



Explanatory notes

Uniform Pension Overview 2009
Philips Executives Pension Plan

June 2009



Explanatory notes

Uniform Pension Overview 2009
Philips Executives Pension Plan
Balance as at 31 December 2008

Differences between the Uniform Pension Overview and the Philips Executives Pension Planner

Your pension as indicated in your Uniform Pension Overview for the Structured DC plan is based on a number of assumptions that we are legally required to use. This means that the figures given in this overview will differ from those shown in the Philips Executives Pension Planner. There are six main differences between the Philips Executives Pension Planner and the Uniform Pension Overview.

1. The Uniform Pension Overview shows your pension situation per 31 December 2008. The Philips Executives Pension Planner shows your actual pension situation. For example: any extra pension resulting from salary increments since 1 January 2009 is not included in the Uniform Pension Overview. In the Philips Executives Pension Planner extra pension resulting from all salary increments until now is taken into account.
2. The Uniform Pension Overview assumes a retirement age of 62.5 years. You may have opted for an age different from 62.5 in the Philips Executives Pension Planner. Legally we are required to assume in the Uniform Pension Overview the retirement age of your pension plan which is 62.5 years. In addition, you can also make calculations in the Philips Executives Pension Planner with unpaid leave from the life course plan, inflation, indexation and exchange of the survivor's pension for additional retirement pension. None of these personal choices are taken into account in the Uniform Pension Overview as we are required to use the standard settings.
3. Your pension as indicated in your Uniform Pension Overview for the Average Pay plan may consist of various elements. You will for example have a retirement pension that starts at age 62.5, but you may also have another pension that takes effect from age 60. In the Pension Planner all these individual pension components are recalculated to commence from your chosen retirement age.
4. You may also have extra pension on the basis of a voluntary contribution made while you participated in the old final-pay plan. This is not included in the Philips Executives Pension Planner calculations but is included in the Uniform Pension Overview.
5. The Structured DC capital in the Uniform Pension Overview is based on a return of 4%, which we are legally required to use. The pension figures shown in the Philips Executives Pension Planner are based on estimated returns during the accrual period which reflect your actual investment profile.
6. The pension amounts derived from the Structured DC capital in the Uniform Pension Overview are based on a fictional interest rate of 4%. We are legally required to use this interest rate in the Uniform Pension Overview. The pension amounts from the Structured DC plan in the Philips Executives Pension Planner are based on actual interest rates applicable in the market and are indexed to the Euro-zone CPI.

Because of the reasons given above there may be substantial differences between the Uniform Pension Overview and the Philips Executives Pension Planner. The information in the Philips Executives Pension Planner is expected to be a more accurate representation of your future pension situation.

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Introduction

In these explanatory notes you will find more information regarding your Uniform Pension Overview. The notes follow the structure of your Uniform Pension Overview. At the end you will find a glossary with descriptions of the definitions used. The Uniform Pension Overview 2009 shows your pension situation at 31 December 2008. You will receive your Uniform Pension Overview after each calendar year.

What you need to know about your pension

The Uniform Pension Overview shows the amounts you will receive upon retirement and disability. It also shows the amounts your partner and/or children will receive upon your death. This pension overview will be sent to you every year. This way, you will have an insight into your current and future pension situation.

In order to make pension overviews better comparable and easier to add up, insurance companies and pension funds have joined forces to develop the Uniform Pension Overview. All pension funds and insurance companies are required to use this Uniform Pension Overview. Are there any pension plans in your name at different pension funds or insurers? In that case, you can add up the amounts in the various pension overviews. This also goes for the amounts in the overview of your partner.

The pension amounts shown are gross amounts per year. This means that you have to pay social security contributions and taxes over these amounts, the level of which depends on your individual situation.

We advise you to carefully retain all pension overviews, including those of other pension plans. This will help you keep a good overview of your pension.

On www.pensioenkiijker.nl general information about pension is given.

Events that affect your pension

Some life events will affect your pension. The consequences of death and disability are reflected in your pension overview. Marriage, cohabitation, divorce and a career change may also have consequences for your retirement pension and if you have a partner, for his or her survivor's pension. More can be read about this in the pension plan rules, which can be obtained from us or downloaded via www.philipspensioenfond.nl. If you have any questions, please contact the Customer Service department of Hewitt Associates.

Divorce

If there is question of divorce or termination of registered partnership you may have made agreements with your former partner about the division of your pension. If we have been informed about the division desired we have conformed this division, your former partner will receive the agreed portion from us. Upon payment, this portion is deducted from the pension retirement shown. So, you will receive a lower pension amount than stated in the Overview.

You may also have agreed with your former partner that part of your pension is converted into an individual pension for your former partner. This is called conversion. After we have confirmed the conversion, the pension intended for your former partner is deducted

from your pension. In that case, the pension stated in the Overview is paid to you in full.

The character of your pension plan

The Philips Executives Pension Plan consists of two separate sub-plans:

Average Pay plan

This pension plan is a defined benefit agreement, known as an average pay plan. In such a plan you annually accrue pension over that year's salary. This way you receive a benefit that is based on the average salary you earned in your career. The normal retirement age is the age of 62.5. This is the age on which your pension plan is based. Earlier or later retirement is possible, but this will affect the level of your retirement benefit.

Currently, you do not pay any contribution for your pension plan. The entire contribution (excluding the contribution for the ANW shortfall insurance) is paid by the employer.

Structured DC plan

The Structured DC plan is also named 'defined contribution agreement' where contributions are paid on your behalf by the employer. Besides this, you have the possibility to make voluntary contributions. This way, you accrue your own pension capital. The premiums are invested in investment funds. The value of the investments depends among other things on unit price developments. The pension capital must be used on the retirement date for purchasing a periodic pension benefit with an insurance company.

Explanation of your Uniform Pension Overview

As we have explained earlier, your pension plan consists of two separate sub-plans.

In these explanatory notes we explain both sub-plans simultaneously. In the left column you will find the information about the Average Pay plan and in the right column the information about the Structured DC plan.



Uniform Pension Overview

For whom is this pension overview intended?

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In this section you see your personal data. If you have a partner, his/her data is also shown in the Uniform Pension Overview. 'Partner' refers to the person you are married to or with whom you have entered into a registered partnership or with whom you cohabit and who has been registered by you with Philips Pensioenfond. If your partner's data is missing or incorrect, you can contact the Customer Service department of Hewitt Associates. You can find more information on partner registration at www.philipspensioenfond.nl.

What data is used in your pension overview?

Average Pay plan page 1/8

Start pension accrual

This is your original affiliation date with Philips Pensioenfond.

Part-time percentage

This is the percentage that you work relative to a full-time employment. If you are working part-time, you will accrue a pension in proportion to your part-time percentage. The projected pension amounts in your Uniform Pension Overview are based on the part-time percentage stated here.

Full-time pensionable salary

This is the part of your (full-time) gross annual salary on which your pension accrual is based. It is 12 times your monthly salary.

Full-time offset

This is the part of the pensionable salary over which you do not accrue pension since you receive an AOW benefit from the government as of the age of 65.

Full-time pension base

This is the pensionable salary minus the offset. It is the part of your pensionable salary over which you accrue pension.

Structured DC plan page 5/8

Start pension accrual

This is the date that you became a member of the Philips Executives Pension Plan.

Average Pay plan page 1/8

Accrual percentage

This is the percentage of the pension base on which you accrue pension per year.

Structured DC plan page 5/8

Defined contribution of the pension base

This is the percentage of the pension base paid by the employer to the Structured DC plan on your behalf.

What capital can you accrue?

Average Pay plan n/a

Structured DC plan page 6/8

Estimated capital at the age of 62.5 assuming continued affiliation

This is a calculation of your pension capital on the basis of a return of 4%. This is a legally required return. The actual return depends on the performance of the investments and therefore the final pension capital may be higher or lower. For this calculation we assumed you continue working and that current premiums will continue to be paid up to your retirement date.

Estimated capital at the age of 62.5 if your current employment ends

This is a calculation of your pension capital on the basis of a return of 4%. This is a legally required return. The actual return depends on the performance of the investments and therefore the final pension capital may be higher or lower. For this calculation we assumed that your employment terminated on 31 December 2008 and that no premiums will be paid any longer from that moment on.

Accrued value

The accrued value is your accrued pension capital in the Structured DC plan per 31 December 2008.

What pension can you expect?

In the event of retirement

Average Pay plan page 2/8

The amounts in your pension overview are total amounts. These can consist of the following elements: lifelong retirement pension, bridging pension, temporary retirement pension and paid-up entitlements from voluntary contributions.

Projected pension

This is the annual pension that will be paid to you as of the retirement age shown in the overview, all this under the condition that you continue working until the retirement age and continue accruing pension in the current pension plan. This amount is based on the figures stated in the section 'What data is used in your pension overview?'. The benefit starts on the first day of the month following the month in which you reach the retirement age shown.

Accrued pension

This is the gross annual pension amount accrued by you up to and including 31 December 2008. Suppose your employment would have ended on 31 December 2008, this is the benefit you may expect after retirement. The benefit starts on the first day of the month following the month in which you reach the retirement age shown.

Pension elements

- *from the age of 60 to 62.5*

If you were an executive prior to 1 January 2006, you participated in the old final-pay plan for executives. If you had a retirement age of 60 years, you are entitled to a pension as from the age of 60.

The amount of retirement pension stated here in the overview will be paid to you between the ages of 60 and 62.5

Structured DC plan page 6/8

In the Structured DC plan you accrue a capital that will be used to purchase a pension on your retirement date with an insurance company. The amount that can be purchased depends not only on the capital available, but also on the 'purchase price'. This price is dependent on the insurance company's applicable tariffs and the interest rate at the time of purchase. The pension you purchase can consist of a lifelong retirement pension and when desired, a survivor's pension. In the figures stated we assumed that the capital will be used for purchasing both a retirement pension and a survivor's pension.

The amounts are calculation examples of the annual pension you may receive on the basis of the estimated capital. The currently applicable tariffs and an interest rate of 4% have been used for this calculation. This interest rate is a legally required rate for this overview. The tariffs may change in the course of time. As mentioned above the actual purchase price of the pension will depend on the tariffs and interest rate applicable at the time of purchase. The benefit starts on the first day of the month following the month in which you reach the retirement age shown

PLEASE NOTE!

The amounts shown are calculated assuming a fictional return on investments during the accrual period of 4% per year. The actual return depends on the performance of the funds in which your capital is invested.

The retirement pension can consist of the following elements:

- *Retirement pension from 60 until 62.5 years*
If you participated in the old final-pay plan for executives with a normal retirement age of 60 years you have accrued this pension.

- *Bridging pension until 65 years*
If you participated in the old final-pay plan for executives with a normal retirement age of 60 years and you were older than 40 on 1 January 2006, you accrued a bridging pension under the old plan. The bridging pension is a temporary pension from the age of 60 until 65. If you were younger than 40 on 1 January 2006 the bridging pension will be nil.

- **from the age of 62.5 to 65**

The amount of retirement pension stated here in the overview will be paid to you between the ages of 62.5 and 65. The retirement pension can consist of the following elements:

- *Lifelong retirement pension*
The pension accrued in the Philips Executives Pension Plan. This is including the pension accrued in the final-pay plan, which has been transferred to the Philips Executives Pension Plan.
- *Bridging pension until 65 years*
If you participated in the final-pay plan with a retirement age of 60 years, see the above.

In addition, the estimated pension values are based on a fictional interest rate of 4% at retirement. We are legally required to use this in the Uniform Pension Overview. In addition the amounts in the Uniform Pension Overview are not indexed to the Euro-zone CPI.

PHILIPS EXECUTIVES
PENSION PLANNER

The pension figures shown in the Philips Executives Pension Planner are based on estimated returns during the accrual period which reflect your actual investment profile. The pension amount is based on actual interest rates applicable in the market and is indexed to the Euro-zone CPI. There may therefore be substantial differences between what is shown in this overview and in the Philips Executives Pension Planner.

Estimated pension assuming continued affiliation

Here the estimated capital available at the age of 62.5, assuming continued affiliation, will be used for purchasing a lifelong retirement pension.

The estimated gross pension amount is the same both before and after the age of 65, as the capital will be used for purchasing a constant pension payment.

If you participated in the final-pay plan with a retirement age of 62.5 years, you may be entitled to a bridging pension as from 62.5 years. If you were older than 42.5 on 1 January 2006 you accrued a bridging pension. This bridging pension is a temporary pension from the age of 62.5 until 65. If you were younger than 42.5 years on 1 January 2006 the bridging pension will be nil.

- *as from the age of 65 for as long as you will live*

The amount of retirement pension stated here in the overview will be paid to you as from the age of 65. As the bridging pension is paid out until the age of 65, the retirement pension as from the age of 65 can be lower than before 65.

PHILIPS EXECUTIVES
PENSION PLANNER

In this overview the various elements applicable to your pension situation are indicated as of the commencement date (which may be the age of 60, 62.5 or 65). In practice, you will want your pension elements to start on the same date, being the moment at which you choose to retire. In the Philips Executives Pension Planner you can calculate your pension situation at your chosen retirement age.

The various elements referred to above, will be recalculated to the chosen retirement age.

Estimated pension assuming termination of employment

Here the estimated capital available at the age of 62.5, assuming your current employment would have ended per 31 December 2008, will be used for purchasing a lifelong retirement pension.

The estimated gross pension amount is the same both before and after the age of 65 as the capital will be used for purchasing a constant pension payment.

PHILIPS EXECUTIVES
PENSION PLANNER

In the Philips Executives Pension Planner you always see the level of your retirement pension from the Structured DC plan which is based on the estimated growth of your actual investment profile and estimated interest rates. Your pension capital is updated on a monthly basis.

AOW

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From the age of 65 you receive an AOW benefit (Old Age Pensions Act – Algemene Ouderdomswet) from the state which can be considered as a basic income. The level of this benefit depends on your personal circumstances. If you have lived abroad, the benefit may be reduced. The level of this benefit will depend on the number of years you have lived or worked in the Netherlands.

Everyone who reaches the age of 65 before 2015 and has a younger partner, is entitled to the AOW supplement. For everyone who reaches the age of 65 on or after 1 January 2015, the AOW supplement for the younger partner will expire.

From 1 January 2009 the level of the annual gross AOW benefit is:

- € 9,163 (with partner),
- € 13,139 (single),
- € 8,726 (AOW-supplement).

The SVB (Social Insurance Bank – Sociale Verzekeringsbank) administers the AOW benefit on behalf of the government. More information on the AOW benefit and (the expiry of) the AOW supplement can be found on www.svb.nl/aow.

In the event of your death if you continue your current employment

Upon your death, your partner and children are entitled to a benefit, the survivor's pension and the orphan's pension. 'Partner' refers to the person you are married to or with whom you have entered into a registered partnership or with whom you cohabit and who has been registered by you with Philips Pensioenfondsen.

Average Pay plan page 3/8

In the event of your death during employment

Your partner will receive

This is the pension for your partner in the event of your death before retirement. The survivor's pension is 1.5 x 70% of your projected retirement pension from the Average Pay plan. If you are insured for the ANW shortfall insurance, the insured amount is included in the 'as from your death until he/she reaches the age of 65' figure. After the age of 65 you will see the survivor's pension without the ANW shortfall insurance.

Structured DC plan page 7/8

In the event of your death during employment

Your partner will receive

This is the pension that will be available for your partner assuming a calculation date of 31 December 2008. The accrued capital as at 31 December 2008 is used for purchasing a lifelong survivor's pension for your partner. The pension is dependent on the capital available and your partner's age on the moment of your death. The amount shown is based on a fictional interest rate of 4% per year.

Each child will receive

The orphan's pension is 20% of the survivor's pension as mentioned above. The orphan's pension is doubled for full orphans (children whose parents both died).

In the event of your death after retirement following continued employment until retirement

Your partner will receive

This is the pension for your partner in the event of your death after retirement. The survivor's pension is based on 70% of your actual retirement pension from the Average Pay plan on your retirement date. If you are insured for the ANW shortfall insurance, the insured amount is included in the 'as from your death until he/she reaches the age of 65' figure. After the age of 65 you will see the survivor's pension without the ANW shortfall insurance.

Each child will receive

The orphan's pension is 20% of the survivor's pension as mentioned above. The orphan's pension is doubled for full orphans (children whose parents both died).

Each child will receive

The orphan's pension is € 0.

In the event of your death after retirement following continued employment until retirement

Your partner will receive

This is the pension that will be available for your partner in the event of your death after retirement, assuming you remain a member of the Fund until 62.5 years. This figure is 70% of the retirement pension from the Structured DC plan available at 62.5 years.

Each child will receive

The orphan's pension is € 0.

PLEASE NOTE!

The orphan's pension is shown as € 0 as the capital will be paid out as a lifelong survivor's pension to your partner in the event of your death. However if there is no partner, the capital will be paid out as an orphan's pension until your child(ren) reach the age of 21 years. It is possible for your partner to obtain an orphan's pension for your children. This means the survivor's pension for your partner will be lower than the amounts shown in the Uniform Pension Overview.

In the event of your death if you terminate your current employment

Average Pay plan page 3/8

In the event of your death before the commencement date of your Philips pension

Your partner will receive

This is the pension for your partner in the event of your death before retirement as if your employment had ended as of 31 December 2008. The survivor's pension is based on 70% of the accrued retirement pension from the Average Pay plan.

Each child will receive

The orphan's pension is 20% of the survivor's pension as mentioned above. The orphan's pension is doubled for full orphans (children whose parents both died).

In the event of your death after the commencement date of your Philips pension

Your partner will receive

This is the pension for your partner in the event of your death after retirement as if your employment had ended as of 31 December 2008. The survivor's pension is based on 70% of the accrued retirement pension from the Average Pay plan.

Each child will receive

The orphan's pension is 20% of the survivor's pension as mentioned above. The orphan's pension is doubled for full orphans (children whose parents both died).

Structured DC plan page 7/8

In the event of your death before the commencement date of your Philips pension

Your partner will receive

The amount shown is the lifelong survivor's pension that will be purchased for your partner assuming that your membership of the Fund terminated as of 31 December 2008

Each child will receive

The orphan's pension is € 0.

In the event of your death after the commencement date of your Philips pension

Your partner will receive

The amount shown is the lifelong survivor's pension that will be available for your partner in the event of your death after retirement if your employment terminated as of 31 December 2008. This figure is 70% of the retirement pension from the Structured DC plan available at 62.5 years.

Each child will receive

The orphan's pension is € 0.

ANW

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In the event of your death, your partner may be entitled to a benefit by virtue of the ANW (National Survivor's Benefits Act – Algemene nabestaandenwet). Your partner may be entitled to an ANW benefit if he/she is younger than 65 years and meets at least one of the following conditions:

- born before 1950, or
- looking after a child younger than 18 years, or
- disabled for at least 45%.

The level of the ANW benefit depends on your partner's income. From 1 January 2009, the gross annual level of a complete ANW benefit is:

- € 13,848 without child(ren) younger than 18 years,
- € 17,013 with child(ren) younger than 18 years.

The SVB (Social Insurance Bank – Sociale Verzekeringsbank) administers the ANW benefit on behalf of the government. For more information you can visit www.svb.nl/anw.

Expatriate

If you are working abroad for Philips as an expatriate, in most cases you are not entitled to a benefit by virtue of the ANW.

In the event of disability

Average Pay plan page 4/8

Have you been ill for longer than two years (statutory 104 weeks) and declared disabled for more than 35%? Then you will qualify for a disability benefit. This benefit is received from the Workers Insurance Authority (UWV) from the government by virtue of WIA (Work and Income according to Labour Capacity Act – Wet Werk en Inkomen naar Arbeidsvermogen). The level of this benefit depends on the percentage of your disability and your income previous to your disability.

Besides this benefit and any salary from employment, Philips employees receive a supplement allowance from Philips Pensioenfonds upon dismissal due to disability: the disability pension.

Structured DC plan page 8/8

The disability benefit is insured as part of the Average Pay plan. The contribution from the employer to the Structured DC plan will be continued, but you will no longer be able to voluntarily contribute to the Structured DC plan yourself. Your capital remains invested and you are still able to alter your investment profile.

Please refer to the Average Pay plan Uniform Pension Overview 2009 for further information.

Upon full disability, the disability pension includes 75% of your base salary exceeding the so-called disability ceiling (€ 46.809 in 2008). In addition you will continue to accrue your pension without having to pay any contribution (premium).

In the case of partial disability the Board of Trustees determines the percentage of the disability pension the executive is entitled to from that time onwards on an individual basis.

Flexible options

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Flexible retirement age

Deviation from the retirement age is possible in the Philips Executives Pension Plan. One year prior to your chosen retirement date you will need to inform the Fund. If you opt for an earlier retirement than at the age of 62.5, your annual pension benefit will be less than the amount shown in the pension overview. The reason for this is that your pension will have to be paid out over a longer period of time and you will miss out on a period of pension accrual. If you opt for a later retirement than at the age of 62.5, your annual pension benefit will be higher than the amount shown in the pension overview. The reason for this is that your pension will have to be paid out over a shorter period of time and your capital in the Structured DC plan remains invested longer. You have to inform Philips Pensioenfond through your HR manager about the desired retirement age at least one year in advance.

PHILIPS EXECUTIVES PENSION PLANNER

You can see the financial effects of choosing a different retirement age via the Philips Executives Pension Planner. This tool gives you an insight into your individual pension situation and can help you choose your retirement age.

Part-time retirement

In the Philips Executives Pension Plan you also have the possibility of part-time retirement in the last working period before your complete retirement. You continue accruing pension for the part that you continue working. You should always consult with your employer in case of part-time retirement and it is a one-off choice. If you opt for part-time retirement, you have to inform Philips Pensioenfond through your HR manager at least one year in advance.

High/low-arrangement (defined benefit agreement)

Through the high/low arrangement it is possible to tune the level of your retirement pension to your personal wishes, taken into account the fiscal limits. In this arrangement your retirement pension is increased up to a certain age, at the expense of the benefit level in later years. If you want to make use of this option, you have to indicate this at your retirement date.

Exchange survivor's pension for retirement pension

On your retirement date it is possible to exchange all or part of the accrued survivor's pension for an additional retirement pension for yourself.

For example, at a retirement age of 62.5 years you would have an additional retirement pension for yourself of € 216 gross per year for each € 1,000 survivor's pension. If you have a partner on your retirement date, he or she will have to agree with this exchange. This exchange rate is that which is applicable in 2009. The rate is dependent on the actuarial factors applicable at the time the exchange is made and can therefore vary from year to year

Voluntary contributions

You have the possibility to make monthly voluntary contributions to the Structured DC plan. The amount that you can contribute depends on your fiscal limit and can be seen in the Philips Executives Pension Planner. Once every year it is possible to make a one-off contribution from your annual incentive.

PHILIPS EXECUTIVES
PENSION PLANNER

With the Philips Executives Pension Planner you can calculate the financial consequences for your personal situation if you opt to exchange your survivor's pension.

ANW shortfall insurance

You may have taken out an ANW shortfall insurance. The purpose of this insurance is to counterbalance the shortfall or absence of a benefit from the ANW. In the event of your death, we will pay an insured amount of € 15.192 (per 31 December 2008) to your partner until he/she reaches the age of 65. The premium is age-related. It is also possible to opt for partial insurance (1/3 or 2/3), in which case you pay a proportional part of the full premium.

You can take out this insurance if your partner is born after 1949. The insurance can only be taken out upon commencement of employment, when entering a relationship (marriage, registered partnership or cohabitation) or upon the birth or adoption of a child.

In your Uniform Pension Overview the ANW shortfall insurance benefit is included in the amount your partner receives from the time of your death until he/she reaches the age of 65.

Expatriate

If you are working abroad for Philips as an expatriate, it is not possible for you to conclude an ANW shortfall insurance with Philips Pensioenfondsen and in most cases you are not entitled to a benefit by virtue of the National Survivor's Benefits Act.

How does your pension keep its value?

Average Pay plan page 4/8

Your Uniform Pension Overview states how your pension keeps its value when you participate in the Philips flex pension. Your pension is adjusted in a different way if you no longer participate in the Philips flex pension (we then speak of a 'paid-up pension') or if you are receiving a pension already (we then speak of a 'pension in payment').

Increase of paid-up pensions and pensions in payment

Annually, Philips Pension Fund seeks to increase the paid-up pensions and pensions in payment by the trend in prices (derived consumer price index, as determined by Statistics Netherlands). These pensions have been increased as from 1 April 2009 by 1.45%. During the past three years Philips Pension Fund has increased these pensions as follows:

- On 1 April 2008 by 1.90%. Prices went up in 2007 by 1.61%.
- On 1 April 2007 by 1.25%. Prices went up in 2006 by 1.16%.
- On 1 April 2006 by 1.65%. Prices went up in 2005 by 1.68%.

The future increases of your pension are paid by Philips Pension Fund for a major part from the yield on investment gained in the past. Furthermore the Fund operates an indexation load in the pension contribution to increase the probability of your pension being increased in the future.

Structured DC plan n/a

The Structured DC plan contributions are, depending on your preferences, either invested in Euro-zone inflation indexed fixed income assets, or in so-called growth assets that are likely to correlate with inflation in the long run.

The pension benefits from the Structured DC plan are indexed to the Euro-zone CPI

Average Pay plan page 4/8

Structured DC plan n/a

You will not automatically be entitled to any increases in the future on the basis of this increase and the expectation regarding the coming years.

Would you like more information about the increase of your pension? See www.philipspensioenfonds.nl in the section 'Indexation policy'.

What is your pension accrual?

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Factor A

Factor A is the official statement of how much pension you have accrued in a calendar year. You can use factor A to calculate the fiscal limit that you may have to pay tax-free annuity premiums. You can then, if it's considered advisable, supplement your pension by purchasing an annuity and deducting the premium against tax. You need the amount shown on the overview for your tax declaration over 2009. You should therefore retain your pension overview carefully. Did you receive several pension overviews? If so, the A factor amounts in these overviews must be added up. You can use the annuity calculation tool 'Rekenprogramma Lijfrente' from the Belastingdienst (the Tax Authorities) at www.belastingdienst.nl to calculate your fiscal limit. You can also contact your financial consultant.

PLEASE NOTE!

There is a factor A figure from both the Average Pay plan and the Structured DC plan of the Executives Pension Plan. The total factor A is the sum of both.

Appendix

Glossary

ANW

National Survivor's Benefits Act (Algemene nabestaandenwet). A basic state benefit for inhabitants of the Netherlands whose partner has died (see page 14 for the actual amounts).

AOW

Old Age Pensions Act (Algemene Ouderdomswet). A basic state benefit that you receive from the age of 65. You accrue a complete AOW benefit if you live and/or work in the Netherlands between the ages of 15 and 65 (see page 11 for the actual amounts).

Average Pay plan

In this pension plan type the level of your (attainable) retirement pension is based on your basic salary in the period that you were a member of Philips Pensioenfond's.

Bridging pension

This is a temporary pension benefit that you may have accrued until 1 January 2006. This benefit is paid out from your retirement until the age of 65 to compensate for the lack of AOW.

Euro-zone CPI

Euro-zone is the subset of European Union member states which have adopted the Euro as their currency. The Euro-zone CPI is the measure of Euro-zone inflation. We expect Euro-zone and Dutch CPI to move more or less in tandem.

Defined benefit agreement

This is a type of pension agreement between you and your employer (Philips). Benefit agreement means that the level of your pension benefit is fixed.

Defined contribution agreement

This is a type of pension agreement between you and your employer (Philips). Contribution agreement means that you save a capital with which you can purchase a pension on your retirement date. The level of the retirement benefit is not certain until your retirement.

Normal retirement age

This is the age on which your pension plan is based. It is possible, however, to retire at a different age within the Philips Executives Pension Plan.

Offset (franchise)

This is the part of the salary over which you do not accrue pension because this is provided by the AOW benefit from the age of 65. By subtracting the offset from your pensionable salary, Philips Pensioenfond's already takes into account the AOW benefit for the accrual of pension. The offset on 31 December 2008 is € 14,784. The offset as from 1 January 2009 is € 15,300.

Paid-up entitlement

This is a pension for which no further rights are accrued and for which you no longer pay contributions. This pension is adjusted in accordance with the indexation policy. It is paid out to you from your retirement age.

Partner

Partner refers to the person to whom you are married, with whom you have entered a legally registered partnership or with whom you cohabit and who has been registered by you with Philips Pensioenfond's. The definition of cohabiting corresponds to the one used in the National Survivor's Benefits Act, where it is defined as two single people who 'care for each other' and 'conduct a joint household'.

WIA

Work and Income according to Labour Capacity Act (Wet Werk en Inkomen naar Arbeidsvermogen – WIA). State basic benefit that you receive in the event of occupational disability.

Disclaimer

Despite the fact that these explanatory notes have been compiled with the utmost care, you can not derive any rights from them. You can only derive rights from the valid pension plan rules.

Contact information

Philips Pensioenfonds has outsourced its pension administration to Hewitt Associates. If you have any questions regarding your pension or your Uniform Pension Overview, please contact the Customer Service department of Hewitt Associates:

Hewitt Associates
Beukenlaan 143
5616 VD Eindhoven

P.O. Box 80040
5600 JP Eindhoven

Telephone : +31 (0)20 – 660 95 99
(during working days from 9.00 AM
until 17.00 PM (CET))

Fax : +31 (0)40 – 265 38 77

E-mail (pension questions) : executives.ppf@hewitt.com

E-mail (brochures) : brochures.ppf@hewitt.com

Internet : www.philipspensioenfonds.nl





