Minimum lease payments	**(1 056)**	(967)	(950)
Contingent lease payments	**(25)**	(8)	(9)
	(1 081)	(975)	(959)
Less: Sub-lease income	**21**	17	16
	(1 060)	(958)	(943)

3 Staff costs and employees

	1999	1998	1997
			Fl. million
Staff costs:			
Remuneration of employees	**(10 794)**	(11 251)	(11 771)
Emoluments of directors as managers	**(24)**	(26)	(26)
Pension costs:			
Defined benefit schemes:			
Regular cost	**(651)**	(650)	(733)
Other	**(245)**	(245)	(285)
Amortisation of surpluses/deficits 32	**534**	626	651
Defined contribution schemes	**(10)**	(35)	(80)
Post-retirement health benefits	**(129)**	(154)	(111)
Social security costs	**(1 523)**	(1 635)	(1 727)
Superannuation of former directors	**—**	—	(9)
Total staff costs	**(12 842)**	(13 370)	(14 091)

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 50 and 51; 'Directors' emoluments' on page 52; 'Share options' on pages 54 to 59 and 'Advisory Directors' on page 54.

	1999	1998	1997
The average number of employees during the year was, in thousands:			
Europe	**79**	83	93
North America	**22**	23	27
Africa and Middle East	**52**	58	61
Asia and Pacific	**72**	73	76
Latin America	**30**	30	30
	255	267	287

4 Exceptional items

	1999	1998	1997
Included in operating profit			
Restructuring	**(512)**	(585)	(1 492)
Other including business disposals	**(82)**	861	(308)
	(594)	276	(1 800)
By geographical area:			
Europe	**(213)**	398	(850)
North America	**(278)**	86	(808)
Africa and Middle East	**32**	(3)	(10)
Asia and Pacific	**(40)**	(115)	(61)
Latin America	**(95)**	(90)	(71)
	(594)	276	(1 800)
By operation:			
Foods – Oil & dairy based foods and bakery	**(165)**	(154)	(725)
– Ice cream and beverages	**(111)**	(168)	(248)
– Culinary and frozen foods	**(263)**	(112)	(465)
Home care and professional cleaning	**(76)**	(135)	(183)
Personal care	**(81)**	(49)	(177)
Other Operations	**102**	894	—
Speciality Chemicals	**—**	—	(2)
	(594)	276	(1 800)

These amounts are mainly included in administrative expenses.

4 Exceptional items (continued)

Exceptional items are those items within ordinary activities which, because of their size or nature, are disclosed to give a proper understanding of the underlying result for the period. These include restructuring charges associated with reorganising businesses (comprising impairment of fixed assets, costs of severance, and other costs directly attributable to the restructuring), and profits and losses on disposal of businesses. Provisions for impairment of fixed assets are recognised immediately the decision to reorganise is taken; provisions for other costs are taken when the obligation arises – normally on announcement; consequential costs within restructuring which arise in the ongoing business eg training, relocation and information technology, are recognised as they arise and are not normally treated as exceptional.

On 22 February 2000, the Group announced a series of linked initiatives to align the organisation behind plans for accelerating growth and expanding margins. These initiatives are estimated to cost Fl. 11.0 billion over five years, most of which is expected to be exceptional restructuring costs. Provisions for these costs and asset write downs will be made as necessary consultations are completed and plans finalised.

			Fl. million
	1999	1998	1997
Non-operating exceptional items			
Profit on sale of speciality chemicals businesses	**—**	—	8 482
Loss on disposal of fixed assets	**—**	—	(484)
	—	—	7 998

Of the above profit on sale of the speciality chemicals businesses Fl. 53 million is attributable to minority interests and is reported under this heading in the profit and loss account.

5 Interest

Interest payable and similar charges:			
Bank loans and overdrafts	**(350)**	(424)	(306)
Bonds and other loans	**(638)**	(424)	(686)
Interest receivable and similar income	**929**	1 187	857
Exchange differences	**29**	5	(95)
	(30)	344	(230)

6 Taxation on profit on ordinary activities

Parent and group companies [a]	**(3 005)**	(3 333)	(4 177)
Joint ventures	**(12)**	(5)	(8)
	(3 017)	(3 338)	(4 185)
Of which:			
Tax on non-operating exceptional items	**—**	—	(1 613)
Tax on profit on sale of discontinued speciality chemicals businesses	**—**	—	(1 771)
Tax on loss on disposal of fixed assets in continuing businesses	**—**	—	158
Adjustments to previous years	**291**	146	17

6 Taxation on profit on ordinary activities (continued)

			Fl. million
	1999	1998	1997
(a) United Kingdom Corporation Tax at 30.0% (1998: 31.0%, 1997: 31.5%)	**(981)**	(803)	(648)
less: double tax relief	**531**	172	182
plus: non-United Kingdom taxes	**(2 555)**	(2 702)	(3 711)
	(3 005)	(3 333)	(4 177)
Deferred taxation has been included on a full provision basis for:			
Accelerated depreciation	**187**	177	298
Other	**184**	(125)	383
	371	52	681
On a SSAP 15 basis the credit/(charge) for deferred taxation would be:	**307**	(87)	30
Profit on ordinary activities after taxation on a SSAP 15 basis would be:	**6 485**	6 667	10 580

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, excluding both the profit and the tax on the profit on non-operating exceptional items, is as follows:

			%
	1999	1998	1997
Computed rate of tax (see below)	**32**	32	31
Differences due to:			
Other rates applicable to non-European countries	**2**	1	2
Incentive tax credits	**(2)**	(1)	(1)
Withholding tax on dividends	**2**	1	1
Adjustments to previous years	**(3)**	(1)	—
Other	**1**	1	2
Actual rate of tax	**32**	33	35

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.

6 Taxation on profit on ordinary activities (continued)

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

Fl. million

	1999	1998	1997
Profit on ordinary activities before taxation			
Europe:			
Parent and group companies	**5 173**	5 845	7 212
Joint ventures	**27**	12	24
	5 200	5 857	7 236
Outside Europe:			
Group companies	**4 312**	4 230	8 146
Joint ventures	**54**	57	34
	4 366	4 287	8 180
Total	**9 566**	10 144	15 416
Taxation on profit on ordinary activities			
Europe:			
Parent and group companies			
Taxes payable	**(1 675)**	(2 402)	(1 972)
Deferred taxation	**283**	237	300
of which:			
Accelerated depreciation	**209**	262	90
Other	**74**	(25)	210
Joint ventures	**(10)**	(4)	(5)
	(1 402)	(2 169)	(1 677)
Outside Europe:			
Group companies			
Taxes payable	**(1 701)**	(983)	(2 888)
Deferred taxation	**88**	(185)	383
of which:			
Accelerated depreciation	**(22)**	(85)	207
Other	**110**	(100)	176
Joint ventures	**(2)**	(1)	(3)
	(1 615)	(1 169)	(2 508)
Total	**(3 017)**	(3 338)	(4 185)

7 Dividends on ordinary capital

	1999	1998	1997
Dividends on ordinary capital			
Interim	**(857)**	(831)	(756)
Normal final	**(1 886)**	(1 896)	(1 521)
Special final [a]		(16 374)	

(a) Assuming all shareholders had elected to take the cash dividend, further details are set out in note 19 on page 79 and note 20 on page 80.

8 Goodwill and intangible assets [a]

Fl. million

	1999
Cost	
1 January	**641**
Acquisitions/disposals	**731**
Currency retranslation	**115**
31 December [b]	**1 487**
Amortisation	
1 January	**15**
Charged to profit and loss account	**50**
Currency retranslation	**4**
31 December	**69**
Net book value 31 December [b]	**1 418**

(a) Arising on businesses purchased after 1 January 1998.
(b) Of which identifiable intangibles have a net book value of Fl. 205 million and a cost of Fl. 220 million.

9 Tangible fixed assets

	1999	1998
At cost less depreciation:		
Land and buildings [a]	**6 019**	5 631
Plant and machinery	**13 421**	12 414
	19 440	18 045
(a) includes: freehold land	**722**	675
leasehold land (mainly long-term leases)	**205**	168
Approximate current replacement cost of tangible fixed assets net of accumulated current cost depreciation	**22 559**	21 255
On current replacement cost basis the depreciation charge to the profit and loss account would have been increased by	**(559)**	(565)
Commitments for capital expenditure at 31 December	**547**	627

9 Tangible fixed assets (continued)

Movements during 1999	Land and buildings	Plant and machinery
		Fl. million
Cost		
1 January	**8 145**	**25 228**
Currency retranslation	**623**	**1 742**
Capital expenditure	**374**	**2 501**
Disposals	**(413)**	**(2 355)**
Acquisition/disposal of group companies	**(101)**	**(123)**
Other adjustments	**20**	**(27)**
31 December	**8 648**	**26 966**
Depreciation		
1 January	**2 514**	**12 814**
Currency retranslation	**169**	**809**
Disposals	**(283)**	**(1 991)**
Acquisition/disposal of group companies	**(38)**	**(289)**
Charged to profit and loss account [(b)]	**259**	**2 220**
Other adjustments	**8**	**(18)**
31 December	**2 629**	**13 545**
Net book value 31 December	**6 019**	**13 421**
Includes payments on account and assets in course of construction	**178**	**881**

(b) Including a charge of Fl. 385million in respect of certain fixed assets written down to net realisable value in connection with restructuring projects.

10 Fixed investments

	1999	1998
		Fl. million
Share of joint ventures:		
Assets	**147**	166
Liabilities	**(72)**	(99)
Net assets	**75**	67
Other fixed investments	**238**	257
	313	324
Investments listed on a recognised stock exchange	**51**	25
Unlisted investments	**262**	299
	313	324
Market value of listed investments	**82**	62
Movements during the year:		
1 January	**324**	
Acquisitions/disposals	**—**	
Currency retranslation	**15**	
Additions/reductions	**(40)**	
Share of profits of joint ventures	**14**	
31 December	**313**	

10 Fixed investments (continued)

	1999	1998	1997
			Fl. million
Income from fixed investments			
Share of joint ventures operating profit	**93**	67	50
Share of interest and other income	**(12)**	—	7
Share of joint ventures profit before taxation	**81**	67	57
Income from other fixed investments	**21**	15	26
Profit on disposal	**12**	—	2
	114	82	85

11 Stocks

	1999	1998
Raw materials and consumables	**4 619**	4 508
Finished goods and goods for resale	**6 672**	5 953
	11 291	10 461

12 Debtors

	1999	1998
Due within one year:		
Trade debtors	**9 287**	8 204
Prepayments and accrued income	**863**	795
Other debtors	**2 503**	2 298
	12 653	11 297
Due after more than one year:		
Prepayments to funded pension schemes 17	**1 350**	1 258
Deferred taxation 18	**2 596**	1 939
Other debtors	**336**	355
	4 282	3 552
Total debtors	**16 935**	14 849

13 Current investments

	1999	1998
Listed	**2 946**	10 711
Unlisted	**308**	159
	3 254	10 870

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

14 Cash at bank and in hand

	1999	1998
		Fl. million
On call and in hand	**3 032**	2 047
Repayment notice required	**5 775**	9 964
	8 807	12 011

Interest rate profile and currency analysis of financial assets

Taking into account the various interest rate swaps, forward rate agreements and forward foreign currency contracts entered into by the Group, the table below sets out the interest rate profile of the Group's financial assets analysed by principal currency:

			Fixed rate	Floating rate	Total
	Fl. million	Weighted average interest rate	Weighted average fixing period	Fl. million	Fl. million
1999					
Sterling	**177**	**5.3%**	**0.1 years**	**1 305**	**1 482**
USDollar	**—**	**—**	**—**	**2 042**	**2 042**
Euro	**2 428**	**4.8%**	**1.0 years**	**3 829**	**6 257**
Other	**—**	**—**	**—**	**2 280**	**2 280**
Total	**2 605**			**9 456**	**12 061**
1998					
Sterling	1 202	6.6%	1.1 years	3 256	4 458
USDollar	—	—	—	4 973	4 973
Euro	6 547	5.1%	0.9 years	5 342	11 889
Other	—	—	—	1 561	1 561
Total	7 749			15 132	22 881

Interest on substantially all of the floating rate financial assets above is determined principally by reference to the 3 months LIBOR.

In addition to the above, the Group has other fixed investments of Fl. 238 million (1998: Fl. 257 million) which are non-interest bearing and have no fixed repayment date.

15 Borrowings

	1999	1998
		Fl. million
Bank loans and overdrafts	**4 551**	4 064
Bonds and other loans	**6 002**	6 082
	10 553	10 146
The repayments fall due as follows:		
Within 1 year:		
Bank loans and overdrafts	**4 063**	3 686
Bonds and other loans	**2 406**	1 437
Total due within one year	**6 469**	5 123
After 1 year but within 2 years	**1 777**	1 317
After 2 years but within 3 years	**105**	1 648
After 3 years but within 4 years	**57**	15
After 4 years but within 5 years	**1 535**	14
After 5 years: By instalments	**8**	7
Not by instalments	**602**	2 022
Total due after more than one year	**4 084**	5 023
Total amount repayable by instalments any of which are payable after five years	**54**	53
Secured borrowings – mainly bank loans and overdrafts	**113**	286
Of which secured against tangible fixed assets	**61**	99

15 Borrowings (continued)

	1999	1998
		Fl. million
Bonds and other loans		
NV		
8% Notes 1999 (US $)	**—**	375
9% Bonds 2000 (NLG) [a]	**486**	485
3½% Bonds 2001 (Swiss Frs.) [b]	**411**	414
5⅛% Notes 2001 (Deutschmarks) [c]	**337**	338
6% Notes 2001 (US $) [d]	**440**	375
6⅝% Notes 2001 (US $) [d]	**550**	469
6½% Bonds 2004 (NLG) [a]	**351**	350
7⅛% Bonds 2004 (French Frs.) [e]	**503**	504
7¼% Bonds 2004 (US $) [d]	**550**	469
6⅝% Notes 2005 (US $) [d]	**440**	375
Other	**912**	879
Total NV	**4 980**	5 033

15 Borrowings (continued)

	Fl. million 1999	Fl. million 1998
Other group companies:		
United States		
9¼% Notes 2000 [(d)]	**878**	749
Other	**16**	6
Other loans	**128**	294
Total other group companies	**1 022**	1 049
Total bonds and other loans	**6 002**	6 082

Swapped into:
(a) floating rate guilders (range 2.9%-3.2% at 31 December 1999)
(b) floating rate guilders (3.1% at 31 December 1999) and United States dollars (5.8% at 31 December 1999)
(c) floating rate Deutschmarks (3.0% at 31 December 1999) and fixed rate Canadian dollars (6.7%)
(d) floating rate United States dollars (range 5.8%-7.5% at 31December 1999)
(e) floating rate French francs (7.9% at 31 December 1999)

Derivative financial instruments are used to swap portions of the fixed rate debt described above into floating rate debt. Further details are set out in note 29 on page 88.

The average interest rate on short-term borrowings in 1999 was 9% (1998: 8%).

The day to day financing needs of Unilever's operating companies are met using short-term overdraft facilities, substantially all of which are uncommitted. In addition, at 31 December 1999 Unilever had committed borrowing facilities of Fl. 611 million, all of which mature within one year.

Interest rate profile and currency analysis of financial liabilities
Taking into account the various interest rate swaps, forward rate agreements and forward foreign currency contracts entered into by the Group, the table below sets out the interest rate profile of the Group's financial liabilities analysed by principal currency:

	Fixed rate			Floating rate	Total
	Fl. million	Weighted average interest rate	Weighted average fixing period	Fl. million	Fl. million
1999					
US Dollar	**—**	**—**	**—**	**3 325**	**3 325**
Euro	**106**	**6.6%**	**5.5 years**	**4 523**	**4 629**
Sterling	**—**	**—**	**—**	**269**	**269**
Other	**529**	**6.6%**	**3.0 years**	**1 801**	**2 330**
Total	**635**			**9 918**	**10 553**
1998					
US Dollar	2 063	6.9%	3.5 years	1 861	3 924
Euro	677	7.2%	5.5 years	3 191	3 868
Sterling	—	—	—	66	66
Other	621	7.0%	2.5 years	1 667	2 288
Total	3 361			6 785	10 146

Interest on substantially all of the floating rate financial liabilities above is determined principally by reference to LIBOR.
In addition to the above, the Group has preference shares denominated in guilders, which have no fixed repayment date. Details of the dividends payable on these preference shares are given in note 20 on page 80.

16 Trade and other creditors

	1999	1998
		Fl. million
Due within one year:		
Trade creditors	**8 933**	7 688
Social security and sundry taxes	**924**	869
Accruals and deferred income	**4 618**	4 040
Taxation on profits	**1 405**	1 422
Dividends [(a)]	**1 970**	1 872
Others	**2 421**	2 586
	20 271	18 477
Due after more than one year:		
Accruals and deferred income	**301**	272
Taxation on profits	**1 459**	1 147
Others	**397**	260
	2 157	1 679
Total creditors	**22 428**	20 156

(a) Excludes the special dividend.

17 Pensions and similar obligations

	1999	1998
These are predominantly long-term liabilities:		
Unfunded pension plans	**4 829**	4 681
Funded pension plans	**(680)**	(990)
Post-retirement health benefits	**1 797**	1 560
	5 946	5 251
Add asset balances reclassified as debtors after more than one year 12	**1 350**	1 258
	7 296	6 509
Movements during the year:		
1 January	**5 251**	
Currency retranslation	**196**	
Profit and loss account	**501**	
Payments [(a)]	**(70)**	
Acquisitions/disposals	**(15)**	
Other adjustments	**83**	
31 December	**5 946**	

(a) Net of refunds received from pension funds totalling Fl. 587million.

Further details of Unilever's pension and post-retirement benefits are given in note 32 on pages 91 to 93.

18 Deferred taxation and other provisions

	1999	1998
		Fl. million
Deferred taxation on:		
Accelerated depreciation	**2 527**	2 547
Stock reliefs	**153**	126
Pension and similar provisions	**(1 226)**	(1 016)
Short-term and other timing differences	**(2 430)**	(2 305)
	(976)	(648)
Less asset balances reclassified as debtors due after more than one year 12	**2 596**	1 939
	1 620	1 291
Restructuring provisions	**800**	1 216
Other provisions	**381**	491
	2 801	2 998
Movements in deferred taxation:		
1 January	**(648)**	
Currency retranslation	**45**	
Acquisition/disposal of group companies	**(2)**	
Profit and loss account	**(371)**	
31 December	**(976)**	
On a SSAP 15 basis provision for deferred taxation would be:	**(404)**	(148)
Movements in restructuring provisions:		
1 January	**1 216**	
Currency retranslation	**18**	
Profit and loss account:		
new charges	**438**	
releases	**(130)**	
Utilisation	**(742)**	
31 December	**800**	

Restructuring provisions include primarily provisions for severance costs in connection with business reorganisations which have been announced.

	1999
Movements in other provisions:	
1 January	**491**
Currency retranslation	**35**
Acquisition/disposal of group companies	**(1)**
Profit and loss account	**(34)**
Utilisation	**(110)**
31 December	**381**

19 Capital and reserves

			Fl. million
	1999	1998	1997
Movements during the year:			
1 January	**10 464**	24 734	15 350
Profit of the year retained	**3 319**	(12 628)	8 631
Goodwill written back on the sale of speciality chemicals businesses	**—**	—	1 729
Other goodwill movements	**83**	6	(1 606)
Currency retranslation	**774**	(1 329)	701
Change of book value of shares or certificates held in connection with share options	**(582)**	(319)	(72)
Issue of new shares under PLC share option schemes	**2**	—	1
Issue of new NV preference shares	**3 045**		
31 December	**17 105**	10 464	24 734

As required by United Kingdom Financial Reporting Standard 4 capital and reserves can be analysed as follows:		
Equity:		
Ordinary capital	**13 795**	10 199
Non-equity:		
7% Cumulative Preference	**29**	29
6% Cumulative Preference	**161**	161
4% Cumulative Preference	**75**	75
10 cents Cumulative Preference	**3 045**	
Total non-equity	**3 310**	265
	17 105	10 464

Share capital and share premium

On 9 June 1999 NV issued 211 473 785 cumulative preference shares to those shareholders who elected to receive shares instead of the special dividend. The 10 cents cumulative preference shares were issued at a notional value of Fl. 14.50 per share, which is equal to the amount of the special dividend, of which Fl. 14.40 was credited to the share premium account. Further details are set out in note 20 on page 80 and in the share premium account note on page 112.

The issued share capital of NV increased by Fl. 21 million as a result of the issue of the 10 cents cumulative preference shares. NV share premium account increased by Fl. 3 024 million after charging issue costs of Fl. 21 million.

A small number of PLC shares were allotted during the year under the PLC 1985 Executive Share Option Schemes.

20 Called up share capital

Authorised 1999	Authorised 1998		Nominal value per share	Number of shares allotted	Allotted, called up and fully paid 1999	Allotted, called up and fully paid 1998
	Fl. million	**Preferential share capital** **NV**				Fl. million
75	75	7% Cumulative Preference	Fl. 1 000	29 000 [(a)]	**29**	29
200	200	6% Cumulative Preference	Fl. 1 000	161 060 [(a)]	**161**	161
75	75	4% Cumulative Preference	Fl. 100	750 000 [(a)]	**75**	75
65		10 cents Cumulative Preference	Fl. 0.10	211 473 785	**21**	
415	350				**286**	265
	Fl. million	**Ordinary share capital** **NV**				Fl. million
1 120		Ordinary: (1999)	Fl. 1.12	571 575 900	**640**	
	1 000	(1998)	Fl. 1	640 165 000 [(a)]		640
2	2	Ordinary (Shares numbered 1 to 2 400 – 'Special Shares')	Fl. 1 000	2 400 [(a)]	**2**	2
—	—	Internal holdings eliminated in consolidation (Fl. 1 000 shares)			**(2)**	(2)
1 122	1 002				**640**	640
		Total NV share capital			**926**	905
	£ million	**PLC**				£ million
136.2		Ordinary: (1999)	1.4p	2 911 458 580	**40.8**	
	136.2	(1998)	1.25p	3 260 695 640 [(b)]		40.8
		(1997)	1.25p	3 260 613 800 [(b)]		
		(1996)	1.25p	3 260 395 172 [(b)]		
0.1	0.1	Deferred	£1 stock	100 000 [(a)]	**0.1**	0.1
—	—	Internal holdings eliminated in consolidation (£1 stock)			**(0.1)**	(0.1)
136.3	136.3	Total PLC share capital			**40.8**	40.8
		Guilder equivalent in millions (at Fl. 12 = £1)			**489**	489

(a) The number of these shares in issue was the same for each of the years 1995 to 1998.
(b) The increase in PLC ordinary shares and share premium account is due to the issue of shares under the PLC 1985 Executive Share Option Schemes.

The 7%, 6% and 4% preference shares of NV are entitled to dividends at the rates indicated. The 10 cents preference shares of NV are entitled to a dividend of 65% of the six months Euribor interest rate on their notional value of Fl. 14.50 each. A nominal dividend of ¼% is paid on the deferred stock of PLC.

The 4% cumulative preference capital of NV is redeemable at par at the Company's option either wholly or in part. The company has agreed that it will not buy back the 10 cents cumulative preference share capital of NV before 9 June 2004. At any time after this date, at the Company's option, Fl. 14.40 of the notional value of the preference shares is convertible into ordinary NV shares and the remaining notional value is then redeemable. The Company expects to exercise the conversion right if any preference shares remain outstanding after 1 December 2004. The other classes of preferential share capital of NV and the deferred stock of PLC are not redeemable.

Each shareholder of NV has one vote for each Fl. 0.10 of capital held of whatever class. Each shareholder of PLC has one vote for each 1.4p of capital held. N.V. Elma and United Holdings Limited (see 'Internal holdings' on page 81) may not, by law, exercise any votes in general meetings of shareholders of NV, and United Holdings Limited may not exercise any votes in general meetings of PLC.

In accordance with the Equalisation Agreement and the Articles of Association of NV and PLC, if either or both companies go into liquidation, the amounts available for distribution amongst shareholders are applied firstly to the repayment of preferential capital and arrears of dividends on preferential capital, and secondly to the distribution to ordinary shareholders of any reserves that have arisen under the Equalisation Agreement. Any remaining surplus is then pooled and distributed amongst the holders of ordinary shares of both companies such that the amount payable on each Fl. 12 nominal of ordinary capital of NV is equal at the relevant rate of exchange to the amount payable on each £1 nominal of ordinary capital of PLC. The holders of PLC's deferred stock are only entitled to repayment of capital.

The reduction in the number of NV and PLC ordinary shares in issue during the year, and the change in the nominal values of the shares, arises from the consolidation of the ordinary share capitals, which together with the payment of a special dividend, was approved at the Annual General Meeting of each company on 4 May 1999. The consolidation of the NV ordinary shares was on the basis of 100 new shares of Fl. 1.12 each for every 112 existing shares of Fl. 1 each, and the consolidation of the PLC shares was on the basis of 100 new shares of 1.4p each for every 112 existing shares of 1.25p each.

Under the arrangements for the variation of the Leverhulme Trust, shares in a group company have been issued which are convertible at the end of the year 2038 into a maximum of 207 500 000 ordinary shares of PLC.

20 Called up share capital (continued)

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 above mentioned subsidiaries have waived their rights to dividends on their ordinary shares in NV.

The directors of N.V. Elma are NV and PLC, who with Mr A Burgmans and Mr N W A FitzGerald, are also directors of United Holdings Limited.

Share options

Options granted to directors and employees to acquire ordinary shares of NV and PLC and still outstanding at 31 December 1999 were as set out in the following table. The number of share options outstanding did not change as a result of the share consolidation.

	Number of shares	Range of option prices per share	Date normally exercisable
NV Executive Share Option Scheme	303 152	€22.82–€25.69	2000
(Shares of Fl. 1.12)	477 716	€26.55–€32.49	2000–2001
	336 448	€42.79	2000–2002
	530 026	€64.98–€69.29	2000–2003
	1 131 315	€63.50	2000–2009
(Shares of 1.4p)	2 224 588	£4.07	2000–2002
	3 490 157	£6.09–£6.68	2000–2003
	7 378 275	£5.55	2000–2009
North American Executive Stock Option Plan	43 000	US $ 25.69	2000–2002
(Shares of Fl. 1.12 of the New York Registry)	117 236	US $ 26.81	2000–2003
	225 398	US $ 25.67	2000–2004
	293 366	US $ 31.60–US $ 31.95	2000–2005
	413 140	US $ 33.89	2000–2006
	317 420	US $ 48.74	2000–2007
	260 023	US $ 76.69	2000–2008
	293 888	US $ 69.19	2000–2009
(Shares of 1.4p in the form of American Depositary Receipts)	2 122 188	US $ 6.72	2000–2007
	1 740 116	US $ 10.85	2000–2008
	1 968 176	US $ 9.30	2000–2009
PLC 1985 Executive Share Option Schemes	29 264	£1.84	2000
(Shares of 1.4p)	254 840	£2.07–£2.27	2000–2001
	324 316	£2.54–£2.62	2000–2002
	991 355	£2.54–£2.83	2000–2003
	1 568 052	£2.83–£2.98	2000–2004
	2 149 600	£3.07–£3.08	2000–2005
	749 460	£3.43–£4.07	2000–2006
	6 620	£4.53	2000–2007
	282 976	£6.68–£6.79	2001–2007
	550 506	£5.55	2002–2009
PLC International 1997 Executive Share Option Scheme	209 276	€42.79	2000–2006
(Shares of Fl. 1.12)	1 436	€49.63	2000–2007
	325 916	€69.29–€73.97	2001–2007
	541 373	€63.50	2002–2009
(Shares of 1.4p)	1 347 964	£4.07	2000–2006
	2 656	£4.53	2000–2007
	1 853 054	£6.68–£6.79	2001–2007
	3 017 619	£5.55	2002–2009
NV Employee Share Option Scheme	43 970	€23.08	2000
(Shares of Fl. 1.12)	56 753	€31.19	2000–2001
	58 766	€42.99	2000–2002
	259 199	€57.63	2003
	272 150	€63.65	2004
North American Employee Stock Purchase Plan			
(Shares of Fl. 1.12 of the New York Registry)	633 913	US $ 52.43	2000–2001
PLC 1985 Sharesave Scheme	127 864	£2.29	2000
(Shares of 1.4p)	5 286 263	£2.68	2000–2001
	5 883 004	£2.78	2001–2002
	8 325 975	£3.71	2002–2003
	5 107 309	£5.94	2003–2004
	6 046 903	£5.14	2004–2005

20 Called up share capital (continued)

Options granted to directors and employees to acquire ordinary shares of NV and PLC which were exercised during the years ended 31 December 1997, 1998 and 1999 were as follows:

			Exercised In 1997	Exercised in 1998	Exercised in 1999
	Date granted	Option price per share	Number of shares	Number of shares	Number of shares
NV Executive Share Option Scheme	1992	Fl. 46.25	90 728	—	—
(Shares of Fl. 1.12)	1992	Fl. 46.80	59 068	—	—
	1993	Fl. 49.28	167 944	65 300	—
	1993	Fl. 55.35	38 796	8 632	—
	1994	Fl. 48.00	268 804	118 160	91 884
	1994	Fl. 48.70	31 508	48 072	23 528
	1994	Fl. 51.27	33 356	—	8 120
	1995	Fl. 50.30	30 656	161 740	51 148
	1995	Fl. 56.63	27 140	63 060	49 360
	1996	Fl. 58.52	8 228	11 908	108 628
	1996	Fl. 71.62	3 040	13 172	2 208
	1997	Fl. 94.30	—	200	8 776
(Shares of 1.4p)	1997	£4.07	—	1 320	58 352
North American Executive Stock Option Plan	1992	US $ 25.69	77 400	33 000	5 800
(Shares of Fl. 1.12 of the New York Registry)	1993	US $ 26.81	125 916	61 892	5 300
	1994	US $ 25.67	186 872	76 308	3 718
	1995	US $ 31.95	161 585	92 337	3 516
	1996	US $ 33.89	133 660	22 200	4 800
	1997	US $ 48.74	—	6 065	799
(Shares of 1.4p in the form of American Depositary Receipts)	1997	US $ 6.72	—	40 552	5 356
PLC 1985 Executive Share Options Schemes	1988	£1.09	114 832	—	—
(Shares of 1.4p)	1989	£1.34	35 376	43 140	—
	1990	£1.62	68 420	38 700	81 348
	1990	£1.66	—	—	46 840
	1991	£1.84	233 848	58 896	57 336
	1991	£1.83	214 612	15 368	20 840
	1991	£2.07	125 748	—	33 612
	1992	£2.27	829 128	182 112	103 072
	1992	£2.62	163 420	47 596	15 236
	1993	£2.54	502 620	134 856	154 496
	1993	£2.78	85 404	20 092	—
	1994	£2.83	113 944	113 164	171 780
	1994	£2.54	1 038 684	247 552	111 693
	1994	£2.83	61 184	140 984	—
	1995	£2.98	2 752	347 944	126 492
	1995	£3.07	10 812	153 424	—
	1996	£3.08	—	115 420	123 324
	1996	£3.43	—	66 148	—
PLC International 1997 Executive Share Option Scheme	1997	Fl. 94.30	—	2 400	6 140
	1998	Fl. 152.70	—	—	160
(Share of Fl. 1.12)	1999	Fl. 139.94	—	—	4 900
(Shares of 1.4p)	1997	£4.07	—	16 000	40 600
NV Employee Share Option Scheme	1995	Fl. 50.87	47 414	9 760	17 296
(Shares of Fl. 1.12)	1996	Fl. 68.75	49 022	12 282	12 311
	1997	Fl. 94.75	7 080	15 261	9 629
	1998	Fl. 127.00	—	1 892	9 763
	1999	Fl. 140.27	—	—	4 601
PLC 1985 Sharesave Scheme	1991	£1.46	789 884	—	—
(Shares of 1.4p)	1992	£1.82	11 912 048	487 891	—
	1993	£2.28	636 079	5 160 748	190 561
	1994	£2.29	380 839	586 407	3 556 228
	1995	£2.68	484 543	590 956	383 370
	1996	£2.78	399 239	317 218	187 593
	1997	£3.71	1 552	49 281	176 932
	1998	£5.94	—	35	26 634

20 Called up share capital (continued)

	Date granted	Option price per share	Exercised In 1997 Number of shares	Exercised in 1998 Number of shares	Exercised in 1999 Number of shares
Unilever Savings Related Share Option Scheme (Ireland) (Shares of 1.4p)	1991	Ir£2.19	432 192	—	—
North American Employee Stock Purchase Plan (Shares of Fl. 1.12 of the New York Registry)	1995	US $ 28.89	969 724	—	—
	1997	US $ 47.83	—	—	701 897

All numbers of shares, and their option prices, have been adjusted to reflect the sub-division of each share into four shares, on 13 October 1997, each option having an option price one fourth of the previous option price.

To satisfy options granted under NV share option schemes and under North American stock option/purchase plans, certain group companies hold certificates or depositary receipts of ordinary shares of NV and of PLC. At 31 December 1999 there were options outstanding to purchase 6 066 879 Fl. 1.12 ordinary NVshares (1998: 9 670 233 Fl. 1 ordinary NV shares), and 18 923 500 1.4p ordinary PLC shares (1998: 4 949 657 1.25p ordinary PLC shares) in respect of these schemes and plans.

To satisfy options granted under the share option schemes in the United Kingdom, trusts in Jersey and the United Kingdom purchase and hold PLC shares. The book value of these shares, together with the borrowings of the trusts, is taken up in the entity accounts of PLC, as required by UITF Abstract 13. The trustees of these trusts have agreed, until further notice, to waive dividends on these shares, save for the nominal sum of 0.01p per 1.4p ordinary share. At 31 December 1999 there were options outstanding to purchase 1 078 001 Fl. 1.12 ordinary NV shares (1998: 546 328 Fl. 1 ordinary NV shares), and 43 905 600 1.4p ordinary PLC shares (1998: 42 720 873 1.25p ordinary PLC shares) in respect of these schemes.

At 31 December 1998 the Jersey trust held ordinary shares of NV for the purposes of share option schemes in the United Kingdom. During 1999 its holding of NV shares was sold to NV, subject to an agreement to reacquire the shares at book value when needed to satisfy the exercise of the options. As a result the shares became NV 'treasury' shares, on which no dividend is payable.

The book value of all shares held in respect of stock option schemes is eliminated on consolidation by deduction from other reserves (see note 22 on page 84).

		By PLC trusts 1999	By PLC trusts 1998	By NV/Group companies 1999	By NV/Group companies 1998
Number of ordinary PLC shares held (1999: 1.4p, 1998: 1.25p)		**42 492 210**	39 623 389	**19 031 246**	9 750 637
Number of ordinary NV shares held (1999: Fl. 1.12, 1998: Fl. 1)		**—**	551 802	**7 225 674**	5 152 836
Book value of shares held	Fl. million	**638**	537	**1 196**	593
Market value of shares held	Fl. million	**605**	859	**1 144**	1 032

At 31 December 1999 the exercise price of 31 435 091 PLC options and 4 247 803 NV options was above market price. These shares are accounted for in accordance with Dutch law. Any difference between the book value of the shares and the proceeds received when the shares are sold will be dealt with in reserves. Any difference between the cost of the shares and the exercise price of the related options is charged to the profit and loss account.

Movements during 1998 and 1999 in the options granted to directors and employees were as follows:

	Outstanding 1 January	Granted	Exercised	Forfeited	Outstanding 31 December
1998					
NV Shares of Fl. 1	5 063 995	1 412 328	823 641	156 697	5 495 985
PLC Shares of 1.25p	52 225 599	13 830 163	8 975 804	4 688 852	52 391 106
1999					
NV Shares of Fl. 1.12	5 495 985	2 886 190	1 134 282	103 013	7 144 880
PLC Shares of 1.4p	52 391 106	19 193 476	5 671 715	3 083 767	62 829 100

No options expired during 1998 or 1999.

21 Profit retained

	NV			PLC		
Fl. million	**1999**	1998	1997	**1999**	1998	1997
Net profit	**3 882**	3 655	7 649	**2 224**	2 833	3 274
Preference dividends	**(44)**	(15)	(15)	**—**	—	—
Normal dividends on ordinary capital	**(1 562)**	(1 594)	(1 415)	**(1 181)**	(1 133)	(862)
Special dividend		(9 282)			(7 092)	
Profit of the year retained	**2 276**	(7 236)	6 219	**1 043**	(5 392)	2 412
Goodwill written back on sale of speciality chemicals businesses			1 318			411
Other goodwill movements	**54**	(181)	(1 571)	**29**	187	(35)
Currency retranslation	**607**	(747)	563	**230**	(609)	165
Net movement during the year	**2 937**	(8 164)	6 529	**1 302**	(5 814)	2 953
Profit retained – 1 January	**7 355**	15 519	8 990	**2 826**	8 640	5 687
Profit retained – 31 December	**10 292**	7 355	15 519	**4 128**	2 826	8 640
Of which retained by:						
Parent companies	**4 782**	2 388	6 118	**3 208**	1 929	2 989
Other group companies	**5 495**	4 965	9 418	**918**	893	5 650
Joint ventures	**15**	2	(17)	**2**	4	1
	10 292	7 355	15 519	**4 128**	2 826	8 640
Cumulative goodwill written off	**(14 467)**	(14 521)	(14 340)	**(6 075)**	(6 104)	(6 291)

22 Other reserves

Adjustment on translation of PLC's ordinary capital at £1 = Fl. 12	**—**	—	—	**(345)**	(362)	(353)
Capital redemption reserve	**—**	—	—	**40**	36	38
Book value of shares or certificates held in connection with share options [(a)]	**(802)**	(498)	(378)	**(1 032)**	(632)	(490)
	(802)	(498)	(378)	**(1 337)**	(958)	(805)

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

23 Commitments

	1999	1998	1997
Long-term lease commitments under operating leases in respect of:			
Land and buildings	**2 704**	2 661	2 584
Other tangibles fixed assets	**969**	943	1 177
	3 673	3 604	3 761
The commitments fall due as follows:			
Within 1 year	**729**	708	712
After 1 year but within 2 years	**586**	603	603
After 2 years but within 3 years	**482**	479	504
After 3 years but within 4 years	**411**	410	419
After 4 years but within 5 years	**382**	364	347
After 5 years	**1 083**	1 040	1 176
	3 673	3 604	3 761
Other commitments	**563**	553	346
Of which payable within one year	**153**	187	246

24 Contingent liabilities

Contingent liabilities amounting to Fl. 399 million (1998: Fl. 450 million) arise from 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.

25 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 table sets out the effect of acquisitions of group companies in 1999 on the consolidated balance sheet. Acquisition accounting has been applied in all cases.

Fl. million

	Balance sheets of acquired businesses	Adjustments to align accounting policies	Revaluations	**Fair values at date of acquisition**
Acquisitions				
Intangible assets	40	(12)	—	**28**
Fixed assets	206	(5)	16	**217**
Current assets	180	—	(3)	**177**
Creditors	(41)	(2)	—	**(43)**
Provisions for liabilities and charges:				
Pensions and similar obligations	(1)	(1)	—	**(2)**
Deferred taxation	1	1	(5)	**(3)**
Other provisions	(2)	—	2	**—**
Minority interests	—	22	(2)	**20**
Total net assets acquired	383	3	8	**394**

Fl. million

	1999	1998	1997
Acquisitions			
Net assets acquired	**394**	109	1 048
Goodwill arising	**707**	493	—
Goodwill written off [(a)]	**—**	181	2 000
Consideration	**1 101**	783	3 048
Of which:			
Cash 27	**1 064**	747	2 941
Cash balances of businesses acquired 27	**(43)**	(35)	(65)
Current investments, cash deposits and borrowings of businesses acquired	**57**	38	62
Non cash and deferred consideration	**23**	33	110

(a) Adjustments to goodwill on acquisitions made before 1 January 1998.

25 Acquisition and disposal of group companies (continued)

Fl. million

	1999	1998	1997		
	Total	Total	Speciality chemicals businesses	Other	Total
Disposals					
Intangible assets	**4**	—	—	—	—
Fixed assets	**114**	161	3 951	591	4 542
Current assets	**101**	102	3 069	792	3 861
Creditors	**(45)**	(46)	(1 141)	(384)	(1 525)
Provisions for liabilities and charges:					
Pensions and similar obligations	**(17)**	(3)	(365)	(145)	(510)
Deferred taxation	**(5)**	(3)	(432)	3	(429)
Other provisions	**(1)**	16	214	63	277
Minority interests	**20**	(33)	27	(1)	26
Net assets sold	**171**	194	5 323	919	6 242
Attributable goodwill	**83**	187	1 730	394	2 124
Profit on sale attributable to Unilever	**40**	1 079	8 419	(95)	8 324
Consideration	**294**	1 460	15 472	1 218	16 690
Of which:					
Cash 27	**270**	1 460	15 257	1 126	16 383
Cash balances of businesses sold 27	**7**	4	(77)	93	16
Current investments, cash deposits and borrowings of businesses sold	**10**	(4)	292	(1)	291
Non cash and deferred consideration	**7**	—	—	—	—

26 Reconciliation of operating profit to operating cash flows

Fl. million

	1999	1998	1997	
	Total	Total	Continuing businesses	Discontinued operations
Operating profit	**9 482**	9 718	7 049	514
Depreciation and amortisation	**2 529**	2 068	2 188	148
Changes in working capital:				
Stocks	**41**	(940)	259	(8)
Debtors	**(373)**	(493)	(331)	(151)
Creditors	**587**	386	901	(29)
Pensions and similar provisions less payments	**400**	116	(7)	17
Restructuring and other provisions less payments	**(417)**	(101)	1 258	57
Other adjustments	**211**	(806)	376	8
Cash flow from operating activities	**12 460**	9 948	11 693	556

In 1999 a charge of Fl. 594 million was booked in operating profit for exceptional items of which Fl. 512 million was charged for restructuring projects, and a net Fl. 7 million for losses on disposal of businesses. Other exceptional items comprised primarily legal and insurance settlements and amounted to Fl. 75 million.

The cash inflow relating to exceptional disposals and other items was Fl. 167,million all of which was received in 1999.

The net cash outflow in respect of the restructuring costs is estimated at Fl. 308 million. This comprises Fl. 248 million in respect of employee compensation costs and Fl. 80 million of other related costs less proceeds of disposal of fixed assets of Fl. 20 million. Of these cash flows, Fl. 238 million arose in 1999 and Fl. 70 million is expected in 2000 and later years.

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

			Fl. million
	1999	1998	1997
Returns on investments and servicing of finance			
Dividends from other fixed investments	**21**	15	27
Interest received	**706**	1 521	730
Interest paid	**(832)**	(1 098)	(1 160)
Preference dividend paid	**(31)**	(15)	(15)
Dividends and other payments to minority shareholders	**(208)**	(275)	(390)
	(344)	148	(808)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	**(2 894)**	(2 934)	(3 038)
Disposal of tangible fixed assets	**143**	172	309
Acquisition/disposal of fixed investments	**26**	(2)	27
Purchase of own shares (employee share schemes)	**(582)**	(319)	(72)
	(3 307)	(3 083)	(2 774)

In 1997 discontinued speciality chemicals businesses accounted for Fl. 249 million of net capital expenditure and Fl. 117 million of taxation. In addition, payments of approximately Fl. 1 300 million were made during 1997 in respect of taxation on the profit on disposal of these businesses.

Acquisitions and disposals			
Acquisition of group companies 25	**(1 064)**	(747)	(2 941)
Cash balances of businesses acquired 25	**43**	35	65
Consideration paid in respect of acquisitions made in previous years	**(55)**	—	—
Disposal of group companies 25	**270**	1 460	16 383
Speciality chemicals businesses	**—**	—	15 257
Other disposals	**270**	1 460	1 126
Cash balances of businesses sold 25	**7**	(4)	16
Speciality chemicals businesses	**—**	—	(77)
Other disposals	**7**	(4)	93
Consideration received in respect of disposals made in previous years	**—**	—	226
	(799)	744	13 749
Management of liquid resources			
Purchase of current investments	**(985)**	(3 618)	(7 177)
Sale of current investments	**8 860**	640	38
(Increase)/decrease in cash on deposit	**4 634**	(1 435)	(6 983)
	12 509	(4 413)	(14 122)
Financing			
Issue of ordinary share capital (employee share schemes)	**—**	—	1
Issue of shares by group companies to minority shareholders	**10**	37	94
Debt due within one year:			
Increases	**419**	1 129	1 584
Repayments	**(861)**	(1 102)	(3 199)
Debt after one year:			
Increases	**136**	79	188
Repayments	**(26)**	(51)	(185)
	(322)	92	(1 517)

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

28 Analysis of net funds/(debt)

Fl. million

	1 January 1999	Cash Flow	Acquisitions/ Disposals (excl. cash & overdrafts)	Other non cash changes	Currency movements	31 December 1999
Cash on call and in hand	2 047	786			199	3 032
Overdrafts	(2 404)	74			(57)	(2 387)
		860				
Borrowings due within one year	(2 719)	442	(44)	(1 492)	(269)	(4 082)
Borrowings due after one year	(5 023)	(110)	(9)	1 158	(100)	(4 084)
		332				
Current investments	10 870	(7 875)	6	(131)	384	3 254
Cash on deposit	9 964	(4 634)	—	—	445	5 775
		(12 509)				
Net funds/(debt)	12 735	(11 317)	(47)	(465)	602	1 508

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.

29 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 only for hedging purposes. Established controls are in place covering all financial instruments and 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 64. The use of leveraged instruments is not permitted. Details of the instruments used for interest rate and foreign exchange exposure management, together with information on related exposures, are given below.

Except for the description of Unilever's currency exposures, all debtors and trade and other creditors have been excluded from the analysis below and from the interest rate and currency profiles in notes 14 and 15 on pages 76 and 77 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.

The reduction in the portion of fixed investments and fixed rate debt during 1999 and the position at the year end is in line with Unilever's interest rate management policy. Unilever operates an interest rate management policy aimed at optimising net interest and reducing volatility. In general, cash is invested short-term, at floating interest rates. The interest payable on debt is in general also floating, but depending on the Group's financial position, part may be fixed up to five years. This is achieved by using fixed rate long-term debt issues and derivative financial instruments such as interest rate swaps and forward rate agreements.

At the end of 1999 interest rates were fixed on approximately 22% of the projected debt for 2000 and 21% for 2001 (compared to 72% for 1999 and 50% for 2000 at the end of 1998). Interest receivable was fixed on approximately 34% of projected funds for 2000 and 15% for 2001 (compared to 31% for 1999 and 16% for 2000 at the end of 1998).

Nominal values of interest rate derivative instruments are shown in the table below. These nominal values when compared to the nominal value of the underlying debt and investments 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 investments in different periods. Derivatives are primarily used to swap fixed interest long-term debt into floating rate debt or to swap floating rate investments into fixed rate investments. Whilst the nominal amounts reflect the volume of activity, they do not therefore properly reflect the amount of credit risk to which the Group is exposed. The market value of these interest rate instruments at the end of 1999 represented an unrealised and unrecognised loss of Fl. 60 million (1998: gain of Fl. 243 million). In 1998 losses of Fl. 47 million were deferred on the balance sheet. 44% (1998: 50%) of these derivative financial instruments will mature within one year, 92% (1998: 93%) within five years and the balance within ten years.

Fl. million

	Nominal amounts at 31 December	
	1999	1998
Interest rate swaps	**8 278**	11 280
Forward rate agreements	**2 641**	—
Total	**10 919**	11 280

29 Financial instruments (continued)

Under the Group's foreign exchange policy, exposures with a maximum of one year maturity are generally hedged; this is achieved through the use of forward foreign exchange contracts. The market value of these instruments at the end of 1999 represented a recognised unrealised loss of Fl. 284 million (1998: Fl. 190 million) which was largely offset by recognised unrealised gains on the underlying assets and liabilities.

	Fl. million	
	Nominal amounts at 31 December	
	1999	1998
Foreign exchange contracts – buy	**3 889**	9 872
– sell	**7 849**	17 642
Total	**11 738**	27 514

Assets held in foreign currencies are, to a large extent, financed by borrowings in the same currencies. Consequently, at the end of 1999 some 51% (1998: 57% before accounting for the special dividend) of Unilever's total capital and reserves was denominated in the currencies of the two parent companies, euro and sterling. From an earnings perspective some 43% of Unilever's 1999 net income was denominated in the euro, 14% in sterling and 15% in the US dollar.

To ensure maximum flexibility in meeting changing business needs, investment management policy is to concentrate Unilever's substantial liquid funds centrally in the parent and finance companies. These funds, mainly in dollars, guilders and sterling, are invested in short-term bank deposits and marketable securities, or on-lent to subsidiaries.

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.

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

				Fl. million
	Fair value		Carrying amount	
	1999	1998	**1999**	1998
Financial assets:				
Other fixed investments	**269**	294	**238**	257
Current investments	**3 254**	10 870	**3 254**	10 870
Cash	**8 807**	12 011	**8 807**	12 011
	12 330	23 175	**12 299**	23 138
Financial liabilities:				
Bonds and other loans	**(6 083)**	(6 422)	**(6 002)**	(6 082)
Bank loans and overdrafts	**(4 551)**	(4 064)	**(4 551)**	(4 064)
	(10 634)	(10 486)	**(10 553)**	(10 146)
Derivatives:				
Interest rate swaps – assets	**71**	362	**—**	—
– liabilities	**(131)**	(119)	**3**	(44)
Forward rate agreements – liabilities	**—**	—	**(3)**	(3)
Foreign exchange contracts – assets	**92**	66	**(284)**	(190)
– liabilities	**(376)**	(256)	**—**	—

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

29 Financial instruments (continued)

Currency exposures

Group treasury manages the foreign exchange exposures that arise from the Group's financing and investing activities in accordance with Group policies.

The objectives of Unilever's foreign exchange policies are to allow operating companies to manage foreign exchange exposures that arise from trading activities effectively within a framework of control that does not expose the Group to unnecessary foreign exchange risks. Operating companies are required to cover substantially all foreign exchange exposures arising from trading activities and each company operates within a specified maximum exposure limit. Business Groups monitor compliance with these policies. Compliance with the Group's policies means that the net amount of monetary assets and liabilities at 31 December 1999 that are exposed to currency fluctuations is not material.

30 Combined earnings per share

			Fl. million			£ million
	Fl. 1.12	Fl. 1	Fl. 1	1.4p	1.25p	1.25p
	1999	1998	1997	**1999**	1998	1997
Basic earnings per share	**Fl. 5.80**	Fl. 5.80	Fl. 9.78	**26.01p**	26.45p	44.74p
Basic earnings per share before exceptional items	**Fl. 6.19**	Fl. 5.69	Fl. 5.06	**27.76p**	25.97p	23.86p
Diluted earnings per share	**Fl. 5.66**	Fl. 5.66	Fl. 9.55	**25.36p**	25.80p	43.68p
Earnings per share on a SSAP 15 basis	**Fl. 5.74**	Fl. 5.67	Fl. 9.20	**25.73p**	25.88p	41.99p

Basis of calculation:

The calculations of combined earnings per share are based on the net profit attributable to ordinary capital divided by the average number of share units representing the combined ordinary capital of NV and PLC in issue during the year, after deducting shares held to meet Unilever employee share options which are not yet vested. For the calculation of combined ordinary capital the exchange rate of £1 = Fl. 12 has been used, in accordance with the Equalisation Agreement. On 10 May 1999 the 1.25p ordinary shares of PLC were consolidated, so that every 112 1.25p ordinary shares were replaced by 100 1.4p ordinary shares. The Fl. 1 ordinary shares of NV were consolidated, so that 100 Fl. 1.12 ordinary shares replaced every 112 Fl. 1 ordinary shares. This consolidation was associated with the payment on 9 June 1999 of a special dividend, so that the economic impact was that of a share buy back at fair value at that date and therefore, in accordance with United Kingdom Financial Reporting Standard 14, earnings per share for prior years have not been restated.

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

The calculations of diluted earnings per share are based on (a) conversion into PLC ordinary shares of the shares in a group company which are convertible in the year 2038 as described in note 20 on page 80, and (b) the exercise of share options, details of which are set out in note 20 on pages 82 and 83.

Calculation of average number of share units:

			Thousands of share units			Thousands of share units
	Fl. 1.12	Fl. 1	Fl. 1	1.4p	1.25p	1.25p
	1999	1998	1997	**1999**	1998	1997
Average ordinary capital: NV	**601 725**	640 165	640 165	**4 011 500**	4 267 767	4 267 767
PLC	**459 745**	489 099	489 080	**3 064 967**	3 260 662	3 260 536
less shares held by employee share trusts and companies	**(16 287)**	(13 100)	(13 913)	**(108 583)**	(87 331)	(92 754)
Combined average number of share units for all bases except diluted earnings per share	**1 045 183**	1 116 164	1 115 332	**6 967 884**	7 441 098	7 435 549
add shares issuable in 2038	**23 625**	23 625	23 625	**157 500**	157 500	157 500
add shares under option	**14 264**	11 898	10 782	**95 094**	79 317	71 881
less shares issuable at fair value	**(11 361)**	(7 528)	(7 338)	**(75 735)**	(50 187)	(48 920)
Adjusted combined average number of share units for diluted earnings per share basis	**1 071 711**	1 144 159	1 142 401	**7 144 743**	7 627 728	7 616 010

30 Combined earnings per share (continued)

Calculation of net profit:

	Fl. million			£ million		
	Fl. 1.12	Fl. 1	Fl. 1	1.4p	1.25p	1.25p
	1999	1998	1997	**1999**	1998	1997
Net profit	**6 106**	6 488	10 923	**1 825**	1 973	3 331
less preference dividends	**(44)**	(15)	(15)	**(13)**	(4)	(5)
Net profit attributable to ordinary capital for basic and diluted earnings per share bases	**6 062**	6 473	10 908	**1 812**	1 969	3 326
add exceptional items net of tax	**408**	(115)	(5 268)	**122**	(36)	(1 552)
Net profit before exceptional items for basic earnings per share before exceptional items	**6 470**	6 358	5 640	**1 934**	1 933	1 774
Net profit attributable to ordinary capital before adjustment	**6 062**	6 473	10 908	**1 812**	1 969	3 326
SSAP 15 tax adjustment	**(64)**	(139)	(651)	**(19)**	(42)	(205)
Net profit attributable to ordinary capital on SSAP 15 basis	**5 998**	6 334	10 257	**1 793**	1 927	3 121

31 Dividends per share

	NV			PLC		
	Guilders per Fl. 1.12 (1997-1998: Fl. 1) of ordinary capital			Pence per 1.4p (1997-1998: 1.25p) of ordinary capital		
	1999	1998	1997	**1999**	1998	1997
Interim	**0.88**	0.81	0.74	**3.93**	2.95	2.80
Normal final	**1.91**	1.70	1.49	**8.57**	7.75	5.62
Special final		14.50			66.13	
Total	**2.79**	17.01	2.23	**12.50**	76.83	8.42

32 Pension and other benefit plans

UK GAAP accounting:
In the majority of countries in which the Group operates, employees' retirement arrangements are provided by defined benefit plans based on employee pensionable remuneration and length of service. These are either externally funded, with the assets of the plan held separately from those of the Group in independently administered funds, or are unfunded but with provisions maintained in the Group balance sheet. All are subject to regular actuarial review. Actuarial advice is provided by both external consultants and actuaries employed by the Unilever Group.

Valuations are carried out annually for the largest plans and at least every three years for other plans using the projected unit method, with the aim of ensuring that as far as possible current and future regular pension charges remain a stable percentage of pensionable payroll. The actuarial assumptions used to calculate the benefit obligation vary according to the economic conditions of the country in which the plan is situated. It is usually assumed that, over the long term, the annual rate of return on investments will be higher than the annual increase in pensionable remuneration and in present and future pensions in payment. For the key factors influencing the actuarial valuations, the average assumptions for the principal plans, weighted by market value, at their most recent valuation were: interest rate 7.2% p.a.; salary increases 4.6% p.a.; pension increases 3.2% p.a. Assets are generally valued at a smoothed market value by spreading gains and losses relative to the actuarial basis over a three to five year period.

At 31 December 1999 the market value of the assets of externally funded defined benefit plans was Fl. 36 046 million (1998: Fl. 29 175 million), and net provisions in the accounts amounted to Fl. 4 149 million (1998: Fl. 3 691 million). The level of funding of all defined benefit plans at the dates of the last valuations, in aggregate, was 124% (1998: 127%). The levels of funding represent the actuarial value of fund assets and the provisions held in the consolidated accounts at the dates of the most recent valuations expressed as a percentage of the value of benefits that had accrued to members at those dates, after allowing for expected future increases in pensionable remuneration and pensions in the course of payment.

Pension costs and company contributions to defined benefit plans (as shown in note 3 on page 72) have been reduced in recent years principally by the amortisation of surpluses in the Group's two biggest funds, which have been amortised using the 'mortgage method'. The net amount of surplus recognised in the profit and loss account in 1999 was Fl. 534 million (1998: Fl. 626 million). It is expected that pension costs will continue to benefit from the amortisation of fund surpluses for a number of years.

32 Pension and other benefit plans (continued)

In 1999 the Group received a gross cash refund of Fl. 350 million from a Netherlands fund in a surplus position, and Fl. 237 million from a Finnish fund in surplus. These cash refunds do not directly impact the pension charge for 1999 as the surplus is amortised in accordance with the Group's accounting policies. Further refunds from these funds may occur in 2000.

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 1999 was Fl. 3 931 million (1998: Fl. 3 378 million).

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. The post-retirement, other than pension, plans operated by the Group are accounted for in accordance with SFAS 106.

US GAAP accounting:
The following tables summarises 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 1999 these pension plans represented approximately 79% (1998: 76%; 1997: 71%) of all pension plans while 100% of the other benefit plans are represented (1998: 100%; 1997: 100%), based on the market value of the funds plus the provisions held in the Group's accounts.

Fl. million

	Pension plans		Other benefits plans	
	1999	1998	**1999**	1998
Change in benefit obligation				
Benefit obligations beginning of year	**20 446**	16 964	**1 573**	1 458
Extension of coverage [(a)]	**—**	1 011	**—**	—
Service cost	**478**	398	**30**	30
Interest cost	**1 141**	1 207	**100**	95
Plan member contributions	**—**	—	**—**	—
Amendments	**—**	3	**—**	7
Plan mergers	**—**	—	**—**	—
Actuarial (gains)/losses	**(702)**	3 138	**157**	122
Acquisition/disposals	**—**	76	**—**	30
Settlements/curtailments	**(37)**	(250)	**3**	1
Special Termination benefits	**37**	72	**—**	—
Benefits paid	**(1 341)**	(1 164)	**(110)**	(63)
Currency retranslations	**1 922**	(1 009)	**215**	(106)
Benefit obligations end of year	**21 944**	20 446	**1 968**	1 574
Change in plan assets				
Fair value of plan assets at beginning of year	**23 549**	22 094	**6**	—
Extension of coverage [(a)]	**—**	1 608	**—**	—
Actual return on plan assets	**6 151**	2 447	**—**	—
Acquisition/(disposals)	**—**	69	**—**	—
Settlements	**(40)**	(250)	**—**	—
Employer contribution/surplus refunds	**(151)**	(59)	**110**	66
Plan member contributions	**—**	—	**—**	3
Benefits paid	**(1 341)**	(1 164)	**(110)**	(63)
Currency retranslations	**2 326**	(1 196)	**1**	—
Fair value of plan assets at end of year	**30 494**	23 549	**7**	6
Funded status at end of year	**8 551**	3 103	**(1 641)**	(1 567)
Unrecognised net transition liability/(asset)	**(826)**	(809)	**—**	—
Unrecognised net actuarial loss/(gain)	**(8 774)**	(3 166)	**(135)**	32
Unrecognised prior service cost	**397**	335	**7**	(1)
Other (FAS 112 liabilities)	**n/a**	n/a	**(28)**	(25)
Net amount recognised at end of year	**(652)**	(537)	**(1 797)**	(1 561)

32 Pension and other benefit plans (continued)

	Pension plans 1999	Pension plans 1998	Other benefits plans 1999	Other benefits plans 1998
				Fl. million
Amount recognised in the statement of financial position consists of:				
Prepaid benefit cost	**1 159**	1 193	**—**	—
Accrued benefit liability	**(1 815)**	(1 730)	**(1 801)**	(1 561)
Additional minimum liability	**(28)**	(12)	**—**	—
Intangible asset	**18**	9	**—**	—
Accumulated other comprehensive income	**14**	3	**4**	—
Net amount recognised at end of year	**(652)**	(537)	**(1 797)**	(1 561)

(a) From 1998, two additional plans were included in the pension exercise and one additional plan in the other benefit plans.

	Pension plans % 1999	Pension plans % 1998	Pension plans % 1997	Other benefits plans % 1999	Other benefits plans % 1998	Other benefits plans % 1997
Weighted-average assumptions as of 31 December						
Discount rate	**6.25**	5.50	6.75	**7.50**	6.00	6.50
Expected return on plan assets	**7.25**	6.75	7.25	**n/a**	n/a	n/a
Rate of salary increases	**3.75**	3.50	4.00	**4.50**	4.50	5.00
Cost of living increases	**2.50**	2.25	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 of approximately 8.5% over the next few years and reach a constant level of approximately 5% by the year 2006.

	Pension plans 1999	Pension plans 1998	Pension plans 1997	Other benefits plans 1999	Other benefits plans 1998	Other benefits plans 1997
						Fl. million
Components of net periodic benefit cost						
Service cost	**478**	398	420	**30**	30	22
Interest cost	**1 141**	1 207	1 232	**99**	95	89
Expected return on plan assets	**(1 505)**	(1 539)	(1 502)	**—**	—	—
Employee contributions	**—**	—	—	**—**	(3)	—
Amortisation of prior service cost	**54**	53	48	**—**	—	—
Amortisation of transition (asset)	**(140)**	(142)	(143)	**—**	—	—
Amortisation of actuarial loss/(gain)	**(10)**	(122)	(10)	**—**	3	—
Total before FAS 88 events	**18**	(145)	45	**129**	125	111
Adjustments for FAS 88 events	**47**	115	(366)	**—**	30	(159)
Net periodic benefit cost	**65**	(30)	(321)	**129**	155	(48)

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 Fl. 1 914 million, Fl. 1 666 million, and Fl. 78 million respectively, as of 31 December 1999 and Fl. 2 089 million, Fl. 1 814 million, and Fl. 81 million respectively, as of 31 December 1998.

The Group also maintains a number of smaller defined benefit plans. Approximately Fl. 3 095 million (1998: Fl. 2 660 million) is provided for on their behalf in the Group balance sheet. In 1999 Fl. 287 million (1998: Fl. 191 million; 1997: Fl. 312 million) was charged in the accounts. These amounts, mainly in connection with unfunded plans, would not have been materially different under SFAS 87.

In addition to the special terminations benefits mentioned in the table above, during 1999, the Group also charged Fl. 64 million (1998: Fl. 92 million; 1997: Fl. 111 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:

	1% point increase	1% point decrease
Effect on total of service and interest cost components	3	(2)
Effect on post-retirement benefit obligation	30	(28)

33 Equity based compensation plans

As at 31 December 1999, the Group had nine equity based compensation plans. These were the Unilever PLC 1985 Share Save Plan (the 'PLC Sharesave Plan'), the Unilever PLC 1985 Executive Share Option Plan and the Unilever PLC 1985 Unapproved Executive Share Option Plan and the Unilever PLC International 1997 Executive Share Option Plan (together the 'PLC Option Plans'), the Unilever Savings Related Share Option Plan (Ireland) (the 'Ireland Sharesave Plan'), the Unilever NV Executive Share Option Plan (the 'NV Option Plan'), the Unilever NV Employee Share Option Plan (the 'NV Sharesave Plan'), the Unilever North America Executive Stock Option Plan (the 'NA Option Plan') and the Unilever North America Employee Stock Purchase Plan (the 'NA Purchase Plan'), which are all described below. Grants of share options to directors and other senior executives in 1997 and subsequent years are made under the International 1997 Executive Share Option Plan (the 'International Plan'). The International Plan comprises the NV Executive Option Plan, the Unilever PLC 1985 Executive Share Option Plan, the Unilever PLC International 1997 Executive Share Option Plan and the North American Executive Stock Option Plan.

On 13 October 1997 the ordinary share capital of NV and PLC was divided so that each existing Fl. 4 and 5p ordinary share was split into four shares of Fl. 1 and 1.25p respectively.

The Group applies APB Opinion 25 and related interpretations in accounting for these plans. Accordingly, the Group has recognised only the following compensation costs, Fl. 29.3 million in 1999, Fl. 1.7 million in 1998 and Fl. 9.5 million in 1997. Had the Group accounted for options under the requirement of SFAS 123 the impact on reported results would have been as follows:

			Fl. million
	1999	1998	1997
Actual compensation cost recognised	**29.3**	1.7	9.5
Pro forma compensation cost under SFAS 123	**124.3**	74.2	21.8
Actual net profit	**6 106**	6 488	10 923
Pro forma net profit under SFAS 123	**6 037**	6 433	10 915

			Guilders per Fl. 1.12 (1997-1998: Fl. 1) of ordinary capital
	1999	1998	1997
Actual earnings per share	**5.80**	5.80	9.78
Pro forma earnings per share	**5.73**	5.75	9.77
Actual diluted earnings per share	**5.66**	5.66	9.55
Pro forma diluted earnings per share	**5.60**	5.61	9.54

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

The PLC Sharesave Plan

The PLC Sharesave Plan provides for the granting of options to purchase shares of Unilever PLC to eligible employees of the Group. Under the terms of the plan, eligible employees, to whom options have been granted, make monthly contributions to a savings plan approved by the United Kingdom Treasury for this purpose. At the end of five years the proceeds from the savings plan may be applied to purchase ordinary shares of PLC at a price which is not less than 90% of the market value of the shares on a specified date within a 30 day period ending with the date on which the options were granted. This discount is amortised over the five year vesting period of the PLC Sharesave Plan. In 1999, 1998 and 1997 the total amortisation under the Plan amounted to £2.4 million, £2.1 million and £1.7 million respectively.

The maximum number of shares for which options can be granted are as follows:
PLC Sharesave Plan – 316 000 000
PLC Sharesave Plan and PLC Option Plans – Such number as equals 3% of PLC's issued ordinary share capital, over a three year period.
PLC Sharesave Plan and PLC Option Plans– Such number as equals 10% of PLC's issued ordinary share capital, over a ten year period.

A summary of the status of the PLC Sharesave Plan as at 31 December 1999, 1998 and 1997 and the changes during these years is presented below:

For the years ended 31 December:		1999		1998		1997
	Number of shares	Weighted average price	Number of shares	Weighted average price	Number of shares	Weighted average price
Outstanding at the beginning of the year	32 029 021	£3.58	37 439 231	£2.85	43 603 272	£2.30
Granted	6 252 700	£5.14	6 328 960	£5.94	10 200 928	£3.71
Exercised	4 521 318	£2.42	7 192 536	£2.31	14 604 184	£1.89
Forfeited	2 983 085	£4.30	4 546 634	£2.81	1 760 785	£2.43
Outstanding at the end of the year	30 777 318	£4.00	32 029 021	£3.58	37 439 231	£2.85
Options exercisable at the end of the year	127 864	£2.29	250 070	£2.28	772 837	£1.82

33 Equity based compensation plans (continued)

	1999	1998	1997
Option value information [(a)]			
Fair value per option [(b)]	£1.40	£2.12	£0.57
Valuation assumptions			
Expected option term	5 years	5 years	5 years
Expected volatility	25.04%	17.54%	15.25%
Expected dividend yield	2.84%	1.50%	5.94%
Risk-free interest rate	5.17%	6.02%	6.99%

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

The following table summarises information about fixed price stock options outstanding at 31 December 1999:

	Options Outstanding			Options Exercisable	
Range of exercise prices	Number outstanding at 31 December 1999	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at 31 December 1999	Weighted average exercise price
£2.29	127 864	3 months	£2.29	127 864	£2.29
£2.68	5 286 263	1 year	£2.68	—	—
£2.78	5 883 004	2 years	£2.78	—	—
£3.71	8 325 975	3 years	£3.71	—	—
£5.94	5 107 309	4 years	£5.94	—	—
£5.14	6 046 903	5 years	£5.14	—	—
£2.29 to £5.94	30 777 318		£4.00	127 864	£2.29

The PLC Option Plans

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

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

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

A summary of the status of the PLC Option Plans as at 31 December 1999, 1998 and 1997 and of the changes during the years ended on these dates is presented below:

For the years ended 31 December:	1999		1998		1997	
	Number of shares	Weighted average price	Number of shares	Weighted average price	Number of shares	Weighted average price
PLC Options						
Outstanding at the beginning of the year	10 691 852	£3.80	10 312 216	£3.01	12 633 096	£2.69
Granted	3 577 825	£5.55	2 187 530	£6.68	1 457 400	£4.07
Exercised	1 086 689	£2.56	1 741 396	£2.69	3 600 784	£2.32
Forfeited	54 706	£4.94	66 498	£5.02	177 496	£3.23
Outstanding at the end of the year	13 128 282	£4.37	10 691 852	£3.80	10 312 216	£3.01
Options exercisable at the end of the year	6 039 227	£2.93	4 988 752	£2.73	3 774 648	£2.48

33 Equity based compensation plans (continued)

For the years ended 31 December:	1999 Number of shares	1999 Weighted average price	1998 Number of shares	1998 Weighted average price	1997 Number of shares	1997 Weighted average price
NV Options						
Outstanding at the beginning of the year	546 328	Fl. 129.64	221 712	Fl. 94.40	—	—
Granted	547 773	Fl. 139.94	333 926	Fl. 152.83	221 712	Fl. 94.40
Exercised	11 200	Fl. 115.10	2 400	Fl. 94.30	—	—
Forfeited	4 900	Fl. 148.79	6 910	Fl. 131.91	—	—
Outstanding at the end of the year	1 078 001	Fl. 134.94	546 328	Fl. 129.64	221 712	Fl. 94.40
Options exercisable at the end of the year	—	—	—	—	—	—

	1999	1998	1997
PLC Option value information (a)			
Fair value per option (b)	£1.16	£1.58	£0.47
Valuation assumptions			
Expected option term	5 years	5 years	5 years
Expected volatility	24.23%	17.62%	15.24%
Expected dividend yield	2.84%	1.50%	5.94%
Risk-free interest rate	4.58%	6.13%	7.12%
NV Option value information (a)			
Fair value per option (b)	£9.03	£9.92	£3.08
Valuation assumptions			
Expected option term	5 years	5 years	5 years
Expected volatility	23.19%	18.87%	14.92%
Expected dividend yield	1.56%	1.38%	4.36%
Risk-free interest rate	3.32%	4.48%	4.54%

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

The following table summarises information about fixed price stock options outstanding at 31 December 1999:

Range of exercise prices	Options Outstanding: Number outstanding at 31 December 1999	Options Outstanding: Weighted average remaining contractual life	Options Outstanding: Weighted average exercise price	Options Exercisable: Number exercisable at 31 December 1999	Options Exercisable: Weighted average exercise price
PLC Options					
£1.84	29 264	9 months	£1.84	29 264	£1.84
£2.07	49 800	2 years	£2.07	49 800	£2.07
£2.27	205 040	2 years	£2.27	205 040	£2.27
£2.62	60 668	3 years	£2.62	60 668	£2.62
£2.54	263 648	3 years	£2.54	263 648	£2.54
£2.78	34 520	4 years	£2.78	34 520	£2.78
£2.83	128 924	4 years	£2.83	128 924	£2.83
£2.54	827 911	4 years	£2.54	827 911	£2.54
£2.83	331 444	5 years	£2.83	331 444	£2.83
£2.98	1 236 608	5 years	£2.98	1 236 608	£2.98
£3.07	893 464	6 years	£3.07	893 464	£3.07
£3.08	1 256 136	6 years	£3.08	1 256 136	£3.08
£3.43	721 800	7 years	£3.43	721 800	£3.43
£4.07	1 375 624	7 years	£4.07	—	—
£4.53	9 276	7 years	£4.53	—	—
£6.68	2 108 530	8 years	£6.68	—	—
£6.79	27 500	8 years	£6.79	—	—
£5.55	3 568 125	10 years	£5.55	—	—
£1.84 to £6.79	13 128 282		£4.37	6 039 227	£2.93
NV Options					
Fl. 94.30	209 276	7 years	Fl. 94.30	—	—
Fl. 109.38	1 436	7 years	Fl. 109.38	—	—
Fl. 152.70	321 666	8 years	Fl. 152.70	—	—
Fl. 163.00	4 250	8 years	Fl. 163.00	—	—
Fl. 139.94	541 373	10 years	Fl. 139.94	—	—
Fl. 94.30 to Fl. 163.00	1 078 001		Fl. 134.94	—	—

33 Equity based compensation plans (continued)

The Ireland Sharesave Plan

The Ireland Sharesave Plan provided for the granting of options to purchase shares of Unilever PLC to eligible employees of the Group. Under the terms of the plan, eligible employees, to whom options had been granted, made monthly contributions to a savings plan approved by the Revenue Commissioners of the Republic of Ireland for this purpose. At the end of five years the proceeds from the savings plan could be applied to purchase ordinary shares of PLC at the market price ruling on the day preceding the date of grant. Following a change in the law, options are no longer granted under this Plan.

A summary of the status of the Ireland Sharesave Plan as at 31 December 1999, 1998 and 1997 and the changes during these years is presented below:

For the years ended 31 December:	1999		1998		1997	
	Number of shares	Weighted average price	Number of shares	Weighted average price	Number of shares	Weighted average price
Outstanding at the beginning of the year	—	—	—	—	449 544	Ir £2.19
Granted	—	—	—	—	—	—
Exercised	—	—	—	—	432 192	Ir £2.19
Forfeited	—	—	—	—	17 352	Ir £2.19
Outstanding at the end of the year	—	—	—	—	—	—
Options exercisable at the end of the year	—	—	—	—	—	—

There were no fixed price stock options outstanding at 31 December 1999.

The NV Option Plan

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

A summary of the status of the NV Option Plan as at 31 December 1999, 1998 and 1997 and changes during the years ended on these dates is presented below:

For the years ended 31 December:	1999		1998		1997	
	Number of shares	Weighted average price	Number of shares	Weighted average price	Number of shares	Weighted average price
NV Options						
Outstanding at the beginning of the year	1 993 914	Fl. 89.51	1 957 540	Fl. 62.97	2 379 768	Fl. 53.76
Granted	1 133 865	Fl. 139.94	546 156	Fl. 152.51	350 952	Fl. 94.30
Exercised	343 652	Fl. 54.38	490 244	Fl. 51.14	759 268	Fl. 49.14
Forfeited	5 470	Fl. 146.75	19 538	Fl. 125.57	13 912	Fl. 71.96
Outstanding at the end of the year	2 778 657	Fl. 114.32	1 993 914	Fl. 89.51	1 957 540	Fl. 62.69
Options exercisable at the end of the year	2 778 657	Fl. 114.32	1 993 914	Fl. 89.51	1 957 540	Fl. 62.69
PLC Options						
Outstanding at the beginning of the year	5 791 917	£5.64	2 296 184	£4.07	—	—
Granted	7 394 775	£5.55	3 566 477	£6.67	2 320 148	£4.07
Exercised	58 352	£4.07	1 320	£4.07	—	—
Forfeited	35 320	£6.15	69 424	£6.23	23 964	£4.07
Outstanding at the end of the year	13 093 020	£5.59	5 791 917	£5.64	2 296 184	£4.07
Options exercisable at the end of the year	13 093 020	£5.59	5 791 917	£5.64	2 296 184	£4.07

33 Equity based compensation plans (continued)

	1999	1998	1997
NV Option value information [a]			
Fair value per option [b]	Fl. 26.64	Fl. 28.44	Fl. 9.04
Valuation assumptions			
Expected option term	5 years	4 years	4 years
Expected volatility	19.68%	18.93%	14.91%
Expected dividend yield	1.56%	1.38%	4.36%
Risk-free interest rate	3.46%	4.46%	4.54%
PLC Option value information [a]			
Fair value per option [b]	£3.65	£5.15	£1.48
Valuation assumptions			
Expected option term	5 years	5 years	5 years
Expected volatility	22.82%	17.70%	15.24%
Expected dividend yield	2.84%	1.50%	5.94%
Risk-free interest rate	4.58%	6.11%	7.12%

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

The following table summarises information about fixed price stock options outstanding at 31 December 1999:

	Options Outstanding			Options Exercisable	
Range of exercise prices	Number outstanding at 31 December 1999	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at 31 December 1999	Weighted average exercise price
NV Options					
Fl. 50.29	147 140	6 months	Fl. 50.29	147 140	Fl. 50.29
Fl. 56.61	156 012	1 year	Fl. 56.61	156 012	Fl. 56.61
Fl. 58.51	278 820	2 years	Fl. 58.51	278 820	Fl. 58.51
Fl. 71.60	198 896	2 years	Fl. 71.60	198 896	Fl. 71.60
Fl. 94.30	336 448	3 years	Fl. 94.30	336 448	Fl. 94.30
Fl. 152.70	519 070	4 years	Fl. 152.70	519 070	Fl. 152.70
Fl. 143.20	10 956	4 years	Fl. 143.20	10 956	Fl. 143.20
Fl. 139.94	1 131 315	10 years	Fl. 139.94	1 131 315	Fl. 139.94
Fl. 50.29 to Fl. 152.70	2 778 657		Fl. 114.32	2 778 657	Fl. 114.32
PLC Options					
£4.07	2 224 588	3 years	£4.07	2 224 588	£4.07
£6.68	3 408 280	4 years	£6.68	3 408 280	£6.68
£6.09	81 877	4 years	£6.09	81 877	£6.09
£5.55	7 378 275	10 years	£5.55	7 378 275	£5.55
£4.07 to £6.68	13 093 020		£5.59	13 093 020	£5.59

33 Equity based compensation plans (continued)

The NV Sharesave Plan

All directors of NV and all employees of Unilever Nederland B.V., may participate in the share option plan for employees in the Netherlands if they are on the payroll at the date of grant and, until 1997, participated in the Save-As-You-Earn Plan.

The grant of share options is made after a resolution to such effect has been adopted by the Board of Unilever Nederland B.V. The share options are granted at 100% of the market price on the date of the granting and can be exercised during a period of five years. Options granted since 1998 can generally be exercised after five years. In 1997 each participant was granted an option to acquire 16 shares; in 1998 and 1999 there were grants of 50 shares to each participant.

A summary of the status of the NV Sharesave Plan as at 31 December 1999, 1998 and 1997 and changes during these years is presented below:

For the years ended 31 December:	1999		1998		1997	
	Number of shares	Weighted average price	Number of shares	Weighted average price	Number of shares	Weighted average price
Outstanding at the beginning of the year	467 687	Fl. 103.71	236 028	Fl. 72.58	248 808	Fl. 60.24
Granted	276 751	Fl. 140.27	271 173	Fl. 127.00	90 736	Fl. 94.75
Exercised	53 600	Fl. 84.40	39 195	Fl. 77.23	103 516	Fl. 62.34
Forfeited	—	—	319	Fl. 127.00	—	—
Outstanding at the end of the year	690 838	Fl. 119.85	467 687	Fl. 103.71	236 028	Fl. 72.58
Options exercisable at the end of the year	159 489	Fl. 73.40	198 725	Fl. 72.19	236 028	Fl. 72.58

	1999	1998	1997
Option value information [(a)]			
Fair value per option [(b)]	Fl. 29.59	Fl. 28.88	Fl. 12.19
Valuation assumptions			
Expected option term	3 years	5 years	5 years
Expected volatility	29.46%	23.32%	15.37%
Expected dividend yield	1.56%	1.38%	4.36%
Risk-free interest rate	3.17%	3.67%	4.35%

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

The following table summarises information about fixed price stock options outstanding at 31 December 1999:

	Options Outstanding			Options Exercisable	
Range of exercise prices	Number outstanding at 31 December 1999	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at 31 December 1999	Weighted average exercise price
Fl. 50.87	43 970	10 months	Fl. 50.87	43 970	Fl. 50.87
Fl. 68.75	56 753	2 years	Fl. 68.75	56 753	Fl. 68.75
Fl. 94.75	58 766	3 years	Fl. 94.75	58 766	Fl. 94.75
Fl. 127.00	259 199	4 years	Fl. 127.00	—	—
Fl. 140.27	272 150	5 years	Fl. 140.27	—	—
Fl. 50.87 to Fl. 140.27	690 838		Fl. 119.85	159 489	Fl. 73.40

33 Equity based compensation plans (continued)

The NA Option Plan

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

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

A summary of the status of the NA Option Plan as at 31 December 1999, 1998 and 1997 and the changes during the years ended on these dates is presented below:

For the years ended 31 December:	1999		1998		1997	
	Number of shares	Weighted average price	Number of shares	Weighted average price	Number of shares	Weighted average price
NV Options						
Outstanding at the beginning of the year	1 702 300	US $ 41.04	1 735 963	US $ 33.64	2 092 448	US $ 29.78
Granted	293 888	US $ 69.19	261 073	US $ 76.69	330 952	US $ 48.50
Exercised	23 933	US $ 29.27	291 802	US $ 29.01	685 433	US $ 28.97
Forfeited	8 784	US $ 38.41	2 934	US $ 33.79	2 004	US $ 54.49
Outstanding at the end of the year	1 963 471	US $ 45.41	1 702 300	US $ 41.04	1 735 963	US $ 33.64
Options exercisable at the end of the year	1 388 599	US $ 36.21	1 073 084	US $ 31.83	952 065	US $ 28.67
PLC Options						
Outstanding at the beginning of the year	3 878 316	US $ 8.58	2 177 968	US $ 6.72	—	—
Granted	1 968 176	US $ 9.30	1 747 196	US $ 10.85	2 177 968	US $ 6.72
Exercised	5 356	US $ 6.72	40 552	US $ 6.72	—	—
Forfeited	10 656	US $ 9.46	6 296	US $ 6.72	—	—
Outstanding at the end of the year	5 830 480	US $ 8.82	3 878 316	US $ 8.58	2 177 968	US $ 6.72
Options exercisable at the end of the year	1 982 696	US $ 7.92	688 800	US $ 6.72	—	—

	1999	1998	1997
NV Option value information (a)			
Fair value per option (b)	US $ 19.45	US $ 19.67	US $ 13.19
Valuation assumptions			
Expected option term	5 years	5 years	5 years
Expected volatility	24.50%	19.48%	15.67%
Expected dividend yield	1.23%	1.30%	0.82%
Risk-free interest rate	5.21%	5.67%	6.45%
PLC Option value information (a)			
Fair value per option (b)	US $ 2.23	US $ 2.97	US $ 1.69
Valuation assumptions			
Expected option term	5 years	5 years	5 years
Expected volatility	24.26%	20.09%	17.55%
Expected dividend yield	2.48%	1.39%	1.79%
Risk-free interest rate	5.21%	5.64%	6.48%

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

33 Equity based compensation plans (continued)

The following table summarises information about fixed price stock options outstanding at 31 December 1999:

			Options Outstanding			Options Exercisable
	Range of exercise prices	Number outstanding at 31 December 1999	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at 31 December 1999	Weighted average exercise price
NV Options						
	US $ 25.69	43 000	3 years	US $ 25.69	43 000	US $ 25.69
	US $ 26.81	117 236	4 years	US $ 26.81	117 236	US $ 26.81
	US $ 25.67	225 398	5 years	US $ 25.67	225 398	US $ 25.67
	US $ 31.60	5 200	6 years	US $ 31.60	5 200	US $ 31.60
	US $ 31.95	288 166	6 years	US $ 31.95	288 166	US $ 31.95
	US $ 33.89	413 140	7 years	US $ 33.89	413 140	US $ 33.89
	US $ 48.74	317 420	8 years	US $ 48.74	209 803	US $ 48.74
	US $ 76.69	260 023	9 years	US $ 76.69	86 656	US $ 76.69
	US $ 69.19	293 888	10 years	US $ 69.19	—	—
	US $ 25.67 to US $ 76.69	1 963 471		US $ 45.41	1 388 599	US $ 36.21
PLC Options						
	US $ 6.72	2 122 188	8 years	US $ 6.72	1 402 748	US $ 6.72
	US $ 10.85	1 740 116	9 years	US $ 10.85	579 948	US $ 10.85
	US $ 9.30	1 968 176	10 years	US $ 9.30	—	—
	US $ 6.72 to US $ 10.85	5 830 480		US $ 8.82	1 982 696	US $ 7.92

The NA Purchase Plan

The NA Purchase Plan provides for the granting of options to purchase a maximum of 10 000 000 shares of Unilever NV of the New York Registry. The first offering under the purchase plan was held in 1995, and was limited to options covering 2 000 000 shares. This offering ended in 1997.

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

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

A summary of the status of the NA Purchase Plan as at 31 December 1999, 1998 and 1997 and the changes during these years is presented below:

For the years ended 31 December:		1999		1998		1997
	Number of shares	Weighted average price	Number of shares	Weighted average price	Number of shares	Weighted average price
Outstanding at the beginning of the year	785 756	US $ 47.83	912 752	US $ 47.83	1 019 636	US $ 28.89
Granted	633 913	US $ 52.43	—	—	918 172	US $ 47.83
Exercised	701 897	US $ 47.83	—	—	969 724	US $ 28.89
Forfeited	83 859	US $ 47.83	126 996	US $ 47.83	55 332	US $ 30.74
Outstanding at the end of the year	633 913	US $ 52.43	785 756	US $ 47.83	912 752	US $ 47.83
Options exercisable at the end of the year	—	—	—	—	—	—

33 Equity based compensation plans (continued)

	1999	1998	1997
Option value information [a]			
Fair value per option [b]	US $ 14.80	—	US $ 13.67
Valuation assumptions			
Expected option term	2 years	—	2 years
Expected volatility	34.18%	—	21.40%
Expected dividend yield	1.23%	—	0.82%
Risk-free interest rate	3.66%	—	4.43%

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

The following table summarises information about fixed price stock options outstanding at 31 December 1999:

	Options Outstanding			Options Exercisable	
Range of exercise prices	Number outstanding at 31 December 1999	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at 31 December 1999	Weighted average exercise price
US $ 52.43	633 913	2 years	US $ 52.43	—	—

34 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

Fl. million	NV			PLC		
	1999	1998	1997	**1999**	1998	1997
Turnover	**60 947**	61 495	65 239	**29 349**	27 617	29 358
Continuing operations	**60 647**	61 495	62 586	**29 349**	27 617	28 014
Acquisitions	**300**			**—**		
Discontinued operations			2 653			1 344
Operating profit	**5 841**	5 565	4 555	**3 641**	4 153	3 008
Continuing operations	**5 854**	5 565	4 217	**3 641**	4 153	2 832
Acquisitions	**(13)**			**—**		
Discontinued operations			338			176
Profit on sale of discontinued speciality chemicals businesses	**—**	—	6 463	**—**	—	2 019
Loss on disposal of fixed assets in continuing businesses	**—**	—	(330)	**—**	—	(154)
Income from fixed investments	**83**	58	69	**31**	24	16
Interest	**(85)**	93	(182)	**55**	251	(48)
Profit on ordinary activities before taxation	**5 839**	5 716	10 575	**3 727**	4 428	4 841
Taxation	**(1 882)**	(2 024)	(2 857)	**(1 135)**	(1 314)	(1 328)
Profit on ordinary activities after taxation	**3 957**	3 692	7 718	**2 592**	3 114	3 513
Minority interests	**(75)**	(37)	(69)	**(368)**	(281)	(239)
Net profit	**3 882**	3 655	7 649	**2 224**	2 833	3 274

Balance sheet as at 31 December

	NV 1999	NV 1998	PLC 1999	PLC 1998
Fixed assets	**13 943**	12 712	**7 228**	6 283
Current assets				
Stocks	**7 160**	6 831	**4 131**	3 630
Debtors	**13 144**	11 142	**3 791**	3 707
Debtors due within one year	**9 703**	8 868	**2 950**	2 429
Debtors due after more than one year	**3 441**	2 274	**841**	1 278
Cash and current investments	**8 440**	16 637	**3 621**	6 244
	28 744	34 610	**11 543**	13 581
Creditors due within one year	**(19 156)**	(26 409)	**(7 584)**	(13 205)
Borrowings	**(5 488)**	(4 428)	**(981)**	(695)
Trade and other creditors	**(13 668)**	(21 981)	**(6 603)**	(12 510)
Net current assets	**9 588**	8 201	**3 959**	376
Total assets less current liabilities	**23 531**	20 913	**11 187**	6 659
Creditors due after more than one year	**5 793**	6 218	**448**	484
Borrowings	**4 025**	4 771	**59**	252
Trade and other creditors	**1 768**	1 447	**389**	232
Provisions for liabilities and charges	**8 094**	7 320	**2 003**	2 187
Intra-group – NV/PLC	**(4 035)**	(567)	**4 035**	567
Minority interests	**187**	128	**1 088**	771
Capital and reserves	**13 492**	7 814	**3 613**	2 650
Total capital employed	**23 531**	20 913	**11 187**	6 659

35 Impact of discontinued activities [1][2]

		1999	1998	1997
				Fl. million
Turnover [3]	Total Group	**90 296**	89 112	94 597
	Continuing businesses	**90 296**	89 112	90 600
	Discontinued operations	**—**	—	3 997
Profit Before Tax	Total Group	**9 566**	10 144	15 416
	Continuing businesses	**9 566**	10 144	6 418
	Discontinued operations	**—**	—	8 998
Taxation On Profit [2]	Total Group	**(3 017)**	(3 338)	(4 185)
	Continuing businesses	**(3 017)**	(3 338)	(2 208)
	Discontinued operations	**—**	—	(1 977)
Net Profit	Total Group	**6 106**	6 488	10 923
	Continuing businesses	**6 106**	6 488	3 962
	Discontinued operations	**—**	—	6 961
Combined Earnings Per Share		Guilders per Fl. 1.12 (1997-1998: Fl. 1) of ordinary capital		
	Total Group	**5.80**	5.80	9.78
	Continuing businesses	**5.80**	5.80	3.54
	Discontinued operations	**—**	—	6.24
		Pence per 1.4p (1997-1998: 1.25p) of ordinary capital		
	Total Group	**26.01**	26.45	44.74
	Continuing businesses	**26.01**	26.45	16.66
	Discontinued operations	**—**	—	28.08
On a SSAP 15 basis the figures would be:		Guilders per Fl. 1.12 (1997-1998: Fl. 1) of ordinary capital		
	Total Group	**5.74**	5.67	9.20
	Continuing businesses	**5.74**	5.67	2.94
	Discontinued operations	**—**	—	6.26
		Pence per 1.4p (1997-1998: 1.25p) of ordinary capital		
	Total Group	**25.73**	25.88	41.99
	Continuing businesses	**25.73**	25.88	13.79
	Discontinued operations	**—**	—	28.20
On a US GAAP basis the figures would be:		Guilders per Fl. 1.12 (1997-1998: Fl. 1) of ordinary capital		
	Total Group	**5.20**	5.01	9.47
	Continuing businesses	**5.20**	5.01	3.07
	Discontinued operations	**—**	—	6.40
		Pence per 1.4p (1997-1998: 1.25p) of ordinary capital		
	Total Group	**23.35**	22.84	43.25
	Continuing businesses	**23.35**	22.84	14.48
	Discontinued operations	**—**	—	28.77

(1) The figures shown above for discontinued activities are derived from internal financial information for purposes connected with the sale of the speciality chemicals businesses.
(2) The taxation charge shown above, together with interest and certain other charges, for the activities to be discontinued are based in some cases on an allocation of the charge or credit incurred by the Unilever Group in the relevant country, and are not necessarily representative of the results of the activities discontinued or the continuing businesses on a stand alone basis.
(3) Turnover excludes sales to Unilever group companies.

Schedules – Unilever Group
Valuation and qualifying accounts

Fl. million
Schedule II

Description	Balance at 1 January	Additions: Charge to profit and loss account	Additions: Charged to other accounts (a)	Deductions	Balance at 31 December
Year ended 31 December 1999 Provision for doubtful debtors	533	188	37	(143)	615
Year ended 31 December 1998 Provision for doubtful debtors	540	158	(3)	(162)	533
Year ended 31 December 1997 Provision for doubtful debtors	575	144	(13)	(166)	540

(a) Includes currency retranslation of opening balances.

Key divergence statements from United States GAAP

Unilever Group

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

			Fl. million
	1999	1998	1997
Net profit as reported in the consolidated profit and loss account	**6 106**	6 488	10 923
Attributable to: **NV**	**3 882**	3 655	7 649
PLC	**2 224**	2 833	3 274
US GAAP adjustments:			
Profit on sale of speciality chemicals businesses	**—**	—	244
Goodwill	**(470)**	(437)	(325)
Identifiable intangibles	**(247)**	(240)	(215)
Restructuring costs	**99**	(412)	89
Interest	**(19)**	(54)	(22)
Pensions	**(28)**	16	(192)
Taxation effect of above adjustments	**47**	244	79
Net increase/(decrease)	**(618)**	(883)	(342)
Approximate net income under US GAAP	**5 488**	5 605	10 581
Attributable to: **NV**	**3 472**	2 941	7 458
PLC	**2 016**	2 664	3 123

Approximate combined net income per share under US GAAP			
Guilders per Fl. 1.12 (1997-98: Fl. 1) of ordinary capital	**5.20**	5.01	9.47
Approximate combined diluted net income per share under US GAAP			
Guilders per Fl. 1.12 (1997-98: Fl. 1) of ordinary capital	**5.08**	4.90	9.26

Capital and reserves as reported in the consolidated balance sheet	**17 105**	10 464
Attributable to: **NV**	**13 492**	7 814
PLC	**3 613**	2 650
US GAAP adjustments:		
Goodwill	**8 629**	8 734
Identifiable intangibles	**6 584**	5 945
Restructuring costs	**229**	109
Interest	**1 223**	1 095
Pensions	**408**	491
Dividends	**1 970**	17 886
Taxation effect of above adjustments	**(2 265)**	(2 209)
Net increase	**16 778**	32 051
Approximate capital and reserves under US GAAP	**33 883**	42 515
Attributable to: **NV**	**25 165**	28 479
PLC	**8 718**	14 036

The aggregate amounts included in capital and reserves in respect of cumulative currency translation adjustments are as follows:			
Balance 1 January	**(8 289)**	(6 960)	(7 661)
Arising during the year	**774**	(1 329)	701
Balance 31 December	**(7 515)**	(8 289)	(6 960)
The aggregate amounts of foreign currency transaction gains and (losses) charged in the consolidated profit and loss account are:	**(5)**	(196)	(118)

Differences from United States GAAP

Unilever Group

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

The principal differences are set out below.

Profit on sale of chemicals businesses

Unilever calculates profit on sale of businesses after writing back any goodwill previously charged directly to reserves. Under US GAAP the profit on disposal of the discontinued speciality chemicals 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.

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 against income over their estimated useful lives, not exceeding 40 years.

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

Restructuring costs

Under Unilever's accounting policy certain restructuring costs are recognised when a restructuring plan has been announced. Under US GAAP certain additional criteria must be met before such charges are recognised.

Interest

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

Pensions

Under Unilever´s accounting policy the expected costs of providing retirement pensions are charged to the profit and loss account over the periods benefiting from the employees´ services. Variations from expected cost are similarly spread. Under US GAAP pension costs and liabilities are calculated in accordance with Statement of Financial Accounting Standards No. 87 (SFAS 87), which requires the use of a prescribed actuarial method and a set of measurement principles.

Investments

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

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

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

Dividends

The proposed final ordinary dividends are provided for in the Unilever accounts in the financial year in the 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 1999 the balance of such investments was Fl. 62 million (1998: Fl. 6 622 million, 1997: Fl. 3 954 million).

Exceptional items

In accordance with United Kingdom Financial Reporting Standard Number 3 (Reporting Financial Performance) certain non-operating exceptional items are shown separately in the profit and loss account below operating profit and before interest. Under US GAAP most non-operating exceptional items would be included in operating profit from continuing operations.

The profit arising on disposal of the speciality chemicals businesses in 1997 would be presented as a separate line below income from continuing operations.

Discontinued operations

Unilever analyses turnover and operating profit between continuing and discontinued operations. Under US GAAP the operating profit from discontinued operations would be shown on a separate line below income from continuing operations.

Principal group companies and fixed investments as at 31 December 1999

Unilever Group

The companies listed below and on pages 109 and 110 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.

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

Principal group companies

%	Europe	
	Austria – NV	
	Austria Frost Nahrungsmittel Ges.m.b.H.	F
	Eskimo-Iglo Ges.m.b.H.	F
	Österreichische Unilever Ges.m.b.H.	FP
	Belgium – NV	
	Unilever Belgium N.V.	FPO
	Czech Republic – NV	
	Unilever ČR s.r.o.	FP
	Denmark – NV	
	Unilever Danmark A/S	FP
	Finland – NV	
	Suomen Unilever Oy	FP
	France – NV	
99	Astra-Calvé S.A.	F
99	Boursin S.A.S.	F
99	Choky S.A.	F
99	Cogesal-Miko S.A.	F
99	Elida Fabergé S.A.	P
99	Fralib S.A.	F
99	Frigedoc S.A.	F
99	Lever S.A.	P
99	Relais d'Or-Miko S.A.	F
99	Unilever France S.A.	H

%	Europe (continued)	
	Germany – NV	
	Deutsche Unilever GmbH	H
	Langnese-Iglo GmbH	F
	Lever Fabergé Deutschland GmbH	P
	Meistermarken-Werke GmbH, Spezialfabrik für Back-und Grossküchenbedarf	F
	Union Deutsche Lebensmittelwerke GmbH	F
	Greece – NV	
51	'Elais' Oleaginous Products A.E.	F
	Unilever Hellas A.E.B.E.	FP
	Hungary – NV	
	Unilever Magyarország Beruházási Kft	FP
	Ireland – PLC	
	Lever Fabergé Ireland Ltd.	P
	Lyons Tea Ireland Ltd.	F
	Van den Bergh Foods Ltd.	F
	Italy – NV	
	Sagit SpA	F
	Unilever Italia SpA	FP
	The Netherlands – NV	
	DiverseyLever B.V.	P
	IgloMora Groep B.V.	F
	Lever Fabergé Nederland B.V.	P
	Loders Croklaan B.V.	F
*	Unilever N.V.	H
	Unilever Nederland B.V.	H
	UniMills B.V.	F
	Van den Bergh Nederland B.V.	F
	Poland – NV	
99	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
	Romania – NV	
99	Unilever Romania	FP
	Russia – NV	
	Unilever SNG	FP
	Slovakia – NV	
	Unilever Slovensko spol. sr. o.	FP
	Spain – NV	
99	Frigo S.A.	F
	Frudesa S.A.	F
	Unilever España S.A.	HP
	Unilever Foods España S.A.	F

* See 'Basis of consolidation' on page 62.

Principal group companies and fixed investments as at 31 December 1999

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	
	DiverseyLever A.G.	P
	Lever Fabergé A.G.	P
	Lipton-Sais	F
	Meina Holding A.G.	H
	Pierrot-Lusso A.G.	F
	Sunlight A.G.	O
	Unilever Cosmetics International S.A.	P
	Unilever (Schweiz) A.G.	O
	Turkey – NV	
82	Lever Elida Temizlik ve Kişisel Bakım Ürünleri Sanayi ve Ticaret A.Ş.	P
	Unikom Gida Sanayi ve Ticaret A.Ş.	F
	Unilever Sanayi ve Ticaret Türk A.Ş.	F
	Unilever Tüketim Ürünleri Satış Pazarlama ve Ticaret A.Ş.	FP
	United Kingdom – PLC	
	Birds Eye Wall's Ltd.	F
	Calvin Klein Cosmetics (UK) Ltd.	P
	DiverseyLever Ltd.	P
	Elida Fabergé Ltd.	P
	Elizabeth Arden Ltd.	P
	Lever Brothers Ltd.	P
	Lipton Ltd.	F
*	Unilever PLC	H
	Unilever U.K. Central Resources Ltd.	O
	Unilever U.K. Holdings Ltd.	H
	Unipath Ltd.	P
	Van den Bergh Foods Ltd.	F

%	North America	
	Canada – PLC	
	UL Canada Inc.	FP
	Unilever Canada Limited	H
	United States of America – NV (75%); **PLC** (25%)	
†	Calvin Klein Cosmetics Company	P
	DiverseyLever, Inc.	P
†	Elizabeth Arden Co.	P
†	Good Humor-Breyers Ice Cream	F
†	Gorton's	F
†	Lipton	F
	Unilever Capital Corporation	O
†	Unilever Home & Personal Care USA	P
	Unilever United States, Inc.	H

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

* See 'Basis of consolidation' on page 62.
† A division of Conopco, Inc., a subsidiary of Unilever United States, Inc.

Principal group companies and fixed investments as at 31 December 1999

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	
	Unilever (China) Ltd.	H
	Unilever Foods (China) Company Ltd.	F
97	Wall's (China) Company Ltd.	F
	China S.A.R. – NV	
	Unilever Hong Kong Ltd.	FP
	India – PLC	
51	Hindustan Lever Ltd. (NV 2%)	FPO
	Indonesia – NV	
85	P.T. Unilever Indonesia	FP
	Japan – NV	
	Nippon Lever B.V. (incorporated in the Netherlands)	FP
	Japan – PLC	
	Lever Brothers Ltd. (incorporated in the United Kingdom)	P
	Malaysia – PLC	
	Pamol Plantations Sdn. Bhd.	O
70	Unilever (Malaysia) Holdings Sdn. Bhd.	FP
	New Zealand – PLC	
	Unilever New Zealand Ltd.	FP
	Pakistan – PLC	
67	Lever Brothers Pakistan Ltd.	FP
	Philippines – NV	
	Unilever Philippines Inc.	FP
	Singapore – PLC	
	Unilever Singapore Private Ltd.	FP
	South Korea – NV	
	Unilever Korea	P
	Sri Lanka – PLC	
	Unilever Ceylon Ltd.	FPO
	Taiwan – NV	
	Unilever Taiwan Ltd.	P
	Thailand – NV	
	Unilever Thai Holdings Ltd.	FP
	Vietnam – NV	
66	Lever HASO	P
66	Lever VISO	P

%	Latin America	
	Argentina – NV	
	Unilever de Argentina S.A.	FP
	Bolivia – NV	
	Quimbol Lever S.A.	FP
	Brazil – NV	
99	Indústrias Gessy Lever Ltda.	FP
	Chile – NV	
	Lever Chile S.A. (PLC 25%)	FP
	Colombia – NV	
	Unilever Andina (Colombia) S.A.	FP
60	Varela S.A.	P

%	Latin America (continued)	
	Dominican Republic – NV	
	Unilever Dominicana S.A.	P
	El Salvador – NV	
60	Industrias Unisola S.A.	FP
	Mexico – NV	
	Unilever de Mexico S.A.	FP
	Netherlands Antilles – NV	
	Unilever Becumij N.V.	O
	Paraguay – NV	
	Unilever Capsa del Paraguay S.A.	FP
	Peru – NV	
99	Industrias Pacocha S.A.	FP
	Trinidad & Tobago – PLC	
50	Lever Brothers West Indies Ltd.	FP
	Uruguay – NV	
	Sudy Lever S.A.	FP
	Venezuela – NV	
	Unilever Andina S.A.	FP

Principal fixed investments

Joint ventures

%	Europe	
	Portugal – NV	
40	FIMA–Produtos Alimentares, Lda.	F

%	North America	
	United States of America – NV (75%); **PLC** (25%)	
50	The Pepsi/Lipton Tea Partnership	F

Company accounts

Unilever N.V .

Balance sheet as at 31 December

	1999	1998
		Fl. million
Fixed assets		
Fixed investments	**2 197**	1 674
Current assets		
Debtors	**15 589**	21 712
Current investments	**1 342**	587
Cash at bank and in hand	**3 632**	1 385
Total current assets	**20 563**	23 684
Creditors due within one year	**(10 827)**	(18 380)
Net current assets	**9 736**	5 304
Total assets less current liabilities	**11 933**	6 978
Creditors due after more than one year	**3 580**	3 780
Provisions for liabilities and charges	**376**	349
Capital and reserves	**7 977**	2 849
Called up share capital:		
Preferential share capital 20	**286**	265
Ordinary share capital 20	**642**	642
	928	907
Share premium account	**3 076**	52
Profit retained and other reserves	**3 973**	1 890
Total capital employed	**11 933**	6 978

Profit and loss account as at 31 December

	1999	1998
Income from fixed investments after taxation	**3 260**	6 984
Other income and expenses	**755**	190
Profit of the year	**4 015**	7 174

Pages 62 to 104 and 108 to 112 contain the notes to the NV company accounts. For the information required by Article 392 of Book 2, Civil Code, refer to pages 61 and 113.

As 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
7 March 2000

References relate to a note on pages 80 to 83.

Notes to the company accounts

Unilever N.V .

Fixed investments

	1999	1998
	Fl. million	
Shares in group companies	**2 173**	2 173
Book value of PLC shares held in connection with share options [(a)]	**276**	—
Less NV shares held by group companies [(a)]	**(252)**	(499)
	2 197	1 674

(a) During 1999 NV acquired from group companiesNV and PLC shares held in connection with share options. The PLC shares held by NV are shown as part of the NV fixed investments; NV shares still held by group companies are deducted from NV fixed investments; NV shares now held directly by NV are no longer deducted.

Debtors

	1999	1998
Loans to group companies	**8 844**	7 935
Other amounts owed by group companies	**6 023**	13 338
Amounts owed by undertakings in which the company has a participating interest	**156**	155
Other	**566**	284
	15 589	21 712
Of which due after more than one year	**2 404**	2 810

Current investments

	1999	1998
Listed stocks	**1 342**	587
Cost of current investments	**1 338**	570

Cash at bank and in hand

	1999	1998
This includes amounts for which repayment notice is required of	**3 376**	1 169

Creditors

	1999	1998
Due within one year:		
Bank loans and overdrafts	**25**	33
Bonds and other loans	**1 400**	1 253
Loans from group companies	**41**	26
Other amounts owed to group companies	**7 488**	6 284
Taxation and social security	**128**	126
Accruals and deferred income	**348**	213
Dividends	**1 098**	10 375
Other	**299**	70
	10 827	18 380
Due after more than one year:		
Bonds and other loans	**3 580**	3 780
Loans from group companies	**—**	—
	3 580	3 780
These include amounts due after more than five years:		
Bonds and other loans	**439**	1 698

Provisions for liabilities and charges

	1999	1998
	Fl. million	
Pension provisions	**287**	275
Deferred taxation and other provisions	**89**	74
	376	349
Of which due within one year	**18**	41

Ordinary share capital

Shares numbered 1 to 2 400 are held by a subsidiary of NV and a subsidiary of PLC. Additionally, 7 225 674 Fl. 1.12 ordinary shares are held by NV and other group companies and trusts. Full details are given in note 20 on pages 80 to 83.

Share premium account

The share premium shown in the balance sheet is not available for issue of tax free bonus shares or for tax free repayment. For an amount of Fl. 3 045 million the premium is for Dutch tax purposes considered 'profit retained'.

Profit retained and other reserves

	1999	1998
Profit retained 31 December	**4 782**	2 388
Cost of NV shares purchased and held by NV and by group companies	**(809)**	(498)
Balance 31 December	**3 973**	1 890

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:

	1999	1998
Group companies	**4 120**	4 303
Other	**1**	—
	4 121	4 303
Of the above, guaranteed also by PLC	**990**	868

Further statutory information

Unilever N.V .

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

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

		Fl. million
	1999	1998
Proposed profit appropriation		
Profit of the year	**4 015**	7 174
Preference dividends	**(44)**	(15)
Profit at disposal of the Annual General Meeting of shareholders	**3 971**	7 159
Ordinary dividends	**(1 577)**	(10 889)
Profit of the year retained	**2 394**	(3 730)
Profit retained – 1 January	**2 388**	6 118
Profit retained – 31 December	**4 782**	2 388

Special controlling rights under the Articles of Association

See note 20 on page 80.

Auditors

A resolution will be proposed at the Annual General Meeting on 3 May 2000 for the reappointment of PricewaterhouseCoopers N.V. as auditors of NV. The present appointment will end at the conclusion of the Annual General Meeting.

J W B Westerburgen
S G Williams

Joint Secretaries of Unilever N.V.
7 March 2000

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

Company accounts

Unilever PLC

Balance sheet as at 31 December

		£ million
	1999	1998
Fixed assets		
Fixed investments	**1 196**	1 421
Current assets		
Cash and current investments	**5**	501
Debtors	**1 047**	2 248
Debtors due within one year	**1 047**	2 248
Debtors due after more than one year	**—**	—
Total current assets	**1 052**	2 749
Creditors due within one year	**(1 197)**	(3 406)
Net current liabilities	**(145)**	(657)
Total assets less current liabilities	**1 051**	764
Creditors due after more than one year	**—**	—
Capital and reserves	**1 051**	764
Called up share capital 20	**41**	41
Share premium account	**94**	94
Capital redemption reserve 22	**11**	11
Profit retained	**905**	618
Total capital employed	**1 051**	764

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

7 March 2000

References relate to notes on pages 80 to 84.

Notes to the company accounts

Unilever PLC

Fixed investments

	1999	1998
		£ million
Shares in group companies	**1 016**	1 272
Book value of PLC shares held in connection with share options	**180**	149
	1 196	1 421

Shares in group companies

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

Movements during the year:	
1 January	**1 272**
Additions	**218**
Disposals	**(474)**
31 December	**1 016**

Shares held in connection with share options

Movements during the year:	
1 January	**149**
Additions	**81**
Disposals	**(50)**
31 December	**180**

Debtors

	1999	1998
Due within one year:		
Amounts owed by group companies	**1 034**	2 246
Other	**13**	2
	1 047	2 248
Due after more than one year:		
Amounts owed by group companies	**—**	—
	—	—
Total debtors	**1 047**	2 248

Creditors

	1999	1998
		£ million
Due within one year:		
Amounts owed to group companies	**940**	949
Bonds and other loans	**—**	—
Taxation and social security	**10**	36
Dividends	**246**	2 406
Other	**1**	15
	1 197	3 406
Due after more than one year:		
Bonds and other loans	**—**	—

Profit retained

	1999	1998
1 January	**618**	896
Goodwill movements	**—**	—
Profit of the year	**643**	2 222
Dividends on ordinary and deferred shares	**(356)**	(2 500)
31 December	**905**	618

Contingent liabilities

	1999	1998
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:	**899**	1 038
Of the above, guaranteed also by NV	**279**	278

Remuneration of auditors

	1999	1998
Parent company audit fee	**1.3**	1.1
Payments by the parent company for non-audit services provided by PricewaterhouseCoopers United Kingdom	**3.6**	0.7

Profit appropriation

The proposed appropriation of the profit of PLC is as follows:

	1999	1998
Interim and recommended final dividends	**356**	2 500
Profit of the year retained	**287**	(278)

Further statutory information and other information

Unilever PLC

Capital and membership

At 31 December 1999 PLC had 117 980 ordinary shareholdings.

The following table analyses the registered holdings of PLC's 1.4p ordinary shares at 31 December 1999.

Number of shares	Number of holdings	%	Total shares held	%
1 – 1 000	40 749	34.54	22 855 828	0.78
1 001 – 2 500	34 850	29.54	57 350 097	1.97
2 501 – 5 000	20 302	17.21	72 263 890	2.48
5 001 – 10 000	12 247	10.38	85 908 494	2.95
10 001 – 25 000	6 467	5.48	97 409 085	3.35
25 001 – 50 000	1 498	1.27	51 534 218	1.77
50 001 – 100 000	684	0.58	47 274 912	1.62
100 001 – 1 000 000	870	0.74	273 248 508	9.39
Over 1 000 000	313	0.26	2 203 613 548	75.69
	117 980	100.00	2 911 458 580	100.00

Substantial interests in the share capital of PLC

The Register maintained by PLC pursuant to Section 211 of the Companies Act 1985 shows that at the date of signing the Report and Accounts 156 815 034 ordinary shares in PLC, representing approximately 5% of the issued ordinary capital, were held jointly by Sir Michael Angus, The Rt Hon The Viscount Leverhulme, Sir Michael Perry, N W A FitzGerald and Dr J I W Anderson as trustees of the Leverhulme Trust and the Leverhulme Trade Charities Trust.

The Register also shows the following interests in PLC's Ordinary and Deferred capital on that date:

Holder	Class	Approximate % held
Prudential Corporation plc	Ordinary	3
N.V. Elma	Deferred	50
United Holdings Limited	Deferred	50

Directors' interests

The Register of Directors' Interests in the share capital of PLC and its subsidiaries, which contains full details of the directors' PLC shareholdings and options, is open to inspection by shareholders and will be open for inspection at the Annual General Meeting.

Employee involvement and communication

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

A European Works Council, embracing employee and management representatives from 15 countries of Western Europe, has been in existence for three years, and provides a forum for discussing issues that extend across national boundaries.

The directors' report of the United Kingdom group companies contain more details about how they have communicated with their employees during 1999.

Equal opportunities and diversity

Every Unilever company in the United Kingdom has an equal opportunities policy and actively pursues equality of opportunity for all employees.

During 1999, all United Kingdom companies committed to a major UK-wide action programme to accelerate progress in achieving diversity. They are committed to having an even greater diversity at all levels within the organisation, and will continue to create an environment in which individuals' differences are appreciated and in which all employees feel valued and respected.

Charitable and other contributions

During the year group companies made financial contributions of £6 million to United Kingdom charitable organisations and assisted them with a further £1 million of support in other forms. In addition, £100 000 was given to Britain in Europe. No contribution was made for political purposes.

Further statutory information and other information

Unilever PLC

Supplier payment policies

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

Interests in land

The majority of Unilever's land and buildings are used for the productive and distributive activities of the Group and are not held for resale. The directors take the view that any difference between their market value and the amount at which they are included in the balance sheet is not of such significance as to require that attention be drawn to it, as would be required by Schedule 7 (Part I) of the United Kingdom Companies Act 1985.

Auditors

A resolution will be proposed at the Annual General Meeting on 3 May 2000 for the reappointment of PricewaterhouseCoopers as auditors of PLC. The present appointment will end at the conclusion of the Annual General Meeting.

By Order of the Board

J W B Westerburgen
S G Williams

Joint Secretaries of Unilever PLC
7 March 2000

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

Unilever PLC Registered Office
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Wirral
Merseyside CH62 4UJ

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

Control of Unilever

NV's issued share capital on 31 December 1999 was made up of:

- Fl. 640 165 008 split into 571 575 900 ordinary shares of Fl. 1.12 each.
- Fl. 2 400 000 split into 2400 ordinary shares numbered 1 to 2400, known as special shares.
- Fl. 286 207 379 split into several classes of cumulative preference shares.

Shareholders of NV have one vote for every ten cents (Fl. 0.10) of capital they own, of whatever type. An exception is that half of the special shares are owned by Naamlooze Vennootschap Elma, which is not allowed to vote at general NV shareholders' meetings because it is a subsidiary of NV.

PLC's issued share capital on 31 December 1999 was made up of:

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

Shareholders of PLC have one vote for every 1.4p of capital they own, of whichever type. An exception is that half of the deferred stock is owned by United Holdings Limited, which is not allowed to vote at general PLC shareholders' meetings because it is a subsidiary of PLC.

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 anyone for election to the NV board, and only the holders of PLC's deferred stock can nominate anyone 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

In order 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 had losses, or was unable to pay its preference dividends, we would make up the loss or shortfall out of:

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

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

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

The Equalisation Agreement also makes the position of the shareholders of both companies, as far as possible, the same as if they held shares in a single company. To make this possible we compare the ordinary share capital of the two companies in units: a unit made up of Fl. 12 nominal of NV's ordinary capital carries the same weight as a unit made up of £1 nominal of PLC's ordinary capital. For every unit (Fl. 12) you have of NV you have the same rights and benefits as the owner of a unit (£1) of PLC. NV's ordinary shares currently each have a nominal value of Fl. 1.12, and PLC's share capital is divided into ordinary shares of 1.4p each. This means that a Fl. 12 unit of NV is made up of 10.71 NV ordinary shares of Fl. 1.12 each and a £1 unit of PLC is made up of 71.43 PLC ordinary shares of 1.4p each. Consequently, one NV ordinary share equates to 6.67 ordinary shares of PLC.

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

In principle, issues of bonus shares and rights offerings can only be made in ordinary shares. Again we would ensure that shareholders of NV and PLC received shares in equal proportions, using the ratio of Fl. 12 NV nominal share capital to £1 PLC nominal share capital. The subscription price for one new NV share would have to be the same, at the prevailing exchange rate, as the price for 6.67 new PLC shares.

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

- if the average annual sterling/guilder exchange rate changed so substantially from one year to the next that to pay equal dividends at the current exchange rates, either NV or PLC would have to pay a dividend that was unreasonable (i.e. substantially larger or smaller in its own currency than the dividend it paid in the previous year).
- the government of the United Kingdom or the Netherlands could in some circumstances place restrictions on the proportion of a company's profits which can be paid out as dividends. This could mean that in order to pay equal dividends one company would have to pay out an amount which would breach the limitations in place at the time, or that the other company would have to pay a smaller dividend.

In either of these rare cases, NV and PLC could pay different amounts of dividend if the Boards thought it appropriate. The company paying less than the equalised dividend would put the difference between the dividends into a reserve: an equalisation reserve in the case of exchange rate fluctuations, or a dividend reserve in the case of a government restriction. The reserves would be paid out to its shareholders when it became possible or reasonable to do so, which would ensure that the shareholders of both companies would ultimately be treated the same. To date we have never had to use these measures.

If both companies go into liquidation, NV and PLC will each use any funds available for shareholders to pay the prior claims of their own preference shareholders. Then they will use any surplus to pay each other's preference shareholders, if necessary. After these claims have been met, they will pay out any equalisation or dividend reserve to their own shareholders before pooling the remaining surplus. This will be distributed to the ordinary shareholders of both companies, once again on the basis that the owner of Fl. 12 nominal NV ordinary share capital will get the same as the owner of £1 nominal PLC ordinary share capital. If one company goes into liquidation, we will apply the same principles as if both had gone into liquidation simultaneously.

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.

Mutual guarantee of borrowings

There is a contractual arrangement between NV and PLC under which each will, if asked by the other, guarantee its borrowings. 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, and show the figure in both guilders and sterling. (See note 30 on pages 90 and 91).

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.

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 in the Equalisation Agreement: one unit equals 10.71 NV shares or 71.43 PLC shares. We add these together to find the total number of units of combined share capital.

Then the amount of net profit which is attributable to ordinary capital, in guilders and in sterling, is divided by this total number of units to find the amount per combined unit in both currencies.

Finally we convert the combined unit back into NV and PLC ordinary shares, to show the amount per one share of each. The amount per unit is divided by 10.71 to find the amount per Fl. 1.12 share, and by 71.43 to find the amount per 1.4p share.

Despite the Equalisation Agreement, NV and PLC are independent corporations, and are subject to different laws and regulations on paying dividends 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 attract additional tax, and reduce our combined earnings per share.

Leverhulme Trust

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

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

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. Two of these classes can be converted at the end of the year 2038, into a maximum of 207 500 000 PLC ordinary shares of 1.4p each. These convertible shares replicate the rights which the descendants of the Viscount would have had under his will. Each class of these 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 April 2000 the trustees of both the charitable trusts and the will trust were:

- Sir Michael Angus – former Chairman
- The Viscount Leverhulme (grandson of the first Lord Leverhulme) – honorary advisory director
- Sir Michael Perry – former Chairman
- Mr N W A FitzGerald – Chairman of PLC
- Dr J I W Anderson – former director

On 28 April 2000, in their capacity as trustees of the two charitable trusts, they held approximately 5.38% of PLC's issued ordinary capital.

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

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

As part of its corporate objects Nedamtrust is able to:

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

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

If you hold Nedamtrust certificates you can attend or appoint a proxy at NV shareholders' meetings, but cannot vote. By holding a certificate you give Nedamtrust's Board the right to vote the underlying share, and to do anything else they think is necessary in connection with it. Nedamtrust's Board decides on the best way to vote the NV ordinary and preference shares it holds at shareholders' meetings. Trust companies in the Netherlands will not usually vote to influence the operations of companies, and in the past Nedamtrust has always followed this policy. However, if a change to shareholders' rights is proposed Nedamtrust will let shareholders know if it intends to vote, at least 14 days in advance if possible. It will do this by advertising in the press, but it will not necessarily say which way it is planning to vote.

If you wish to have your full NV shareholder rights, including the right to vote, you can exchange your Nedamtrust certificate at any time for the underlying ordinary or preference share (or vice versa – you will need to exchange the share for a certificate again in order to trade it). You will normally have to pay an administration fee for this. Alternatively, whenever an NV shareholders meeting is held, if you have:

- Nedamtrust certificates for NV ordinary shares with a nominal value of Fl. 1.12 or a multiple of Fl. 1.12; or
- Nedamtrust certificates for one or more NV 7% preference shares

you can request that Nedamtrust issue to you a personal proxy for those shares. This will be free of charge and will enable you to vote in respect of those shares at that meeting.

Nedamtrust's NV shareholding fluctuates daily – for its holdings on 28 April 2000 see below. In the past the majority of votes cast by ordinary and preference shareholders at NV meetings were cast by Nedamtrust.

457 228 012	ordinary shares of Fl. 1.12
9 936 7%	Cumulative Preference Shares of Fl. 1 000
6 6%	Cumulative Preference Shares of Fl. 1 000
23 4%	Cumulative Preference Shares of Fl. 100

Nedamtrust is appointed as a proxyholder for the proxy voting through the Shareholders Communication Channel (see page 48).

1999 Special dividend: Preference share alternative

In May 1999 we declared a special dividend. Holders of NV's Fl. 1 ordinary shares could choose to have it in cumulative preference shares instead of cash. If you chose the preference share alternative you will have received one preference share for each Fl. 1 ordinary share or Nedamtrust certificate you had. These preference shares have a nominal value of Fl. 0.10 and had an initial notional value of Fl. 14.50 each. They will be listed on the Amsterdam Stock Exchange until 31 December 2004. If you hold these preference shares you are entitled to a dividend twice a year, which will be paid in guilders at the rate of 65% of EURIBOR on the notional value of each preference share. The first period began on 9 June 1999 and ended on 8 December 1999.

Analysis of shareholding

Significant shareholders of NV

As far as we are aware the only holders of more than 10% of any class of NV shares (apart from Nedamtrust, see Control of Unilever, pages 120 and 121) are Nationale Nederlanden N.V. and Aegon Levensverzekering N.V. Details of their holdings on 28 April 2000 are as follows:

Nationale Nederlanden N.V.
2.17% of ordinary shares (Fl. 13 901 990)
71.26% of 7% Cumulative Preference Shares (Fl. 20 665 500)
74.56% of 6% Cumulative Preference Shares (Fl. 120 088 400)
67.23% of 4% Cumulative Preference Shares (Fl. 50 423 000)
9.94% 10 cents Cumulative Preference Shares (Fl. 2 101 336)

Aegon Levensverzekering N.V.
0.02% ordinary shares (Fl. 115 220)
17.23% of 7% Cumulative Preference Shares (Fl. 4 995 300)
18.34% of 6% Cumulative Preference Shares (Fl. 2 954 000)
20.95% of 4% Cumulative Preference Shares (Fl. 15 710 600)

Significant shareholders of PLC

The following table gives details of everyone who held more than 3% of PLC's shares or deferred stock on 28 April 2000. 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	Prudential Corporation plc	91 776 330	3
	Trustees of the Leverhulme Trust and the Leverhulme Trade Charities Trust	156 815 034	5

Information about exchange controls affecting security holders

Unilever NV

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

Unilever PLC

None.

Nature of the trading market

The main non-US market for NV ordinary shares is the Amsterdam Stock Exchange, where NV shares trade in the form of Nedamtrust Certificates. Almost all these shares are in bearer form. In the United States, NV shares are issued in registered form and transferred by Morgan Guaranty Trust Company of New York, NV's transfer agent in the United States, and they are traded on The New York Stock Exchange.

At 28 April 2000 there were 7 478 registered holders of NV ordinary shares in the United States. We estimate that approximately 30% of NV's ordinary shareholdings were in the US (34% in 1998), based on the distribution of the 1999 final dividend payments.

The London Stock Exchange is the main non-US trading market for PLC ordinary shares, which are all registered. American Depositary Receipts, which each represent four PLC ordinary shares, trade on The New York Stock Exchange in the form of depositary receipts. The receipts are issued and exchanged in New York by the Morgan Guaranty Trust Company of New York, as Depositary under a deposit agreement with PLC and receipt holders.

On 28 April 2000 there were 581 registered holders of depositary receipts in the United States. Most holders of PLC ordinary shares are registered in the United Kingdom – 99% in both 1999 and 1998.

The high and low trading prices of these securities in each quarter of the last two years are shown below.

NV and PLC are both public companies, with separate stock exchange listings and different shareholders. You cannot convert or exchange the shares of one for shares of the other. There is no fixed relationship between the trading prices of their shares – the relative share prices on the various markets can, and do, fluctuate from day to day and hour to hour. This happens for various reasons, including changes in exchange rates. But over time the prices of PLC and NV shares do stay in close relation to each other, in particular because of our equalisation arrangements. (See Control of Unilever – Equalisation Agreement).

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 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 124 and Control of Unilever on page 118).

	1999	1st	2nd	3rd	4th
NV per Fl. 1.12 ordinary share in Amsterdam in €	High	74	69	73	64
	Low	62	62	64	49
NV per Fl. 1.12 ordinary share in New York in $	High	88	72	74	68
	Low	66	65	67	50
PLC per 1.4p ordinary share in London in pence	High	695	603	649	580
	Low	546	537	572	401
PLC per American Share in New York in $	High	47	39	41	38
	Low	36	35	37	27
	1998	1st	2nd	3rd	4th
NV per Fl. 1 ordinary share in Amsterdam in Fl.	High	143	168	169	161
	Low	118	140	107	111
NV per Fl. 1 ordinary share in New York in $	High	69	83	84	86
	Low	56	70	59	60
PLC per 1.25p ordinary share in London in pence	High	584	707	694	677
	Low	480	583	460	476
PLC per American Share in New York in $	High	40	46	46	46
	Low	32	40	32	33

Taxation for US residents

Netherlands taxation

Income tax

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

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

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

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

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

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

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

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

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

Taxation on capital gains

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

Succession duty and gift taxes

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

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

United Kingdom

Income tax

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

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

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

In addition, under the current income tax Convention between the US and the UK (the 'Convention'), a US shareholder eligible for the benefits of the Convention may elect to be treated for US tax purposes only as having received an additional taxable dividend. The additional deemed dividend is equal to one-ninth of the actual cash dividend received (an additional dividend of £1 in the above example). The shareholder will be eligible to claim a US foreign tax credit in the amount of the additional deemed dividend. The tax credit may, subject to certain limitations and restrictions, reduce the shareholder's US Federal income tax liability. The procedure for making this election is described in IRS Revenue Procedure 2000-13.

Taxation on capital gains

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

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

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

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

Inheritance tax

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

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

will not be subject to United Kingdom inheritance tax on:

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

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

Dividends

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

The Annual General Meeting of 4 May 1999, approved:

- the payment of a special dividend of Fl. 14.50 per existing ordinary share of NV.
- the payment of a special dividend of 66.13p per existing ordinary share of PLC.
- the consolidation of our ordinary share capital on the basis of 100 new ordinary shares for every 112 existing ordinary shares on 10 May 1999.

As a result the denomination of the ordinary capital was changed. The nominal value of NV ordinary shares is now Fl. 1.12 per share, and of PLC ordinary shares is 1.4p per share. The amount paid as a special dividend was equivalent to approximately 10.6% of NV and PLC's combined market capitalisation prior to the announcement.

Dividends per Fl. 1.12 (1995-1998: Fl. 1) ordinary share paid for the last five years are shown in the following table. Dividends have been translated at the exchange rates prevailing on the dates of declaration of the dividends.

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

	1995	1996	1997	1998	**1999**
Interim Fl. per Fl. 1.12 (1995-1998: Fl. 1)	0.37	0.56	0.74	0.81	**0.88**
Exchange rate Fl. to $	1.5804	1.6928	1.9208	1.8717	**2.1173**
Interim $ per Fl. 1.12 (1995-1998: Fl. 1)	0.234118	0.329336	0.385256	0.432762	**0.415624**
Normal final Fl. per Fl. 1.12 (1995-1998: Fl. 1)	1.18	1.19	1.49	1.70	**1.91**
Special final Fl. per Fl. 1				14.50	
Normal final exchange rate Fl. to $	1.7040	1.9459	1.9951	2.0861	**2.4725**
Special final exchange rate Fl. to $				2.0861	
Normal final $ per Fl. 1.12 (1995-1998: Fl. 1)	0.691021	0.610257	0.74683	0.814918	**0.772497**
Special final $ per Fl. 1				6.950769	

For the purposes of illustration, the US dollar dividends shown above are those paid on the Fl. 1.12 (1995-1998: 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.

SIGNATURE

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the Registrant certifies that it meets all of the requirements for filing on Form 20-F and has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorised.

UNILEVER N.V.

J W B WESTERBURGEN 17 May 2000

SECRETARY

Financial calendar and addresses

Annual General Meetings

NV	PLC
10.30 am Wednesday 3 May 2000 Concert- en Congresgebouw de Doelen Entrance Kruisplein Rotterdam	11.00 am Wednesday 3 May 2000 The Queen Elizabeth II Conference Centre Broad Sanctuary, Westminster London SW1P 3EE

Announcements of results

First quarter	10 May 2000	Nine months	3 November 2000
First half year	4 August 2000	Provisional for year	8 February 2001

Dividends on ordinary capital

Final for 1999	NV	PLC	NV New York Shares	PLC American Shares
Proposal announced	22 February 2000	22 February 2000	22 February 2000	22 February 2000
Ex-dividend date	5 May 2000	17 April 2000	8 May 2000	20 April 2000
Record date	4 May 2000	25 April 2000	10 May 2000	25 April 2000
Declaration	3 May 2000	3 May 2000	3 May 2000	3 May 2000
Payment date	22 May 2000	22 May 2000	30 May 2000	30 May 2000

Interim for 2000	NV	PLC	NV New York Shares	PLC American Shares
Announced	3 November 2000	3 November 2000	3 November 2000	3 November 2000
Ex-dividend date	6 November 2000	13 November 2000	8 November 2000	15 November 2000
Record date	3 November 2000	17 November 2000	10 November 2000	17 November 2000
Payment date	18 December 2000	18 December 2000	18 December 2000	26 December 2000

Preferential dividends

NV	
4% Preference	Paid 1 January
6% Preference	Paid 1 October
7% Preference	Paid 1 October
10 cents Preference	Paid 9 June and 9 December

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Publications

Copies of the following publications can be obtained without charge from Unilever's Corporate Relations Departments.

Unilever Annual Review 1999
available in English with guilder or sterling figures, and Dutch with guilder figures; a supplement is also available in English with US dollar figures.

Unilever Annual Accounts 1999
available in English with guilder or sterling figures, and Dutch with guilder figures.

Annual Report on Form 20-F
the filings in English, with figures in guilders and sterling, with the United States Securities and Exchange Commission.

Quarterly Results Announcements
available in English and Dutch with euro figures; with sterling or US dollar figures available as supplements in English.

Charts Booklet
available in English with guilder, sterling and US dollar figures combined in a selection of charts and data over ten years.

Environment Report
available in English. The report charts the objectives and progress made on environmental management and product life cycle assessment.

Introducing Unilever
explains our business activities worldwide – available in English with guilder, sterling or US dollar figures, and in Dutch with guilder figures.

Web site

www.unilever.com
Our corporate web site has seven key sections for ease of navigation:

Company
an introduction to Unilever – its corporate purpose, geographic spread, organisation and history.

Brands
details of Unilever's best-known brands plus information on DiverseyLever and interactive marketing.

Environment
our environment commitments and goals are captured along with case studies of our work in sustainable agriculture and fisheries and the global Living Lakes project. Our latest environment report is also available.

Society
details of our work in society and in the communities in which we operate – for example in schools, health care and arts sponsorship.

Finance
Unilever's annual and quarterly results, the Annual Review and Accounts and the Annual Report on Form 20-F plus a Shareholder Centre which includes key dates in our financial year; details of shareholder meetings; Unilever's financial history; share price information; and frequently asked questions and answers.

Careers
information on careers and opportunities with Unilever.

News
up-to-date information, including press releases, keynote speeches and photographs.

Design: The Partners
Typesetting: Generator Limited
Printed by: Precision Printing Co. Limited