



Unilever pensions



Staying in Touch



October 2004



Welcome to the latest edition of **Staying In Touch** - the magazine for deferred members of the **Unilever Pension Fund**.

As a deferred pensioner, you are part of an incredibly diverse group. You may have worked anywhere in the UK, or indeed the world, for any one of a multitude of Unilever companies, for just a short time, or over many years. Alternatively, you might never have worked for Unilever at all! You might be working for another company, or be self-employed or you might have stopped working altogether.

Whatever your situation, the one thing you have in common is an entitlement to a deferred pension from the Unilever Pension Fund. This magazine is designed specifically with you in mind to answer some common queries, give you an insight into some current pension issues and, of course, to help us stay in touch with you. We hope you enjoy this issue of Staying In Touch.

Feedback

We are committed to improving our communication, so let us know your views.

- *What do you think about Staying in Touch?*
- *Was the information interesting?*
- *Did it tell you what you wanted to know?*
- *What else would you like to know about the Unilever Pension Fund (the UPF)?*

Send your comments to:

Staying in Touch
c/o Unilever Pensions UK
Walton Court
Station Avenue
Walton-On-Thames
Surrey KT12 1UP

or e-mail: pensions.uk@unilever.com (putting 'Staying in Touch' in the subject line).

New Contact Details

If you have a query about your pension benefits, please contact:

The Unilever Pensions Team
Hewitt Bacon & Woodrow
6 More London Place
London SE1 2DA

or telephone: freephone 0800 028 0051
(from within the UK)

+ 44 (0)20 7939 4909
(from outside the UK)

or e-mail: unileverpensionsteam@hewitt.com

Don't forget to quote your pension record number which is on all correspondence from the UPF and also on the envelope enclosing Staying in Touch.

Introducing Hewitt Bacon & Woodrow

On 1 December 2003, Unilever outsourced the administration for pensioner and deferred members of the Unilever Pension Fund (the UPF), including the pensioner payroll, to Hewitt Bacon & Woodrow (Hewitt). Under this arrangement, the Hewitt team, known as the Unilever Pensions Team, performs the administration of your benefits. Based in a new building near London Bridge, and supported by other Hewitt staff in the firm's Hemel Hempstead and Epsom administration centres, the team is there to answer your questions, keep your records up to date and put your pension into payment. All responsibility for the financial management of the UPF and for its strategic direction, however, remains with Unilever Pensions UK (UPUK).

The Administration Team at Hewitt

There are 14 members in the team at Hewitt, nine of whom used to work in the Unilever pensions department. As you would expect, the whole team are fully trained to deal with your questions. The Hewitt team has continued to work very closely with the UPUK team, developing strong working relationships to ensure that the high level of service, provided previously by UPUK, continues. The teams maintain regular contact and all aspects of service are measured and reviewed on a monthly basis by UPUK.

Who are Hewitt?

Hewitt Bacon & Woodrow is the UK business of Hewitt Associates, a global leader in the business of Human Resources and benefits outsourcing and consulting. Formed in the US in the 1940s, Hewitt entered the outsourcing market there in the 1970s and has grown to employ some 17,000 people, located in 88 offices in 38 countries. Together they serve in excess of 2,600 clients. For the year ending 30 September 2003, Hewitt's global gross revenues exceeded \$2 billion, over 60% of which related to outsourced services. This makes Hewitt the largest global provider of HR and benefits outsourcing services, covering some 17 million individual customers and in excess of 54 million HR and benefits related transactions each year. The firm was publicly listed on the New York Stock Exchange in June 2002.

In the UK, the business was formed from the merger of Hewitt Associates and Bacon & Woodrow in 2002. Bacon & Woodrow have been helping clients manage their employees' retirement benefits since their formation in 1924, growing to become one of the UK's leading actuarial and benefits consulting firms. It has been advising Unilever on actuarial and pension matters since 1990.

Following a strategic review, the partners of Bacon & Woodrow determined that a merger with Hewitt in the UK offered the optimum means of developing their business. The firm now employs 1,700 associates in the UK, approximately 600 of whom are dedicated to providing outsourcing services. It provides pension and benefit administration services to over 180 UK clients covering more than 200 schemes with a combined membership of in excess of 550,000. Clients include Glaxo SmithKline, The Royal Bank of Scotland and Dell.

Contact

Contact the Hewitt Bacon & Woodrow Unilever Pensions Team with any queries about the administration of your pension, and to inform them of change of address, bank details etc. Their details are:

The Unilever Pensions Team
Hewitt Bacon & Woodrow
6 More London Place
London SE1 2DA

or telephone: freephone 0800 028 0051
(from within the UK)
+44 (0)20 7939 4909
(from outside the UK)

or e-mail: unileverpensionsteam@hewitt.com

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Facts and figures from the Pension Fund

Results of the special interim actuarial valuation

In last year's Staying in Touch, we informed you of the results of the triennial valuation. We noted that at the date of the valuation, 31 March 2002, there was a small past service surplus in the UPF, meaning that on that date there was slightly more money in the Fund than was necessary to cover the cost of the benefits which had been earned up to that date. This calculation was made on the assumption that the UPF would continue in existence for many years into the future. The Scheme Actuary also remarked, however, that by the time his report was finalised, in November 2002, there had been significant falls in the prices of equities (where the majority of the UPF's assets are invested) and rises in the prices of bonds, since 31 March 2002. He therefore noted, as we reported in the last edition, that a special interim actuarial valuation would take place, as at 30 September 2003, to update the trustees and the Company on the financial position of the Fund.

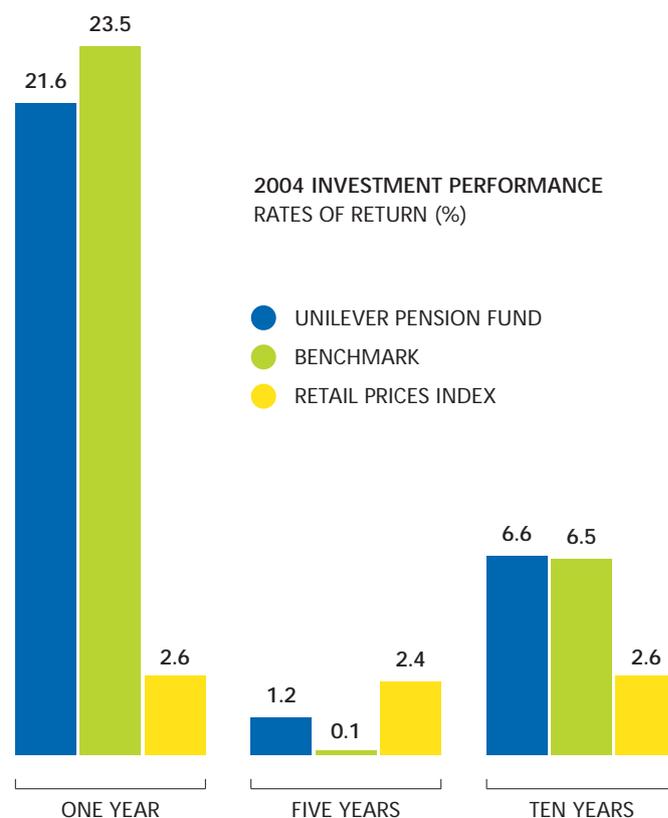
This review, which was presented to the trustees of the UPF in December 2003, revealed a deficit - the value of the assets at 30 September 2003 was less than the value of the liabilities of the Fund. The amount of the deficit, on the basis of the UPF being a going concern, was about £400 million, and is largely attributable to the fall in stock markets. In order to remedy this shortfall over time, the Company, on the recommendation of the Scheme Actuary, agreed to pay an additional £62 million per annum until the next formal valuation in March 2005, at which time the contributions will be reviewed. These extra contributions started in January 2004.

This willingness on the part of Unilever to pay extra contributions to the UPF is a further demonstration of the Company's commitment to the Unilever Pension Fund.

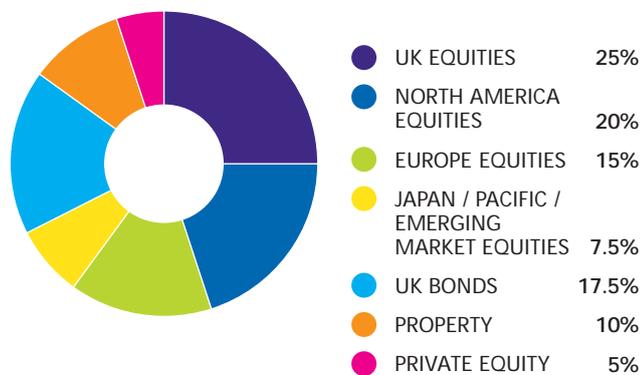
The financial position of the Fund

The Report & Accounts for the Fund year ending March 2004 are now available. These showed the size of the Fund at 31 March 2004 to be £3,547m, whereas at 31 March 2003 the Fund stood at £3,128m. This reflects a recovery in world stock markets, following an extended period of negative returns from such markets.

Although in aggregate the fund managers did not manage to beat the benchmark against which they are measured this year, over the longer five and ten year periods to 31 March 2004, they have done so, as you can see from the graph below.

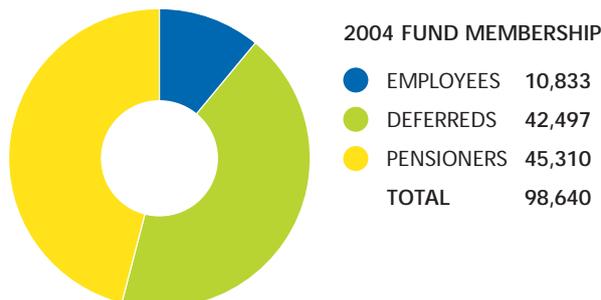
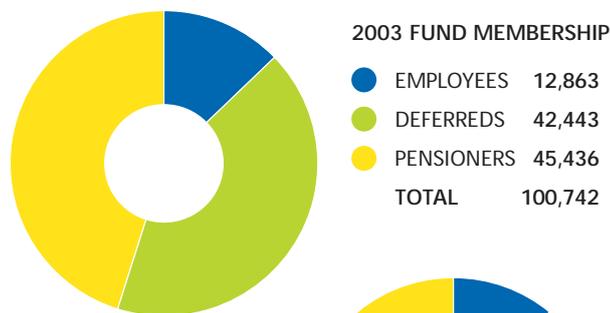


Having altered the investment strategy slightly last year, this year the trustees made no further changes. The strategy at 31 March 2004 is as shown in the pie chart below.



Fund membership

The membership profile of the UPF continues to mature, as shown by the continuing decline in the number of employee members. The number of deferred members has marginally increased and those of the pensioners has slightly decreased. The pie charts below show the membership numbers over the past two years:



To obtain a copy of the 2004 Report & Accounts, write to:

The Fund Secretary
c/o UPUK
Walton Court
Station Avenue
Walton-on-Thames
Surrey KT12 6UP

(mark your envelope 'Report & Accounts')

or e-mail: pensions.uk@unilever.com putting 'Report & Accounts' in the subject field. Don't forget to include your address and member record number.

Pension Increase

As we announced in the last issue of Staying in Touch, the annual increase to deferred pensions has been brought forward from October to April with effect from April 2003.

The revaluation of your benefits under the UPF Rules is now linked to the annual rate of inflation measured by the Retail Prices Index (RPI) announced in February. As usual, increases in excess of 5% require the approval of Unilever Plc.

For details of the annual increase, see page 6.

Your Deferred Pension

How is my pension worked out?

Your Fund pension was calculated when you left the UPF and was based on the time you had been a member of the Fund. When you come to draw your pension, you may be able to take a tax-free cash sum as well as a pension, (although this may mean giving up some of your pension in exchange for the cash sum). What's more, if you have people who are dependent on you, such as a spouse or children, they will receive a pension when you die, if they fulfil the eligibility conditions.

Note:

If you became a deferred pensioner after April 1978, and you joined the Unilever Superannuation Fund (USF) before April 1997, you are entitled to a Guaranteed Minimum Pension (GMP) based on your National Insurance earnings. From the date on which the GMP is payable, your UPF pension, once it commences, will not be less than your GMP. The GMP is revalued up to the date it is payable according to statutory rules.

Is my pension increased?

Your deferred benefits will receive regular increases both before and after you retire, if the cost of living increases. This year's annual Unilever Pension Fund increase was 2.6% and is based on the annual rate of inflation, according to the official Retail Prices Index, announced in February 2004. The increase took effect on 1 April 2004. If you left the Company's service after 1 April 2003 you qualified for a proportion of this increase on a sliding scale.

When you become a pensioner, the annual UPF increases will not apply to the GMP element of your pension (if any), once your GMP is in payment (at State Pension Age). However, any part of your GMP earned for service from April 1988 onwards will be increased by the UPF once in payment in line with inflation up to a maximum of 3% per year. If inflation exceeds 3% and/or you were a member of the USF before April 1988, you may receive further increases with your State pension to protect the value of your GMP in payment.

How do I get my benefits?

Normal retirement

A few months before your benefits are due, the Unilever Pension Team will write to you to explain your options. This is one of the reasons why it is vital that you keep the team up to date with any changes of address. Once you have replied to their letter, they will write to you to finalise the details.

A few days before your first payment, the Unilever Pension Team will send you a Pension Payment Statement, giving details of all future monthly payments up to the end of the tax year.

Early retirement

It may be possible for you to take your benefits before your normal retirement date but they will be reduced in amount for early payment. The earliest age you can do this, currently, is 50. The government is intending to raise this age to 55 from 2010. There may also be the provision to retire early at any time, on grounds of serious ill-health or permanent incapacity, and subject to the trustees' agreement.

Retiring outside the UK

Some of our pensioners live outside the UK, and there is no problem in paying pensions to overseas banks. The transfer of money however might take a day or two and, of course, the pension is paid in UK Sterling, so you will bear any loss, or benefit from any gain, caused by fluctuating rates of exchange. If you do retire abroad, the Unilever Pension Team will supply the necessary tax forms.

Please Note:

Your benefits at retirement will be calculated in accordance with the fund rules applicable at the date you became a deferred member, subject to any later amendments applicable to you. The information contained in this magazine is for guidance only. Additionally, if you have never been an employee member of the UPF or USF, the benefits outlined on this page may not necessarily apply to you in full.



Changes at Unilever Pensions

As you will have read on page 3, the administration of pensioner and deferred benefits has moved to Hewitt but Unilever retains overall responsibility for the administration of the UPF, on behalf of the trustees, as well as for the direction and financial management of the Fund. We would like to make you aware, therefore, of some other changes within the Unilever Pensions world.

Changes to the Trustee Board of the Unilever Pension Fund

Richard Greenhalgh, Chairman of Unilever UK, and Chairman of the Trustees for the last six years, retired from Unilever at the end of June. He is replaced in both roles by Gavin Neath. Gavin joined Unilever in 1977 and has a solid background in heading up leading brand operations, both in the UK and overseas. In 1999 he became Chairman of Van Den Bergh Foods Ltd, and then Chairman of Unilever Bestfoods UK following the merger of Van Den Bergh and Bestfoods in 2000. Gavin also represents Unilever as Deputy President of the Food and Drink Federation, and is a member of the leadership team of Business in the Community.

Steve Bolton has replaced Christine Drury as a company appointed director. David Saunders, Roger Bevan and Malcolm Colbeck became member-nominated trustees in March, replacing John Clarke, Cheryl Hampton-Coutts and Tommy Doyle.

Changes to UPUK

Chris Lewin, head of Unilever Pensions UK since May 1998, retired from Unilever in December 2003, and has been replaced by Nigel Biggs, formerly a senior benefits consultant and actuary for Unilever's Corporate Pensions division.

Unilever Pensions UK, the team responsible for the strategy and financial development of the Fund, and the administration of the benefits for employee members of the pension fund, moved to join the rest of Unilever UK in Walton-on-Thames in February. They also changed their name from the UK Pensions Department (UKPD) to Unilever Pensions UK (UPUK).

Change of Scheme Actuary

The Scheme Actuary is the individual who conducts the actuarial reviews of the Fund, and provides advice on the funding/contribution requirements.

Michael Pomery, Scheme Actuary since 1990, resigned this role at the end of June 2004. He continues to use his actuarial skills as he became President of the Institute of Actuaries, the actuarial profession's governing body, on 5 July 2004. Richard Whitelam, like Michael an employee of Hewitt Bacon & Woodrow, was appointed to the role in July 2004. Richard began working for Hewitt in 1979, and is Scheme Actuary to over ten funds.

Change in issue date of Staying in Touch

UPUK is planning to change the time of issue for Staying in Touch from the end of September to the end of November. This means that the next issue of Staying in Touch is planned for the end of November 2005.

Change of Unilever Logo

Finally, you may have noticed that the Unilever U has changed, to reflect Unilever's new mission: to add vitality to life. We meet everyday needs for nutrition, hygiene, and personal care with brands that help people feel good, look good and get more out of life.

Look out for it on all Unilever products by the end of 2005.

