RECKITT BENCKISER

Annual Report & Accounts 2000

Reckitt Benckiser is about passionately delivering better solutions in household and health & personal care to customers and consumers, wherever they may be, for the ultimate purpose of creating shareholder value.

At a glance - Our brands, our business
2 Chairman's statement
3 Chief Executive's review
6 Delivering better solutions
14 Operating and Financial Review
20 Executive Committee and Board of Directors
22 Report of the Directors
25 Report on Directors' Remuneration
29 Report of the auditors to members of Reckitt Benckiser plc
30 Accounting policies
32 Group profit and loss account
33 Group and parent company balance sheets
34 Group cash flow statement
35 Statement of total recognised gains and losses
35 Reconciliation of movements in total shareholders' funds
36 Notes to the accounts
56 Five-year summary
Shareholder Information

Lysol
All Purpose Cleaner
NEW! SCENT!
Lysol
ANTIBACTERIAL ACTION
NEW!
Lysol
Wipes
SAGROTAN
Dettox
SURFACE CLEANSER
Lysol
Toilet Bowl Cleaner
HARPIC

IN-WASH
Vanish
LIQUID
Vanish
TABLETS
SPRAY 'n WASH
RESOLVE
Spot & Stain
Calgon
2 PHASEN
TABS
Woolite

2in1
Calgonit
PowerBall
2in1
finish
PowerBall
Electrasol
Dual Action Tabs
Fast Dissolving
JET DRY

AIR WICK
CRYSTAL AIR
SCENTED OIL
Wizard
SCENTED OIL
Wizard
SCENTED OIL REFILL
Mortein
Odourless
Mortein
KING
Xtra Power
10 Xtra Power

Dettol
Dettol
Extra
Veet

Our brands, our business

Surface Care

24

Net revenue %

2000	£m
Net revenues	764

Profile of category
Five product groups. Disinfectant cleaners both clean and disinfect surfaces, killing 99.9% of germs. Lavatory cleaners offer specialised cleaning and disinfecting for the toilet bowl and cistern. General purpose cleaners are ideal for many household surfaces, particularly in the bathroom and kitchen. Specialty cleaners are designed for specific tasks - from cleaning ovens to removing limescale. Finally, polishes and waxes clean and shine hard surfaces such as furniture and floors.

Key brands
Disinfecting Lysol, Dettox, Sagrotan, Pine-O-Cleen
Lavatory Harpic, Lysol
General Purpose Veja, St.Marc
Specialty Easy-Off, Mop & Glo, Brasso, Lime-A-Way, Destop, Cillit
Polishes & Waxes Poliflor, Old English, O'Cedar, Mr. Sheen

Market position
Number one worldwide in disinfectant cleaning and number two in lavatory cleaning. Number one in Brazil with Veja, in the USA with Easy-Off and in Eastern Europe with Cillit.

Major markets
All major markets including leading positions in North America, Western Europe, Brazil, Australia and South Africa.

New products launched
Disinfecting wipes launched under the Lysol, Dettox, Sagrotan, Pine-O-Cleen, St Marc and Veja brands; Harpic anti-limescale tablets in France; Foaming Toilet Bowl Cleaner aerosol in the US; Intoilet bowl gel dispensers in UK, France and Australia.

Fabric Care

26

Net revenue %

2000	£m
Net revenues	814

Profile of category
Products for cleaning and treating all fabrics. At the core of the category are products used before, during or after the main laundry wash cycle. Fabric treatment removes stains from clothes, carpets and upholstery. Sold as pre-soakers, pre-treaters, in-wash boosters and carpet/upholstery cleaners, and as liquids, gels, solids, tablets and sprays. Fine fabric products are specially formulated for delicate fabrics in automatic and manual laundry. Water softeners protect the machine and laundry against the build-up of limescale and other deposits. Fabric softeners come in liquids or sheets for softening and freshening fab-rics in the main wash or dryer. Finally, laundry detergents - powders, liquids and tablets - clean fabrics in the main wash.

Key brands
Fabric Treatment Vanish, Spray'n Wash, Resolve, Napisan
Fine Fabric Woolite
Water Softener Calgon
Fabric Softener Quanto, Flor
Laundry Detergent Dosia

Market position
Number one worldwide in fabric treatment, fine fabric, water softener and carpet cleaners.

Major markets
48 countries worldwide, including leading positions in North America, Western Europe, Eastern Europe and Australia.

New products launched
Resolve Steam Machine Carpet Cleaner; Vanish in Asia and Latin America; new fabric softener perfume ranges in Europe; Calgon in new markets in Eastern Europe.

Dishwashing

13

Net revenue %

2000	£m
Net revenues	413

Profile of category
Products used in automatic dishwashing machines. The main product is detergent for cleaning dishes in the main wash cycle and sold in an increasing range of formats: powder, liquid, gels, double action, PowerBall, 2-in-1 tabs and now 3-in-1 tabs. Other products include rinse agents, decalcifier salts, dishwasher cleaners and deodorisers.

Key brands
Calgonit, Finish, Electrasol, Jet Dry.

Market position
Number one worldwide in automatic dishwashing.

Major markets
33 countries worldwide including market leaders in Western Europe (number one in Germany, UK, Spain, Italy, Greece), Australia/New Zealand and Eastern Europe, and number two in North America.

New products launched
Calgonit PowerBall 2-in-1 combining detergent and rinse agent in a single tab. Finish Antibac rinse agent.

Home Care

12

Net revenue %

2000	£m
Net revenues	371

Profile of category
Air Care products freshen or add fragrance to the air in a growing range of formats including aerosols, gels, solids, electricals and candles. Used in more and more domestic situations, not only for freshening or fragrance, but increasingly to create ambience.

Pest Control products offer solutions to domestic infestation, minimising the threat of disease by insects and pests. The category includes rodenticide and insecticide products - in formats such as coils, mats, baits, traps, vapourisers and sprays - to prevent infestation and to kill pests.

Key brands
Air Care Air Wick, Wizard, Haze
Pest Control d-Con, Mortein, Shieldtox, Target, Rodasol, Pif Paf
Shoe Care Nugget, Cherry Blossom

Market position
Number two worldwide in air care and shoe care and number three in pest control.

Major market
60 countries worldwide. Air care is predominantly in Western Europe, North America and Australia/New Zealand. Pest control is mainly focused on Asia Pacific, Middle East & Africa and Latin America. Leadership in rodenticide in North America.

New products launched
Air Wick Crystal Air, Wizard Scented Oils, Haze Gel Candles, Haze Incense Sticks, Mortein Insect Seeker, Mortein King Coils, Mortein Fast Kill Cockroach Spray, Mortein Rat Kill.

Health & Personal Care

12

Net revenue %

2000	£m
Net revenues	388

Profile of category
Products that relieve or solve common personal or health problems, protecting against infection and improving wellbeing. Antiseptics kill germs and prevent infection. Depilatories remove unwanted body hair with creams and waxes. Denture care cleans and improves the performance of dentures. Our range of over-the-counter health products include analgesics for pain relief and treatments for colds and flu, sore throats and coughs and gastro-intestinal products for heartburn and constipation.

Key brands
Antiseptics Dettol
Depilatories Veet, Immac
Denture Care Kukident, Steradent
Analgesics cold/flu Disprin, Lemsip, Bonjela
Gastro-Intestinals Gaviscon, Senokot, Fybogel

Market position
Dettol is the world leader in antiseptics bought for use at home. We are also world leader in depilatories.

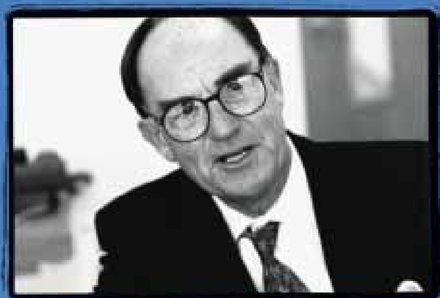
Major market
Analgesics cold/flu have strong leadership positions in UK, South Asia and Australia. Gastro-intestinals have major positions in the UK, Italy, Turkey, Australia, Africa and Asia.

New products launched
Veet creams with new fragrance-free formula, Veet wax roll-on, Veet launched into Eastern Europe, Lemsip Lozenges, Lemsip Children 6+, Disprin Cold & Flu - India and Pakistan, Gaviscon Advance rollout, Dettol launched into 25% of China. New Dettol bar soap introduced in India.

...but it is just the start

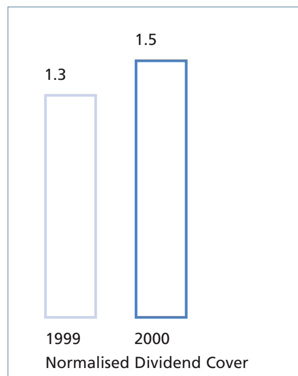
	2000 £	1999 £	change
Net Revenues	**3,202m**	3,054m	+5%
Operating profit*	**451m**	357m	+26%
Profit before tax*	**391m**	289m	+35%
Profit after tax*	**275m**	200m	+38%
Diluted earnings per share*	**38.8p**	29.0p	+34%
Dividend per share	**25.5p**	25.5p	

* normalised (as defined on Page 14)

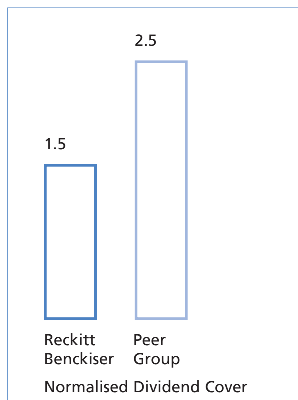


It is with pride and certainty that I leave the company in good hands and with excellent prospects.

DIVIDEND COVER PENCE



DIVIDEND COVER VERSUS PEER GROUP PENCE



Reckitt Benckiser in its first year, demonstrated that we have created a new force in our industry producing profitable growth, improved financial returns and enhanced value for shareholders. 2000 has seen the Company capturing the benefits of the merger not just in terms of cost savings and improved operational efficiency, but in executing its clear strategy for growth. The financial results are a real tribute to the management team under the leadership of Bart Becht, and all the people who work in the Company. The performance of the share price, which was the second best in the FTSE 100 in 2000, shows that shareholders and the market increasingly understand our message. We also judge our performance relative to a peer group of other international household companies such as Procter & Gamble, Colgate, Clorox, Henkel and Unilever. In 2000 we substantially outperformed them in growth and in delivering shareholder value.

2000 Results & Dividend

The results of the Company in its first full year of operation as a merged entity were very strong. Net revenues rose by 5%, normalised operating profits increased by 26% and normalised net income grew by 38%. Normalised diluted earnings per share were 38.8 pence, 34% higher than a year ago.

The Board continues to hold dividends at their present level until the dividend cover reaches the levels of other companies in our industry. The Directors therefore propose a final dividend of 12.8 pence per share, making a total dividend for the year of 25.5 pence per share. The final dividend, if approved at the Annual General Meeting, will be paid on 23 May 2001 to shareholders on the register on 9 March 2001.

The Board

Jean-Claude Larréché and I will retire from the Board at the conclusion of the Annual General Meeting on 10 May 2001. We have served a combined thirty-three years together and I have been your Chairman for the last six. Sadly, John Rose will also step down in order to devote all his attention to the demands of his CEO duties at Rolls Royce.

Colin Day joined the Board as an Executive Director and Chief Financial Officer on 4 September 2000. He was previously finance director of Aegis Group PLC, where he had a very distinguished track record of delivering shareholder value. I am sure he will contribute significantly to the future of the Company.

In November Dr. Håkan Mogren joined the Board as Chairman-Elect. He is Deputy Chairman of AstraZeneca PLC. His experience running two major international companies, one in consumer goods and one in pharmaceuticals, will be a major resource to the Company. He will bring the insights gained from another merger and from the multi-cultural organisations of two highly successful businesses.

Outlook

The Company is now firmly embarked on its long-term strategy. The merger process is effectively over and the integration complete. Most impressively, the Company has quickly developed its own distinctive culture and style. There is a very high level of commitment to achieving ambitious targets through effective teamwork and controlled risk-taking evident across the management team and the Company's operations. I have no doubt that this will result in continuing success for the Company, the employees and most importantly for shareholders. It is with pride and certainty that I leave the company in good hands and with excellent prospects.

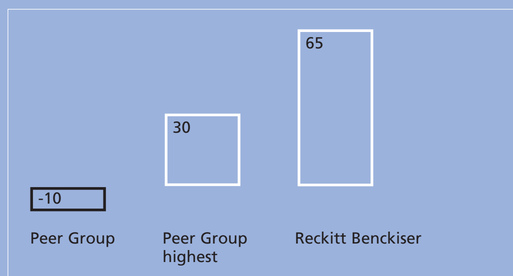
ALAN DALBY Chairman

We've built a single global organisation with a truly consumer oriented vision, and delivered growth well ahead of targets in every region and product category. Now it's time to look ahead.

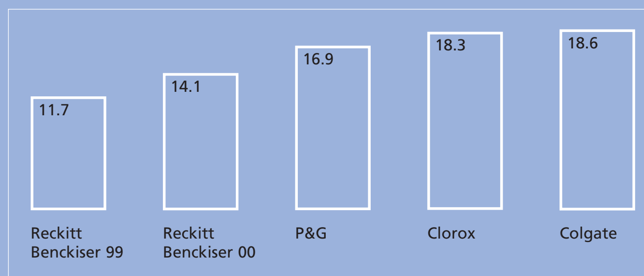
For Reckitt Benckiser 2000 was the year of delivering against merger promises. So, how did we do? Fantastic! Not only did we largely complete the merger process, we delivered on every merger promise and much more.

- We physically merged two global companies, relocated operations in 23 countries and filled all key management positions.
- We introduced a truly consumer oriented vision, a clear operating framework and a set of new and distinct cultural values, which we believe will drive operating performance. Today the cultural transformation is well advanced, very much aided by the introduction of our change programmes and the launch of our new "performance oriented" compensation system.
- We moved mid-year to a single invoice out of one single distribution centre in all our 15 overlap countries on time and without disruption to the business - a true feat of systems integration. We also made substantial progress against our three year programme of converting all 60 operating countries to one global ERP system based on J.D. Edwards.
- We successfully disposed of half the tail of under-performing, non-core businesses at good prices.
- We delivered over 60% of the promised merger cost savings well ahead of schedule, substantially improving 2000 results.
- We reduced net working capital by £145m, considerably more than the promised £100m.

TOTAL SHAREHOLDER RETURN 2000 VERSUS PEER GROUP



NORMALISED OPERATING MARGINS VERSUS PEER GROUP %



"There is no question we can generate attractive returns for shareholders and employees in the future. How are we going to do this? By building on the highly successful growth strategy we implemented in 2000."

Growth ahead of targets

The key achievement however was the broad based and complete turnaround of the business behind our new growth strategy. From net revenues, profits and cash flow that were declining, the new Reckitt Benckiser Company delivered growth well ahead of targets in every region and product category. Total Company net revenues from continuing operations grew 7%, normalised net income advanced 38% or £75m while net cash flow, adjusted for merger costs from ordinary operations increased by £105m leaving net debts at a new low of £595m.

As a result of the turnaround, Reckitt Benckiser delivered the highest total shareholder return in our peer group and the second highest in the FTSE 100.

The merger is largely now completed. The remaining savings will come through. It is time to turn our attention to the future. So where next for Reckitt Benckiser? Is the story over?

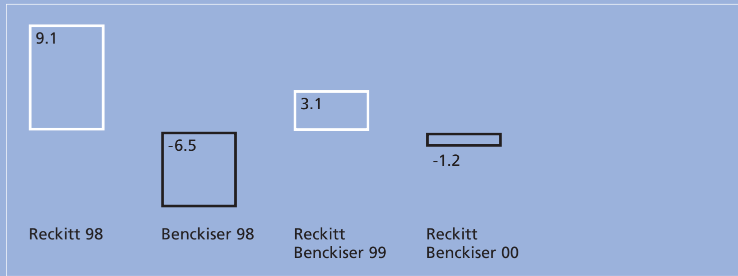
We have only just begun. There is no question we can generate attractive returns for shareholders and employees in the future. How are we going to do this? By building on the highly successful growth strategy we implemented in 2000. This strategy aims to create value by generating above industry average net revenue growth, closing the gap in operating margin relative to the US peer group and by improving cashflow and cashflow return on investment.

Generating exceptional growth

We can generate above industry average net revenue growth by:

- Focusing hard on higher growth categories such as automatic dishwashing, fabric treatment and disinfecting cleaning, categories where Reckitt Benckiser has leading positions and attractive economics.
- Increasing the speed and quality of our innovations which offer better solutions to our consumers and more attractive margins to us. New products that genuinely excite consumers, such as Wizard Electrical Oils in the USA, Calgonit 2-in-1 in Europe and Mortein King Coils in Asia and Africa drive growth by expanding categories or growing market share. For 2001 and beyond we already have a strong pipeline and we can improve further.
- Rolling out our major brands and products across the world through our global distribution network. The success of Veet in Eastern Europe and the start of the roll-out of Vanish merely starts this process.
- Acquisitions. We have started to in-fill the gaps in our geography by strategic entries into Indonesia and Korea. Both provide a profitable entry platform from which Reckitt Benckiser can launch its world leading brands.

NET WORKING CAPITAL
Net current assets excluding cash, investments and short-term borrowings
% of net revenues



£145m

We reduced net working capital by considerably more than the promised £100m

More attractive operating margins

Secondly, we will focus on consistently expanding our operating margins. We are still behind our peer group. Since there is no structural reason for this, we will work hard to reduce the gap by:

- Ensuring our innovations are at higher margins than the products they replace.
- Expanding our gross margins by driving non value-added costs out of the supply chain through our Squeeze 2-50 and other programmes.
- Delivering the remaining merger cost savings on time and within budgeted cost.

Improving cashflow

Thirdly, we will further improve our cash generation and cash flow return on investment by:

- Continuing to reduce net working capital. The £145 million reduction in 2000 is only the start of a programme that should eventually yield £250m in cash over the three to five years following the merger.
- Reducing reorganisation spend, which peaked in 2000 and will fall away rapidly in 2001 and beyond.
- Improving operating profitability and tightly controlling capital expenditures.

Our people make us unique

All of this can only be achieved with an excellent and highly motivated management team and employees. That is why we select our people very carefully, embed our cultural values deeply and have taken much trouble to put a very performance-oriented compensation system in place. High quality people, working together in teams, closely aligned to our strategy and incentivised to deliver it, and given the freedom to succeed within our overall framework is what makes Reckitt Benckiser unique.

A year of immense achievement

In a tumultuous year for our industry that saw many profits warnings and management changes, our people have delivered the promise of the merger and the start of our future growth. The Board thanks them all for this immense achievement. We are all very proud of what we have achieved.

We are also thankful to shareholders for supporting us through the merger, for their confidence that we would deliver and their support through a turbulent year for investment. We hope and believe that the share price performance in 2000 is the beginning of something special.

In a tumultuous year for our industry that saw many profits warnings and management changes, our people have delivered the promise of the merger and the start of our future growth.

BART BECHT Chief Executive Officer

£75m

Normalised net income advanced 38% or £75m to £275m

15

We moved mid-year to a single invoice out of one single distribution centre in all our 15 overlap countries on time and without disruption to the business

innovation comes to life

The New Calgonit PowerBall 2-in-1 Tabs, now contain the unique PowerBall rinse agent integrated in it.

The white and blue phases have the power to clean in a unprecedented way, removing even the most difficult stains.

"I am very proud of what we achieved. Designing the special layering of the rinse ball was the breakthrough that made Calgonit 2-in-1 exceptional. We took risks in cutting the lead-time to market and we had to make decisions quickly - but we knew exactly what had to be done."
Ludwig Hertling

"Calgonit 2-in-1 shows what we can achieve when we set out to meet a real consumer need. Our users said clearly that they didn't want to have to handle the rinse agent separately - we've created a solution and made it available to millions of dishwasher owners."
Richard Neergaard

Making life easier for consumers around the world - that's what drives our constant pursuit of innovation.

Calgonit 2-in-1 rinses away the need for rinse agent

Automatic dishwashing has made life easier for millions of people worldwide. Our challenge? To make it even easier by removing the need for a separate rinse agent. Thanks to a technological breakthrough we were able to put the rinse agent into a pH-sensitive ball (built into the dishwashing tablet) which is designed to dissolve only in the rinse cycle.

It sounds simple, but our design teams faced a series of challenges. They needed to develop and test the product ready for launch in early 2000. The product had to maintain Calgonit's reputation for technical excellence and innovation. It had to work in virtually all machines and virtually all programmes. We also had to be able to manufacture it efficiently in the quantities required. And the fact that a competitor was about to launch a similar product meant additional pressure.

The technical solution was complex. We filed eight patents covering our ownership of the technology. The tablets needed to be manufactured with cavities to hold the ball and the special coating of the ball requires multiple applications. Scaling up from tests to full-scale production at the required run rate meant new production lines inside the existing factory and special training to use the new technology.

Calgonit 2-in-1 is now available in all European markets. Already it has helped us to boost market share, achieving record sales in France, Switzerland and Belgium and new highs in the UK and the Netherlands. At the same time, we have maintained our market leadership in Germany, Italy and Spain - evidence that our latest innovative product has been a real success with consumers.

Mortein Xtra Power coils zap the competition

Consumers can sleep more soundly in their beds thanks to the latest innovation from Mortein - a long-lasting mosquito coil that works for a full ten hours.

Conventional mosquito coils last only six to seven hours - which leaves people vulnerable to bites in the early morning when mosquitoes are still active. Market research identified this failing as a major opportunity for Mortein to deliver a better solution to consumers - and our research and development team set to work to develop an appropriate product. But was this possible within two years - in other words, in time for the 2000 pest season?

Once R&D in Australia had developed a product at a cost that ensured an acceptable margin, trials in India determined a stable formulation that delivered the extra time advantage. Thanks to intensive efforts, our team obtained registration in a record three months - which meant the product was ready to launch in May 2000, ahead of the busiest pest season of the year, giving us time to build distribution.

The timetable had initially seemed impossible - but teamwork ensured we delivered on time. The result? A growing share of the Indian pest control market and further proof of the power of Mortein to meet consumer needs in an innovative and effective way.

"We developed a new creative message for the launch, establishing Mortein Xtra Power as so powerful that you can leave your doors and windows open from evening to morning and still be protected from mosquitoes. By August we had achieved national distribution. By September Mortein Xtra Power already accounted for over 5% of the Indian market and was exceeding our sales targets by a quarter."
Aditya Sehgal & Vishal Gupta

"Mortein Xtra Power's success shows how our corporate values helped us to achieve our mission. Through teamwork, commitment and entrepreneurship we have achieved a much better solution for consumers."
Pranab Barua

"We put together an innovative marketing package to support the launch of Crystal Air. We had some truly excellent advertising, combined with an in-store floor display that allowed consumers to see the Crystal and test its fragrance on the spot. This had immediate impact. As a result, we believe that Crystal Air has definitely grown the whole market in Denmark."
Fernando Allegria

With new products, and significant investment in marketing, we're adding value to some of our most established brands.

Refreshing the market with Crystal Air
We are always re-thinking our ranges - and investing in development and marketing - to stay ahead in an evolving marketplace. Our aim is not just to capture a bigger slice of the market - but to grow the market by stimulating new demand.

That's why we developed Crystal Air, an extension to our successful Air Wick brand. An attractive glass disk for use anywhere in the home, it employs the latest technology to give four weeks of continuous fragrance without tailing off - in even the largest rooms. Crystal Air is both easy on the eye and gentle on the nose.

The product meets a growing consumer need. Traditionally, air fresheners have been used to mask and neutralise odours in the bathroom and kitchen - so effectiveness was more important than design. Nowadays, new formats such as candles or electrical plug-ins mean air fresheners are being used to create atmosphere or mood in other rooms throughout the day.

But even the most timely and attractive product needs marketing. We supported the launch of Crystal Air with increased media spend - confident that the investment would yield growth.

And we've made excellent progress. The successful launch of Crystal Air in France in March 2000 led to our fastest ever roll-out across Europe. By the end of 2000, Crystal Air was available in every market where Air Wick has a presence and in 2001 it is spearheading our entry into the air freshening markets in the Netherlands and Portugal. Meanwhile, in Denmark Crystal Air has helped to restore Air Wick to market leadership, while refreshing - and revitalising - the whole category.

Wizard Scented Oils cast a spell in the US
Sold in the US, Wizard is a complete range of air freshening products, including aerosols, candles, stick-ups and carpet powders. Over recent years the brand had slipped to number three in the US market. It was time to turn Wizard's performance around - by building on its established strengths to secure competitive advantage in the developing market for electrical scented oils.

Timetables were tight. Packaging graphics, for example, had to be developed in just one month. This included consumer testing to ensure that our graphics clearly outperformed the competition. To speed the route to market, we took and adapted advertising that had been developed in Europe, and ran it in the US. This worked well and saved significant time. The launch was complex - it involved selling six different items into the trade compared to the usual two or three - but we were delighted to find retailers queuing up to take all six items as a range. They gave us maximum shelf and display space to launch this innovative product to consumers.

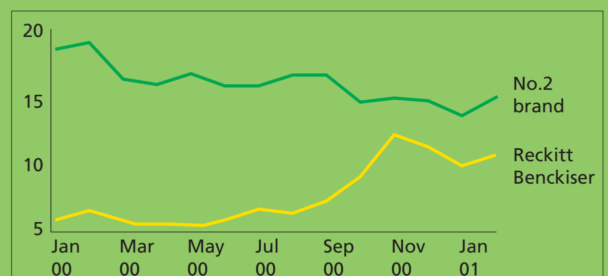
Wizard Scented Oils are a modern answer to air freshening needs - even allowing you to adjust the amount of fragrance released - from an established name in the market. The result of transatlantic co-operation between marketing and research & development, the product has been a real success with consumers. With national distribution and incredible consumer response, we are already selling above our highest expectations. As electrical scented oils expand the air freshening category, Wizard is leading the way - and the brand is nearly back to its number two slot in the US market.

"Crystal Air is a breakthrough in air freshening. It is both decorative and effective. The glass piece is something anyone would be proud to display, while the range of natural fragrances offer effective air freshening anywhere in the home. Compared to the old stick-up products, this is a far better solution for consumers."
Rakesh Kapoor

sweet smell of success

"We wanted to deliver a product with a design that's superior to the competition - and we did. The team was determined to get this product to market in just nine months - and we did. Overall, we wanted Wizard to quickly regain its number two position in the market - and we are already challenging. Now we're setting our sights even higher."
Donna McGonigal

WIZARD ELECTRICALS DOLLAR SHARE



making national boundaries
vanish

January 2000
"Vanish is Reckitt Benckiser's first entry into the safe bleach segment in Latin America. We started with a determination to achieve speed to market in the face of recent competitive entries and to make the launch a major success" **Jennifer Stanton**

February 2000
"What we did was send engineers over to Portugal so that we could get this line established quickly"
Valdemar Michalani

March 2000
"Together with the sales force we planned how to get the best listing with our customers and also the sales and store activities to make this a successful launch"
Dan Borba

Now, the whole world's our marketplace - as we roll out our major brands into new geographies, using the established networks and expertise of both Reckitt and Benckiser.

Vanish appears in Asia and Latin America

Having established Vanish in-wash stain remover as the clear market leader in a number of European countries, we recently launched the product into new markets in Asia and Latin America. In Brazil the challenge was to get the product to market successfully within five months - a real stretch given the complexity of the task, which involved production, logistics, marketing and sales. Reckitt's knowledge of the Brazilian market, and Benckiser's product expertise with Vanish, proved an essential winning combination.

We had to set up new production lines in Brazil to handle materials that had never been used locally before. A team of engineers travelled to Portugal to learn how to handle these materials - and passed the lessons on to local suppliers. The packaging also demanded new technology, with our European operation again providing essential assistance to the local company.

Based on our experience of Brazil, sales and marketing adopted a new approach for the launch, visiting every major retailer across the country to explain the concept and benefits of Vanish and the way in which the brand would be presented to consumers. Major displays went into every large store, with people on hand to explain the product benefits to consumers. Advertising, developed in Europe, was adapted for local needs.

The roll-out took place on schedule and by the end of 2000, Vanish was number two in Brazil, the largest market in Latin America.

It was a similar story when Vanish launched in China, Hong Kong, Singapore and Malaysia. Production was based in China - which represented a major challenge for markets located up to 3000 miles away. Even so, the launch broke all records for speed to market. Vanish was an entirely new concept for the Malaysia/Singapore markets - so a carefully tailored approach was adopted to build retail trade support and consumer awareness. In short, we've successfully built Vanish into a global brand.

Veet heads East

Veet is the leading depilatory brand in the world. While particularly strong in Western Europe, it was practically unknown in Eastern Europe, where the cosmetic category is relatively under-developed. In 2000 we decided to change that - and bring the benefits of depilation to key Eastern European markets.

This launch would not have been possible without the expertise that the merger brought together. Veet was a Reckitt brand being launched into Benckiser territories - a perfect illustration of cross-selling. Via the category team, Eastern Europe had access to accumulated expertise from other markets where Veet is the clear leader - helping to secure a successful launch.

"It was essential to roll out Veet fast since depilatories are a seasonal category - we had to get to market before the summer season, so we launched simultaneously across the whole region in April. This was quite a challenge for the Supply organisation as it had to act as the main interface, registering the product in each country and providing the sampling materials. All of this was managed from our manufacturing plant in France."
Isabelle Porthiel

April 2000
"We visited each and every client in every part of Brazil and explained the product concept and the new market we aimed to expand in Brazil"
Roberto Funari

May 2000
"We went from concept to first ship in five months."
Jennifer Stanton

October 2000
"To position Vanish as first in a new playing field meant inventing new rules and adopting new ideas. The fact that we succeeded in getting to market in record time was only possible because the team dedicated itself to achieving this goal."
Julia Chong

Reckitt Benckiser needs continuous expansion in gross margin to pay for reinvestment in the business and to increase shareholder value. So how do we achieve expansion every single year?

"We relocated production of Sagrotan and Hoffmans to another factory where they fit better with scheduling. We also improved the formula so that both products cost less to make but actually perform better for the consumer. Finally we have improved the packaging of both brands, making them look better but cost less. By doing these things, we will have more vibrant brands, less waste and a saving of £2 million."
Rheinhard Mieck

Examining every product

Squeeze 2-50 was a major project launched during the year. The original target was to take £50 million a year out of the cost of our products within three years. After a very successful first year we are confident that we will exceed our targets.

How can this be done and how can Squeeze work in future? By taking out the costs that add no value to consumers or customers while not affecting the convenience or performance of the product itself.

Multi-functional teams have been set up to examine all aspects of each product. Can we reduce the amount of packaging materials? Can we manufacture the boxes with less cardboard and still maintain the stacking strength? Can we reduce the amount of PET in every bottle? Can we standardise the plastic bottles, taking advantage of lower prices through larger purchased volumes? Can we re-engineer the product to replace more expensive ingredients with cheaper ones that work just as well? The teams have experts from packaging departments and R&D, from manufacturing, from logistics and from marketing to ensure that every aspect of the product has been considered and provided for in making savings.

We already have over 5,000 separate Squeeze projects up and running across our business. It is therefore clear that Squeeze is touching practically everybody in our business. That builds teamwork, spreads our culture, and generates shareholder value.

Reducing working capital

Another key financial improvement comes from reducing the amount of money tied up in working capital. The Company has set a target of reducing working capital by over £250 million over a three to five year period, and made a great start by exceeding the first year target, which was for a £100 million reduction.

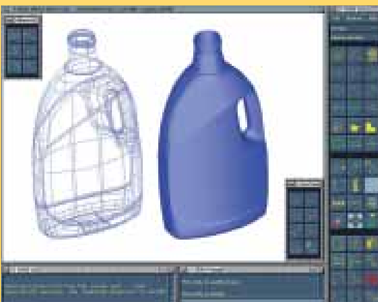
By using our toolbox, by focusing on it, and by hard work as a team, it is possible to reduce working capital. This is a key business target, as it reduces the amount of capital tied up in our business and it makes it easier to finance our growth. Already Reckitt Benckiser is the leader in our peer group on net working capital, and we still have much more that we can do.

Mergers throw up opportunities and threats. Putting our Company together meant that we had to renegotiate with every one of our customers and suppliers to agree the terms on which we would do business. We defined a clear target in these negotiations to reduce the time in which we get paid by our customers and to improve the payment terms we get from our suppliers.

And the results? Even better than we expected. In our first year we have reduced net working capital by £145 million to a level that is already the best in our peer group. Already we are operating with negative working capital. But we have still more to do. So we have set another stretching target for 2001, to reduce it by a further £50m, taking us another important step along the road to our ultimate target.

Why does it matter? Because by reaching negative working capital, we ensure that growing our business does not become a hugely capital intensive process, and we maximise the cash return that our shareholders get from the business.

squeezing out costs



"More standardisation and much greater simplification of our products will contribute to further cost savings. For example, we are designing packaging that uses less plastic but is easier to use for the consumer. The result is a better solution for the consumer and lower cost for us."
Jacques van Diepen

"By using our toolbox, by focusing on it, and by hard work as a team, it is possible to reduce working capital. This is a key business target, as it reduces the amount of capital tied up in our business and it makes it easier to finance our growth."
Manolis Fafalios

The Company's strategy resulted in net revenues from continuing operations growing 7% to £3,160m.

COLIN DAY
Chief Financial Officer

Harpic is sold in over 47 countries and is No. 2 worldwide.

Basis of comparatives

For clarity in evaluating the underlying performance of the business, the following terminology is used:

- **Continuing Operations.** Excludes net revenues and operating profit relating to businesses sold at the end of 1999 and during the course of 2000. For the full year, net revenues from discontinued businesses were £42m (1999 £87m) and operating profits were £11m (1999 £18m).

- **Normalised.** This excludes non recurring items:

  Reorganisation charges. Full Year 2000 has no charges for reorganisation (1999 £220m charge).

  Non operating items. Profits on disposal of businesses and fixed assets were £56m in the full year (1999 £22m). Merger transaction costs were £38m in 1999.

- **Constant Exchange.** Movements of exchange rates relative to sterling affect actual results as reported. The constant exchange rate basis adjusts comparisons to exclude such movements and show the underlying growth.

The detailed financial schedules contain full details of the results as reported and as adjusted for these factors.

Full year 2000 - summary

Net revenues grew by 5% (6% constant) to £3,202m (1999 £3,054m). The Company's strategy of refocusing on its core categories and improving sales and marketing execution, supported by higher marketing investment resulted in net revenues from continuing operations growing 7% at actual and constant to £3,160m (1999 £2,967m). Net revenues benefited also from comparison to an unusually low Quarter 1 in 1999 due to trade de-loading, and to a weak Quarter 4 in 1999.

Operating Profit was £451m (1999 £137m after reorganisation charges). Normalised operating profit increased by 26% to £451m (1999 £357m). Normalised operating profit from continuing operations increased by 30% to £440m (1999 £339m). Gross margins increased by 110 basis points to 48.8% (1999 47.7%) due to merger procurement benefits and synergies, higher volume throughput and early Squeeze 2-50 benefits offset by some higher input costs due to increases in oil and pulp prices. Merger cost savings added £60m to operating profits after higher reinvestment in marketing. Media investment increased to 10% of net revenues. Normalised operating margins increased by 240 basis points to 14.1% (1999 11.7%). On a continuing operations basis, operating margins increased by 250 basis points to 13.9% (1999 11.4%).

Net income for the year was £314m (1999 after reorganisation and merger costs, loss of £37m). Normalised net income was £275m (1999 £200m) an increase of 38%. Net interest expense of £60m (1999 £69m) was lower due to cash inflow in the second half year from higher operating profits, disposal proceeds and reductions in net working capital partly offset by cash spend on reorganisation. The tax rate for the year was marginally below 30%.

Category review at constant exchange rates

Fabric Care net revenues in the full year grew by 4% to £814m. Fabric treatment benefited from the roll-out of Vanish in-wash booster in Asia and Latin America. Calgon water softener grew strongly in Europe behind a highly effective

marketing campaign. Laundry detergent showed strong growth with market share gains in Europe and the roll-out of tabs in private label.

Surface Care net revenues grew by 7% in the full year to £764m. Lysol disinfecting spray continued to regain market share and the launch of wipes has already secured a significant share of this new category. The roll-out of wipes internationally contributed to growth. Lavatory Care showed strong growth in the USA and particularly in Australia/New Zealand where market leadership was recaptured behind the new toilet rim gel dispenser. Multi-purpose cleaners grew strongly due to the successful relaunch of Veja in Brazil behind the "perfumes from nature" range.

Dishwashing net revenues grew by 1% in the full year to £413m. Performance in Europe was strong behind the successful roll-out of 2-in-1, which has seen record market shares achieved in UK, France, and the Netherlands. Merger transition issues and the repositioning of Electrasol at higher prices constrained performance in North America. Share has grown substantially in Australia/New Zealand.

Home Care net revenues grew by 21% in the full year to £371m. The launch of Wizard electrical air fresheners in the US was a major success, almost doubling market share in its first six months. In Europe, the launch of Air Wick "Crystal Air" was similarly successful, substantially enhancing net revenue growth and market share in France, UK, Spain and Italy. Pest control grew strongly in Asia due to successful innovations such as Mortein "king" coils and "fastkill", and the roll-out of the category in China.

Health & Personal Care net revenues grew by 12% in the full year to £388m. Strong growth came from Veet depilatories in Western Europe behind innovations, and from the introduction of the brand in Eastern Europe. Veet has been introduced into Brazil and Mexico in Quarter 4. Dettol antiseptic grew in Asia due to increased investment and much improved execution, supported by the launch of new soap and talc extensions. Analgesics performed strongly in UK and Pakistan.

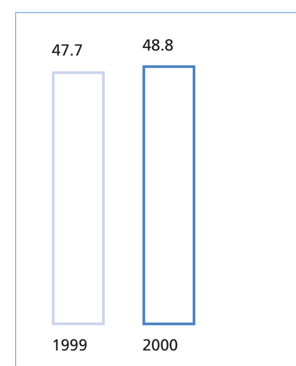
Core Household business net revenues grew by 8% in the full year to £2,750m (1999 £2,585m). Non core, other household net revenues grew 3% in the year to £207m after stripping out the contribution of discontinued businesses. This brings total household net revenues for the year to £2,957m, an increase of 7%.

Food net revenues grew by 7% in the full year to £203m supported by strong performance of French's Mustard and Frank's Red Hot sauce.

Geographic analysis at constant exchange and from continuing operations

Western Europe: 41% of net revenues
Net revenues grew by 5% for the year to £1,302m. This strong performance was due to the success of Air Wick Crystal Air, the successful roll-out of Calgonit 2-in-1 in automatic dishwashing, innovations and investment behind the Veet depilatory brand, share gains in laundry detergent in Southern Europe and a strong year for the UK health care business. Operating margins expanded by 250 basis points to 21.2% behind gross margin expansion and fixed cost savings due to merger synergies. Operating profit increased by 18% to £276m (1999 £246m).

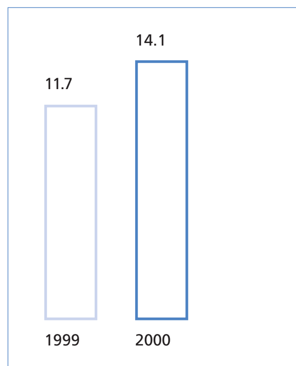
GROSS MARGIN %



Calgon - The world's leading water softener and market leader in every market.

Cash flow from operating activities increased by £94m or 23% to £502m.

OPERATING MARGIN %



Lysol - Over 50% of American households have at least one Lysol product on hand.

North America: 30% of net revenues
Net revenues grew by 5% for the year to £962m. Net revenue growth benefited from the first quarter bounceback and from particularly strong performance in air care. The outstanding success of the Wizard Electrical launch in the second half of the year almost doubled market share. Lysol continued to recapture market share in disinfecting sprays, while the new wipes expanded the category and gained a strong initial share. Food had a strong year. Operating margin expanded by 290 basis points to 13.3% due to significant improvements in gross margin and fixed cost savings due to merger synergies. Operating profit increased 34% to £128m (1999 £90m).

Latin America: 8% of net revenues
Net revenues grew by 15% in the year to £239m. Growth came from the Veja franchise's success with "perfumes from nature" range and new market launches, from strong growth for pest control in Brazil, and from new launches including Vanish fabric treatment. Operating margins improved by 20 basis points to 2.5%. Operating profits increased by 10% or £1m to £6m (1999 £5m).

Asia Pacific: 11% of net revenues
Net revenues grew by 14% in the year to £341m. In Australia/New Zealand growth came from the launch of Crystal Air, in-wash fabric treatment, from the success of Harpic in toilet bowl gel dispenser and from strong performance in dishwashing. In Asia, growth came in Pest Control due to a number of innovations, including Mortein "fastkill" and "king" coils and mats, plus the roll-out of the category in China, and from the roll-out of Vanish in-wash in the region. Dettol responded to investment and better execution, helped by new launches in soap and talc. Operating margins expanded 450 basis points to 3.8% due to significant improvements in gross margin in Asia and fixed cost savings in Australia/New Zealand due to merger synergies. Operating profits improved substantially to £13m (1999 loss of £2m).

Rest of World: 10% of net revenues
Net revenues grew by 12% in the year to £316m. Key drivers of growth were the roll-out of Veet depilatories and strong performance by Calgon water softener and Calgonit dishwashing in Eastern Europe, together with good growth for Dettol in Africa behind better in-market execution. Operating margins expanded by 230 basis points to 8.5% due to substantial gross margin improvement and tight control of fixed costs. Operating profits increased by 52% to £27m (1999 £18m).

Financial review

Non-operating items. Profit on disposal of businesses was £56m (1999 £21m). This relates to the continuing programme to dispose of the non-strategic tail. Businesses sold in 2000 include various personal care brands in Australia, Epilim, Undesa & Mirachem fatty acids and plant care. There were no profits on disposal of tangible fixed assets, other than businesses, in 2000 (1999 £1m).

Net interest. Interest payable less receivable on the Company's outstanding net borrowings (borrowings less cash deposits and short-term investments) was £42m (1999 £51m). The reduction was due to cash inflow from operations, working capital improvements and disposals slightly offset by higher short-term interest rates. In addition a coupon of £18m was payable on the convertible capital bonds.

Profit before tax was £447m (1999 £52m). Normalised profit before tax was £391m (1999 £289m).

Tax. Tax on profit for the year was £132m, a rate of 29.5% on the profit of £447m.

Profit after tax. After profit attributable to minority equity holders of £1m, the profit for the period was £314m (1999 loss of £37m). Normalised profit for the period was £275m (1999 £200m) excluding reorganisation and other merger costs and non-operating items.

Cash flow

Cash flow from operating activities increased by £94m or 23% to £502m (1999 £408m). This was after much higher cash expenditure on reorganisation of £117m (1999 £26m) more than offset by the reduction of £145m in working capital. Operating cash flow therefore represented 111% of normalised operating profit.

Net capital expenditure was £96m (1999 £73m). Net cash flow increased by 24% to £265m (1999 £213m). Excluding merger and reorganisation expenses, net cash flow from ordinary operations increased by 38% to £382m (1999 £277m). This represents a cash conversion of 11.9% of net revenues (1999 9.1%).

Net proceeds from the Company's disposal programme in the year were £81m. Dividends of £177m (1999 £180m) were paid. Cash inflow before use of liquid resources and financing was therefore £169m (1999 £30m). Net borrowings were reduced by £141m to £595m (1999 £736m).

Balance sheet and financing

At the end of 2000 the Group had shareholders' funds of £1,116m (£945m), an increase of 18%. Net borrowings were £595m (1999 £736m). Total capital employed in the business was £1,727m (1999 £1,699m).

This financed fixed assets of £2,173m (1999 £2,051m) and net current liabilities (excluding short-term borrowings, cash and investments) of £38m (1999 assets of £107m).

Net borrowings consisted of debt of £535m (1999 £735m) and the outstanding convertible capital bond of £193m (1999 £194m) offset by cash deposits and short-term investments of £133m (1999 £193m).

Exchange rate differences have increased net borrowings by £47m, and net assets by £21m.

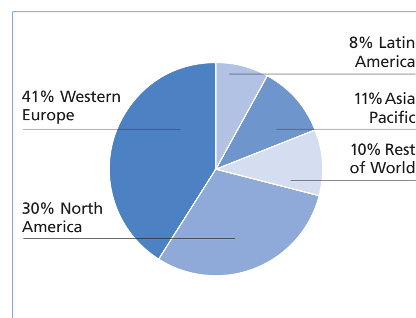
The Company's financial ratios improved during the year. Interest cover on a normalised basis was 7.5 times (1999 5.2 times). Net borrowings represented 34% of capital employed (1999 43%) treating convertible bonds as borrowings.

Earnings per share. Details of the calculation of earnings per share are contained in the accompanying notes to the Profit & Loss Account. These take account of the holding of Joh A. Benckiser GmbH in 'A' shares of Reckitt Benckiser Holdings BV.

Dividends

The Board of Directors recommends a final dividend of 12.8 pence to give a full year total of 25.5 pence, unchanged, and in line with the previously communicated policy of maintaining absolute dividends until cover reaches the average of the international industry peer group. This full year dividend is covered 1.5 times by normalised profit for the year (1999 1.3

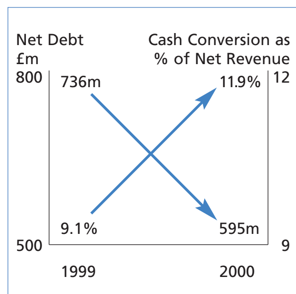
GEOGRAPHIC ANALYSIS OF NET REVENUES %



Woolite - The world's leading fine fabric detergent.

During 2000, a detailed review of treasury objectives, policies and strategy was undertaken and policies were agreed.

CASH CONVERSION Vs NET DEBT



times). The ex-dividend date will be 7 March, and the dividend will be paid on 23 May, subject to approval at the AGM on 10 May to shareholders on the register at the record date of 9 March.

Treasury objectives, policies and strategies

The Group's treasury policy seeks to ensure that appropriate financial resources are available for the development of the Group's businesses whilst managing its currency, interest rate and counter party risk. During 2000 a detailed review of Treasury objectives, policies and strategy was undertaken and a summary of the agreed policies is set out below.

The Group's financing and financial risk management activities are centralised into the parent Company Group Treasury department to achieve benefits of scale and control. Group Treasury is not a profit centre, but adds value to the business operations by managing financial exposures of the Group centrally in a manner consistent with underlying business risks. Treasury manages only those risks and flows generated by the underlying commercial operations and speculative transactions are not undertaken.

The Board reviews and agrees policies, guidelines and authority levels for all areas of Treasury activity and individually approves significant activities. The Group Treasury Department also operates under close control of the Chief Financial Officer and Executive Committee.

Debt

In 2000, the Company entered into new bilateral credit facilities with high quality international banks. These facilities have equal terms and conditions, and have a financial covenant, which is not expected to restrict the Group's future operations. At the end of 2000, the Group had, in addition to its long term debt of £483m, committed borrowing facilities totalling £850m, of which £425m exceeded twelve months' maturity. Of the total facilities at the year-end no amounts were drawn. The committed borrowing facilities, together with available uncommitted facilities are considered sufficient to meet the Group's projected cash requirements.

Funds over and above those required for short-term working capital purposes by the overseas businesses were generally remitted to the corporate centre. The Group used the remittances to settle obligations, repay borrowings or, in the event of a surplus, invest in short-term instruments issued by institutions with an investment grade credit rating. There are limits on the amounts that may be placed with a single borrower. These policies were applied consistently throughout the year.

Financial risk management

Translation risk

The Group publishes its financial statements in Sterling and conducts business in many foreign currencies. As a result, it is subject to foreign currency exchange risk due to the effects that exchange rate movements have on the translation of the results and underlying net assets of its foreign subsidiaries.

In order to provide some protection against the effects of exchange rate fluctuations on total shareholders' funds, the Group undertakes borrowings and other hedging methods, primarily currency swaps, in the currencies of the countries where most of its assets are located. Translation exposure arising on foreign currency profit after tax is not covered other than through the

Dettol - is the world's most trusted antiseptic.

alignment of currency earnings and interest to provide a partial hedge.

As at 31 December 2000, 75% of the Group's financial liabilities were in currencies other than Sterling including 46% being denominated in US dollars. The balance was made up of mainly euro borrowings. All the Group's major currency net assets exceeded the borrowings in the individual currencies.

Transaction risk

It is the Group's policy to manage its foreign currency transaction exposure. These exposures arise mainly from foreign currency receipts and payments for goods and services and from the remittance of foreign currency dividends. The exposures are matched where possible and only the net positions are converted into their base currencies, using the spot and forward markets.

Interest rate risk

The interest rate profile of the financial liabilities of the Group as at the end of 2000 is shown in note 26 to the accounts. Reckitt Benckiser manages its interest rate exposure by maintaining approximately 40-60% of its gross financial liabilities at fixed rates for more than one year and used a combination of fixed rate debt and interest rate swaps to achieve this objective. At the end of 2000, the Group had 50% of financial liabilities at fixed rates, of which 24% related to the convertible capital bonds.

Financial instruments and derivatives

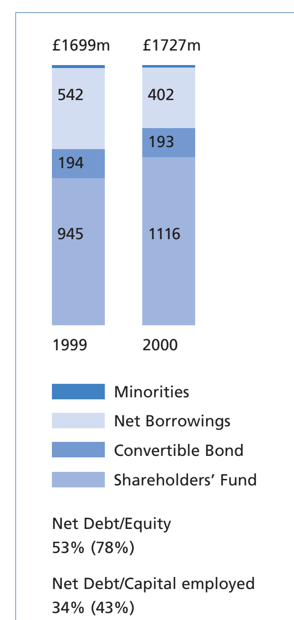
Note 26 to the accounts analyses the recognised and potential gains and losses on the Group's financial instruments as at the end of 2000, as if they had been sold back to the relevant markets at that date.

Derivative financial instruments are only being used for hedging purposes in relation to underlying financial exposures. Derivative instruments are used in liquid financial markets with high quality investment grade counterparties.

Accounting policies related to the use of derivatives are described on page 31.

COLIN DAY Chief Financial Officer

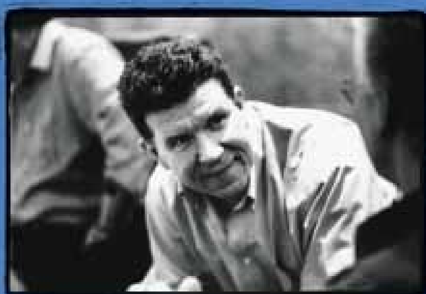
2000: FINANCIAL POSITION



Lemsip - continuing to grow market leadership in the UK.

Experience and cultural diversity gives us a competitive edge.

The Executive Committee is responsible for the day to day management of the Company reflecting the overall management structure. It comprises the Executive Vice Presidents responsible for the three Area management organisations, Western Europe, Americas and Rest of World, and the key functional organisations of Category Management, and Supply, and the key central functions, Finance, Human Resources and Information Services. The Chief Executive Officer chairs the Committee.



Alain Le Goff (49, French)
Executive Vice President, Supply
Was appointed EVP for Operations at Benckiser in October 1996. He joined the company in 1986, serving as Industrial Director in France, Monaco, Germany and as logistics director for the group.

Tony Gallagher (45, British)
Senior Vice President, Information Services.
He was previously CEO of InfoSol, a systems integration and consulting company providing information and technology services in the Middle East. From 1986 to 1993 he was employed as a regional director of information and technology services by Intergraph and by the Canadian telecommunications company, Mitel.

Freddy Caspers (40, German)
Executive Vice President, Rest of World
joined Benckiser in January 1998 as EVP for Eastern Europe. He previously served in PepsiCo in several international marketing, sales and general management assignments in North-America, Poland, Eastern Europe and Middle East (Turkey). Prior to that, he started his international career in Johnson & Johnson in brand management and sales in Germany, Western Europe and North America in the toiletries, personal care and health care (OTC) categories.

Ken Stokes (45, American)
Executive Vice President, Americas
Joined Benckiser in 1989 as marketing director in the US, and then served as General Manager of the UK and Spain, before being appointed EVP for Western Europe in January 1997. He was previously with the Clorox Company, Wilson Sporting Goods and McKinsey & Company.

THE BOARD OF DIRECTORS

Alan Dalby (64) ‡#
Chairman of the Board and Chairman of the Nomination Committee, was appointed a Non-Executive Director of the Company in 1987 and became Chairman in September 1995. He is a Director of several biotechnology companies in the USA and is a Non-Executive Director of Peptide Therapeutics Group plc.

Dr Håkan Mogren (56)
Was appointed a Non-Executive Director in 2000 and will become Non-Executive Chairman in May 2001. He is Deputy Chairman of AstraZeneca PLC. He is also Non-Executive Vice-Chairman of Gambro AB, Non-Executive Director of Investor AB and Chairman of the Research Institute of Industrial Economics.

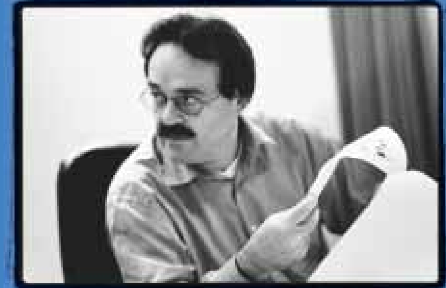
Bart Becht (44) #
Joined the Board in 1999 on his appointment as Chief Executive Officer of the Company. He was Chairman of Benckiser's Management Board from May 1999.

Adrian Bellamy (59) ‡
Was appointed a Non-Executive Director of the Company in 1999. He is a Director of several public and private companies in the US and a Non-Executive Director of The Body Shop International Plc.

Professor Jean-Claude Larréché (53) *
Was appointed a Non-Executive Director of the Company in 1983. He is Professor of Marketing at INSEAD, the European Institute of Business Administration in Fontainebleau, France.

Dieter Meuderscheid (65) *
Was appointed a Non-Executive Director of the Company in 1999. He is a member of the Advisory Board of Joh. A. Benckiser GmbH.

Hans van der Wielen (57) *
Was appointed a Non-Executive Director of the Company in 1999. He is President and Chief Executive Officer of Koninklijke Numico N.V. and is also a Director of several other Dutch companies.



Marcello Bottoli (39, Italian)
Executive Vice President, Category Development
Joined Benckiser in 1991 as Marketing Director in Spain, and served as General Manager of France before being appointed EVP Category Development in January 1997. Marcello was previously with Procter & Gamble in France and the USA and with the Boston Consulting Group in France and Italy.

Bart Becht (44, Dutch)
Chief Executive Officer
Joined Benckiser in 1988 and served as General Manager in Canada, the UK, France and Italy before being appointed Chief Executive of Benckiser detergents, subsequently Benckiser NV, in 1995. He was appointed Chief Executive Officer of Reckitt Benckiser following the merger in December 1999. He was previously with Procter & Gamble both in the USA and in Germany.

Frank Ruether (48, German)
Senior Vice President, Human Resources
Joined Benckiser in July 1996 as Personnel Director and was appointed SVP Human Resources in March 1997. He was previously with Mars, 1986-1996, as Director of Compensation & Benefits (Europe).

Colin Day (45, British)
Chief Financial Officer
Joined Reckitt Benckiser in September 2000 from Aegis Group Plc where he was Group Finance Director from 1995. He started his career at Kodak and British Gas, before joining De La Rue Group Plc in 1980, rising to be Group Financial Controller for Crosfield Electronics in 1985. In 1988 he joined ABB Group as Group Financial Director of its key UK subsidiary, ABB Kent Plc, subsequently taking the same role at ABB Instrumentation Ltd from 1991.

Erhard Schoewel (52, German)
Executive Vice President, Western Europe
Joined Benckiser in January 1979 and served as General Manager of Germany, and of Propack Europe (private label). He was General Manager of Italy 1995-1996. From October 1996 to 1999 he was EVP Central Europe.

Dr Peter Harf (54) ‡#
Chairman of the Remuneration Committee, joined the Board as a Non-Executive Director in 1999 and is the Deputy Chairman. He is the Chairman and Chief Executive Officer of Coty Inc. and a Director of Brunswick Corporation. He is Chief Executive Officer of Joh. A. Benckiser GmbH.

Dr George Greener (55) ‡
Was appointed a Non-Executive Director in 1996. He is Chairman of British Waterways and sits on a number of other boards.

Colin Day (45) #
Joined Reckitt Benckiser in September 2000 from Aegis Group Plc where he was Group Finance Director from 1995. He is a Non-Executive Director of EasyJet Plc as well as the Bell Group Plc.

John Rose (48) ‡
Was appointed a Non-Executive Director of the Company in April 1997. He is Chief Executive of Rolls-Royce plc and is a Non-Executive Director of Riggs National Corporation in the USA.

Peter White (59) *#
Chairman of the Audit Committee, was appointed a Non-Executive Director in December 1997. He was previously Group Chief Executive of Alliance & Leicester plc.

Dr Ana Maria Llopis (50) *
Was appointed a Non-Executive Director in November 1998. She is Chief Executive Officer of Coverlink, a leading internet consulting company in Spain.

* Member of the Audit Committee
‡ Member of the Remuneration Committee
\# Member of the Nomination Committee

The Directors submit their forty-eighth Annual Report to the members of the Company, with the audited financial statements for the year ended 31 December 2000.

Review of the activities and development of the Group's business

The principal activities continue to be the manufacture and sale of household and healthcare products.

A review of the results for the year ended 31 December 2000 and of the year's activities appears under the Operating & Financial Review. The Directors endorse the content of that review.

In August 2000, the Directors resolved to pay an interim dividend of 12.7p per ordinary share (1999 12.7p). The dividend was paid on 18 September 2000. The Directors are recommending a final dividend for the year of 12.8p per share (1999 12.8p), which, together with the interim dividend, makes a total for the year of 25.5p per share (1999 25.5p). The final dividend, if approved by the shareholders, will be paid on 23 May 2001 to ordinary shareholders on the register at the close of business on 9 March 2001.

In the view of the Directors, the Group's likely future development will continue to centre on the main product categories in which it now operates.

Research and development

The Group continues to carry out research and development in the search for new and improved products in all its categories and for increased manufacturing efficiencies. Direct expenditure on research and development in 2000 amounted to £46m (1999 £45m).

Acquisitions and disposals

During the course of the Year 2000 the following material acquisition activity took place.

Towards the end of 2000, a contract to purchase, subject to the usual closing conditions, the Tiga Roda pest control business in Indonesia was signed with an intended closing early in 2001.

A letter of intent was also signed at the end of 2000 for the purchase of the Korean company, Oxy, and its household business with the intention of the parties being to close early in 2001.

Disposals of the Epilim business and various other non-strategic businesses in Western Europe, Australia and New Zealand including Fatty Acids, plant care and some personal care brands also took place in 2000.

Employees

During 2000, the Group employed an average of 18,900 people worldwide, of whom 1,300 were employed in the UK. The Group is committed to the principle of equal opportunity in employment; no applicant or employee receives less favourable treatment on the grounds of nationality, age, gender, religion or disability. The Group recognises its responsibilities to disabled persons and endeavours to assist them to make their full contribution at work. Where employees become disabled, every practical effort is made to allow them to continue in their jobs or to provide retraining in suitable alternative work.

It is essential to the continued improvement in efficiency and productivity throughout the Group that each employee understands the Company's strategies, policies and procedures. Open and regular communication with employees at all levels is an essential part of the management process. A continuing programme of training and development reinforces the Group's commitment to employee involvement.

The Board encourages employees to become shareholders and to participate in the Group's employee share ownership schemes, should they so wish. Under the Employee Share Participation Schemes in the UK and Ireland, employees may elect to take all or part of certain bonuses in shares. Sharesave schemes across the world now give more employees the opportunity to acquire shares in the Company by means of regular savings.

Share capital

Details of changes to the ordinary shares issued and of options and rights granted during the year are set out in note 21 to the accounts.

Under the terms of the 1999 merger, 3,708,145 shares were issued in 2000 to previous shareholders of Benckiser N.V.

On 22 December 2000, an option to purchase 1,168,174 ordinary shares of 10 10/19p each at a price of 661.6p was granted to Bacon & Woodrow Trust Company (C.I.) Limited in connection with the Reckitt Benckiser USA Savings-Related Share Option Scheme. On 18 December 2000, an option to purchase 1,225,089 ordinary shares of 10 10/19p each at a price of 661.6p was granted to Reckitt Benckiser Employees' Trustees (Jersey) Limited in connection with the Reckitt & Colman Overseas Savings-Related Share Option Scheme. The effective grant date under both the USA and Overseas schemes above was 20 November 2000.

Directors

Information regarding the Directors of the Company who were serving on 31 December 2000 is set out on pages 20 and 21.

Alan Dalby will retire from the Board and as Chairman at the conclusion of the 2001 Annual General Meeting.

Dr Håkan Mogren, the Chairman Elect, has been appointed to the Board as a Non-Executive Director since the 2000 Annual General Meeting and offers himself for election at this year's Annual General Meeting.

George Greener and Peter White retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting. Jean-Claude Larréché also retires by rotation but is not seeking re-election. Both he and John Rose will retire from the Board at the conclusion of the 2001 Annual General Meeting.

Colin Day, the Chief Financial Officer, has been appointed to the Board since the 2000 Annual General Meeting and offers himself for election at this year's Annual General Meeting.

A statement of Directors' interests in the share capital of the Company is included in the Report on Directors' Remuneration on page 28.

Details of the Directors' service agreements are given on page 25.

Corporate governance

The Company recognises the importance of high standards of corporate governance. It understands, supports and has applied throughout 2000 the principles set out in the Combined Code and has complied with the great majority of the detailed provisions contained in the Code. The ways in which the Company applies these principles, and the few provisions with which the Company does not consider that it is appropriate to comply, are set out in the appropriate sections of this Annual Report and Accounts.

The Board comprises eleven Non-Executive Directors including Alan Dalby, the Chairman, who has the responsibility for managing the Board, and two Executive Directors, Bart Becht, the Chief Executive Officer and Colin Day, the Chief Financial Officer. The Company has adopted a Board structure which is similar to that of its key international competitor companies, the majority of which are based in the USA. The Board carries out a strategy-setting, advisory and supervisory role and accepts ultimate responsibility for the conduct of the Company's business. The Chief Executive Officer, together with the other members of his Executive Committee, provides the day-to-day management of the Company.

The Board has not identified a senior independent Non-Executive Director in accordance with provision A.2.1 of the Combined Code because it considers that such an appointment is unnecessary under the Board structure. The majority of non-executive Directors are independent as recommended by the Combined Code. In this context two of the Non-Executive Directors, Peter Harf and Dieter Meuderscheid are not considered to be independent for all purposes because of the shareholdings they represent.

The Articles of Association require that every Director will seek re-election to the Board at least every three years, in line with provision A.6.2 of the Combined Code.

The Board meets five times a year and will meet further as necessary to consider specific matters which it has reserved to itself for decision, such as significant acquisition or disposal proposals or major financing propositions. The performance of the Chief Executive

Officer and of other members of the Executive Committee is regularly reviewed by the Remuneration Committee of the Board.

The Executive Committee presents an annual strategic review and the Annual Plan to the Board for its approval. Actual performance against the Plan is presented to the Board at each of its regular meetings and any changes to forecasts as a result of current performance are reviewed. All members of the Board receive timely reports on items arising at meetings of the Board to enable them to give due consideration to such items in advance of the meetings.

Non-Executive Directors receive appropriate briefings on the Company and its operations around the world when they are appointed to the Board. They are encouraged to visit the Company's offices and factories, whenever the opportunity presents itself, where they can be briefed on the local business operations. The Board endeavours to hold one meeting each year at one of the operating units. All the Directors have access to the Company Secretary, who is responsible for ensuring that Board procedures are followed and that the Company complies with all applicable rules, regulations and obligations governing the Company's operations. A procedure exists for the Directors to take independent professional advice, if necessary, in furtherance of their duties at the Company's expense.

The members of the Executive Committee are appointed to the Committee by the Chief Executive Officer who leads the Committee.

The Executive Committee manages the day-to-day operations of the Company. Individual Executive Committee members hold global responsibility for specific operating functions including category development, supply, finance, human resources and information services. The three Area Executive Vice Presidents covering Western Europe, The Americas and The Rest of World are also members of the Committee.

Committees of the Board

Audit Committee

The Audit Committee, chaired by Peter White, comprises five Non-Executive Directors. The Committee monitors the adequacy and effectiveness of the internal controls and compliance procedures, reviews the interim and final financial statements before submission to the full Board and makes recommendations to the Board regarding the auditors and their terms of appointment. The Chief Financial Officer and other senior management attend by invitation; and the Group's external auditors and the Group's Vice President Internal Audit attend meetings and have direct access to the Committee.

Remuneration Committee

The Remuneration Committee meets regularly to review remuneration policy for Directors and senior executives. The Committee comprises five Non-Executive Directors, under the Chairmanship of Peter Harf.

Nomination Committee

The Nomination Committee is responsible for nominating candidates for the approval of the Board to fill vacancies on the Board of Directors. The Committee comprises the Chairman, the Chief Executive Officer and two Non-Executive Directors.

Internal control

The Board acknowledges it is responsible for the Group's system of internal control and for reviewing its effectiveness, and has established a control structure designed to manage the achievement of business objectives. The system complies with the Turnbull Committee guidance on internal control issued on 27 September 1999 and provides reasonable, but not absolute assurance against material misstatement or loss.

Throughout the year the Group has had in place an ongoing process for identifying, evaluating and managing the significant risks and opportunities faced by the Group and the Board has performed a specific assessment of internal control for the purpose of this annual report. The Group's control environment is supported by a Code of Business Conduct and a range of policies on Corporate responsibility. Other key elements within the internal control structure are summarised as follows:

• The Board and management – as set out above the Board performs a strategy-setting, advisory and supervisory role with the day to day management of the Company being undertaken by an Executive Committee. The Chief Executive Officer and Executive Committee members have clearly communicated the Group vision, strategy, operating constitutions, values and business objectives across the Group.

• Organisational structure – the Group operates three area management organisations, Western Europe, Americas and Rest of World and centralised functions covering category management, supply, sales, finance & legal, information services and human resources. Throughout the organisation, the achievement of business objectives and the establishment of appropriate risk management and internal controls are embedded in the responsibilities of line executives.

• Budgeting – there is an annual planning process whereby detailed operating budgets for the following fiscal year are prepared and are reviewed by the Board. Long-term business plans are also prepared and reviewed by the Board on an annual basis.

• Management reporting – there is a comprehensive system of management reporting and the financial performance of operating units and the Group as a whole, is monitored against budget on a monthly basis and is updated by periodic forecasts. Area and functional executives also perform regular business reviews with their management teams, which incorporate an assessment of key risks and opportunities.

• Operating unit controls – each operating unit maintains internal controls, which are appropriate to its own business environment. Such controls must be in accordance with group policies and include management authorisation processes, to ensure that all commitments on behalf of the Group are entered into after appropriate approval. In particular, there is a structured process for the appraisal and authorisation of all material capital projects.

• Risk management – the Group seeks continuously to assess the risks to which it is exposed and takes appropriate steps to mitigate or eliminate these wherever possible. Where appropriate, the Group provides insurance cover depending on the possible extent of the risk concerned.

• Monitoring – the effectiveness of internal controls is monitored regularly through a combination of management review, self-assessment and internal and external audit. The results of external and internal audit reviews are reported to and considered by the Audit Committee, and actions are taken to address significant control matters identified. The Audit Committee also approves annual internal audit plans and is responsible for performing the ongoing review of internal control on behalf of the Board.

The Board confirms that reviews of the appropriateness and effectiveness of the system of internal control throughout the financial year have been satisfactorily completed. In particular, major risks have been identified and ongoing monitoring procedures are in place.

Corporate responsibility

The Company has developed a comprehensive range of policies covering the areas of corporate responsibility.

• Code of Business Conduct. Reckitt Benckiser is committed to high standards of corporate behaviour towards employees, customers, suppliers, consumers, governments and communities in which we operate. The purpose of the Code of Business Conduct is to ensure that management and employees across the group have a clear understanding of principles that are important in conducting our business. These principles are intended to guide all employees as to the ethical values the Company wants to uphold, and are an important factor in maintaining and building the reputation of Reckitt Benckiser as a responsible and trustworthy business partner, employer, supplier and corporate citizen.

• Environmental Policy. Reckitt Benckiser is committed to running its business in a responsible, environmentally sound and sustainable manner. We recognise that our processes and products have both direct and indirect environmental impacts. We will seek to identify

significant adverse impacts and find effective ways of reducing them, aiming for continuous improvement in our environmental performance. Throughout our operations we will regard compliance with the law as a minimum standard to be achieved. The Chief Executive Officer is responsible for the Company's environmental policy and performance.

• Product Safety. Reckitt Benckiser is committed to supplying safe products to our consumers and to understanding all the issues involving safety associated with our products. We believe that product safety is fundamental to the integrity of our global brands and businesses, to sound and ethical business practice, and to our responsibility as a producer of quality consumer products. We actively promote responsibility and concern for the safety of our customers, employees and the general public at all levels in the Company and in all aspects of our business.

• Health & Safety. Reckitt Benckiser will maintain a safe workplace in all locations. The health and safety of our employees are primary concerns of the Company and every effort will be made to avoid accidents, injuries and occupational health hazards in all locations, including plants and factories, laboratories and among our sales force.

• Animal Testing. Reckitt Benckiser will not use animal testing on any of our products or on any raw materials unless indicated by national or international regulatory authorities. We will actively support the development, validation, use and acceptance of alternative methods that reduce, refine or replace the use of animals in safety evaluation.

• Community. Reckitt Benckiser recognises its responsibility to the communities in which it operates and seeks to support and enrich these communities through its Community programmes. During 2000 the Company supported many community programmes around the world. In China, we are supporting VSO in providing English language teaching. The Company donated products and financial support to the victims of the Gujarat Earthquake in India. In North America we participate in Habitat for Humanity, a programme to build quality housing for the under-privileged. Closer to home, we supported a number of local causes in Hull, including a major educational programme, the Hull Children's University. Our major national UK programme in 2000 was supporting Home Start, the UK's leading family support organisation.

The detailed policies on these subjects will be made available through the Company's corporate website. More detailed reports on environmental progress and on community programmes will also be published periodically through the website.

Relations with shareholders

The Board is committed to effective communication between the Company and its shareholders. The Directors and the Senior Vice President Investor Relations meet regularly with institutional shareholders and financial analysts, in Europe and the USA, to discuss matters relating to the Company's business strategy and current performance issues. The Company believes that it is important that it makes its key executives available, whenever possible, to discuss matters of concern with its shareholders.

The Company's Annual General Meeting is used as the main opportunity for the Directors to communicate with private investors. At the Annual General Meeting of the Company held in 2000, the Chairman indicated the level of proxies received on all the resolutions before the meeting, whilst not quoting the numbers for each individual resolution as recommended by provision C.2.1 of the Code. There were no material differences in the number of proxies received for individual resolutions at the meeting.

Policy on the payment of creditors

It is the Company's policy to follow the CBI Prompt Payers' Code. This policy requires the Company to agree the terms of payments with its suppliers, to ensure that those suppliers are aware of those terms and to abide by those terms. Copies of the Code are available from CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU. As at 31 December 2000 the Company did not have any amounts due to its suppliers.

Directors' responsibilities

The following statement, which should be read in conjunction with the auditors' report set out on page 29, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditors in relation to the financial statements.

The Directors are required by the Companies Act 1985 to prepare financial statements for each year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the year, and of the profit or loss for the year.

The Directors consider that, in preparing the financial statements on pages 30 to 55 including the information on Directors' remuneration on pages 26 to 28, the Company has used appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors are also responsible for ensuring that reasonable procedures are being followed for safeguarding the assets of the Group, and for preventing and detecting fraud and other irregularities.

The Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Going concern

The Directors, having made appropriate enquiries, are satisfied that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Charitable and political donations

Contributions to charitable organisations in the UK amounted to £346,000 (1999 £340,000). No political donations were made (1999 nil).

Annual general meeting

The notice convening the forty-eighth Annual General Meeting of the Company to be held on Thursday, 10 May 2001 at 11.15 a.m. at The Café Royal, Regent Street, London W1R 6EL is contained in a separate document for shareholders.

Other information

As at 28 February 2001 the Company had received the following notices of substantial interest (3%) in its ordinary share capital:

Joh. A. Benckiser GmbH: 102,830,415 shares (16.3% of the issued share capital as of 31 December 2000).

Brandes Investment Partners L.P.: 33,702,910 shares (5.4% of the issued share capital as of 31 December 2000).

Joh. A. Benckiser GmbH became interested in the single Special Voting Share of 10p in the Company on 3 December 1999. The Special Voting Share is registered in the name of JAB Trustee Company Limited. The Special Voting Share carries the right to exercise 68,275,000 votes at General Meetings of the Company. Joh. A. Benckiser GmbH is entitled to require JAB Trustee Company Limited to exercise the votes attaching to the Special Voting Share in accordance with its instructions. Joh. A. Benckiser GmbH is also interested in 13,655,000 A shares in Reckitt Benckiser Holdings BV which it is entitled to exchange for 68,275,000 new ordinary shares in the Company. Joh. A. Benckiser GmbH would therefore, assuming full exchange, be interested in 24.5% of the enlarged ordinary share capital of the Company.

By order of the Board

Jonathan H Jones
Company Secretary
103-105 Bath Road, Slough, Berks SL1 3UH

28 February 2001

Remuneration Committee

The Remuneration Committee of the Board (the "Committee") is responsible for determining and reviewing the terms of employment and remuneration of the Executive Directors, senior executives and other key personnel. The remuneration principles established for this senior group of employees provide the framework for the remuneration packages of all other executives.

The Committee comprises five Non-Executive Directors under the chairmanship of Dr Peter Harf, the Deputy Chairman. It meets as necessary, but at least three times each year. Executive Directors may be invited to attend meetings of the Committee, but will not be present during any discussion of their own pay and conditions.

As well as reviewing Executive Directors' base salaries, the Committee determines the incentive arrangements that will apply. It aims to set challenging and demanding performance targets and to ensure that incentive awards at the end of each year fully reflect the Company's performance.

Policy on remuneration

Reckitt Benckiser competes for management skills and talent in the same international market place as its major competitors, most of which are based in the USA. In order to attract and retain the best available people, the Company has adopted a policy of executive remuneration based on US standards. Total compensation for Executive Directors and other senior executives will be benchmarked against the upper quartile of a peer group comprising Reckitt Benckiser's direct competitors.

The Reckitt Benckiser compensation system has been designed to foster the delivery of outstanding shareholder value. Accordingly, pay-at-risk is a major element of total compensation for all senior executives. The overall compensation for all senior executives will comprise three principal elements; base salary, annual cash bonus and share incentives. The annual cash bonus is closely linked to the achievement of profitable growth and targets in asset management, geared to above average industry performance. Very good to excellent results will deliver higher bonus payments. In addition, a significant element of equity linked remuneration ensures close alignment of the financial interests of key members of management with those of shareholders.

Base salaries

Base salaries are normally reviewed annually with effect from 1 January. Increases are determined by reference to market factors and individual performance.

Annual cash bonus

For 2001, the Executive Directors will participate in an annual cash incentive plan under which they may receive 100% (CEO), 75% (CFO) of base salary for on-target performance and up to 3.6 times the target bonuses for outstanding performance. Performance against demanding pre-determined financial targets is used to determine the level of any incentive earned. Performance measures include net revenue and net income growth. Similar incentive arrangements are used for other key executives worldwide.

Long-term incentives

Long-term incentives will take the form of a mix of share options and restricted shares under annual grants. They will only vest following the achievement of pre-determined performance criteria linked to earnings per share growth over a period of three consecutive years within the five years following the date of grant.

The scheme rules do not permit option prices to be fixed at a discount to market price. The Committee may change the performance criteria and vesting conditions in the future at its discretion.

Service Agreements

Executive Directors have service agreements which can be terminated by the Company on six months' notice with a lump sum termination payment amounting to the aggregate of one and one-half times base salary and two times the average of the bonuses received in respect of the two financial years completed most recently before the termination. The Committee is aware that the term of this agreement is longer than the one year suggested by Schedule B of the Combined Code, but considers it appropriate having regard to previous contracts of current Executive Directors. The Committee will, however, review market practice when appointing any new Executive Director from outside the Company with the intention that a one year agreement will apply.

Remuneration policy for Non-Executive Directors.

The remuneration for Non-Executive Directors consists of fees for their services in connection with Board and Board committee meetings. Their fees are determined by the Board as a whole and reviewed annually. In addition to basic fees payable, Non-Executive Directors, other than the Chairman, receive an additional £5,000 per annum for the chairmanship of the Audit Committee and the Remuneration Committee.

Non-Executive Directors do not have service agreements, are not eligible for pension fund membership and will not participate in any of the Company's bonus, share option or long-term incentive schemes. Certain Non-Executive Directors of Benckiser were in the past awarded options and restricted shares which are still outstanding.

External appointments

Executive Directors of the Company may accept one appointment as a Non-Executive Director of another company. Such appointments must be approved by the Board. Mr Day currently has two such appointments. Directors are permitted to retain fees for non-executive appointments.

Directors' remuneration in 2000

Table 1 shows the total remuneration paid to all those people who served as Directors of the Company during 2000.

Table 1

	Notes	2000 Salary and fees £000	2000 Benefits in kind £000	2000 Other payments £000	2000 Total £000	1999 Total £000
Chairman						
Alan Dalby		164	–	–	164	161
Executive Directors						
Bart Becht	1	650	28	2,015	2,693	1,452
Colin Day (appointed 4 September 2000)	2	93	6	229	328	–
Non-Executive Directors						
Dr Peter Harf		45	–	–	45	82
Adrian Bellamy		40	–	–	40	45
Dr George Greener		40	–	–	40	31
Prof Jean-Claude Larréché		40	–	–	40	27
Dr Ana Maria Llopis		40	–	–	40	27
Dieter Meuderscheid		40	–	–	40	45
Dr Håkan Mogren (appointed 29 November 2000)		3	–	–	3	–
John Rose		40	–	–	40	27
Peter White		45	–	–	45	32
Hans van der Wielen		40	–	–	40	45
Total		1,280	34	2,244	3,558	1,974

Notes

1 The remuneration reported under "Other payments" in respect of Mr Becht relate to payments made under the Reckitt Benckiser Annual Performance Plan (£1,615,254), contributions made to his pension plan (£97,500) and cost related to his move from The Netherlands to the United Kingdom (£302,328).

2 The remuneration reported under "Other payments" in respect of Mr Day relate to payments made under the Reckitt Benckiser Annual Performance Plan (£165,667), contributions made to his pension plan (£23,334) and a signing on bonus (£39,500).

3 The total emoluments of the Directors of Reckitt Benckiser plc as defined by Schedule 6 of the Companies Act were £3,437,000 (1999 £1,856,000).

4 The aggregate gains made by the Directors on the exercise of share options during the year were £5,690,000 (1999 £1,863). The aggregate gains made by the Directors on the exercise of restricted share awards were £545,400 (1999 £nil).

5 The total emoluments of the highest paid director (excluding pension contributions and compensation for loss of office) were £2,595,500 (1999 £547,000). For the purposes of determining who was the highest paid Director in 1999, Mr. Becht's emoluments as a Director of Benckiser N.V. were not taken into account.

6. The 1999 remuneration in respect of the former Reckitt & Colman directors, who resigned during that year, has not been included in the table above. This totalled £6,783,000, including £4,809,000 in respect of compensation for loss of office.

The 2000 remuneration package for Executive Directors comprised base salary, annual cash incentive bonus, long-term incentives in the form of share options and restricted shares, pension contributions, fully-expensed company car (or cash equivalent) and health insurance.

Pensions

Mr Becht participates in the Benckiser Senior Executives and Expatriates Pension Plan. This is a defined contribution plan with Company contributions of 15% of base salary. Contributions in respect of Mr Becht are shown in Table 1 above.

The Company is currently in the process of establishing a new pension scheme in the UK. Mr Day intends to join the scheme when it opens. Under Mr Day's contract the Company is obliged to make contributions to his pension arrangements equal to 25% of his base salary per annum. When the scheme opens, the Company will make a payment equal to Mr Day's accrued pension entitlement. As an interim measure, the Company is making contributions to the Reckitt & Colman Pension Fund (UK Fund) to cover the death in service and disability benefits to which he is entitled. Mr Day's pension details in respect of the UK Fund are given in table 2, below.

Table 2

	Age	Members' contributions £	Accrued pension at end of service £
Colin Day	45	4,631	510*

* subject to earnings cap

Notes

Mr Day's benefits associated with membership of the UK Fund are summarised as follows:

1 Maximum pension at 60 is two-thirds of pensionable salary (subject to earnings cap). Pensionable salary is annual basic salary and does not include any bonuses. The rate of accrual of the pension at age 60 is equal to 1/60th base salary (subject to cap) times pensionable service. Normal retirement age is 60 years, although early retirement is available from the age of 50 years subject to the Trustees' consent and a reduction in the accrued pension of approximately 3.2% per annum. Executive Directors pay contributions of approximately 5% of pensionable salary.

2 Life assurance benefit is four times annual salary. In death after retirement, a spouse's pension of two-thirds of the member's pension and a children's pension of one-eighth of the member's pension for up to three dependent children, are payable (subject to Inland Revenue limits). Pensions are guaranteed to increase annually in line with the rise in the Retail Price Index (RPI) to a ceiling of 5%. The UK Fund is an exempt approved fund for the purpose of the Income and Corporation Taxes Act 1988 and is contracted out of the State Earnings Related Pension Scheme.

3 The pension entitlement shown is that which would be paid annually on retirement, based on service to the end of the year.

4 A Funded Unapproved Retirement Benefit Scheme is available to Mr Day as he is subject to the Inland Revenue earnings cap.

Directors' options and restricted share awards

Table 3 sets out each Director's options over or rights to ordinary shares of the Company under the Company's various share option and restricted share schemes. Where appropriate, the weighted average prices have been shown. The middle market price of the ordinary shares at the year end was 922.0p and the range during the year was 977.0p to 440.0p. The option price or weighted option price of options granted at prices below the middle market price at the year end are shown separately.

Table 3

Executive options and restricted shares	Options at 1 January 2000	Granted during the year	Exercised during the year	Market price at exercise	Options at 31 December 2000	Option price	Option exercise period
Bart Becht							
– Options	3,550,000					495.6p[1]	Jan 98 - Dec 09
		500,000				881.9p	May 04 - Dec 10
			500,000	739.0[2]		190.0p[1]	
					3,550,000	592.5p[1]	Jan 98 - Dec 10
– Restricted shares	200,000						Jul 00 - Dec 09
		400,000					May 04 - Dec 10
			60,000	909.0[3]			
					540,000		Jul 00 - Dec 10
Adrian Bellamy							
– Options	4,495[5]				4,495	635.0p	May 99 - May 03
Peter Harf							
– Options	1,125,000[4]					333.1p[1]	Jan 98 - Dec 03
			750,000	597.5[3]		205.0p	
					375,000	589.3p[1]	Jan 99 - Dec 03
Hans van der Wielen							
– Options	4,495[5]				4,495	676.6p	May 99 - May 03
Colin Day							
– Options		45,000				833.8p	Sep 03 - Sep 10
		100,000				881.9p	May 04 - Dec 10
					145,000	867.0p[1]	Sep 03 - Dec 10
– Restricted shares		36,000					Sep 03 - Sep 10
		80,000					May 04 - Dec 10
					116,000		Sep 03 - Dec 10

Sharesave scheme	Granted during the year	Option price	Options at 31 December 2000	Option exercise period
Bart Becht	2,777	661.6p	2,777	Feb 08 - Jul 08

(1) Weighted average price.

(2) Weighted average market price on exercise.

(3) Mid market price at exercise date.

(4) Non-Executive Deputy Chairman Peter Harf's options were granted to him over Benckiser N.V. B Shares prior to the merger of Benckiser N.V. with Reckitt & Colman plc.

(5) Awards to Supervisory Board Directors of Benckiser N.V. at the Annual General Meeting held in 1998.

Notes

1 Those Benckiser options which were granted prior to the merger on 3 December 1999 were granted over Benckiser N.V. B shares. On exercise, these options convert to options over Ordinary shares at a ratio of five Ordinary Shares for one Benckiser B share with the matching exercise price adjustment. In the table above, these options have been stated at their equivalent Reckitt Benckiser number of options and the exercise prices have been adjusted accordingly.

2 Executive Share Options are awarded at an exercise price determined on grant and payable on exercise following satisfaction of performance criteria.

3 Restricted share awards entitle the recipient to receive shares at no cost following satisfaction of performance criteria.

Interests in the share capital of the Company

The Directors in office at the end of the year had the following beneficial interests in the ordinary shares of the Company:

	31 December 2000	31 December 1999
Alan Dalby	57,125	57,125
Bart Becht	578,658	517,265
Adrian Bellamy	8,380	8,380
Colin Day	40,000	–
George Greener	1,000	–
Peter Harf	657,240	507,240
Jean-Claude Larréché	4,702	2,702
Ana Maria Llopis	1,175	–
Dieter Meuderscheid	32,910	32,910
Dr Håkan Mogren	–	–
John Rose	1,504	529
Peter White	1,000	–
Hans van der Wielen	9,270	9,270

Notes

1 Mr Meuderscheid also owns one Benckiser N.V. B Share.

2 Except as shown, no person who was a Director (or a member of a Directors' family) on 31 December 2000 had any notifiable share interests in any subsidiary of the Company.

3 There were no changes in Directors' interests in shares of the Company or its subsidiary undertakings from 1 January 2001 to 28 February 2001 other than the acquisition by Mr Colin Day of 10,000 ordinary shares on 28 February 2001.

4 The Company's Register of Directors' Interests (which is open to inspection) contains full details of Directors' shareholdings and options to subscribe.

We have audited the financial statements on pages 30 to 55 and the disclosures in respect of Directors' remuneration, options and interests in shares of the Company on pages 26 to 28.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the Annual Report. As described on page 24, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

We review whether the statements on pages 22 to 24 reflect the Company's compliance with those provisions of the Combined Code specified for our review by the Financial Services Authority, and we report if they do not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Company's or Group's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements were free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2000 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
London
28 February 2001

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable UK Accounting Standards.

There is no material difference between the result disclosed in the profit and loss account and the result on an unmodified historical cost basis and a note of historical cost profits and losses is not therefore included in these accounts.

Basis of consolidation

The accounts of the Group represent the consolidation of Reckitt Benckiser plc and its subsidiary undertakings. The accounts of subsidiary undertakings which do not conform with Group policies are adjusted on consolidation in order that the Group accounts may be presented on a consistent basis. In the case of acquisitions and disposals of businesses, the results of trading are consolidated from or to the date upon which control passes.

Basis of preparation

(i) Merger accounting

The merger of Reckitt & Colman plc and Benckiser N.V. was completed on 3 December 1999. At the time of the merger Benckiser N.V. had two classes of shares; Benckiser A Common Shares ("A shares") and Benckiser B Shares ("B shares").

Under the terms of the Merger Agreement the merger was to be achieved by an offer by Reckitt & Colman plc, under which the B shareholders would receive 5 new Reckitt & Colman plc ordinary shares for each B share. At 31 December 2000, 215,573,525 new Reckitt Benckiser shares had been allotted to accepting Benckiser N.V. B shareholders, representing 99.5% of the maximum possible allotments for Benckiser B shares under the terms of the merger. In addition, during the year the Group paid £6m to acquire 150,022 B shares. The amount paid represents 0.3% of the fair value of the total consideration.

In accordance with Financial Reporting Standard 6 (Acquisitions and Mergers), the principles of merger accounting have been adopted. However, the amount of non-equity consideration paid represents a departure from one particular provision of the Companies Act 1985 which sets out the conditions for merger accounting. This being that any non-equity consideration should be less than 10% of the nominal value of the equity shares issued (or £3m in the case of the Reckitt Benckiser merger).

The main consequence of adopting merger rather than acquisition accounting is that the balance sheet of the merged group includes the assets and liabilities of Benckiser N.V. at their carrying values prior to the merger, subject to adjustments to achieve uniformity of accounting policies, rather than at their fair values at the date of the merger. In the particular circumstance of the merger, the effect of applying acquisition accounting cannot reasonably be quantified.

Under the terms of the merger, the A shareholder agreed to exchange its A shares for an equal number of A shares in Reckitt Benckiser Holdings BV. Under a Shareholder's Agreement, each Reckitt Benckiser Holdings A Share is equivalent to 5 Reckitt & Colman plc ordinary shares in terms of dividend and capital rights and, through issue of a special share, voting rights.

Under the Merger Agreement, the A shareholder has a right to exchange its Reckitt Benckiser Holdings A Shares, at any time until 30 September 2005, into new Reckitt Benckiser shares on the basis of 5 new Reckitt Benckiser ordinary shares for each Reckitt Benckiser Holdings A share.

In order for the consolidated accounts to present a true and fair view, it is necessary to differ from the presentational requirements of the Companies Act 1985 by including amounts attributable to the A shareholder in the capital and reserves section of the consolidated balance sheet. The Companies Act would require presentation of the capital and reserves attributable to the A shareholder as minority interests, but this presentation would not give a true and fair view of the Shareholders' Agreement, under the terms of which the A shareholder in substance ranks equally with the ordinary shareholders of Reckitt Benckiser plc.

(ii) Adoption of new Financial Reporting Standards

Financial Reporting Standard (FRS) 15 (Tangible Fixed Assets) and FRS 16 (Current Tax) have been adopted in preparing these accounts. Adoption did not require a restatement of prior results.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the rate of exchange on the day the transaction occurs or at the contracted rate if the transaction is covered by a forward exchange contract.

Assets and liabilities denominated in a foreign currency are translated at the exchange rate ruling on the balance sheet date or, if appropriate, at a forward contract rate. Exchange differences arising in the accounts of individual undertakings are included in the profit and loss account except that, where foreign currency borrowing has been used to finance equity investments in foreign currencies, exchange differences arising on the borrowing are dealt with through reserves to the extent that they are covered by exchange differences arising on the net assets represented by the equity investments.

The accounts of overseas subsidiary undertakings are translated into Sterling on the following basis:

Assets and liabilities at the rate of exchange ruling at the year-end date.

Profit and loss account items at the average rate of exchange for the year.

Exchange differences arising on the translation of accounts into Sterling are recorded as movements on reserves.

The accounts of subsidiaries operating in hyper-inflationary environments are adjusted where possible to reflect current price levels before being translated into Sterling.

Net revenues

Net revenues are defined as the amount invoiced to external customers during the year. That is gross sales net of trade discounts and customer allowances and exclusive of VAT and other sales-related taxes. Net revenues are recognised at the time products are shipped to customers.

Pension commitments

The cost of providing pensions to employees who are members of defined contribution schemes is charged to the profit and loss account as contributions are made.

For defined benefit schemes the cost of providing benefits is charged to the profit and loss account on a systematic basis, so as to spread the cost over the average service lives of the employees in the schemes. Actuarial surpluses and deficits arising are allocated over the average expected remaining service lives of current employees. Differences between the amounts charged in the profit and loss account and payments made to pension schemes are treated as assets or liabilities.

Post-retirement benefits other than pensions

The cost of providing post-retirement benefits other than pensions is determined on a consistent actuarial basis and charged to the profit and loss account. To the extent that such costs do not equate to the cash contribution, a provision or prepayment is constituted in the balance sheet.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Stocks

Stocks are stated at the lower of cost or net realisable value. Cost comprises materials, direct labour and an appropriate portion of overhead expenses and is arrived at by the 'first in-first out' method.

Deferred taxation

Deferred tax is accounted for at the rate of tax at which reversal is expected in respect of timing differences, including those arising on obligations relating to pensions and other post-retirement benefits, between profit as computed for taxation purposes and profit as stated in the accounts, other than those differences which are expected to continue for the foreseeable future.

Intangible fixed assets

Acquired brands are only recognised on the balance sheet as intangible assets where title is clear, brand earnings are separately identifiable, the brand could be sold separately from the rest of the business and where the brand achieves earnings in excess of those achieved by unbranded products. The value of an acquired brand is determined by allocating the purchase consideration of an acquired business between the underlying fair values of the tangible assets, goodwill and brands acquired.

Brands are not amortised, as it is considered that their useful economic lives are not limited. Their carrying values are reviewed annually by the Directors to determine whether there has been any permanent impairment in value and any such reductions in their values are taken to the profit and loss account.

In accordance with FRS10 (Goodwill and Intangible Assets) as from 4 January 1998 goodwill arising on acquisitions is capitalised and amortised over periods not exceeding 20 years in line with the Directors' view of their useful economic lives. Goodwill written off to reserves previous to this date has not been reinstated.

The profit or loss arising on the disposal of businesses acquired is recognised in the accounts after taking into account any goodwill arising on acquisition which has not been previously written off in the profit and loss account.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Except for freehold land, the cost of properties, plant and equipment is written off on a straight line basis over the period of the expected useful life of the asset. For this purpose, expected lives are determined within the following limits:

Freehold buildings: not more than 50 years;

Leasehold land and buildings: the lesser of 50 years or the life of the lease;

Owned plant and equipment: not more than 15 years. In general, production plant and equipment and office equipment are written off over 10 years or less; motor vehicles and computer equipment over five years or less; and

Leased plant and equipment: on the same basis as owned plant and equipment or over the life of the lease, if shorter.

Assets held under finance leases are capitalised at fair value and are included in tangible fixed assets at fair value. Each asset is depreciated over the shorter of the lease term or its useful life. Obligations related to finance leases, net of finance charges in respect of future periods, are included as appropriate within creditors.

Operating leases

Operating lease rentals are charged against profit on a straight-line basis over the period of the lease.

Derivatives

The Group primarily uses cross currency swaps, interest rate swaps and forward foreign currency contacts to manage its exposures to fluctuating interest and foreign exchange rates. These instruments are accounted for as hedges when designated as such at the inception of the contract.

Cross currency swaps are used to reduce the interest cost of borrowings in certain currencies and to hedge the Group's currency net assets. The net exchange gains or losses on cross currency swaps are recorded on the balance sheet. The movements in the balance sheet values are recorded in reserves to the extent that they hedge foreign currency net assets.

Interest rate swaps and the interest rate swap element of cross currency swaps are not revalued to fair value or shown in the Group's balance sheet but are disclosed in the fair value table in note 26. Interest differentials are recognised by accruing the net interest payable/receivable in the profit and loss account.

Gains and losses on forward foreign exchange contracts are offset against the foreign exchange gains and losses on hedged financial assets and liabilities. Where the instrument is used to hedge against future transactions, gains and losses are deferred until the transaction occurs.

GROUP PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2000

	Notes	2000 £m	1999 £m
Net revenues	1		
Continuing operations		3,160	2,967
Discontinued operations		42	87
		3,202	3,054
Cost of sales*	2	(1,640)	(1,598)
Gross profit*	2	1,562	1,456
Net operating expenses*	2	(1,111)	(1,319)
Operating profit	1		
Continuing operations before reorganisation and merger integration costs		440	339
Reorganisation and merger integration costs		-	(220)
Discontinued operations		11	18
Operating profit		451	137
Non-operating items			
Merger transaction expenses (continuing operations)		–	(38)
Profit on disposal of businesses (discontinued operations)	25	56	21
Profit on disposal of tangible fixed assets (continuing operations)		–	1
Profit on ordinary activities before interest		507	121
Interest payable less receivable	5	(42)	(51)
Coupon on convertible capital bonds	5	(18)	(18)
Profit on ordinary activities before taxation		447	52
Tax on profit on ordinary activities	6	(132)	(89)
Profit/(loss) on ordinary activities after taxation		315	(37)
Attributable to equity minority interests		(1)	–
Profit/(loss) for the year	22	314	(37)
Dividends (including preference dividends)	7	(178)	(153)
Retained profit/(loss) for the year		136	(190)
Earnings/(loss) per ordinary share	8		
On profit/(loss) for the year, basic		45.2p	(5.4)p
On profit/(loss) for the year, diluted		44.1p	(5.4)p
On adjusted profit, diluted		38.8p	29.0p

*1999 figures restated (see note 2)

GROUP AND PARENT COMPANY BALANCE SHEETS
as at 31 December 2000

	Notes	Group 2000 £m	Group 1999 £m	Parent 2000 £m	Parent 1999 £m
Fixed assets					
Intangible assets	9	1,638	1,537	–	–
Tangible assets	10	535	514	–	–
Investments	11	–	–	1,223	1,220
		2,173	2,051	1,223	1,220
Current assets					
Stocks	12	245	243	–	–
Debtors due within one year	13	622	598	41	1,056
Debtors due after more than one year	14	148	139	1,446	559
Investments	15	39	105	16	32
Cash at bank and in hand		94	88	3	2
		1,148	1,173	1,506	1,649
Current liabilities					
Creditors due within one year:					
Borrowings	16	(245)	(309)	(6)	(220)
Other	17	(1,053)	(873)	(440)	(537)
		(1,298)	(1,182)	(446)	(757)
Net current (liabilities)/assets		(150)	(9)	1,060	892
Total assets less current liabilities		2,023	2,042	2,283	2,112
Non-current liabilities					
Creditors due after more than one year:					
Borrowings	16	(290)	(426)	(141)	(129)
Other	18	(129)	(97)	(1,086)	(706)
Convertible capital bonds	16, 19	(193)	(194)	–	–
		(612)	(717)	(1,227)	(835)
Provisions for liabilities and charges	20	(279)	(362)	–	–
Equity minority interests		(16)	(18)	–	–
Net assets		1,116	945	1,056	1,277
Capital and reserves					
Called up share capital (including non-equity capital of £5m)	21	71	70	71	70
Shares to be issued	21	7	8	–	–
Share premium account	22	165	145	165	145
Merger reserve	22	142	148	–	–
Profit and loss account	22	731	574	820	1,062
Total shareholders' funds (including non-equity shareholders' funds of £5m)		1,116	945	1,056	1,277

Approved by the board on 28 February 2001

Alan Dalby
Director

Bart Becht
Director

GROUP CASH FLOW STATEMENT
for the year ended 31 December 2000

	Notes	2000 £m	2000 £m	1999 £m	1999 £m
Operating activities					
Operating profit			451		137
Non-cash items					
Depreciation and amortisation			78		74
Reorganisation and merger integration provisions			–		220
Other non-cash movements			(4)		13
Purchase of Reckitt Benckiser N.V. B shares			(6)		–
Increase in stocks			(4)		(15)
Decrease/(increase) in debtors			6		(11)
Increase in creditors			98		54
Reorganisation and merger integration costs paid			(117)		(26)
Merger transaction expenses paid			–		(38)
Cash flow from operating activities			502		408
Return on investments and servicing of finance	23a		(74)		(72)
Taxation			(67)		(50)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(106)		(108)	
Disposal of tangible fixed assets		10		35	
			(96)		(73)
Acquisitions and disposals					
Acquisition of businesses	24	(3)		(5)	
Disposal of businesses	25	84		2	
			81		(3)
Equity dividends paid			(177)		(180)
Cash inflow before use of liquid resources and financing			169		30
Management of liquid resources	23b		68		169
Financing	23c		(190)		(198)
Increase in cash in year			47		1

Included in cash flows from operating activities are cash flows in respect of Year 2000 costs of £1m (1999 £25m).

RECONCILIATION OF OPERATING CASH FLOW TO NET CASH FLOW FROM ORDINARY OPERATIONS

	2000 £m	1999 £m
Operating cash flow (excluding merger transaction expenses and integration costs paid)	619	472
Return on investments and servicing of finance	(74)	(72)
Taxation	(67)	(50)
Capital expenditure (net)	(96)	(73)
Net cash flow from ordinary operations	382	277

Management uses net cash flow from ordinary operations as a performance measure.

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN DEBT - NOTE 23d

	2000 £m	1999 £m
Increase in cash in year	47	1
Cash outflow from decrease in debt	208	212
Cash inflow from decrease in liquid resources	(68)	(169)
Changes in net debt resulting from cash flows	187	44
Conversion of convertible capital bonds	1	–
Translation differences	(47)	(1)
Movement in net debt in year	141	43
Net debt at beginning of year#	(736)	(779)
Net debt at end of year#	(595)	(736)

#Net debt includes convertible capital bonds.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2000

	2000 £m	1999 £m
Profit/(loss) for the year	314	(37)
Net exchange loss on foreign currency borrowings	(47)	–
Exchange differences arising on translation of net investments in overseas subsidiary undertakings	68	(18)
Total recognised gains and losses relating to the year	335	(55)

RECONCILIATION OF MOVEMENTS IN TOTAL SHAREHOLDERS' FUNDS

	2000 £m	1999 £m
Total recognised gains and losses relating to the year	335	(55)
Ordinary dividends	(178)	(153)
Ordinary shares allotted on exercise of options & conversion of convertible capital bonds	20	12
Ordinary shares allotted on purchase of trademarks	–	119
Purchase of Reckitt Benckiser N.V. B shares	(6)	–
Net increase/(decrease) in shareholders' funds	171	(77)
Total shareholders' funds at beginning of year	945	1,022
Total shareholders' funds at end of year	1,116	945

There is £5m (1999 £5m) of non-equity shareholders' funds included within total shareholders' funds.

1 Segmental analyses

Analyses by geographical area and product segment of net revenues, operating profit and capital employed are set out below. The figures for each geographic area show the net revenues and profit made by, and the net operating assets owned by, companies located in that area.

	Net revenues		Operating profit		Operating margin	
Net revenues & operating profit – by geographical area	2000 £m	1999 £m	2000 £m	1999 £m	2000 %	1999 %
Continuing operations						
Western Europe	1,302	1,319	276	246	21.2	18.7
North America	962	862	128	90	13.3	10.4
Latin America	239	198	6	5	2.5	2.3
Asia Pacific	341	299	13	(2)	3.8	(0.7)
Rest of World	316	289	27	18	8.5	6.2
Corporate	–	–	(10)	(18)	–	–
Reorganisation and merger integration costs	–	–	–	(220)	–	–
	3,160	2,967	440	119	13.9	4.0
Discontinued operations						
Western Europe	27	48	6	8	22.2	16.7
North America	–	15	–	2	–	13.3
Asia Pacific	13	22	5	8	38.5	36.4
Rest of World	2	2	–	–	–	–
	3,202	3,054	451	137	14.1	4.5

The net revenue figures represent the sales made to third-party customers by geographical origin. Sales between members of the Group in different geographical areas are not material.

	Net revenues		Operating profit		Operating margin	
Net revenues & operating profit – by product segment	2000 £m	1999 £m	2000 £m	1999 £m	2000 %	1999 %
Continuing operations						
Household and Health & Personal Care	2,957	2,788	410	318	13.9	11.4
Food	203	179	40	39	19.7	21.5
Corporate	–	–	(10)	(18)	–	–
Reorganisation and merger integration costs	–	–	–	(220)	–	–
	3,160	2,967	440	119	13.9	4.0
Discontinued operations						
Household and Health & Personal Care	42	87	11	18	26.2	20.7
	3,202	3,054	451	137	14.1	4.5

Corporate relates to headquarters and global costs which cannot be specifically allocated to the above geographical areas and product segments.

Segmental analyses have been prepared for operating profit as the directors consider these to be more meaningful than analyses based on profit before tax.

The trading results of newly acquired businesses have not been disclosed separately above as they are not material.

	Net revenues	
Additional information – net revenues by product group	2000 £m	1999 £m
Continuing operations		
Fabric Care	814	809
Surface Care	764	698
Dishwashing	413	422
Home Care	371	303
Health & Personal Care	388	353
Core Business	2,750	2,585
Other Household	207	203
	2,957	2,788
Discontinued operations		
Other Household	42	87
Total Household and Health & Personal Care	2,999	2,875

1 Segmental analyses continued

Capital employed – by geographical area	2000 £m	1999 £m
Western Europe	310	246
North America	1,203	1,113
Latin America	74	92
Asia Pacific	95	141
Rest of World	41	49
Corporate	4	58
	1,727	1,699

Capital employed – by product segment	2000 £m	1999 £m
Household and Health & Personal Care	1,588	1,622
Food	135	19
Corporate	4	58
	1,727	1,699

Capital employed comprises	2000 £m	1999 £m
Fixed assets	2,173	2,051
Current assets	1,148	1,173
Creditors due within one year	(1,298)	(1,182)
Creditors due after more than one year	(612)	(717)
Provisions for liabilities and charges	(279)	(362)
Add back: Net debt	595	736
	1,727	1,699

Capital employed is calculated for segmental analysis purposes on total assets less liabilities and after excluding net debt. The Directors consider this to be more meaningful than analyses based on net assets.

2 Analysis of cost of sales and net operating expenses	2000 Continuing £m	2000 Discontinued £m	2000 Total £m	1999 Continuing £m	1999 Discontinued £m	1999* Total £m
Cost of sales	(1,611)	(29)	(1,640)	(1,536)	(62)	(1,598)
Gross profit	1,549	13	1,562	1,431	25	1,456
Distribution costs	(838)	(2)	(840)	(768)	(7)	(775)
Administrative expenses:						
Research and development	(46)	–	(46)	(45)	–	(45)
Year 2000 costs	–	–	–	(32)	–	(32)
Reorganisation and merger integration costs	–	–	–	(220)	–	(220)
Other	(258)	–	(258)	(279)	–	(279)
Total administrative expenses	(304)	–	(304)	(576)	–	(576)
Other net operating income	33	–	33	32	–	32
Net operating expenses	(1,109)	(2)	(1,111)	(1,312)	(7)	(1,319)

*The 1999 profit and loss account has been restated to disclose certain costs, totalling £36m, as cost of sales rather than distribution costs, as they were disclosed in the 1999 accounts. The restatement has no impact on operating profit and has been performed to make the two predecessor companies treatments of freight costs consistent with each other and consistent with the presentation adopted in the 2000 profit and loss account.

3 Auditors' remuneration

The remuneration of the Group's auditors for audit services amounted to £1.9m (1999: PricewaterhouseCoopers £1.4m; Deloitte & Touche £0.9m). These amounts included £0.3m (1999 £0.2m) relating to the audit of the parent company.

The remuneration of the Group's auditors for non-audit services amounted to £2.2m (1999: PricewaterhouseCoopers £2.4m; Deloitte & Touche £2.2m).

4 Employees

a) Staff costs

	2000 £m	1999 £m
The total employment costs were:		
Wages and salaries	301	354
Social security costs	44	56
Pension costs net of pensions credits	10	5
Post-retirement benefits other than pensions	6	8
	361	423

Details of Directors' emoluments are included in the Report on Directors' Remuneration on pages 25 to 28.

b) Staff numbers

The average number of people employed by the Group during the year was:

	2000 000s	1999 000s
Western Europe*	5.1	6.0
North America	2.5	2.4
Latin America	2.6	2.1
Asia Pacific	4.9	5.3
Rest of World	3.8	4.4
	18.9	20.2

* Included in Western Europe are 1,300 (1999 1,400) UK employees.

4 Employees continued

c) Pension schemes

The Group operates a number of pension schemes around the world which are principally of the funded type. The Group's two most significant defined benefit schemes which relate to the former Reckitt & Colman business, are both funded by the payment of contributions to separately administered trust funds. The principal data for these schemes are as follows:

	UK	US
Date of actuarial review	5.4.98	1.1.00
Valuation method used	Projected Unit	Projected Unit
Amortisation method used	Straight Line	Straight Line
Number of years over which surplus is spread	12	Varies
Market value of scheme assets	£604m	£126m
Assumptions		
Rate of return on investments	8.3%p.a.	9.0%p.a.
Earnings increases	5.5%p.a.	5.0%p.a.
Pensions increases	3.5%p.a.	n/a
Dividend increases	4.3%p.a.	n/a
Rate of inflation	3.5%p.a.	4.0%p.a.
Level of funding	125%	Over 100%

The pension cost charged to the profit and loss account, calculated in accordance with the advice of professionally qualified actuaries, is made up as follows:

	UK 2000 £m	UK 1999 £m	US 2000 £m	US 1999 £m
Regular cost	4	5	–	1
Variations from regular cost	(4)	(10)	(3)	(1)
Net pension credit	–	(5)	(3)	–

Debtors due after more than one year includes a prepayment of £59m (1999 £59m) in respect of the excess funding of the UK scheme and £8m (1999 £9m) in respect of other schemes.

Surpluses and deficits are spread over the average remaining service lives of the current employees.

Due to the impracticalities associated with recalculating the SSAP 24 pension charges for some foreign schemes, pension costs for these schemes have been calculated in accordance with local best practice and regulations.

d) Post-retirement benefits other than pensions

Certain retired employees and dependants in the UK and the US are eligible to receive medical and prescription benefits paid for by the Group and provision for this is included in provisions for liabilities and charges.

In the UK, the Group pays the annual subscriptions to a private health plan for certain senior personnel and their dependants after retirement. There will be no further additions to the number of current employees eligible for post-retirement health benefits. The amounts involved in the UK scheme are not material.

In the major US scheme, salaried participants become eligible for retiree health care benefits after they reach a combined age and years of service figure of 70, although the age and service must be a minimum of 55 and ten respectively.

Details of the major US scheme are as follows:

	2000 £m	1999 £m
Accumulated obligation (gross)	98	89
Tax relief	(34)	(31)
Accumulated obligation (net)	64	58
Annual cost charged to profit and loss account	6	6
Assumptions:		
Liability discount rate	8.0% p.a.	7.0%p.a.
Medical cost inflation	5.0% p.a.	5.0%p.a. to 6.0%p.a.
Number of current employees potentially eligible	995	1,031
Number of eligible retirees	2,863	2,894

5 Interest payable less receivable and coupon on convertible capital bonds

	2000 £m	1999 £m
Interest receivable and similar income:		
On short term deposits	12	12
Interest payable and similar charges:		
On bank loans and overdrafts	(30)	(35)
On other borrowings	(24)	(28)
	(42)	(51)
Coupon on convertible capital bonds (note 19)	(18)	(18)

Of the interest payable and similar charges, £10m relates to borrowings repayable after more than five years (1999 £27m which included the coupon on convertible capital bonds).

6 Tax on profit on ordinary activities

	2000 £m	1999 £m
UK corporation tax 30.0% (1999 30.25%)	20	9
UK deferred tax	(4)	(1)
Relief for overseas tax	–	(5)
Total UK tax	16	3
Overseas tax	110	77
Overseas deferred tax	6	9
	132	89

Significant items which reduce/(increase) the tax charge are as follows:

	2000 £m	1999 £m
Amortisation of intangible assets	32	27
Utilisation of tax losses	3	3
Surplus tax losses and other timing differences	(57)	(57)
Disallowable reorganisation and merger integration costs	3	(34)

7 Dividends

	2000 £m	1999 £m
Dividends on ordinary shares:		
Interim:		
Reckitt & Colman - (1999 12.7p) per share	–	52
Benckiser - (1999 NLG 0.80) per share	–	13
Reckitt Benckiser - 12.7p per share	88	–
Proposed final, payable 23 May 2001		
Reckitt Benckiser - 12.8p per share (1999 12.8p)	90	88
Charged to profit and loss account	178	153
Preference dividends	–	–
Total dividends for the year	178	153

As described on page 30 in order for the consolidated accounts to show a true and fair view, amounts attributable to the class A shareholder of Reckitt Benckiser Holdings BV (‘A shareholder’) have been included in the capital and reserves section of the balance sheet. On the same basis the dividends attributable to the A shareholder have been included within the Group profit & loss account.

8 Earnings per share

The reconciliations between profit/(loss) for the year and the weighted average number of shares used in the calculations of the diluted earnings per share are set out below:

	2000			1999		
	Profit for the year £m	Average number of shares	Earnings per share pence	Loss for the year £m	Average number of shares	Loss per share pence
Profit/(loss) attributable to shareholders	314	695,737,827	45.2	(37)	679,254,788	(5.4)
Dilution for Executive options outstanding	–	6,296,053		–	–	
Dilution for Employee Sharesave Scheme options outstanding	–	159,633		–	–	
Dilution for convertible capital bonds outstanding*	13	39,100,746		–	–	
On a diluted basis	327	741,294,259	44.1	(37)	679,254,788	(5.4)

*After the appropriate tax adjustment, the profit for 2000 represents the coupon on convertible capital bonds. The earnings per share impact reflects the effect of that profit and the assumption of the issue of shares on conversion of bonds. The impact of the convertible capital bonds and share options have not been included in the 1999 unadjusted diluted earnings per share calculation as they were not dilutive.

Five times the number of Reckitt Benckiser Holdings BV A shares have been included in the calculations of the weighted average number of shares, in order to present the effect of the Shareholders' Agreement, under the terms of which the position of the holder of the Reckitt Benckiser Holdings BV A shares is in substance the same as if it held five new Reckitt Benckiser ordinary shares for every Reckitt Benckiser Holdings BV A share held.

The reconciliations of profit for the year and earnings per share on the shares in issue between unadjusted and adjusted EPS calculation bases are as follows:

	2000			1999		
	Profit for the year £m	Average number of shares	Earnings per share pence	(Loss)/ profit for the year £m	Average number of shares	(Loss)/ earnings per share pence
Basic earnings per share attributable to shareholders	314	695,737,827	45.2	(37)	679,254,788	(5.4)
Reorganisation and merger integration costs, and non operating items	(56)	–	(5.7)	236	–	34.7
Taxation (including deferred taxation)	17	–	–	–	–	–
	275	695,737,827	39.5	199	679,254,788	29.3
Impact of dilution	13	45,556,432			7,566,735	
On an adjusted, diluted basis	288	741,294,259	38.8	199	686,821,523	29.0

The Directors believe that a diluted earnings per share, adjusted for the distorting effects of non-operating items and exceptional costs (i.e. reorganisation and merger integration costs) after the appropriate tax amount, provides the most meaningful measure of earnings per ordinary share in comparing the performance of the business over time.

9 Fixed assets – intangible assets

Group	Brands £m	Goodwill £m	Total £m
Cost			
At 1 January 2000	1,503	52	1,555
Additions during the year	3	7	10
Exchange adjustments	94	2	96
At 31 December 2000	1,600	61	1,661
Accumulated write offs and amortisation			
At 1 January 2000	(14)	(4)	(18)
Written off/amortised during the year	(2)	(3)	(5)
At 31 December 2000	(16)	(7)	(23)
Net book amounts			
At 1 January 2000	1,489	48	1,537
At 31 December 2000	1,584	54	1,638

The amount originally stated for brands represents the fair value at the date of acquisition of brands acquired since 1985. A brand is only recognised where it is supported by a registered trade mark, is established in the marketplace and holds significant brand share.

10 Fixed assets – tangible assets

Group	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
At 1 January 2000	276	849	1,125
Additions during the year	12	94	106
Disposals during the year	(34)	(119)	(153)
Exchange adjustments	8	20	28
At 31 December 2000	262	844	1,106
Accumulated depreciation			
At 1 January 2000	(85)	(526)	(611)
Provided during the year	(11)	(62)	(73)
Disposals during the year	17	108	125
Exchange adjustments	(2)	(10)	(12)
At 31 December 2000	(81)	(490)	(571)
Net book amounts			
At 1 January 2000	191	323	514
At 31 December 2000	181	354	535

The depreciation charge for the year ended 31 December 1999 was £71m.

The net book amounts of assets held under finance leases included in tangible assets is:

Group	2000 £m	1999 £m
Land and buildings	1	1
Plant and equipment	1	1
Total cost	2	2
Accumulated depreciation	(1)	(1)
Net book amount	1	1
Depreciation charge for the year on assets held under finance leases	–	–

The net book amounts of land and buildings comprise:

Group	2000 £m	1999 £m
Freehold land	26	24
Freehold buildings	139	130
Long leaseholds	12	36
Short leaseholds	4	1
	181	191

Future capital expenditure contracted but not provided for in the accounts is £22m (1999 £7m).

Annual commitments under non-cancellable operating leases at 31 December 2000 were:

	2000		1999	
Group	Land and buildings £m	Plant and equipment £m	Land and buildings £m	Plant and equipment £m
Expiry of operating leases:				
Within one year	5	4	3	4
Between one and five years	14	3	12	5
After five years	5	–	11	–
	24	7	26	9

11 Investments classified as fixed assets

Parent	Shares in subsidiary undertakings £m
Cost and net book amounts	
At 1 January 2000	1,220
Additions during the year	3
At 31 December 2000	1,223
Listed investments	
Net book amounts at 1 January 2000	7
Net book amounts at 31 December 2000	7
Market value at 1 January 2000	75
Market value at 31 December 2000	63

Investments in subsidiary undertakings are stated at cost. As permitted by section 133 of the Companies Act 1985, where the relief afforded under section 131 of the Companies Act 1985 applies, cost is the aggregate of the nominal value of the relevant number of the Company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertakings.

Principal subsidiary undertakings

The principal subsidiary undertakings at 31 December 2000, all of which are included in the consolidated financial statements, are shown below.

	Product segment	Country of incorporation or registration and operation	Effective % of share capital held by the Group
Reckitt & Colman Deutschland AG	Household	Germany	Ordinary 99.64%
Reckitt & Colman Limitada	Household	Brazil	Ordinary 100%
Reckitt & Colman Products Limited	Household	UK	Ordinary 100%
Reckitt Benckiser (Australia) Pty Limited	Household	Australia	Ordinary 100%
Reckitt Benckiser (Canada) Inc.	Household and Food	Canada	Ordinary 100%
Reckitt Benckiser (Poland) SA	Household	Poland	Ordinary 97%
Reckitt Benckiser España SL	Household	Spain	Ordinary 100%
Reckitt Benckiser France SA	Household	France	Ordinary 100%
Reckitt Benckiser Inc. USA	Household and Food	US	Ordinary 100%
Reckitt Benckiser (India) Limited	Household	India	Ordinary 51%
Reckitt Benckiser Italia SpA	Household	Italy	Ordinary 99.6%
Reckitt Benckiser (UK) Limited	Household	UK	Ordinary 100%

With the exception of Reckitt Benckiser (India) Limited, none of the above subsidiaries are held directly by Reckitt Benckiser plc.

As permitted by s.231(5) of the Companies Act 1985, particulars of other subsidiary undertakings are not shown above. A full list of the Company's subsidiary undertakings at 31 December 2000, will be annexed to the Company's next annual return.

12 Stocks

Group	2000 £m	1999 £m
Raw materials and consumables	57	65
Work in progress	11	12
Finished goods and goods held for resale	177	166
	245	243

13 Debtors due within one year

	Group		Parent	
	2000 £m	1999 £m	2000 £m	1999 £m
Trade debtors	487	474	–	–
Amounts owed by group undertakings	–	–	40	1,042
ACT recoverable on Foreign Income Dividend	–	13	–	11
Other debtors*	102	79	1	2
Prepayments and accrued income	33	32	–	1
	622	598	41	1,056

* Other debtors at 31 December 2000 include, £711,000 (1999 £547,000) in respect of loans to eight (1999 seven) officers of the Company.

14 Debtors due after more than one year

	Group		Parent	
	2000 £m	1999 £m	2000 £m	1999 £m
Trade debtors	–	1	–	–
Amounts owed by group undertakings	–	–	1,446	559
Deferred tax (note 20c)	68	57	–	–
Other debtors	13	9	–	–
Prepayments and accrued income	67	72	–	–
	148	139	1,446	559

15 Current asset investments

	Group		Parent	
	2000 £m	1999 £m	2000 £m	1999 £m
Short term deposits	39	90	16	32
Commercial paper	–	15	–	–
	39	105	16	32

16 Borrowings, convertible capital bonds and maturity of debt

	Group		Parent	
a) Borrowings and convertible capital bonds	2000 £m	1999 £m	2000 £m	1999 £m
Creditors due within one year				
Bank loans and overdrafts	122	220	6	146
Other borrowings	123	89	–	74
	245	309	6	220
Creditors due after more than one year				
Bank loans and overdrafts	73	96	–	–
Other borrowings	217	330	141	129
	290	426	141	129
Convertible capital bonds (note 19)	193	194	–	–
	483	620	141	129
Gross borrowings	728	929	147	349

16 Borrowings, convertible capital bonds and maturity of debt continued

b) Maturity of debt	Group		Parent	
	2000 £m	1999 £m	2000 £m	1999 £m
Bank loans and overdrafts repayable:				
Within one year or on demand	122	220	6	146
Between one and two years	24	24	–	–
Between two and five years	49	72	–	–
	195	316	6	146
Other borrowings (including the convertible capital bonds) repayable:				
Within one year or on demand:				
Commercial notes*	120	74	–	74
Other	3	15	–	–
Between one and two years:				
Other	1	–	–	–
Between two and five years:				
7.06% Guaranteed Notes Series C due 2002†	–	89	–	–
6.64% Notes Series E due 2004	64	58	64	58
Convertible capital bonds (note 19)	193	–	–	–
Other	8	2	–	–
After more than five years not payable by instalments:				
7.15% Guaranteed Notes Series D due 2005†	–	49	–	–
7.09% Preferred Auction Rate Changeable Shares Series A due 2006#	67	61	–	–
6.72% Notes Series F due 2007	77	71	77	71
Convertible capital bonds (note 19)	–	194	–	–
	533	613	141	203
Gross borrowings	728	929	147	349

* Represents short term notes, issued or guaranteed by Reckitt Benckiser plc in the UK and the US. Committed back-up facilities have been arranged with banks in the UK in support of these notes.

† Represents notes issued in the US and guaranteed by Reckitt Benckiser plc.

During 1999 Preferred Auction Rate Changeable Shares were issued by Reckitt & Colman Holdings (USA) Inc supported by Reckitt Benckiser plc. The initial dividend rate is 7.09% and applies until 2006. Thereafter, the dividend rate will be determined by auction. These shares are not redeemable until the end of the initial dividend period or at the end of any subsequent dividend periods. The redemption price will be the par value of the shares plus accumulated and unpaid dividends. The dividend rate may vary under specific circumstances within the terms of issuance of the Preferred Auction Rate Changeable Shares.

c) Borrowing facilities

The Group's borrowing limit at 31 December 2000 calculated in accordance with the Articles of Association was £2,425m (1999 £2,083m).

The Group has various borrowing facilities available to it. The undrawn committed facilities available in respect of which all conditions precedent have been met at the balance sheet date were as follows:

Undrawn committed borrowing facilities	2000 £m	1999 £m
Expiring within one year	425	394
Expiring between one and two years	–	126
Expiring after more than two years	425	60
	850	580

17 Creditors due within one year – other

	Group		Parent	
	2000 £m	1999 £m	2000 £m	1999 £m
Trade creditors	382	324	–	–
Amounts owed to group undertakings	–	–	350	434
Other creditors	29	39	1	1
Corporation tax	94	47	–	5
Other tax and social security	26	27	4	–
Dividends	90	88	81	80
Accruals and deferred income	432	348	4	17
	1,053	873	440	537

18 Creditors due after more than one year – other

	Group		Parent	
	2000 £m	1999 £m	2000 £m	1999 £m
Amounts owed to group undertakings	–	–	1,086	705
Other creditors	33	–	–	1
Corporation tax	90	88	–	–
Accruals and deferred income	6	9	–	–
	129	97	1,086	706

19 Creditors due after more than one year – convertible capital bonds

In March 1990, Reckitt & Colman Capital Finance Limited, a wholly owned subsidiary undertaking, issued £200,832,954 9.5% Convertible Capital Bonds 2005. In July 2000, holders of bonds amounting in value to £1,069,844 (1999 £139,201) exercised their right of conversion into 215,659 (1999 28,037) ordinary shares of Reckitt Benckiser plc, giving a cumulative £7,515,939 of bonds which have now been converted into shares.

The terms of the issue, adjusted for the 1994 rights issue, allow the holders to convert the bonds into Reckitt Benckiser ordinary shares on 31 July in each of the years 1993 to 2004 at the exchange price of 496p per share (equivalent to 20.161 Reckitt Benckiser ordinary shares per 100 bonds of £1 each). Bondholders will also have the right at maturity to convert their bonds into Reckitt Benckiser ordinary shares on similar terms as apply on each annual conversion opportunity. Insofar as these rights are not exercised and if no other action is taken, the bonds outstanding at maturity (currently 31 March 2005) will be converted into preference shares in Reckitt & Colman Capital Finance Limited and such preference shares will immediately be redeemed at 100p per bond.

Reckitt Benckiser plc may make arrangements for some or all of the ordinary shares which would otherwise arise on any conversion at maturity to be placed or purchased and for bondholders to receive out of the proceeds the same amount of cash as they would have received on a redemption of the underlying preference shares (on the basis that Reckitt Benckiser plc shall bear any shortfall, but may retain any excess, in the actual proceeds of such placing or sale as compared to such redemption amount). The trustee of the issue may also at maturity require all then outstanding bonds to be converted into Reckitt Benckiser ordinary shares and sold on behalf of bondholders if it is satisfied or advised that bondholders are likely to receive a greater cash amount on maturity as a result.

In accordance with the terms of the issue, Reckitt & Colman Capital Finance Limited may elect to give bondholders the option to extend the life of their bonds. In addition, and if it so chooses, Reckitt & Colman Capital Finance Limited may, at the same time, make arrangements for the purchase by a third party of some or all of those bonds in respect of which such option is not exercised by bondholders (on the basis that relevant bondholders would receive the same amount of cash as they would have done on redemption, with the issuer bearing any shortfall but retaining any excess). Save in certain circumstances, Reckitt Benckiser plc also has the right to exchange all outstanding bonds for Reckitt Benckiser redeemable preference shares with similar terms as to redemption and conversion into Reckitt Benckiser ordinary shares as the bonds.

20 Provisions for liabilities and charges

Group	Reorganisation and merger integration provisions £m	Deferred tax £m	Pensions £m	Post-retirement benefits other than pensions £m	Other provisions £m	Total £m
At 1 January 2000	159	36	51	97	19	362
Profit and loss account:						
Operating items	–	9	16	21	10	56
Contingent deferred consideration:						
Acquisition	–	–	–	–	6	6
Utilised during the year	(117)	–	(14)	(7)	(7)	(145)
At 31 December 2000	42	45	53	111	28	279

a) Reorganisation and merger integration provisions

The merger reorganisation principally consisted of the amalgamation of several businesses, particularly in Western Europe and North America, and associated redundancies. The reorganisation and merger integration provision primarily related to building and factory closures, employee severance costs and asset write offs. During 2000, £117m of this provision was utilised as follows:

	2000 £m	1999 £m
Employee severance	78	21
Building closures	25	11
Other costs and fees	14	2
Asset write-offs	–	27
Total utilisation	117	61

It is expected that the reorganisation and merger integration provision will be largely utilised in 2001.

b) Other provisions

Other provisions includes £6m deferred contingent consideration in respect of an acquisition made in 2000. This consideration is contingent on future performance of the acquired brand. It is expected that the provision will be utilised by 2010.

The remainder of other provisions relate almost exclusively to disposals of brands and businesses in previous accounting periods. The principal components of these provisions are in respect of tax liabilities associated with the 1995 disposal of Globo, the Brazilian industrial pigments business, and pension liabilities relating to Schulke & Mayr, a business disposed of in Germany in 1995. These provisions are expected to be fully utilised by 2002.

c) Deferred tax assets and liabilities provided and not provided for at the balance sheet date were as follows:	2000 £m	1999 £m
Net assets recognised:		
Post-retirement benefits/pensions	50	39
Interest payable and losses	18	18
Miscellaneous timing differences	–	–
	68	57
Net liabilities provided for:		
Interest receivable	12	12
Miscellaneous timing differences	33	24
	45	36
Net assets/(liabilities) not recognised/(provided for):		
Interest payable and losses	137	110
Reorganisation costs	8	35
Accelerated capital allowances	(28)	(26)
Miscellaneous timing differences	3	6
ACT on dividends	–	1
	120	126

The above excludes the tax effect of revaluations of fixed assets (including valuations at the date of acquisition of subsidiary undertakings and businesses) and taxation which would be due on future remittances of accumulated reserves of subsidiary undertakings, except to the extent that it has been considered appropriate to provide for such amounts.

21 Called up share capital including non-equity capital

Ordinary shares	Authorised Number of shares	Allotted, called up and fully paid Number of shares	Authorised £m	Allotted, called up and fully paid £m
Unclassified shares of 10 10/19p each	315,779,792	–	33	–
Ordinary shares of 10 10/19p each	629,720,208	620,438,594	67	65
At 1 January 2000	945,500,000	620,438,594	100	65
Allotments		9,281,614		1
At 31 December 2000	945,500,000	629,720,208	100	66

Special voting share of 10p*	Authorised Number of shares	Allotted, called up and fully paid Number of shares	Authorised £m	Allotted, called up and fully paid £m
At 1 January 2000 and 31 December 2000	1	1	–	–

Non-equity capital 5% Cumulative Preference Shares of £1 each+	Authorised Number of shares	Allotted, called up and fully paid Number of shares	Authorised £m	Allotted, called up and fully paid £m
At 1 January 2000 and 31 December 2000	4,500,000	4,500,000	5	5

Shares to be issued#	Number of shares	£m
At 1 January 2000 and 31 December 2000	68,275,000	7

* The rights attached to the special voting share are designed to give Joh A. Benckiser GmbH (JAB) the voting rights it would have had, had it exchanged its Benckiser N.V. A shares. The special voting share has the right to exercise 68,275,000 votes at the General Meetings of the Company. This right will cease at the earlier of 30 September 2005 or the date JAB exchanges its Reckitt Benckiser Holdings A Shares for Reckitt Benckiser ordinary shares.

+ The 5% cumulative preference shares of £1 each, which are irredeemable and were issued at par, rank in priority to the ordinary shares both as to dividend and to capital. On a winding up or repayment of capital these shares are repayable at par on the average market value for a period prior to that event if higher. These shares have no further rights to participate in the reserves of the Company and the non-equity capital does not carry any right to vote at any general meeting of the Company unless either: (a) the dividend is six months in arrears; or (b) there is a resolution to wind up the Company or to reduce its capital; or (c) there is a resolution to alter the rights of the preference shareholders.

The 68,275,000 shares to be issued are in respect of the 13,655,000 A shares in Reckitt Benckiser Holdings BV (the A shares) held by JAB. Under a Shareholders Agreement, each Reckitt Benckiser Holdings A share is equivalent to five Reckitt Benckiser plc ordinary shares in terms of dividend and capital rights and, through the issue by Reckitt Benckiser plc of the special voting share, voting rights. Under the Merger Agreement, JAB has a right to exchange its Reckitt Benckiser Holdings A shares at any time into new Reckitt Benckiser shares on the basis of five new Reckitt Benckiser plc ordinary shares for each A share.

As stated on Page 30, in order for the consolidated accounts to show a true and fair view, the amounts attributable to the Reckitt Benckiser Holdings BV, A shareholder have been included in the capital and reserves section of the consolidated balance sheet. As a result the A shares have been included in the consolidated balance sheet as if they have already been exchanged for Reckitt Benckiser ordinary shares, at a ratio of five Reckitt Benckiser shares for every A share.

Unless previously exchanged into such new Reckitt Benckiser ordinary shares, all the Reckitt Benckiser Holdings A shares then outstanding on 1 October 2005 will be entitled to, in each financial period, a fixed dividend equal to two thirds of the average dividend paid on the Reckitt Benckiser Holdings A shares during the two financial periods preceding 30 September 2005 in lieu of their rights to dividend under the Shareholders Agreement and the Special Voting Share will cease to carry votes.

21 Called up share capital including non-equity capital continued

During the year ordinary shares were allotted as follows:

Ordinary shares of 10 10/19p	Number of shares	Number of shares	Consideration £m	Consideration £m
Under the Share Participation Schemes		59,257		–
Under the Savings-Related Share Option Scheme		198,261		1
Executive Share Options	4,833,042		17	
Initial Award Restricted Shares	267,250		–	
Total under Executive Share Option and Restricted Shares Schemes		5,100,292		17
On conversion of convertible capital bonds		215,659		–
Issued in respect of Reckitt Benckiser N.V. B Shares		3,708,145		–
Total		9,281,614		18

Options and restricted shares granted during the year

Options and restricted shares exercisable at various dates between 2000 and 2010 granted during the year were as follows:

Executive share option and restricted share schemes	Price to be paid	No of shares under option
1999 Share Option Plan	833.8p	45,000
Restricted Share Plan		36,000
1999 Share Option Plan - Annual Grant	881.9p	2,547,200
Restricted Share Plan - Annual Grant		2,027,500
Total		4,655,700
Saving-related share option schemes	661.6p	2,651,379

Options and restricted shares unexercised at 31 December 2000

Options and restricted shares exercisable at various dates between 2000 and 2010 are as follows:

	Price to be paid		No of shares under option	
Executive share option and restricted share schemes	From	To	2000	1999
Reckitt & Colman Schemes	532.4p	1212.0p	2,285,038	4,785,100
Benckiser 1997 Schemes	192.0p	205.0p	3,554,535	6,606,650
Benckiser 1998 Schemes	479.0p	510.0p	2,351,470	2,916,390
Benckiser Long-term Award Plan for Supervisory Directors - 1998	635.0p	676.6p	24,715	20,230
Benckiser Long-term Incentive Scheme 1999 Annual Award	702.0p	748.0p	2,888,875	3,115,750
Benckiser Initial Award Agreement 29 September 1999:				
- Options		704.0p	5,300,000	5,350,000
- Restricted Shares			265,000	535,000
Reckitt Benckiser 1999 Share Option Plan - Initial Grant		722.0p	1,220,000	1,225,000
Reckitt Benckiser Restricted Share Plan - Initial Grant			119,750	122,500
Reckitt Benckiser 1999 Share Option Plan - Annual Grant	553.8p	881.9p	3,598,950	1,102,000
Reckitt Benckiser Restricted Share Plan - Annual Grant			2,859,750	865,750
			24,468,083	26,644,370

Savings related share option schemes				
UK Scheme	477.1p	787.4p	835,330	992,257
Overseas Scheme	647.0p	787.4p	1,721,336	623,753
USA Scheme	647.0p	787.4p	2,234,291	1,192,655
Total			4,790,957	2,808,665

Those Benckiser options which were granted prior to the merger on 3 December 1999 were granted over Benckiser N.V. B shares. On exercise, these options convert to options over ordinary shares at a ratio of 5 ordinary shares for every Benckiser B share with a matching exercise price adjustment. In the tables above the outstanding Benckiser options have been stated at their equivalent Reckitt Benckiser number of options and their exercise prices have been adjusted accordingly.

Executive Share Options are awarded at an exercise price determined on grant and payable on exercise following satisfaction of performance criteria.

Restricted share awards entitle the recipient to receive shares at no cost following satisfaction of performance criteria.

22 Reserves

	Group			Parent	
	Share premium £m	Merger reserve £m	Profit and loss £m	Share premium £m	Profit and loss £m
At 1 January 2000	145	148	574	145	1,062
Movements during the year:					
Shares allotted under share participation and option schemes	19	–	–	19	–
Shares allotted on conversion of capital bonds	1	–	–	1	–
Purchase of Reckitt Benckiser N.V. B shares	–	(6)	–	–	–
Profit/(loss) for the year	–	–	314	–	(81)
Ordinary dividends	–	–	(178)	–	(161)
Net exchange loss on foreign currency borrowings	–	–	(47)	–	–
Exchange differences arising on the translation of net investments in overseas subsidiary undertakings	–	–	68	–	–
At 31 December 2000	165	142	731	165	820

As permitted by s.230 of the Companies Act 1985, no profit and loss account is presented for Reckitt Benckiser plc.

The cumulative amount of goodwill written off to reserves since 1984 in respect of the acquisition of continuing businesses is £760m (1999 £760m).

The reserves of subsidiary undertakings have generally been retained to finance their businesses. There were statutory or other restrictions on the distribution of £319m (1999 £320m) of the reserves of subsidiary undertakings at 31 December 2000.

None of the above reserves are attributable to non-equity interests.

23 Cash flow statement

a) Return on investments and servicing of finance

	2000 £m	1999 £m
Interest received	12	11
Interest paid	(66)	(63)
Interest element of finance lease payments	(1)	–
Coupon on convertible capital bonds	(18)	(18)
Dividends paid to minority interests	(1)	(2)
	(74)	(72)

b) Management of liquid resources

	2000 £m	1999 £m
Decrease in commercial paper	12	29
Decrease in short-term deposits	56	138
Decrease in currency swaps	–	2
	68	169

Liquid resources are current asset investments which are readily convertible into cash or traded in an active market and may be disposed of without disrupting the running of the business.

c) Analysis of changes in financing during the year

	2000		1999	
	£m	£m	£m	£m
Issue of ordinary share capital		18		14
Debt due within one year:				
Increase in borrowing	56		52	
Repayments	(96)		(85)	
Debt after more than one year:				
Increase in borrowing	1		62	
Repayments	(169)		(241)	
		(208)		(212)
		(190)		(198)

d) Analysis of net debt

	At 1 January 2000	Cash flow	Other non-cash changes	Exchange differences	At 31 December 2000
Cash at bank and in hand	88	9	–	(3)	94
Overdrafts	(58)	38	–	1	(19)
		47			
Debt due within one year	(251)	40	–	(15)	(226)
Debt due after more than one year	(426)	168	–	(32)	(290)
Convertible capital bonds	(194)	–	1	–	(193)
		208			
Current asset investments	105	(68)	–	2	39
Total net debt	(736)	187	1	(47)	(595)

24 Acquisition of businesses

	2000 £m	1999 £m
Intangible fixed assets	3	5
Goodwill capitalised	7	–
Cost of acquisition	10	5
Amounts not paid in year	(7)	–
Effect on cash flow	3	5

25 Non-operating disposals of businesses

	Epilim £m	Other Disposals £m	2000 Total £m	1999 £m
Net assets sold excluding intangible fixed assets	–	9	9	4
Disposal provisions	–	–	–	1
Profit on disposal – discontinued operations#	25	31	56	15
Net proceeds of disposal	25	40	65	20
Amounts not paid in year	–	–	–	(11)
Payments/utilisation of disposal provision	–	19	19	(7)
Effect on cash flow*	25	59	84	2

* Of the £84m (1999 £2m) total cash flow effect, £20m (1999 £7m) relates to prior years' disposals.

The non operating profit disclosed in the 1999 consolidated profit and loss account also includes the write back of provisions totalling £6m, no longer required in respect of prior years' disposals.

The tax effect of non-operating disposals is £17m (1999 £nil).

Other disposals relate to the disposal of various non-strategic businesses, including Fatty Acids and plant care in Europe and some personal care brands in Australia and New Zealand.

26 Financial risk management

An explanation of the role that financial instruments have had during the year in creating or changing the risks that the Group faces in its activities is set out in the Operating and Financial Review on pages 18 and 19.

Short-term debtors and creditors that meet the definition of a financial asset or liability under FRS 13 have been excluded from all numerical disclosures in this note except for the analysis of net currency exposures

a) Interest rate exposure of financial assets and liabilities

The amounts shown below take into account the effect of currency swaps and interest rate swaps. All of the Group's foreign currency borrowings are undertaken in the currencies of countries where most of the Group's net assets are located. This is intended to provide some protection against the effects of exchange rate fluctuations on total shareholders' funds.

	Financial assets			Financial liabilities				
Year ended 31 December 2000	Floating £m	Non-interest bearing £m	Total £m	Fixed £m	Floating £m	Non-interest bearing £m	Total £m	Net financial assets/ (liabilities) £m
Sterling	64	11	75	(198)	–	(5)	(203)	(128)
US Dollar	13	10	23	(124)	(246)	–	(370)	(347)
Euro	1	23	24	(73)	(55)	–	(128)	(104)
Canadian Dollar	–	–	–	–	(5)	–	(5)	(5)
Australian Dollar	–	4	4	(4)	(10)	–	(14)	(10)
Other	20	57	77	(3)	(76)	–	(79)	(2)
	98	105	203	(402)	(392)	(5)	(799)	(596)
of which:								
Cash at bank and in hand			94				–	94
Investments*			40				–	40
Gross borrowings			–				(728)	(728)
Derivative financial instruments			55				(56)	(1)
Preference shares			–				(5)	(5)
Other financial assets/(liabilities)			14				(10)	4
			203				(799)	(596)

* Excludes the net balance on cross currency swaps of (£0.6m).

26 Financial risk management continued

Year ended 31 December 1999	Financial assets			Financial liabilities				
	Floating £m	Non-interest bearing £m	Total £m	Fixed £m	Floating £m	Non-interest bearing £m	Total £m	Net financial assets/ (liabilities) £m
Sterling	50	3	53	(199)	(9)	(4)	(212)	(159)
US Dollar	45	10	55	(242)	(306)	–	(548)	(493)
Euro	43	22	65	(96)	(18)	(4)	(118)	(53)
Canadian Dollar	–	–	–	–	(24)	–	(24)	(24)
Australian Dollar	6	–	6	(16)	(15)	–	(31)	(25)
Other	37	41	78	(7)	(63)	(4)	(74)	4
	181	76	257	(560)	(435)	(12)	(1,007)	(750)

of which:	Financial assets Total £m	Financial liabilities Total £m	Net financial assets/ (liabilities) £m
Cash at bank and in hand	88	–	88
Investments*	105	–	105
Gross borrowings	–	(929)	(929)
Derivative financial instruments	54	(54)	–
Preference shares	–	(5)	(5)
Other financial assets/(liabilities)	10	(19)	(9)
	257	(1,007)	(750)

* Excludes the net balance on cross currency swaps of (£0.5m).

Fixed rate borrowings include the convertible capital bonds, notes and guaranteed notes issued at fixed rates of interest. Interest rate swaps have been used to manage the Group's exposure to fluctuating interest rates and at 31 December 2000 the aggregate amount of financial liabilities at fixed rates was 50% (1999 56%) of the Group's financial liabilities. The floating rate borrowings, cash and current asset investments bear interest based on relevant national LIBOR equivalent. Non-interest bearing financial liabilities relate to long term creditors and provisions.

In 1999 and 2000 all interest bearing assets were held at floating rates of interest. Non-interest bearing financial assets comprise cash and long term debtors.

The interest rate profile of fixed rate financial liabilities is analysed below:

	31 December 2000		31 December 1999	
	Weighted average interest rate	Weighted time fixed years	Weighted average interest rate	Weighted time fixed years
Sterling	9.4	4.2	9.4	5.2
US Dollar	6.7	4.9	6.9	4.9
Euro	5.6	2.9	5.3	3.4
Australian Dollar	5.3	1.3	5.2	1.5
Other	14.1	2.2	14.6	2.0
Weighted average	7.9	4.1	7.6	4.6

b) Maturity of financial liabilities

The maturity profile of the Group's financial liabilities are as follows:

	2000 £m	1999 £m
Within one year	301	310
Between one and two years	35	40
Between two and five years	314	272
After more than five years	149	385
	799	1,007

26 Financial risk management continued

c) Currency exposure

The table below shows the net unhedged monetary assets and liabilities of Group companies at 31 December 2000 that are not denominated in their functional currency and therefore give rise to exchange gains and losses in the profit and loss account.

Year Ended 31 December 2000

	Net foreign currency monetary assets/(liabilities)					
Functional currency of Group operation	Sterling £m	US Dollar £m	Euro £m	Australian Dollar £m	Other £m	Total £m
Sterling	–	7	1	1	7	16
US Dollar	–	–	–	–	–	–
Euro	(4)	5	–	–	19	20
Australian Dollar	(5)	(1)	–	–	(2)	(8)
Other	(5)	1	(10)	–	–	(14)
	(14)	12	(9)	1	24	14

Year Ended 31 December 1999

	Net foreign currency monetary assets/(liabilities)					
Functional currency of Group operation	Sterling £m	US Dollar £m	Euro £m	Australian Dollar £m	Other £m	Total £m
Sterling	–	2	(2)	–	1	1
US Dollar	–	–	–	–	1	1
Euro	5	–	–	–	–	5
Australian Dollar	(1)	–	1	–	–	–
Other	–	7	(18)	(1)	–	(12)
	4	9	(19)	(1)	2	(5)

d) Fair values of financial instruments used for risk management

The fair value is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, and is calculated by reference to market rates discounted to current value.

	2000		1999	
	Amount recorded on balance sheet £m	Fair value £m	Amount recorded on balance sheet £m	Fair value £m
Primary financial instruments or issued to finance the Group's operations				
Borrowings due within one year	(245)	(245)	(309)	(309)
Borrowings due after more than one year				
Convertible capital bond	(193)	(375)	(194)	(266)
Other	(290)	(296)	(426)	(404)
Preference shares	(5)	(4)	(5)	(4)
Investments*	40	40	105	105
Cash at bank and in hand	94	94	88	88
Other financial assets/(liabilities)	4	4	(9)	(10)
Derivative financial instruments held to manage the interest and currency profile				
Cross currency swaps	(1)	(1)	–	–
Interest rate swaps/options	–	1	–	–
Derivative financial instruments held to hedge future transactions				
Forward foreign exchange contracts	–	3	–	1
	(596)	(779)	(750)	(799)

* Excludes the net balance on cross currency swaps of (£0.6m).

26 Financial risk management continued

e) Hedges

Unrecognised gains and losses on hedges and associated assets and liabilities are as follows:

	Gains £m	Losses £m	Total net gains/(losses) £m
Unrecognised gains/(losses) on hedges at 1 January 2000	4	(3)	1
Arising in previous years included in 2000	(5)	4	(1)
(Losses)/gains arising before 1 January 2000 not recognised in 2000	(1)	1	–
Gains/(losses) arising in 2000 not recognised in 2000	9	(5)	4
Unrecognised gains/(losses) on hedges at 31 December 2000	8	(4)	4
of which:			
Gains/(losses) expected to be recognised in 2001	5	(3)	2
Gains/(losses) expected to be recognised in 2002 or later	3	(1)	2

The instruments used for hedging the Group's exposure to movements in interest rates and exchange rates are detailed in the Financial Review on pages 18 and 19. Changes in the fair value of instruments used as hedges are not recognised in the financial statements until the hedged position matures.

f) Financial instruments held for trading purposes

The Group does not trade in financial instruments.

27 Related party interest in transactions with the Group

During 1998 Reckitt Piramal Limited, a subsidiary undertaking of the Group which is 40% owned by Nicholas Piramal India Limited, commenced trading. During 2000, medical services support with a value of £0.2m (1999 £0.5m) and purchases with a value of £2.8m (1999 £nil) were provided by Nicholas Piramal India Limited to Reckitt Piramal Limited. At 31 December 2000, Reckitt Piramal Limited owed £0.9m (1999 £0.8m) to Nicholas Piramal India Limited.

In 1998 the Company executed an Option Agreement with Reckitt & Colman QUEST Trustee Limited, granting it an option in respect of all outstanding UK Sharesave options at the date of the Agreement (715,261 options) and any such options granted subsequent to the date of the Agreement. Between 1 January 2001 and 28 February 2001, 73,293 options were exercised under this agreement. Reckitt & Colman QUEST Trustee Limited was established in accordance with Inland Revenue guidelines to manage the taxation implications of the granting of options to UK employees.

On 18 December 2000, an option to purchase 1,225,089 ordinary shares of 10 10/19p each at a price of 661.6p was granted to Reckitt & Colman Employees' Trustees (Jersey) Limited in connection with the Reckitt & Colman Overseas Savings Related Share Option Scheme. The effective grant date for this option was 20 November 2000.

Prior to the merger Benckiser N.V. acquired certain trademarks and licences from Benckiser Marken GmbH & Co. KG, a subsidiary of Benckiser N.V.'s ultimate holding company, Joh. A. Benckiser GmbH (JAB). Prior to the acquisition, and under the terms of a Trademark Licence Agreement, dated 30 June 1997, Benckiser N.V. paid a licence fee to Benckiser Marken GmbH and Co. KG for the irrecoverable right to use the trademarks and licences. The fee paid equated to 3% of the net sales of each relevant brand in countries in which the brands were sold as of the date of the agreement. No licence fee was paid to Benckiser Marken GmbH & Co. KG during 2000 (1999 £4.7m).

28 Contingent liabilities

The Group is not considered to have any contingent liabilities, the realisation of which would have a material effect on its financial position.

29 Post balance sheet events

Towards the end of 2000, the Group contracted to purchase a household goods business in Korea. Completion is expected during the first quarter of 2001. The business generated net sales of £67m during 1999.

Profit & loss account	2000 £m	1999 £m	1998 £m	1997 £m	1996 £m
Net revenues	3,202	3,054	3,092	3,083	3,232
Operating profit	451	137	430	482	499
Interest payable less receivable and coupon on convertible capital bonds	(60)	(69)	(70)	(73)	(83)
Non-operating items	56	(16)	(1)	(16)	38
Profit on ordinary activities before tax	447	52	359	393	454
Tax on profit	(132)	(89)	(109)	(119)	(126)
Attributable to minority interests	(1)	–	(2)	(1)	(4)
Profit/(loss) for the year	314	(37)	248	273	324
Ordinary dividends: base dividend	(178)	(153)	(127)	(98)	(90)
additional Foreign Income Dividend	–	–	–	–	(6)
Retained profit/(loss) before exceptional dividend	136	(190)	121	175	228
Exceptional dividend	–	–	–	–	(152)
Retained profit/(loss) for the year	136	(190)	121	175	76
Adjusted operating profit*	451	357	430	463	499
Balance sheet					
Fixed assets	2,173	2,051	1,991	1,856	1,881
Net current assets/(liabilities)	(150)	(9)	138	123	(169)
Total assets less current liabilities	2,023	2,042	2,129	1,979	1,712
Creditors due after more than one year: Borrowings/other	(419)	(523)	(657)	(639)	(518)
Convertible capital bonds	(193)	(194)	(194)	(195)	(199)
Provisions for liabilities and charges	(279)	(362)	(236)	(214)	(218)
Equity minority interests	(16)	(18)	(20)	(22)	(24)
Total shareholders' funds	1,116	945	1,022	909	753
Statistics – FRS3 basis					
Operating profit to net revenues	14.1%	4.5%	13.9%	15.6%	15.4%
Total interest to operating profit (times covered)	7.5x	2.0x	6.1x	6.6x	6.0x
Tax rate	29.5%	171.2%	30.4%	30.3%	27.8%
Dividend cover**	1.8x	n/a	2.0x	2.8x	3.6x
Adjusted basis					
Operating profit to net revenues	14.1%	11.7%	13.9%	15.0%	15.4%
Total interest to operating profit (times covered)	7.5x	5.2x	6.1x	6.3x	6.0x
Tax rate	29.5%	30.8%	30.4%	29.5%	29.9%†
Dividend cover**	1.5x	1.2x	2.0x	2.6x	3.6x†
Dividends per ordinary share	25.5p	25.5p	25.5p	24.0p	23.4p

*Adjusted operating profit is calculated by adding back the distorting effect of major exceptional items.

**Dividend cover is calculated by dividing earnings/adjusted earnings by ordinary dividends.

†These figures have not been restated for the effects of the reclassification of the profits/losses on disposal of minor brands and tangible fixed assets from operating profit to non-operating items.

The figures above for 1996 and 1997 have been compiled on the basis of information extracted from the accounts of Reckitt & Colman plc and Benckiser N.V. following adjustments made to align the accounting policies of the two Groups.

The figures above for 1999 and 2000 have been extracted from the financial statements on Pages 30 to 55.

Annual General Meeting
To be held on Thursday, 10 May 2001 at the Café Royal, 68 Regent Street, London W1R 6EL. Every shareholder is entitled to attend and vote at the meeting. The notice convening the meeting is contained in a separate document for shareholders.

Final dividend for the year ended 31 December 2000
To be paid (if approved) on 23 May 2001 to shareholders on the register on 9 March 2001.

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Auditors
PricewaterhouseCoopers

Solicitors
Slaughter and May

Registrar and transfer office
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PO Box 82, The Pavilions,
Bridgwater Road, Bristol BS99 7NH
Telephone 0870 7020000
Website: www.computershare.com

Key dates

Annual General Meeting	10 May 2001
Announcement of quarter 1 results	10 May 2001
Payment of final ordinary dividend	23 May 2001
Payment of half-yearly preference dividend	1 July 2001
Announcement of interim results	29 August 2001
Payment of interim ordinary dividend	September 2001
Announcement of quarter 3 results	14 November 2001
Payment of half-yearly preference dividend	January 2002
Preliminary announcement of 2001 results	February 2002
Publication of 2001 Annual Report & Accounts	April 2002
Annual General Meeting	May 2002

GEOGRAPHIC SUBSIDIARIES INFORMATION

2001 List of 60 Operating Countries;

Argentina
Australia
Austria
Bangladesh
Belgium
Brazil
Bulgaria
Canada
Chile
China
Colombia
Costa Rica
Croatia
Czech Republic
Denmark
Egypt
Fiji
France
Germany
Greece
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