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Certain sections of the Unilever Annual Report and Accounts 2009 have been audited. These are on pages 79 to 128, 131 to 132 and those parts noted as audited within the Directors' Remuneration Report on pages 71 to 73.

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Chairman's statement



Michael Treschow
Chairman



I am delighted to be able to report that Unilever has had a good year. We have seen solid progress on our top line and an improvement in underlying operating margin.

This is particularly pleasing given the state of the global economy. A year ago when I was drafting my statement for our 2008 Annual Report there was little cause for business to be optimistic. The world was in one of the most serious economic downturns that had ever been experienced. Unemployment was high and rising, consumer confidence low.

Much of Unilever's ability to weather this storm so well is due to Paul Polman's leadership. He has sharpened the strategy, improved execution in the market place, sharpened the emphasis on innovation and injected a new sense of energy and urgency into the Group. Our investors have recognised this. Unilever was ranked fifth on total shareholder return in its peer group of 21 companies.

Paul Polman was not the only addition to the Boards in 2009. We also welcomed three new Non-Executive Directors – Louise Fresco, Ann Fudge and Paul Walsh. Their arrival has strengthened both the breadth of experience and the diversity of the team.

Louise Fresco is Professor of International Development and Sustainability at the University of Amsterdam and a visiting Professor at Stanford University. Her deep knowledge of agriculture and sustainability will be of great value as we prepare ourselves to operate in a world where both food and water will become increasingly scarce.

Ann Fudge is a non-executive director at Novartis and at General Electric. Ann served as the chairman and chief executive officer of Young & Rubicam Brands from 2003 to 2006. Prior to joining Young & Rubicam, she worked at General Mills and at Kraft Foods. Ann has great knowledge and experience of branded consumer goods and, particularly, the food industry.

Paul Walsh is chief executive officer of Diageo and a non-executive director of FedEx Corporation. He is a member of the Business Council for Britain, and chairman of the Scotch Whisky Association. Paul is one of Britain's most respected business leaders.

Ann and Paul sit on the Remuneration Committee, bringing its composition in line with the UK Combined Code on Corporate Governance, which states that this committee should comprise at least three independent non-executives.

I am also delighted to announce that The Rt Hon Sir Malcolm Rifkind MP has agreed to be nominated for election as a Non-Executive Director at the 2010 AGMs. We believe that Sir Malcolm with his broad background in international affairs will be a valuable addition to the Boards.

Leon Brittan, Wim Dik and Narayana Murthy will be retiring as Non-Executive Directors at the end of our 2010 Annual General Meetings (AGMs). Narayana and Wim have served on our Corporate Responsibility and Reputation (CRR) and Audit Committees respectively, and Leon as Chairman of the CRR. On behalf of our Boards, I take this opportunity to thank them all for their individual contributions and service since their appointments.

At the AGMs in May 2010 we intend to propose Jean-Marc Huët for election to the Boards. Jean-Marc took over as Chief Financial Officer in February 2010 following the departure of Jim Lawrence.

The first quarterly dividend will be paid on 17 March. This change to quarterly dividends will result in more frequent payments to shareholders which I hope you will find helpful.

Finally, on behalf of the Boards, I would like to extend my sincere thanks to all of Unilever's 163,000 employees across the world. They have had to cope with difficult economic conditions externally and significant change internally. Yet they have still managed to deliver an excellent set of results.

Michael Treschow
Chairman

Chief Executive Officer's review



Paul Polman
Chief Executive
Officer



Despite a challenging economic environment it has been a good year for Unilever. We exceeded objectives while at the same time taking action to ensure the future success of your company.

Delivering growth in a tough year

At the beginning of 2009 we took a long-term view, dropping guidance and setting the objective of restoring volume growth while protecting cash flow and underlying operating margin. As well as managing the short-term challenges, we increased support behind our brands and invested in R&D and people – the surest route to long-term shareholder value creation.

Volume growth was 2.3%, with acceleration throughout the year. This was driven by sharper execution and strong innovations, supported by incremental investment behind our brands in advertising and, to a lesser extent, promotions. Underlying sales growth was 3.5%.

Growth was broad based across markets and categories. By the end of the year we were growing volume share in two thirds of our business, compared with only one third a year earlier. Our competitive position strengthened during the year. Our biggest brands are getting stronger – ten of the top 13 brands are gaining volume share.

Good cost discipline meant that underlying operating margin was up 0.2% to 14.8% and tight working capital control meant cash flow from operating activities increased by €1.4 billion.

How we delivered

Recognising the severity of the economic crisis early and responding quickly was key to our strong performance, even if it meant some tough choices. The focus on volume growth, combined with protecting margins and cash flow, proved to be the right drivers in the current environment.

We targeted four key areas of activity:

Bigger and better innovations, rolled out faster and to more markets

Our innovations are getting bigger and better. The One Unilever structure allows for faster roll-out across multiple geographies. Dove Minimising Deodorant, for example, was rolled out across 37 markets; Signal White Now to 21 markets and Knorr Stockpots to 12 markets; Clear shampoo is now in 35 markets; and following its launch at the end of 2009, Dove for Men will be rolled out across 50 markets. Our innovation pipeline is equally getting stronger. The number of innovations in the pipeline with an expected incremental turnover in excess of €50 million has doubled. The opening of a new research centre in Shanghai, our second in the emerging markets, reflects a long-term commitment to R&D. Innovation will continue to be the key growth driver for your company. The business publication Fast Company recently recognised us as the fourth most innovative company in advertising and marketing.

More discipline throughout the organisation

Serving the consumer and customer with increasing passion every day is critical to our success. To help develop categories and accelerate our growth with our customers we have created a new global customer supply structure and are rolling out state of the art customer innovation centres to all regions. Our progress was recognised: we gained supplier of the year awards from a number of top customers. In a performance culture, we are increasingly focused on disciplined execution.

A more competitive cost structure

Our emphasis on protecting short-term business fundamentals meant driving out costs that do not add value for consumers and customers. This included accelerating much needed restructuring projects, leveraging scale by moving to global procurement, establishing regional sourcing organisations across each of our geographies and simplifying and further streamlining our organisational structure. In total we achieved savings of over €1.4 billion, well ahead of target and which helped fuel investment behind our brands. By adopting best practices we also made significant improvements in working capital (€1.9 billion).

Driving a performance culture

We start from a strong base of values and principles, which have served us well over the years: integrity, trust, investing in people, doing the right thing for the long term. In very competitive markets, we need to further increase consumer and customer focus, speed of action, and responsibility and accountability. To achieve this we have made the organisation flatter, simplified target setting and sharpened individual performance management.

The organisation rose to the challenge, showing its competitive strength in managing change. I am proud to work with a strong leadership team and a dedicated group of colleagues throughout the world. The results in 2009 are a testament to their passion, commitment, skill and hard work.

Chief Executive Officer's review (continued)

We equally made good progress in other areas to position us for future growth:

We sharpened the portfolio

The announced acquisition of Sara Lee's personal care brands, including Sanex, Radox and Duschdas, will significantly strengthen our European business. We made smaller, bolt-on acquisitions, such as the TIGI professional hair care brands, mainly in the US and the Baltimor ketchup business in Russia. We assumed total control of our business in Vietnam and continued to divest non-strategic assets, such as our remaining equity stake in JohnsonDiversey and plantations in Congo.

We strengthened our supply chain capability

The appointment from outside of our first Chief Global Supply Chain Officer reflects the importance we attach to strengthening our operations and to leveraging our scale right across the supply chain.

We began the move to global business services

We created Unilever Enterprise Services (UES) to bring together HR and Finance transactions, as well as IT and Information Management services. UES will enable us to leverage scale in order to deliver improved services at better value. At the same time it will free up capacity for our businesses to concentrate on supporting our brands in the market place.

During the year we also found solutions to concerns raised by stakeholders, including the settlement of long running labour disputes in Pakistan and India. We continued to take the lead in driving sustainability, especially in moving to sustainable palm oil, converting to environmentally-friendly (HC) refrigerants in our ice cream freezers and in supporting smallholder farming.

Where we could do better

Despite significant progress, we did not fully achieve all our goals.

In two key markets, India and Spain, we took longer to respond to changing market dynamics and to the intense level of competition, especially from low-cost local competitors. And in two of our biggest categories – hair and spreads – we still need to build share consistently everywhere.

Our brands have plenty of room for improvement. Product quality is getting better, but we need more of our products to show superiority, and there is ample scope to sharpen our communications and to set the innovation bar even higher.

We are getting better at serving our customers but again we still fall short of best in class, for example in customer service levels and the on-shelf availability of our products.

Faced with growing competitive pressures, especially from lower-cost producers, we must continue to drive out all non value-added costs, building on the progress we have made in the last year.

The organisation is working hard in all these areas and I am confident that we will see continuous improvements. This is important because 2010 promises to be every bit as challenging. We expect two of the major drivers of our business – consumer spending and consumer confidence – to remain low. We also expect competitors to accelerate their plans to regain lost ground. This requires the best of us and we are ready for it.

A new business model

With confidence in our ability to grow we launched a renewed, bold vision for the company – to double our size while improving our environmental footprint. With our portfolio of brands, presence in emerging markets and long-standing commitment to shared value creation – in which the long-term interests of the company, its communities and stakeholders are all directly linked – we believe your company is well placed to deliver on this ambition.

When it comes to environmental impact, for example, we lead the industry in the move to sustainable sourcing of commodities such as palm oil and tea. In fact we have given a firm commitment that by 2015 all of our supplies of palm oil and tea will come from certified sustainable sources.


Consumers will also have to change their habits. Through the Cleaner Planet Plan our laundry brands are helping to educate people about the benefits of washing at lower temperatures and using shorter cycles. With our products used in 125 billion washes a year, small actions like this can make a big difference. Likewise, poor sanitation and lack of hygiene standards are still the root causes of millions of preventable deaths, especially amongst children. With our health and handwashing campaigns we have reached millions of people over the years. The Lifebuoy brand's ambitious new target is to change the hygiene behaviour of 1 billion people by 2015.

Leadership like this explains why, for the 11th year running, Unilever was sector leader in the Dow Jones Sustainability Indexes – a feat unmatched by any other company.

Looking ahead

2009 was a good year for Unilever despite the tough conditions. 2010 won't be any easier, but by embedding the changes we are already making and by fostering a sharper performance culture, there is no reason why we can't go on growing in line with our ambitions. And we will do it in a way that continues to make our consumers, customers, partners and employees proud to be associated with Unilever.

Thank you for your support over 2009.



Paul Polman
Chief Executive Officer

Board of Directors**Chairman****Michael Treschow^{1,2}**

Nationality: Swedish. Aged 66. Chairman since May 2007. Chairman, Telefonaktiebolaget L M Ericsson. Non-Executive Director, ABB Group. Board member, Knut and Alice Wallenberg Foundation, Member of the European Advisory Board, Eli Lilly and Company. Chairman, AB Electrolux 2004-2007 and Confederation of Swedish Enterprise 2004-2007.

Vice-Chairman**Jeroen van der Veer^{3,4,5}**

Nationality: Dutch. Aged 62. Appointed 2002. Non-Executive Director, Royal Dutch Shell plc. Member, Supervisory Board of Philips, and Vice-Chairman ING. Member, Supervisory Board of De Nederlandsche Bank N.V. 2000-2004.

Executive Directors**Paul Polman**

Chief Executive Officer
Nationality: Dutch. Aged 53. Chief Executive Officer since January 2009. Appointed Director October 2008. President, Kilimanjaro Blind Trust. Patron, Leaders for Nature, an International Union for Conservation of Nature (IUCN) initiative. Various positions within Procter & Gamble Co. 1979-2001, Group President Europe and Officer, Procter & Gamble Co. 2001-2006. Chief Financial Officer, Nestlé S.A. 2006-2008. Executive Vice President and Zone Director for the Americas 2008.

Jean-Marc Huët*

Chief Financial Officer
Nationality: Dutch. Aged 40. Appointed Chief Financial Officer February 2010. Chief Financial Officer, Bristol-Myers Squibb 2008-2009. Royal Numico NV 2003-2007. Executive Director, Goldman Sachs International 1993-2003. Clement Trading 1991-1993.

Non-Executive Directors**The Rt Hon The Lord Brittan of Spennithorne QC, DL⁶**

Nationality: British. Aged 70. Appointed 2000. Vice-Chairman, UBS Investment Bank and Chairman, UBS Limited. Director, UBS Securities Company Limited. Member, International Advisory Committee of Total. Member, Advisory Board of Teijin Ltd. Member, European Commission and Vice-President 1989-1999. Member, UK Government 1979-1986. Home Secretary 1983-1985 and Secretary of State for Trade and Industry 1985-1986.

Professor Wim Dik⁷

Nationality: Dutch. Aged 71. Appointed 2001. Professor at Delft University of Technology. Chairman, Advisory Board of Spencer Stuart Netherlands. Vice-chairman of Supervisory Board of Stage Entertainment B.V. Non-Executive Director, Aviva plc 1999-2009 and Logica plc 2002-2009. Chairman and CEO, Koninklijke PTT Nederland (KPN) 1988-1998 and Koninklijke KPN N.V. (Royal Dutch Telecom) 1998-2000. Minister for Foreign Trade, Netherlands 1981-1982.

Louise Fresco⁸

Nationality: Dutch. Aged 58. Appointed May 2009. Professor of International Development and Sustainability at the University of Amsterdam. Supervisory Director, RABO Bank. Member, SER. Trustee, Roosevelt Academy.

*Jean-Marc Huët will be proposed for election as an Executive Director at the 2010 AGMs.



Left to right:
 Michael Treschow
 Jeroen van der Veer
 Paul Polman
 Jean-Marc Huët
 The Rt Hon The Lord Brittan
 of Spennithorne
 Professor Wim Dik
 Louise Fresco
 Ann Fudge
 Charles Golden
 Byron Grote
 Narayana Murthy
 Hixonia Nyasulu
 Kees Storm
 Paul Walsh

Ann Fudge²

Nationality: American. Aged 58. Appointed May 2009. Non-Executive Director, Novartis AG, General Electric Co., and Buzzient Inc. Chairman, US Programs Advisory Panel of Gates Foundation. Honorary director of Catalyst, Trustee of The Rockefeller Foundation and vice-chairman of the board of overseers of Harvard University.

Charles Golden⁷

Nationality: American. Aged 63. Appointed 2006. Non-Executive Director, Clarian Health Partners, Hill-Rom Holdings, Eaton Corporation and the Lilly Endowment. Member of Finance Committee, Indianapolis Museum of Art. Executive Vice-President, Chief Financial Officer and Director, Eli Lilly and Company 1996-2006.

Byron Grote⁷

Nationality: American/British. Aged 61. Appointed 2006. Chief Financial Officer, BP p.l.c. Member, UK Business – Government Forum on Tax and Globalisation. Vice-chairman, UK Government’s Public Services Productivity Panel.

Narayana Murthy⁸

Nationality: Indian. Aged 63. Appointed 2007. Chairman, Asia Business Council, International Institute of Information Technology and Infosys Technologies Limited. Director, Infosys Consulting, Inc., Infosys Technologies (China) Company Limited, New Delhi Television Ltd. Non-Executive Director, HSBC Holdings plc.

Hixonia Nyasulu⁶

Nationality: South African. Aged 55. Appointed 2007. Chairman, Sasol Ltd. Non-Executive Director, Barloworld Ltd and Tongaat-Hulett Group Ltd. Member, Advisory Board of JP Morgan SA. Director, Paton Tupper Associates (Pty) Ltd.

Kees Storm⁹

Nationality: Dutch. Aged 67. Appointed 2006. Chairman, Supervisory Board and Member of the Audit Committee, KLM Royal Dutch Airlines N.V. Member, Supervisory Board, AEGON N.V. Board member and Chairman of Audit Committee, Anheuser-Busch InBev S.A. Board member and member of the Audit Committee, Baxter International, Inc. Vice-Chairman, Supervisory Board, Pon Holdings B.V. Chairman, Executive Board, AEGON N.V. 1993-2002.

Paul Walsh^{1,2}

Nationality: British. Aged 54. Appointed May 2009. Chief Executive Officer of Diageo. Non-Executive Director, FedEx Corporation Inc. Chairman, The Scotch Whisky Association. Member of the Council of the University of Reading, The Business Council for Britain, The Prince of Wales International Business Leaders Forum.

- 1 Member Nomination Committee
- 2 Member Remuneration Committee
- 3 Chairman Nomination Committee
- 4 Chairman Remuneration Committee
- 5 Senior Independent Director
- 6 Chairman Corporate Responsibility and Reputation Committee
- 7 Member Audit Committee
- 8 Member Corporate Responsibility and Reputation Committee
- 9 Chairman Audit Committee

Unilever Executive

Left to right:

Paul Polman
Harish ManwaniSandy Ogg
Pier Luigi SigismondiDoug Baillie
Vindi BangaGeneviève Berger
Michael Polk

Jean-Marc Huët

**Paul Polman**

Chief Executive Officer
(see details on page 22)

Doug Baillie

President Western Europe
Nationality: British. Aged 54.
Appointed President of Western Europe in May 2008. Joined Unilever 1978. Previous posts include: CEO, Hindustan Unilever Limited and Group Vice President, South Asia 2006, Group Vice-President – Africa, Middle East & Turkey (AMET) 2005, President, Africa Regional Group 2004, National Manager, Unilever South Africa, 2000, Managing Director Lever Pond's South Africa 1997, Vice President, Home and Personal Care for the Africa Business Group 1994.

Vindi Banga

President Foods, Home & Personal Care
Nationality: Indian. Aged 55.
Appointed to UEx April 2005 as President Foods. Appointed President Foods, Home & Personal Care in May 2008. Joined Unilever 1977. Previous posts include: Business Group President Home and Personal Care, Asia 2004 in addition to Non-Executive Chairman, Hindustan Lever 2004-2005. Chairman and Managing Director, Hindustan Lever 2000-2004.

Professor Geneviève Berger

Chief Research and Development Officer
Nationality: French. Aged 55.
Appointed to UEx July 2008. Professor and Hospital Practitioner, Medical University Teaching Hospital, Paris 2003-2008. Member, Technical Committee, Institute of Electrical and Electronics Engineers (IEEE). Chairman, Advisory Board, Health for the European Commission. Director, Biotech and Agri-Food Department 1998-2000 and Director of Technology 2000, the French Ministry for Education. Director General, National Centre for Scientific Research (CNRS), France 2000-2003. Previously Non-Executive Director of Unilever N.V. and Unilever PLC 2007-2008.

Jean-Marc Huët

Chief Financial Officer
(see details on page 22)

Harish Manwani

President Asia, Africa and Central & Eastern Europe
Nationality: Indian. Aged 56.
Appointed to UEx April 2005 as President Asia Africa. Appointed President Asia, Africa and Central & Eastern Europe in May 2008. Joined Unilever 1976. He is also Non-Executive Chairman, Hindustan Unilever Limited. Previous posts include: Business Group President, Home and Personal Care, North America 2004. Business Group President, Home and Personal Care, Latin America 2001 and Senior Vice President, Hair Care and Oral Care 2000.

Sandy Ogg

Chief Human Resources Officer
Nationality: American. Aged 56.
Appointed Chief HR Officer April 2005. Joined Unilever 2003. Previous posts include: SVP Human Resources, Foods 2003. Prior to joining Unilever he worked for Motorola as SVP, Leadership, Learning and Performance Management.

Michael Polk

President Americas
Nationality: American. Aged 49.
Appointed President Americas March 2007. Joined Unilever 2003. Previous posts include: President Unilever USA. Prior to joining Unilever, he held various senior positions at Kraft Foods including President, Biscuits and Snacks Sector and President, Asia Pacific Region. External appointments: Non-Executive Director, Newell-Rubbermaid Corporation; Director, Students in Free Enterprise and Grocery Manufacturers of America.

Pier Luigi Sigismondi

Chief Supply Chain Officer
Nationality: Italian. Aged 44.
Appointed Chief Supply Chain Officer September 2009. Prior to his appointment at Unilever, he joined Nestlé S.A. in 2002 as Vice President of Corporate Operations Strategies, before moving to Nestlé Mexico in 2005 as Vice President of Supply Chain and R&D. Prior to Nestlé S.A. he was Vice President of Operations in Italy for A T Kearney. He also holds a Masters in Industrial & Systems Engineering from the Georgia Institute of Technology, Atlanta, Georgia.

Unilever Executive (UEX) members are treated as executive officers and senior management for US purposes and key management personnel for IFRS purposes. All members of the UEx have existing agreements with varying terms, however, all agreements include a notice period of 12 months although local law and practice may sometimes impact on these provisions. Details of the remuneration paid and share awards are shown in aggregate in note 4 on page 90.