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Certain sections of the Unilever Annual Report and Accounts 2008 have been audited. Sections that have been audited are set out on pages 81 to 136, 140 to 141, 143 to 145 and 148 to 150. The auditable part of the Directors' Remuneration report as set out on page 60 has also been audited.

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Chairman's statement

Our strategy, in an unpredictable economic environment, is to maintain our growth momentum and deliver competitive levels of profitability.



2008 was a difficult and turbulent year generally for business all around the world. It was dominated by a banking crisis which started in the US sub-prime property market and which quickly spread to other asset classes and countries. These problems were exacerbated by the volatile price of mineral oil and, for companies like Unilever, record rises in the cost of vegetable oils like palm, soy and rapeseed.

Despite these unprecedented circumstances I am pleased to report that Unilever performed well in 2008 and emerged as a stronger, more competitive company. It delivered good results on both top and bottom line and its strong cash flows allowed it to produce substantial returns to shareholders in the form of both share buy-backs and dividends.

Part of this was due to the inherent strength and stability of the company. Partly it was the result of a robust strategy, effectively implemented. But partly, too, it was due to the leadership of Patrick Cescau who retired from the business on 31 December (see panel opposite).

As a Board team, one of our most important tasks in 2008 was to manage Patrick's succession once he had signalled his intention to retire. The process, initiated and led by our Nomination Committee, was wide-ranging and thorough. It was as a result of this search that we were lucky enough to find Paul Polman.

We are delighted that Paul accepted our offer to become Chief Executive Officer. He has immense experience of the markets in which we operate, having spent 26 years in our industry. Paul brings with him a deep understanding of brands, consumers and customers. He also has an enthusiasm for consumer goods which is palpable and will bring new energy and ideas to Unilever.

The other change in personnel since our 2008 AGMs has been the transition of Geneviève Berger from Non-Executive Director to Chief R&D Officer on the Executive team. In this capacity she will be able to bring her great knowledge of science and technology to the service of the business. In an industry where innovation is such a critical success factor I believe that this is an important and far-sighted appointment.

At our 2008 AGMs Kees van der Graaf and Ralph Kugler stepped down from the Boards. They are currently composed of 12 members of whom two are Executives.

David Simon will be retiring as a Non-Executive Director at the end of our 2009 AGMs after three terms of three years. During that time he has served as our Vice Chairman, Senior Independent Director and Chairman of our Nomination and Remuneration Committees. On behalf of our Boards, I take this opportunity to thank him for his contribution, wise counsel and service since 2000. It is intended that David will be succeeded in those roles by Jeroen van der Veer, with effect from the 2009 AGMs.

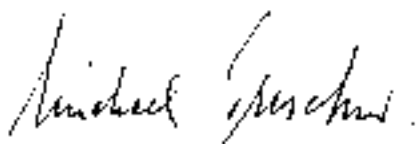
As part of the time that the Boards spent with the business during the year, we visited our laboratories in Bangalore and our customer innovation centre in New Jersey. The Boards reviewed the strategy at a two-day meeting in October.

One of the striking things to emerge from our strategy session was the consistency of Unilever's approach. While the strategy has evolved to take account of the changing external environment, its essential elements remain unchanged. The Group is still committed to growing competitively and will do so by developing its core assets of brands, technology, geographic spread and marketing excellence. Just as importantly its principles remain unchanged. The Group will deliver its results in a sustainable fashion – seeking to manage its social and environmental impacts in a manner which meets the needs of all its stakeholders.

We are proposing to change to a simpler and more transparent dividend practice for the Unilever group from 2010 onwards. These changes will result in more frequent dividend payments through the payment of quarterly dividends to shareholders. They will also better align dividend payouts with the cash flow generation of the business. Further details are included in the 2009 AGM Notices.

Looking forward, I remain confident. Unilever entered 2009 with a realistic assessment of the challenges which it would have to face. Its plans were built on the assumption of a deep and prolonged global economic downturn. We are determined to emerge from this in good shape.

Finally, on behalf of the Boards, I would like to extend my sincere thanks to all of Unilever's 174 000 employees. They have had to cope with, and manage, a huge amount of change. They have done this in an exemplary and responsible fashion.



Michael Treschow
Chairman



Patrick Cescau

On behalf of the Directors and everyone at Unilever, I want to express our appreciation to Patrick Cescau for his services to Unilever over the last 35 years. By any standards, Patrick's career has been a remarkable one, culminating with his appointment in 2005 as Unilever's first ever Chief Executive Officer.

Since that time he has helped to transform the company. Significant organisational change – particularly the implementation of 'One Unilever' – has been accompanied by a consistent improvement in business results and overall performance. Patrick leaves the business stronger than he found it, well placed to meet the challenges that lie ahead.

Throughout his time in the business, Patrick also came to embody the qualities and values that help to make Unilever a special business: respect, humanity, integrity. It is for these reasons that he is liked and respected in equal measure, both inside the company and outside.

We all wish Patrick a long and happy retirement.

Chief Executive Officer's review

It is a great pleasure to report to you for the first time as Unilever's Chief Executive Officer. I am delighted to be a part of the team and to have the opportunity of leading this great company.



Taking this role is an honour and privilege, but equally a huge responsibility. These are tough times; and tough times demand the very best of all of us. That is the spirit in which I intend to take the business forward.

Despite the fact that I have joined the Group at a time of unprecedented economic turmoil, my first message to you is a positive and reassuring one: your company is in good shape. The scale and the extent of the changes over the last four years have been a positive surprise to me. They have made Unilever stronger and more confident, well placed to weather the storms currently blowing through all sectors of the economy.

I want first, therefore, to acknowledge the hard work and dedication of Unilever employees all around the world. Thanks to their efforts, Unilever is a leaner, more focused business with a strong portfolio of leading brands. All this is vital given the intense nature of the competitive and economic environment.

The transformation was led with a mixture of skill and determination by my predecessor, Patrick Cescau, and I want to take this opportunity to recognise Patrick's accomplishments as Chief Executive. He leaves a remarkable legacy: a wide-ranging change programme combined with steadily improving results. In short, the engine was replaced while the car kept running. Quite an achievement and I am grateful to Patrick for what he hands over.

Last year saw an acceleration of Unilever's transformation agenda.

- The rationalisation of our manufacturing base continued across all regions. During the last year we closed or sold a further 14 sites, bringing the total to 30 over the last two years. We are now on course to exceed our target – set in 2007 – of closing or streamlining 50 to 60 sites by 2010. All these projects are being handled with great sensitivity to the workforce. Together they are helping to provide Unilever with a modern, cost competitive supply chain, capable of meeting the demands of competing in the 21st century. To further aid speed and efficiency, we have brought all our logistical and supply chain operations in Europe together in one regional structure based in Switzerland. And we are currently embarked on a similar move in Asia by centralising our supply chain management for the region in Singapore.
- The brand portfolio was further strengthened and sharpened. This included the sale of the North American laundry business. We also divested some smaller, non-strategic parts of our portfolio, including Boursin cheese, Lawry's seasonings and the Bertolli olive oil businesses. These deals were all done at good prices, achieving significant value for the company. At the same time, the acquisition in 2008 of the leading Russian ice cream maker, Inmarko, filled an important gap in a critical market for us. And we are in the process of obtaining a vital entry into the fast-growing salon sector of the hair care market with our planned acquisition of the TIGI hair product business. We are also alive to similar value-creating opportunities that may present themselves during the year.

Paul Polman
Chief Executive Officer



- The One Unilever programme – under which multiple business units are integrated into a single operating structure – became a reality across most of the Group's key markets, bringing greater speed and simplicity to all our operations.

These changes contributed to a good set of business results in 2008. We achieved strong underlying sales growth of 7.4%, broadly based across all our major product categories. Growth was driven by increased pricing as the Group moved quickly and decisively to offset the unprecedented rise in commodity costs.

Supply chain and other organisational savings of more than €1 billion meant that we were also able to increase the level of investment behind our brands, while at the same time delivering an underlying improvement in operating margin.

By any standards, this represents solid progress and a good set of results.

However, despite the positive changes to the business, there are still a number of areas in which we need to improve. Our market share positions suggest we are not yet winning in enough of the key categories and geographies in which we compete. Market positions and brand strength are two key determinants of long-term earnings capacity. So we need to do better.

Equally our costs are not yet at competitive levels. Huge progress has been made but again there is still work to do. In order to invest behind our brands and win the battles for the hearts and minds of an increasingly value conscious consumer, we must eliminate all the costs that consumers are unwilling to pay for.

Growing our volume base, while keeping closely focused on protecting our margins and cash flow, will be our priority in 2009. The economic environment is unprecedented and will require flexibility and fast action. But Unilever has long experience of operating in difficult markets and at times of great economic stress. It should be remembered that the Group was born in the era of the Great Depression of the 1930s. On each occasion since, it has learnt from the experience and emerged stronger and more resilient as a business. There are good reasons to believe we can do so again.

For one thing, we possess a highly relevant and inspiring mission. Vitality – with its emphasis on helping people to feel good, look good and get more out of life – resonates with the hopes and aspirations of consumers the world over. Vitality is even more valid today as consumers face increasingly tough economic challenges.

That is why we have made it the theme of this year's report and why we want to extend the concept of vitality right the way through our products, our organisation and our engagement with societies at large.

We have an excellent, balanced portfolio of strong brands fulfilling basic needs; 13 have an annual turnover of €1 billion or more and we are not overly exposed to the premium sector at a time when this segment of the market is under increasing pressure. We have strong, well-established businesses in many of the world's fastest growing markets and our global presence is building all the time. Add to this the Group's simplified organisation and a sound and healthy financial structure and you can see why, we believe, Unilever is so well placed to win.

Underpinning these strengths, Unilever exhibits a set of deeply ingrained values – based on trust and integrity – which date back to the days of its founders and which are so well captured in the concept of 'doing well by doing good'. These values will never be compromised, no matter how difficult the economic conditions become, and nor will the Group's commitment to help tackle deep-seated global issues in such areas as nutrition and hygiene. In pursuit of these objectives we continue to work closely alongside agencies like the World Food Programme (WFP) and UNICEF. In 2008, our partnership with the WFP extended its scope to six countries and delivered 16 million meals to 76 000 schoolchildren.

Given the increasing problems of resource scarcity around the world, it is also vital that we take a lead on the issue of sustainable consumption. That is why we have made a clear commitment to move to sustainable palm oil sourcing by 2015 and are working with Greenpeace and others to achieve this challenging objective.

It was heartening to see the Group's commitment to these issues publicly recognised and rewarded in 2008. For the tenth year running Unilever was named foods sector leader in the Dow Jones Sustainability Indexes – the only company ever to achieve such an accolade. And the award of Platinum standard in the UK's Business in the Community Corporate Responsibility Index was further recognition of the Group's willingness to act as an agent for social and environmental improvement.

All these attributes, I believe, will not only help to sustain the Group during a period of economic difficulty, but are also the pillars of long-term competitive advantage and a high performing business.

However, there is no cause for complacency. We must not underestimate the challenges ahead. If we are to prosper, we will need to continue the programme of organisational change, further increasing our ability to move quickly and decisively in response to shifting market dynamics. But internal change must be accompanied by greater external focus: we have to put the consumer and the customer at the heart of everything we do. This external focus, coupled with speed and discipline, will be the key to success.

These will be our guiding principles as we manage the business through a period of continuing turbulence and prepare for the future. We are also taking a number of additional steps:

- We are driving brand innovation, the lifeblood of our business, to a new level. The move to a 'One Unilever' R&D structure under the Group's Chief R&D Officer, Professor Geneviève Berger, will help us to win in the marketplace by focusing on fewer, bigger innovations – and rolling them out more swiftly around the world.
- We are also raising the bar when it comes to our supply chain. Through the appointment of a Global Supply Chain Officer, we are looking for even better ways to leverage our scale in global buying and thereby reduce the overall cost of raw materials. In 2008 our supply chain savings were almost €100 million greater than the previous year. To drive the process even further we have appointed our first Chief Procurement Officer. We expect a continued strong programme in 2009 and beyond.

Chief Executive Officer's review continued

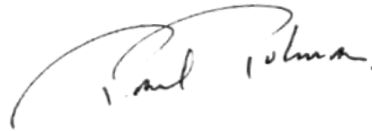
- We are ensuring that our brands address the needs of value-conscious consumers everywhere. Our Bertolli restaurant-quality Italian dinners for two, for example, offer North American consumers an excellent alternative to eating out. And in South East Asia, our Knorr brand has been quick to introduce low-cost single units of stock and seasoning.
- Finally, we are using the current economic environment to bring about a step change in our approach to costs and cash flow. Hence, we are accelerating our savings programmes and reducing many discretionary costs. We are also challenging ourselves to be ever more efficient and striving to be best-in-class in the management of working capital.

In conclusion, 2008 was a good year for Unilever. In volatile markets and in the face of a severe economic downturn the Group's performance stood up well.

Our priority in 2009 will be to get sales volumes growing again, both sustainably and profitably. That is why we are focusing on driving our costs down faster, so that we can reinvest in the business and strengthen our brands. We are also focusing in 2009 on improving the size and quality of our innovations, and rolling them out further and faster around the world. In 2008, for example, we launched Dove 'Go Fresh' in January in two markets. Within six months it was in eight markets, and by the end of the year in 55. We can do it. We just need to do it more often.

To re-ignite volume growth, we also need to concentrate on improving our capabilities in the marketplace – from leveraging the global scale of our supply chain to sharpening the focus we give to our more successful and fastest growing customers. And finally, we will continue to develop the organisation itself, building a strong performance culture around the principles of clear accountability, a bias for action, speed of delivery and external focus.

2009 will be a challenging year. The depth and uncertainty of the current recession means that we must be able to respond quickly to rapidly changing market conditions. I am confident that we have the tools and the organisation to do that. If we can, then we will emerge from the current difficulties stronger than ever, just as we have done many times before.



Paul Polman
Chief Executive Officer

Unilever Executive (UEX)

Responsible for the performance of the Group, guided by the Chief Executive Officer

Left to right:

- Harish Manwani**
President, Asia, Africa and Central & Eastern Europe
- Jim Lawrence**
Chief Financial Officer
- Sandy Ogg**
Chief HR Officer
- Michael Polk**
President, Americas
- Vindi Banga**
President, Foods, Home & Personal Care
- Geneviève Berger**
Chief R&D Officer
- Doug Baillie**
President, Western Europe



Board of Directors



Chairman

Michael Treschow^{1,2}

Nationality: Swedish. Aged 65. 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 1997-2007 and Confederation of Swedish Enterprise 2004-2007.

Vice-Chairman

The Lord Simon of Highbury CBE^{3,4,5}

Nationality: British. Aged 69. Appointed 2000. Non-Executive Director, Suez Group. Director, CEPS, Belgium. Member of the International Advisory Council, FITCH, France. Member of the International Advisory Board, Dana Gas Corporation. Member, Advisory Board, Montrose Associates Limited. Senior Advisor, Morgan Stanley International. UK Government Minister 1997-1999. Group Chief Executive, BP p.l.c. 1992-1995 and Chairman 1995-1997.

Executive Directors

Paul Polman

Chief Executive Officer

Nationality: Dutch. Aged 52. Chief Executive Officer since January 2009. Appointed Director October 2008. President, Kilimanjaro Blindtrust. 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.

James Lawrence

Chief Financial Officer

Nationality: American. Aged 56. Appointed Director May 2008. Appointed Chief Financial Officer September 2007. Non-Executive Director, British Airways Plc. Various senior positions at General Mills, Inc. 1998-2007, including Vice Chairman 2006-2007, Executive Vice President-International 2000-2006 and Chief Financial Officer 1998-2007. Executive Vice President and CFO, Northwest Airlines 1996-1998, President and CEO, Pepsi-Cola International (Asia, Middle East, Africa) 1992-1996, and Chairman, LEK Partnership 1983-1992. Non-Executive Director, Avnet Inc. 1999-2008.

Non-Executive Directors

The Rt Hon The Lord Brittan of Spennithorne QC, DL⁶

Nationality: British. Aged 69. Appointed 2000. Vice-Chairman, UBS Investment Bank and Chairman, UBS Limited. Director, UBS Securities Company Limited. Member, International Advisory Committee of Total. 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 70. Appointed 2001. Professor at Delft University of Technology. Chairman, Supervisory Board of Zesko Holding B.V. and Chairman, Advisory Board of Spencer Stuart Netherlands. Non-Executive Director, Aviva plc, Logica plc and Stage Entertainment B.V. 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.



Left to right:

Michael Treschow
 The Lord Simon of Highbury
 Paul Polman
 James Lawrence
 The Rt Hon The Lord Brittan of Spennithorne
 Professor Wim Dik
 Charles Golden
 Byron Grote
 Narayana Murthy
 Hixonia Nyasulu
 Kees Storm
 Jeroen van der Veer

Charles Golden⁷

Nationality: American. Aged 62. Appointed 2006. Non-Executive Director, Clarian Health Partners, Hill-Rom Holdings, Eaton Corporation and Lilly Endowment, Inc. 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 60. Appointed 2006. Chief Financial Officer, BP p.l.c.

Narayana Murthy⁸

Nationality: Indian. Aged 62. 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 Nyasulu⁸

Nationality: South African. Aged 54. 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 66. 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.

Jeroen van der Veer^{1,2}

Nationality: Dutch. Aged 61. Appointed 2002. Chief Executive Royal Dutch Shell plc. Member, Supervisory Board of De Nederlandsche Bank N.V. 2000-2004.

- 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