1025-300

LETTER OF COMMENT NO. 116

The Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk CT 06856-5116
USA

Direct line: +44 (0)20 7822
Direct fax: +44 (0)20 7822 6499

31 May 2006

Dear Sir,

File Reference No. 1025-300

We are responding to your invitation to comment on the proposed amendments to FAS 87, FAS 88, FAS 106 and FAS 132 (R).

Unilever is a multinational FMCG group, based in The Netherlands and the United Kingdom with a listing in the USA. We prepare our consolidated group accounts using IFRS and reconcile to US GAAP.

In our group Annual Report and Accounts, pensions and other post employment benefits are accounted for under IAS 19. We have chosen to adopt the recent amendment allowing the immediate recognition of gains and losses through the Statement of Recognised Income and Expense thereby having the surplus or deficit shown in the balance sheet. This policy was in line with our previous accounting policy under UK GAAP using FRS 17.

Our current policy is to have the year-end as our measurement date, both for our group accounts under IAS 19 and for our US GAAP figures under FAS 87 etc. In order to meet our reporting timetable the liabilities are measured at the balance sheet date using census data from an earlier date usually 3 months earlier.

We fully support your proposal to recognise the funded status in the balance sheet.

Our detailed comments on your proposals are as follows:

Issue 1 - Cost

We agree that these proposals should not incur any extra costs provided that the use of census data prior to the measurement date is permitted for valuations as at the measurement date. If this were not the case we would incur significant extra costs. This is because instead of using one valuation for both our group accounts and our US GAAP figures, we would now need two valuations.

We hope that our current practice of projecting forward the liability using member data from a recent date will continue to be acceptable, and that this point be clarified in the final standard when issued.

Issue 2 - Employer's Measurement Date

We support the proposal to measure the assets and liabilities at the balance sheet date. However, if we are to avoid extra costs then the use of census data from prior to the measurement date should be permitted, with the calculation projected forward to the measurement date as explained above

Issue 3a - Effective Dates

We support the proposed timetable and with the need for retrospective application, provided that our existing valuation policy of using census data prior to the measurement date is permitted. If valuations were required using census data at the measurement date then we would wish for a delay of one year for implementation.

Issue 3b, 4 and 5

No comment.

Other issues.

Adjustment to the opening balance of retained earnings (Point c of the summary)

The thrust of these amendments in general appears to be to put the surplus or deficit on the balance sheet whilst leaving the income statement unchanged by the recycling of the amortisation gains/losses etc through the statement of other comprehensive income. We are therefore puzzled as to the reason to make this initial adjustment to retained earnings in respect of the remaining FAS 87 transition asset or liability, which will be the only element thereby where recycling of the amortisation does not happen. This seems unjustified and we believe seem to defeat the apparent wish to recognise assets and liabilities in the balance sheet whilst leaving the profit and loss account unchanged for the present.

Recycling / Amortisation Generally

Although not addressed in these amendments, our view is that once the surplus or deficit is recognised in the balance sheet there seems little point in the amortisation of gains or losses, some of which will be very old, through the current year's income statement. We believe that amortisation and recycling should cease.

We trust that you find these comments useful. If you require further clarification of our views please contact Mr D.L. Bloomfield (+44-207-822-5465) at the above address.

Yours faithfully,

David L. Bloomfield

Accounting Principles Manager

Unilever plc
PO Box 68
Blackfriars
London
EC4P 4BQ