Unilever Annual Review 1999
And Summary Financial Statement

English Version in Pounds Sterling

Meeting everyday needs of people everywhere

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.

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.

Contents

The two parent companies, Unilever N.V. (NV) and Unilever PLC (PLC), operate as nearly as is practicable as a single entity (the Unilever Group, also referred to as Unilever or the Group). This Annual Review therefore deals with the operations and results of the Unilever Group as a whole.

Driving for sustained profitable growth

1999 showed early evidence that our focus on leading brands will help realise Unilever's ambitious growth and margin targets. We are now reinforcing that strategy, with a programme to align every part of our operations behind our business goals.

Antony Burgmans and Niall FitzGerald
The Chairmen of Unilever

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 £5 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.

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

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.

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 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 £130 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.

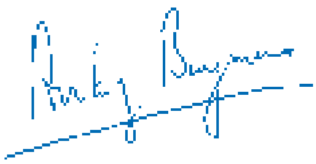
These initiatives are planned to deliver annualised savings of £1 billion by 2004. Of those savings, £750 million will be allocated to margin improvement and £250 million to increasing resources behind the 400 leading brands.

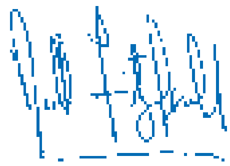
The programme is estimated to cost £3.3 billion in total, the majority of which is expected to be exceptional restructuring cost. It is likely to lead to a reduction of around 25 000 jobs over the next five years, primarily in Europe and the Americas, representing 10% of Unilever's total workforce. Provision 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.





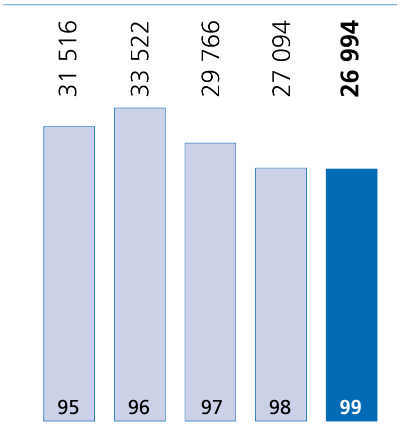
Antony Burgmans **Niall FitzGerald**

Chairmen of Unilever

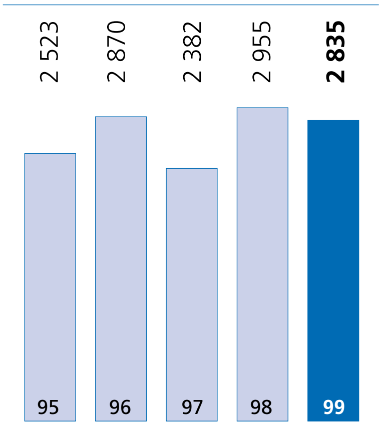
Our Chairmen enjoy involvement in all aspects of company life. Pictured from left, Niall FitzGerald experiments at the Creative Kitchen innovation centre, Crawley, UK; Antony Burgmans visits the Loders Croklaan speciality oils and fats plant, the Netherlands; Niall FitzGerald meets a young consumer during a visit to Ghana; Antony Burgmans tries a new *Cup-a-Soup* vending machine with colleagues.

Financial Highlights

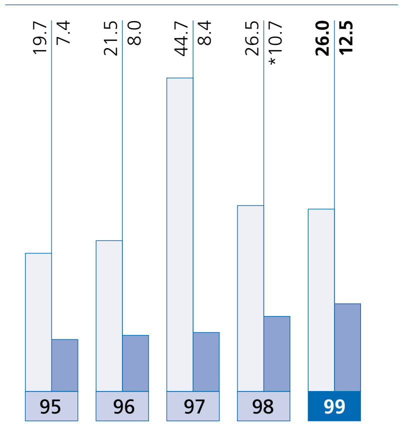
Turnover £ million



Operating profit £ million



Earnings and dividends per share
pence per 1.4p (1995-1998: 1.25p)
of ordinary capital



These tables above and on the facing page 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.

Combined earnings per share
Dividends per share
* Excluding 1998 special dividend

- Excellent personal care results
- Food profits* rise on slightly lower volumes
- Home care volumes up but market investment reduces profit

*before exceptional items

Foods brands

Oil and dairy based foods and bakery
Unilever's **spreads and cooking products**, sold under brands such as *Rama*, *Becel* and *Bertolli*, are favourites with consumers in over 50 countries. We also make speciality fats and frozen bakery products for professional bakeries.

Ice cream and beverages
We are the foremost global **ice cream** producer, delighting consumers with such brands as *Magnum*, *Solero*, *Cornetto* and *Carte d'Or*. We also enjoy an extremely strong international position in **tea** and related beverages, thanks to our popular *Lipton* and *Brooke Bond* brands.

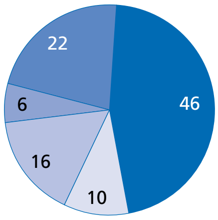
Culinary and frozen foods
Our **culinary** range includes sauces, condiments, mayonnaise and soups under such top-performing brands as *Ragú*, *Calvé* and *Lawry's*. We are Europe's premier **frozen foods** producer and brand leader in frozen seafood in the United States.

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

The terms in **bold** constitute our 13 corporate categories. From 2000, Unilever's skin and personal wash categories will be reported as one category, skin. In this Annual Review of our 1999 performance, we retain the terms skin and personal wash.

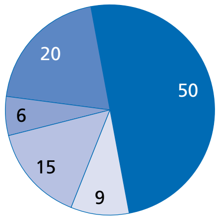
Turnover by region %

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**



- 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

Home & Personal Care brands

Home care and professional cleaning
Our leading **household care** and **laundry** brands, such *as Domestos*, *Omo* and *Comfort*, make housework easier for millions. Our **professional cleaning** business DiverseyLever provides cleaning and hygiene products and services for institutions and industry.

Personal care
Unilever's **deodorants** and **skin** brands, such as *Rexona* and *Dove*, are world leaders. We also have very strong **oral** and **hair** brands, such as *Close-Up* and *Sedal/Seda*, while our *Calvin Klein* and *Elizabeth Arden* brands make us one of the world's largest producers of prestige **fragrances**.

Business Overview

Every day 150 million people choose our brands to satisfy their most fundamental needs – from feeding their families to cleaning their homes.

North America and Europe remain our largest markets. However, we are also increasingly reaching out to consumers in new and developing markets. In all, our Home & Personal Care and Foods products are sold in 150 countries. With our deep understanding of local markets and our commitment to innovation, we continue to meet and to anticipate the changing needs of our consumers – wherever they are in the world.

Results

Unilever's results are published in the currencies of its two parent companies, the guilder and the pound sterling. Fluctuations between these currencies can lead, as in 1999, to different trends for the same business. We therefore usually comment on performance at constant exchange rates (that is, the same rates as the preceding year). We also use constant exchange rates for the management of the business. To make the comparison with the previous year clear, and unless otherwise stated, the commentary throughout this Review is based on trends at constant exchange rates and also before exceptional items.

Our Home & Personal Care categories grew strongly in 1999, however, Foods volume fell. Overall turnover increased by 2% to £27 634 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 £3 065 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%.

Exceptional items charge was £179 million. This compared with the 1998 net benefit of £84 million, which included profit on the disposal of Plant Breeding International, in Cambridge, UK. The 1999 charge includes restructuring and business disposals, mainly Foods, in Europe and the Americas.

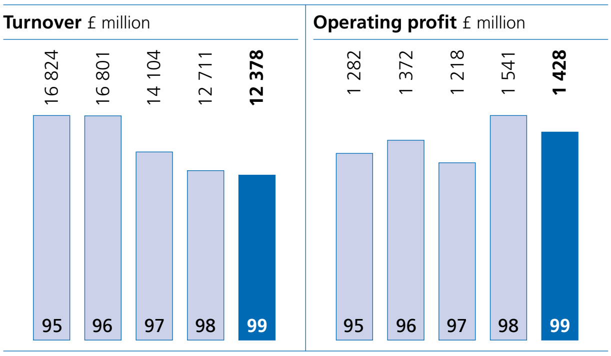
We continued to make significant cost savings following restructuring in Europe and North America.

During the year, we made 27 small acquisitions and disposed of 23 businesses. At current exchange rates, £329 million was invested in acquisitions and £88 million received from disposals. Acquisitions in 1999 increased turnover by £90 million and reduced operating profit by £4 million.

Regional Highlights

Europe

£ million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	12 378	12 571	12 711	(1)%
Operating profit	1 428	1 449	1 541	(6)%
Operating profit before exceptional items	1 491	1 513	1 420	7%



- 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.

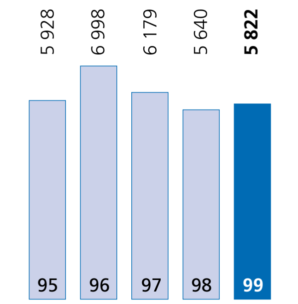
Falls in tea and ice cream profits in the region were partly offset by an improved performance in laundry, particularly in Turkey.

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.

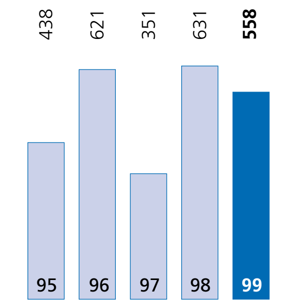
North America

£ million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	5 822	5 683	5 640	1%
Operating profit	558	545	631	(14)%
Operating profit before exceptional items	641	626	605	3%

Turnover £ million



Operating profit £ million



- 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.

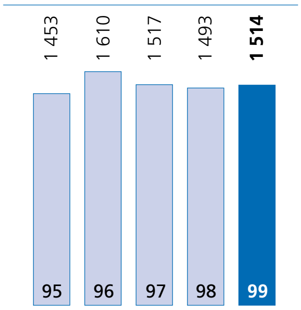
We invested strongly in ice cream cabinets and sold more impulse products. However, competitive pressure saw us lose some ground in packaged ice cream.

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

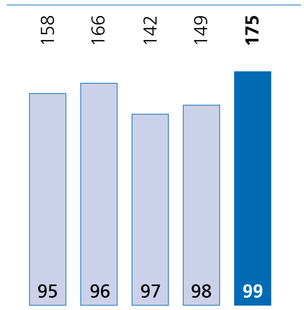
Africa and Middle East

£ million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	1 514	1 608	1 493	8%
Operating profit	175	185	149	24%
Operating profit before exceptional items	165	176	150	17%

Turnover £ million



Operating profit £ million



- 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.

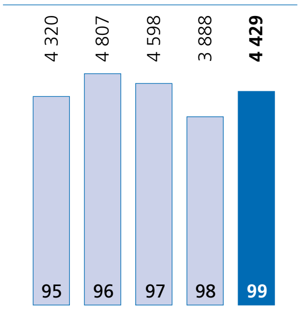
We made good progress in Morocco, where strong growth in laundry reinforced our position. We made strides in Israel and built on our successful presence in Lebanon by launching operations in Jordan and Syria.

Middle East
In 1999, we expanded our coverage in Jordan, Lebanon and Syria – providing wider availability of quality, affordable products in this large, growing market.

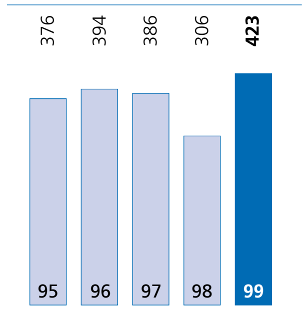
Asia and Pacific

£ million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	4 429	4 261	3 888	10%
Operating profit	423	405	306	33%
Operating profit before exceptional items	435	417	341	23%

Turnover £ million



Operating profit £ million



- 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.

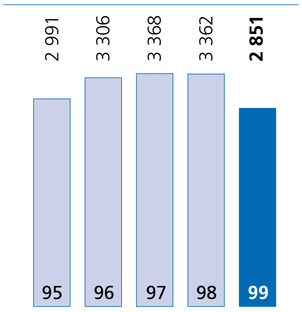
In the face of last year's economic crisis in South East Asia, the strategy of adapting our portfolio and reaching out to lower income consumers was successful, leaving us well placed to benefit from the economic recovery. In Indonesia, turnover grew by a third, and in the Philippines and Vietnam, where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

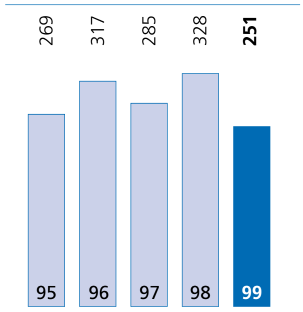
Latin America

£ million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	2 851	3 511	3 362	4%
Operating profit	251	302	328	(8)%
Operating profit before exceptional items	280	333	355	(6)%

Turnover £ million



Operating profit £ million



- 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 15% 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.

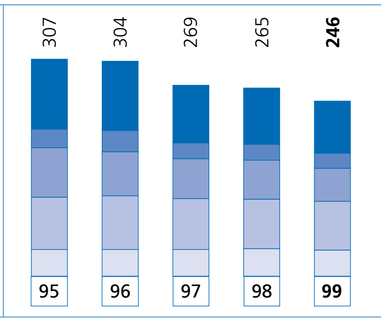
Exceptional charges in 1999 relate mainly to restructuring in our regional Foods operations.

Mexico
Children enjoy treats from the new hi-tech Mexican factory, which has brought improved cost effectiveness to ice cream production in Latin America.

People

Employees 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



Last year Kathryn Robinson spent an evening at home with a family she had never met before, watching them prepare a meal, do their laundry and play with their children.

Now a brand manager at Elida Fabergé UK, Kathryn 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. Building on the development tools already in place, the road maps are proving a popular innovation, giving the means and the measures for professional growth.

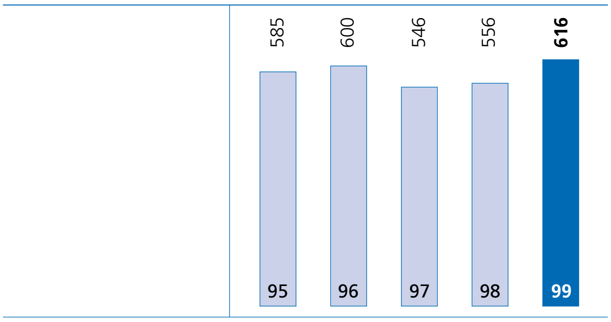
Growth is driven by leaders with certain characteristics, such as the relentless passion for winning. To assess and improve individual strengths, we have developed a 'Leadership Profile for Accelerated Growth' for our senior managers. To help them reach peak potential, they have been given their own 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.

Technology & Innovation

Research and development expenditure £ million



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 £616 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.

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 £200 million. This included all external costs, associated depreciation on capital expenditure, and directly related internal costs from 1996 to the completion of the programme.

Year 2000
Key staff in Unilever's global Y2K command centre. To ensure the date change period passed smoothly, the London centre remained in 24 hour contact with all Business Groups.

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 underway 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 £26 million on community involvement and almost £3 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.

P/S BẢO VỆ NỤ CƯỜI VIỆT NAM

Responsible corporate behaviour
In the first major social programme of its kind in Vietnam, Unilever's Elida P/S joint venture company works with the Ministry of Health to promote dental care to children through free check-ups and education programmes. Local Unilever companies have run similar health awareness initiatives for a decade in the Arabian Gulf states and for 20 years in Sri Lanka.

Categories

Our brands are among the most popular in the world. In Foods, we are market leaders in tea, ice cream, olive oil and yellow fats. In Home & Personal Care, we lead the field in deodorants and skin.

In order to accelerate growth, we aim to build a core portfolio of brands, each a leader in its market or segment. We will concentrate all our resources on this portfolio, which will include international brands and strong local 'jewels'. The prime engines of growth will include such internationally known brands as *Lipton*, *Magnum*, *Dove* and *Lux*.

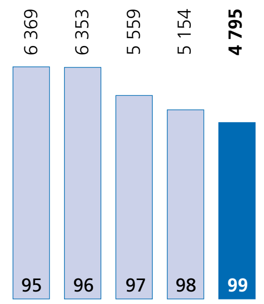
In 1999, we announced plans to consolidate our 14 corporate categories into 13 by merging personal wash and skin. These categories now account for 86% of the Company's worldwide turnover. To achieve our strategic objectives, our culinary, deodorant, hair, ice cream, skin and tea categories are intended to achieve superior rates of growth. The others have objectives across broad geographic regions or specific sales channels. A full list of categories is shown in Financial Highlights (pages 6 and 7).

Foods

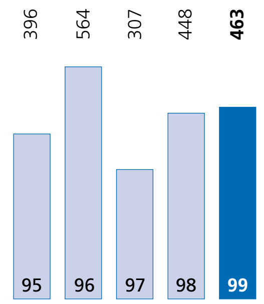
Oil and dairy based foods and bakery

£ million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	4 795	4 921	5 154	(5)%
Operating profit	463	475	448	6%
Operating profit before exceptional items	513	524	495	6%

Turnover £ million



Operating profit £ million



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 US, 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.

Food safety

Recent scares have damaged consumer confidence in food safety, particularly in Europe, where food safety is still organised largely on a national basis.

To restore public confidence, and to meet the realities of the free movement of goods in the European Union, we have strongly advocated that the EU establish a European Food Safety Authority. We therefore welcome the European Commission's white paper on food safety. This includes proposals to establish a European Food Authority, to be operational in 2002.

These proposals are an important step. However, we would prefer a more executive role for the authority than the anticipated advisory function. The authority's remit should include an improved system of novel foods regulation. This would make approval faster and more harmonised. It would also positively influence business in the EU and Europe's competitiveness.

Debate about the use of genetic modification in agriculture and food production has broadened, embracing a diversity of public concerns. Unilever has sought to play an open and constructive role and wishes to see a transparent and effective regulatory system in place, including labelling.

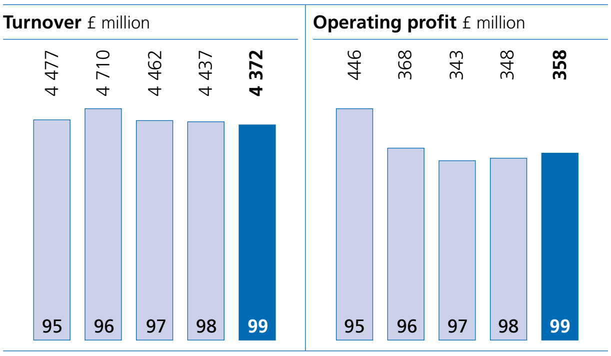
Biotechnology

We believe biotechnology could yield considerable benefits, yet remain sensitive to consumer opinion. We believe that the combined power of biotechnology and information technology will lead to fundamental changes in the way we live and do business and will transform our understanding of how we can improve individuals' health and wellbeing.

Unilever has a unique role to play, given the breadth of a foods to personal care portfolio that reaches over one billion households worldwide. Our efforts will focus on generating innovative consumer choices in both products and services.

Ice cream and beverages

£ million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	4 372	4 456	4 437	0%
Operating profit	358	363	348	4%
Operating profit before exceptional items	391	399	399	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.

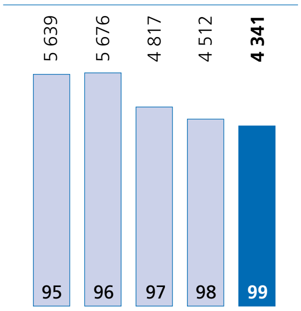
Operating profits were up 7%. Volume was on a par with 1998, reflecting the temporary impact of excise duties on packaged tea in India. We enjoyed good growth in Western Europe and Africa and Middle East and saw a strong global volume increase of 14% in ready-to-drink tea.

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 UK, *Brooke Bond* pyramid bags were established as the top brand. In North America, we successfully test-marketed our patent-protected cold infusion tea bags.

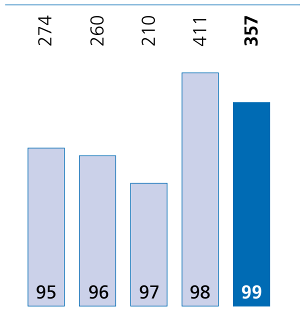
Culinary and frozen foods

£ million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	4 341	4 420	4 512	(2)%
Operating profit	357	357	411	(13)%
Operating profit before exceptional items	436	437	445	(2)%

Turnover £ million



Operating profit £ million



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 UK, 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.

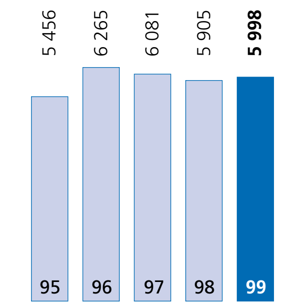
Masterbrand
The popular Brazilian *Cica* range is one of 20 Unilever international brands carrying the new culinary masterbrand packaging design. By uniting our different brands with harmonised packaging, the masterbrand is creating a strong global platform for innovation and brand development.

Home & Personal Care

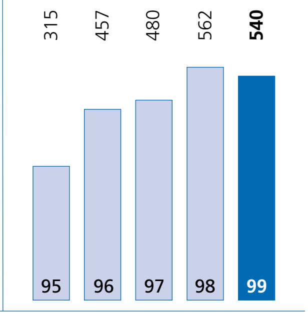
Home care and professional cleaning

£ million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	5 998	6 250	5 905	6%
Operating profit	540	555	562	(1)%
Operating profit before exceptional items	562	576	603	(4)%

Turnover £ million



Operating profit £ million



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 UK 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.

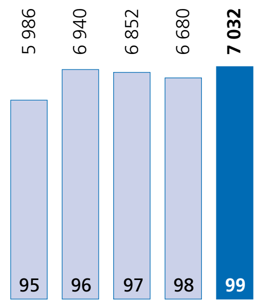
In Europe, we began simplifying the product portfolio and focusing on key customer segments.

***Domestos* hygienic wipes**
We teamed up with a paper supplier to develop *Domestos* hygienic wipes, handy disposable household wipes that clean and kill germs. Their success all around Europe has demonstrated our ability to create whole new market segments.

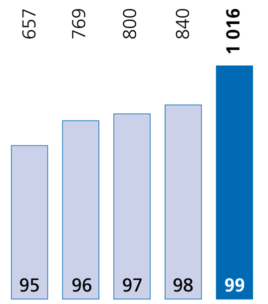
Personal care

£ million	1999 at current rates	1999 at constant rates	1998	Change at constant rates
Turnover	7 032	7 122	6 680	7%
Operating profit	1 016	1 034	840	23%
Operating profit before exceptional items	1 040	1 057	855	24%

Turnover £ million



Operating profit £ million



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 UK. *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.

Financial Review

The figures quoted in this Financial Review and in the Summary Financial Statement are in sterling, 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

Turnover for the Group was flat at £26 994 million. Underlying volume growth of 1% was offset by the 2% slight strengthening of sterling against the basket of Unilever currencies.

Operating profit before exceptional items increased by 5%, reflecting a further strengthening in underlying margin of 0.6 percentage points of turnover to 11.2%.

Operating profit, however, fell by 4% after taking exceptional charges of £177 million, compared to net gains in 1998 of £84 million which included the profit on the disposal of Plant Breeding International, Cambridge, UK. The 1999 charge included £153 million for restructuring, which was mainly focused in our Foods businesses in Europe, North and Latin America.

An overview of operating performance, analysed by geography and by product category, is included in the Regional and Category texts on pages 11 and 24 respectively.

Income from fixed investments increased to £34 million (1998: £25 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 £9 million, compared with an interest income in 1998 of £105 million. The swing is due to a £3.7 billion reduction in **net funds** during the year, following payment of £4 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 £133 million (1998: £97 million) as a result of continued strong performance in India, and a return to profitability in Nigeria.

Net profit after exceptional items fell by 7% as a result of the negative swing in exceptional items, and the impact on net interest of the special dividend. Combined **earnings per share** fell by only 2%, from 26.45p to 26.01p, 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 7%.

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%.

Dividends and market capitalisation

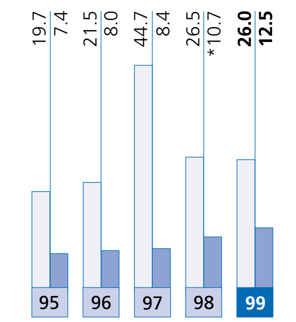
Ordinary dividends paid and proposed on the PLC ordinary capital amount to 12.50p per 1.4p share (1998: 10.70p per 1.25p share), an increase of 17% per share. The ratio of dividends to profit attributable to ordinary shareholders increased to 45.2% (1998: 42.1%). Profit of the year retained was £992 million (1998: £1 140 million before the special dividend).

Unilever's combined **market capitalisation** at 31 December 1999 was £32.7 billion (1998: £54.9 billion).

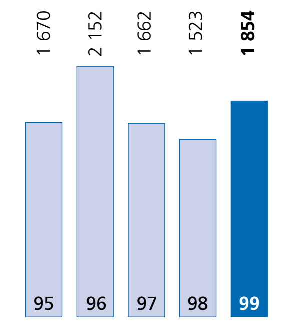
Balance sheet

The strengthening of sterling against the basket of Unilever currencies between the two balance sheet dates resulted in a £281 million loss 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 £806 million to £4 067 million. Total capital and reserves increased to £4 825 million (1998: £3 352 million). The issue of new 10 cents NV preference shares, to NV shareholders who opted to take the special dividend in this form, contributed £911 million.

Earnings and dividends per share pence per 1.4p (1995-1998: 1.25p) of ordinary capital



Net cash flow before investing activities £ million



Combined earnings per share
Dividends per share
* Excluding 1998 special dividend

Cash flow

Cash flow from operations increased by £698 million to £3 724 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 £318 million and 23 businesses were **disposed** for cash proceeds of £81 million. In December 1999 Unilever agreed to purchase the French foods business Amora Maille for £460 million; this acquisition is expected to be completed in the first half of 2000.

Net funds at the end of the year were £425 million, £3 654 million lower than at the end of 1998 with the decrease reflecting the £4 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 £5 billion to ordinary shareholders of which approximately £1 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.

Methods of calculation

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.

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

Combined earnings per share is net profit attributable to ordinary capital, divided by the average number of share units representing the combined ordinary capital of NV and PLC less certain trust holdings.

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.

Total borrowings at the end of 1999 totalled £2 977 million (1998: £3 250 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.

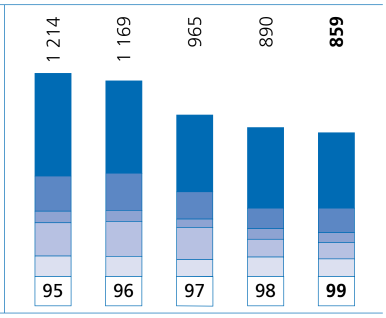
Long-term debt fell by £457 million to £1 152 million. Debt totalling £438 million was reclassified to short-term at the year end and there were no significant new long-term borrowings. The maturity profile is spread over an eight year period to 2007. Some 85% of the long-term debt was repayable within 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 £1 825 million (1998: £1 641 million).

Cash and current investments at the end of 1999 totalled £3 402 million (1998: £7 329 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.

Capital expenditure £ million	95	96	97	98	**99**
Europe	614	552	459	482	**451**
North America	210	222	163	122	**146**
Africa & Middle East	69	66	50	64	**59**
Asia & Pacific	199	209	192	106	**98**
Latin America	122	120	101	116	**105**



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

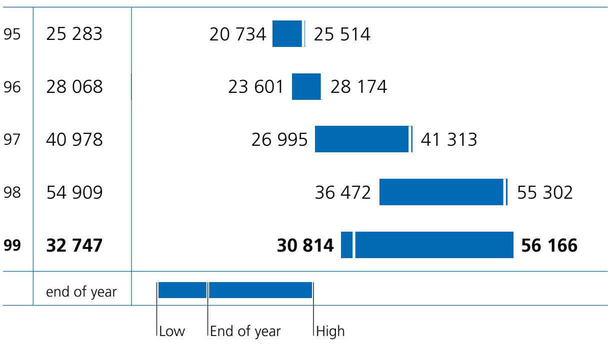
The Group is exposed to a variety of market risks, including the effects of changes in foreign currency exchange rates, interest rates and credit spreads. In the normal course of business, the Group also faces risks that are either non-financial or non-quantifiable, eg country and counterparty risk.

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.

Further details on derivatives, foreign exchange exposures and other related information on financial instruments are given in the separate 'Unilever Annual Accounts 1999' booklet on page 29 and in the Annual Report to the United States Securities and Exchange Commission on Form 20-F.

Combined market capitalisation £ million



Total Shareholder Return

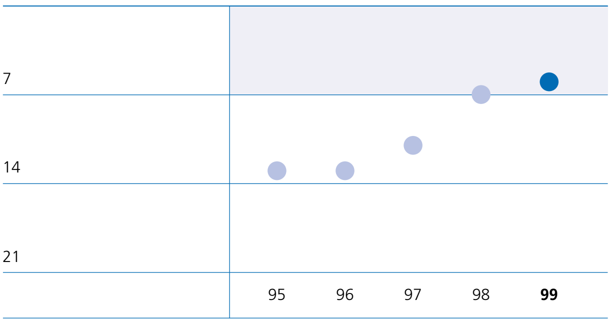
Total Shareholder Return (TSR) is a concept used to compare the performance of different companies' stocks and shares over time. It combines share price appreciation and dividends paid to show the total return to the shareholder. The absolute size of the TSR will vary with stock markets, but the relative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

Organisation

Top management structure

Unilever's principal executive officers are Antony Burgmans and Niall FitzGerald, the Chairmen of Unilever NV and PLC respectively. They jointly head Unilever's top decision-making body, the Executive Committee, which is responsible for overall business performance and for setting global strategy.

The Executive Committee is usually seven-strong. Its other members are the Financial Director, the Personnel Director, the Strategy & Technology Director and the Category Directors for Foods and Home & Personal Care. The Committee is supported by the Senior Corporate Officers and other senior executives at Unilever's Corporate Centre in London and Rotterdam.

In addition to regular meetings with individual Business Groups to agree and monitor strategy and plans, the Executive Committee meets with all twelve Business Group Presidents four times each year as the Executive Council, under the leadership of the Chairmen.

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.

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.

Legal structure

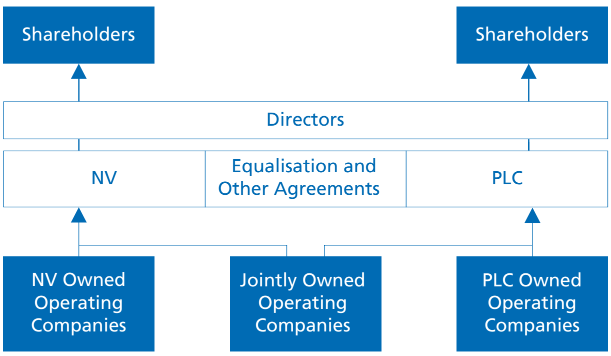
The Unilever Group was formed in 1930 by the merger of Margarine Unie and Lever Brothers. Now Unilever NV and Unilever PLC, they are the twin parent companies of one of the world's leading consumer goods groups.

NV and PLC have separate legal identities but operate as far as is practicable as a single entity. They have the same directors and are linked by a number of agreements which mean that all shareholders, whether in NV or PLC, share in the prosperity of the whole business. The Equalisation Agreement, which regulates the mutual rights of the two sets of shareholders, is particularly important.

NV and PLC are holding and service companies. Unilever's businesses are carried out by their 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.

Details of these arrangements are set out on page 2 of the separate 'Unilever Annual Accounts 1999' booklet. It includes an explanation of why NV and PLC, and their group companies, constitute one group for the presentation of the consolidated accounts.

Legal structure of the Group



Executive Committee of the Board

Rudy Markham*
Strategy & Technology Director
Aged 53. Strategy & Technology Director since 1998. Joined Unilever 1968. Appointed director 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 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.

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2

1. (L-R) Niall FitzGerald, Antony Burgmans

2. (L-R) Clive Butler, Jan Peelen, Rudy Markham

3. (L-R) Patrick Cescau, Alexander Kemner

3

Antony Burgmans*
Chairman, Unilever N.V.
Aged 53. Chairman of Unilever N.V. and Vice-Chairman of Unilever PLC since 1999. Joined Unilever 1972. Appointed director 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 1996. Joined Unilever 1967. Appointed director 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 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 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 1989. Previous posts include: Food & Drinks Co-ordinator 89/90. Member, Foods Executive 89/92. Regional Director, East Asia & Pacific 93/96.

* Unilever Board member

Business Group Presidents

4

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.

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.

6

4. (L-R) Bruno Lemagne, John Sharpe, André van Heemstra

5. (L-R) Jean Martin, Roy Brown, Çetin Yüceluğ

6. (L-R) Manfred Stach, Jeff Fraser, Richard Goldstein

7. (L-R) Robert Polet, Ralph Kugler, Charles Strauss

8. Robert Phillips

Roy Brown*
Food & Beverages – Europe
Aged 53. Joined Unilever 1974. Appointed director 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.

Çetin Yüceluğ
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.

7

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Robert Phillips*
Prestige Personal Products
Aged 61. Joined Unilever 1986 upon Unilever's acquisition of Chesebrough-Pond's. Appointed director 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

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.

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.


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3

1. (L-R) Hilmar Kopper, Lynda Chalker

2. Onno Ruding

3. (L-R) Oscar Fanjul, Claudio Gonzalez

4. George Mitchell

5. Bertrand Collomb

6. (L-R) Frits Fentener van Vlissingen, Derek Birkin

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 PLC since 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.

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.


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6

Board Committees

The memberships of the other Board Committees are:

Audit Committee
Hilmar Kopper (Chairman), Claudio X Gonzalez, Onno Ruding

External Affairs and Corporate Relations Committee
Lady Chalker (Chairman), Oscar Fanjul, Senator George Mitchell

Nomination Committee
Frits Fentener van Vlissingen (Chairman), Sir Derek Birkin, Bertrand Collomb, Antony Burgmans, Niall FitzGerald

Remuneration Committee
Frits Fentener van Vlissingen (Chairman), Sir Derek Birkin, Bertrand Collomb

Senior Corporate Officers

Jos Westerburgen Joint Secretary and Head of Taxation

Stephen Williams Joint Secretary and General Counsel

Jeffrey Allgrove Controller

James Duckworth Chief Auditor

Jan Haars Treasurer

Michel Ogrizek Corporate Relations

Corporate Governance

Directors

Unilever's 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.

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.

All directors submit themselves for re-election each year and retire at the latest by the age of 62.

Advisory Directors

It is not practicable to appoint supervisory or non-executive directors who could serve on both Boards. This is because 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 not adopted in the United Kingdom. However, a strong independent element is provided by Unilever's Advisory Directors.

The Advisory Directors are the principal external presence in the governance of Unilever. They are chosen for their broad experience, international outlook and independence.

One of the Advisory Directors' key roles is to assure the Boards that Unilever's corporate governance provisions are adequate and reflect, as far as possible, best practice.

The appointment of Advisory Directors is provided for in the Articles of Association of both parent companies, although Advisory Directors are not formally members of the Boards. Their terms of appointment, roles and powers are enshrined in resolutions of the Boards. They comprise all, or a majority of, the members of certain key committees of the Boards. As well as their own committee meetings, they attend the quarterly directors' meetings, and in addition 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.

Advisory Directors are appointed by resolutions of the Boards, normally for a term of three years. They are usually appointed for a maximum of three consecutive terms and retire at 70.

Advisory Director 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. 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.

The Executive Committee 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. It reviews financial statements before publication and oversees financial reporting and control arrangements. The head of Unilever's internal audit function and its 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. It advises on external matters of relevance to the business – including issues of corporate social responsibility – and reviews Unilever's 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. It recommends candidates for the positions of Director, Advisory Director and Executive Committee member. The Committee is supplied with information by the Joint Secretaries.

Remuneration Committee The Remuneration Committee normally comprises three Advisory Directors and meets at least twice a year. It reviews Unilever's 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.

Shareholder relations

Unilever believes it is important to both explain 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 current issues. A summary of their addresses is published on the Unilever web site and released to stock exchanges and media. Copies are freely available on request.

The Chairmen of Unilever, 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.

Unilever is committed to efforts to establish more effective ways of shareholder communication. Unilever actively participates 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 4 of the separate 'Unilever Annual Accounts 1999' booklet. These cover Annual Accounts, Going Concern and Internal Control. The report to shareholders on directors' remuneration and interests is set out on pages 32 to 40 of 'Unilever Annual Accounts 1999'. The Annual Accounts also contain, on page 5, a formal statement on Corporate Governance.

The responsibility of the auditors to report on these matters is set out on page 6 of the 'Unilever Annual Accounts 1999'.

Board changes

Mr Jan Peelen and Mr Bob Phillips will retire 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 directors will retire 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, offer themselves for re-election.

As already announced, Mr Keki Dadiseth, Mr André van Heemstra and Mr Charles Strauss have been nominated for election as directors. Mr Dadiseth and Mr van Heemstra will 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 will succeed 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 41 of this Annual Review.

At the Annual General Meetings in 1999, Mr Patrick Cescau was elected a director and became Financial Director and a member of the Executive Committee. 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 will retire 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 has been 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 in 1999.

JWB Westerburgen
SG Williams
Joint Secretaries of Unilever
7 March 2000

Summary Financial Statement

Introduction

This Annual Review booklet and the separate booklet entitled 'Unilever Annual Accounts 1999' together comprise the full Annual Report and Accounts for 1999 of NV and PLC when expressed in guilders and pounds sterling respectively. This Summary Financial Statement is a summary of the Unilever Group's full annual accounts set out in 'Unilever Annual Accounts 1999'. That separate booklet also contains additional financial information and further statutory and other information which form parts of NV and PLC's full directors' reports.

For a full understanding of the results of the Group and state of affairs of NV, PLC or the Group, 'Unilever Annual Accounts 1999' should be consulted. Shareholders and others can obtain free of charge the appropriate version of 'Unilever Annual Accounts 1999' from Unilever's Corporate Relations Department. Shareholders may also elect to receive both booklets for all future years by request to the appropriate Share Registrars. See pages 51 and 52 for details.

The auditors have issued an unqualified audit report on the full accounts. The United Kingdom Companies Act 1985 requires the auditors to report if the accounting records are not properly kept or if the required information and explanations are not received. Their report on the full accounts contains no such statement.

The following summarised financial statements should be read together with the directors' report set out earlier in this Review, which mentions, to the extent applicable, any important future developments or post-balance sheet events.

Dividends

The Boards have resolved to recommend to the Annual General Meetings on 3 May 2000 the declaration of final dividends on the ordinary capitals in respect of 1999 at the rates shown in the table below. The dividends will be paid in accordance with the timetable on page 50.

NV	**1999**	1998
Per ordinary share	per Fl. 1.12	per Fl. 1
Interim	**Fl. 0.88**	Fl. 0.81
Normal final	**Fl. 1.91**	Fl. 1.70
Total normal	**Fl. 2.79**	Fl. 2.51
Special final	–	Fl. 14.50

PLC	**1999**	1998
Per ordinary share	per 1.4p	per 1.25p
Interim	**3.93p**	2.95p*
Normal final	**8.57p**	7.75p
Total normal	**12.50p**	10.70p
Special final	–	66.13p

*In previous years Advance Corporation Tax (ACT) in respect of any dividend paid by PLC was treated as part of the dividend for the purpose of equalising NV's and PLC's dividends under the Equalisation Agreement. In line with this, PLC's 1998 interim dividend was calculated by reference to the then rate of ACT (twenty/eightieths). ACT was abolished with effect from 6 April 1999 and therefore PLC's 1998 normal and special final dividends, and all 1999 dividends, have been calculated without reference to ACT.

Auditors' statement to the shareholders of Unilever N.V. and Unilever PLC

We have examined the Summary Financial Statement set out on pages 46 to 49.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Review 1999. Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement within the Annual Review 1999 with the full annual accounts and directors' report, and its compliance with the relevant requirements of section 251 of the Companies Act 1985 and the regulations made thereunder. We also read the other information contained in the Annual Review 1999 and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement.

Basis of opinion

We conducted our work in accordance with Bulletin 1999/6 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board.

Opinion

In our opinion the Summary Financial Statement is consistent with the full annual accounts and directors' report of the Unilever Group for the year ended 31 December 1999 and complies with the applicable requirements of section 251 of the Companies Act 1985, and the regulations made thereunder.

PricewaterhouseCoopers N.V.
Registeraccountants
Rotterdam

As auditors of Unilever N.V.

PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
London

As auditors of Unilever PLC

7 March 2000

Accounting policies

The accounts are prepared at current rates of exchange (see page 34).

The accounts are prepared, in all material respects, in accordance with accounting principles generally accepted in the Netherlands and the United Kingdom.

The treatment of deferred taxation, for which full provision is made, complies with Dutch legislation as currently applied rather than with Accounting Standards in the United Kingdom.

NV and PLC shares held by NV, employee share trusts and subsidiaries to satisfy options are accounted for as required by Dutch law. In particular, they are deducted from capital and reserves, whereas the United Kingdom Accounting Standard, UITF Abstract 13, would classify such shares as fixed assets.

Euro reporting

The euro figures shown on pages 48 to 49 have been derived from the Unilever Group consolidated results in guilders, using the official cross-rate of €1= Fl. 2.20371, which produces a 1999 average rate of €1= £0.659; (1998: €1= £0.670) and a 1999 closing rate of €1= £0.622; (1998: €1= £0.706). This translation has been prepared solely for the convenience of users and does not form part of the audited accounts of the Unilever Group.

From 1 January 2000 the euro replaces the guilder and also becomes Unilever's principal reporting currency.

Summary Consolidated Accounts

Unilever Group

Profit and loss account for the year ended 31 December

	£ million 1999	£ million 1998	€ million 1999	€ million 1998
Turnover	**26 994**	27 094	**40 977**	40 437
Continuing operations	**26 904**	27 094	**40 840**	40 437
Acquisitions	**90**	–	**137**	–
Operating costs	**(24 159)**	(24 139)	**(36 674)**	(36 027)
Operating profit	**2 835**	2 955	**4 303**	4 410
Continuing operations	**2 839**	2 955	**4 309**	4 410
Acquisitions	**(4)**	–	**(6)**	–
Operating profit before exceptional items	**3 012**	2 871	**4 572**	4 285
Income from fixed investments	**34**	25	**52**	37
Interest	**(9)**	105	**(14)**	156
Profit on ordinary activities before taxation	**2 860**	3 085	**4 341**	4 603
Taxation	**(902)**	(1 015)	**(1 369)**	(1 515)
Profit on ordinary activities after taxation	**1 958**	2 070	**2 972**	3 088
Minority interests	**(133)**	(97)	**(201)**	(144)
Net profit	**1 825**	1 973	**2 771**	2 944
Attributable to: **NV**	**1 160**	1 112	**1 761**	1 658
PLC	**665**	861	**1 010**	1 286
Dividends	**(833)**	(5 812)	**(1 265)**	(8 674)
Preference dividends	**(13)**	(4)	**(20)**	(7)
Dividends on ordinary capital	**(820)**	(829)	**(1 245)**	(1 237)
Special dividend		(4 979)		(7 430)
Profit of the year retained	**992**	(3 839)	**1 506**	(5 730)
Combined earnings per share				
Guilders/euros per Fl. 1.12 (1998: Fl. 1) of ordinary capital	**5.80**	5.80	**2.63**	2.63
Pence/€ cents per 1.4p (1998: 1.25p) of ordinary capital	**26.01**	26.45	**39.48**	39.47
On a diluted basis the figure would be:				
Guilders/euros per Fl. 1.12 (1998: Fl. 1) of ordinary capital	**5.66**	5.66	**2.57**	2.57
Pence/€ cents per 1.4p (1998: 1.25p) of ordinary capital	**25.36**	25.80	**38.50**	38.51

Directors

The directors of Unilever during 1999 are shown on pages 40, 41 and 45. Their total emoluments for the year ended 31 December 1999 were £7.0 million (1998: £7.9 million) and their aggregate gains on the exercise of share options were £0.8 million (1998: £2.4 million). All the directors participate in defined benefit pension schemes.

Unilever Group

Balance sheet as at 31 December

	£ million 1999	£ million 1998	€ million 1999	€ million 1998
Fixed assets	**5 972**	6 085	**9 606**	8 620
Current assets				
Stocks	**3 185**	3 351	**5 124**	4 747
Debtors due within one year	**3 569**	3 618	**5 742**	5 126
Debtors due after more than one year	**1 208**	1 137	**1 943**	1 612
Cash and current investments	**3 402**	7 329	**5 473**	10 383
	11 364	15 435	**18 282**	21 868
Creditors due within one year				
Borrowings	**(1 825)**	(1 641)	**(2 936)**	(2 325)
Trade and other creditors	**(5 718)**	(5 917)	**(9 198)**	(8 384)
Special dividend		(5 130)		(7 267)
Net current assets	**3 821**	2 747	**6 148**	3 892
Total assets less current liabilities	**9 793**	8 832	**15 754**	12 512
Creditors due after more than one year				
Borrowings	**1 152**	1 609	**1 853**	2 280
Trade and other creditors	**608**	539	**979**	762
Provisions for liabilities and charges	**2 848**	3 044	**4 582**	4 314
Minority interests	**360**	288	**579**	408
Capital and reserves	**4 825**	3 352	**7 761**	4 748
Attributable to: **NV**	**3 806**	2 503	**6 122**	3 545
PLC	**1 019**	849	**1 639**	1 203
Total capital employed	**9 793**	8 832	**15 754**	12 512

Cash flow statement for the year ended 31 December

	£ million 1999	£ million 1998	€ million 1999	€ million 1998
Cash flow from operating activities	**3 724**	3 026	**5 654**	4 514
Dividends from joint ventures	**18**	16	**28**	24
Returns on investments and servicing of finance	**(103)**	45	**(156)**	67
Taxation	**(951)**	(845)	**(1 443)**	(1 261)
Capital expenditure and financial investment	**(989)**	(939)	**(1 501)**	(1 399)
Acquisitions and disposals	**(240)**	226	**(362)**	338
Dividends paid on ordinary share capital	**(834)**	(719)	**(1 266)**	(1 073)
Special dividend	**(4 014)**		**(6 093)**	
Cash flow before management of liquid resources and financing	**(3 389)**	810	**(5 139)**	1 210
Management of liquid resources	**3 740**	(1 341)	**5 675**	(2 003)
Financing	**(96)**	28	**(146)**	42
Increase/(decrease) in cash in the period	**255**	(503)	**390**	(751)
(Decrease)/increase in net funds in the period	**(3 654)**	896	**(5 094)**	958

This Summary Financial Statement was approved by the Boards of Directors on 7 March 2000.

A Burgmans NWA FitzGerald Chairmen of Unilever

Financial Calendar

Annual General Meetings

NV	PLC
10.30 am Wednesday 3 May 2000	11.00 am Wednesday 3 May 2000
Concert- en Congresgebouw de Doelen	The Queen Elizabeth II Conference Centre
Entrance Kruisplein	Broad Sanctuary, Westminster
Rotterdam	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

Shareholder Information

United Kingdom capital gains tax

The market value of PLC 1.4p ordinary shares at 31 March 1982 would have been 34.580p per share.

Since 1982, PLC ordinary shares have been sub-divided on two occasions and consolidated once. Firstly, with effect on 26 June 1987, the 25p shares were split into five shares of 5p each. Secondly, with effect on 13 October 1997, the 5p shares were split into four shares of 1.25p each. Lastly, with effect on 10 May 1999 the shares were consolidated by replacing every 112 shares of 1.25p each with 100 shares of 1.4p each.

Listing details

NV The shares or certificates (depositary receipts) of NV are listed on the stock exchanges in Amsterdam, London, New York and in Belgium, France, Germany, Luxembourg and Switzerland.

PLC The shares of PLC are listed on the London Stock Exchange and, as American Depositary Receipts (each evidencing four ordinary shares of 1.4p each), in New York.

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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 Reports 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.

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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.

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