

KONINKLIJKE PHILIPS NV
Form F-3ASR
February 24, 2015
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Registration No. 333

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM F-3
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

KONINKLIJKE PHILIPS N.V.

(Exact Name of Registrant as Specified in its Charter)

ROYAL PHILIPS

(Translation of Registrant's Name into English)

The Netherlands

(State or Other Jurisdiction of Incorporation or Organization)

Not Applicable

(I.R.S. Employer Identification No.)

Breitner Center

Amstelplein 2

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1096 BC Amsterdam

The Netherlands

Tel. No.: 011-31-20-59-77-777

(Address and Telephone Number of Registrant's Principal Executive Offices)

David A. Dripchak

Philips Electronics North America Corporation

3000 Minuteman Road

Building 1

Andover, MA 01810

Tel No.: 001-978-659-4801

(Name, Address and Telephone Number of Agent for Service)

Please send copies of all communications to:

John O Connor

Sullivan & Cromwell LLP

1 New Fetter Lane

London EC4A 1AN

England

Tel. No.: 011-44-20-7959-8900

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, please check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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If this form is a registration statement pursuant to General Instruction I.C. or a post-effective amendment thereto that shall become effective upon filing with the commission pursuant to rule 462(e) under the Securities Act check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered / Proposed Maximum Aggregate Offering Price per Unit / Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Debt Securities	(1)	\$ 0 ¹

1 An indeterminate aggregate initial offering price or number of the Debt Securities is being registered as may from time to time be offered at indeterminate prices. In accordance with Rules 456(b) and 457(r), the Registrant is deferring payment of all of the registration fee.

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PROSPECTUS

KONINKLIJKE PHILIPS N.V.

DEBT SECURITIES

We may offer and sell debt securities from time to time. Each time we sell any of the debt securities described in this prospectus, we will provide one or more supplements to this prospectus that will contain specific information about those securities and their offering. You should read this prospectus and any applicable prospectus supplement(s) carefully before you invest.

We may sell these debt securities to or through underwriters and also to other purchasers or through agents. The names of any underwriters or agents will be stated in an accompanying prospectus supplement.

*Investing in these securities involves certain risks. See **Risk Factors** on page 3.*

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus dated February 24, 2015

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus or incorporated by reference into this prospectus as further described below under "Where You Can Find More Information". This summary does not contain all the information that you should consider before investing in the securities being offered by this prospectus. You should carefully read the entire prospectus, the documents incorporated by reference into this prospectus, and the final term sheet, if any, and prospectus supplement relating to the particular securities being offered.

Koninklijke Philips N.V.

Koninklijke Philips N.V. is a limited liability company incorporated under Netherlands law tracing its origins to Philips & Co., which was established in 1891. Koninklijke Philips N.V. is the holding company for, and part of, the Philips group of companies. Its shares are listed on Euronext Amsterdam and the New York Stock Exchange. Philips delivers products, systems and services in the fields of lighting, healthcare and consumer lifestyle. As of December 31, 2014, Philips had approximately 93 production sites in 25 countries and sales and service outlets in approximately 100 countries and some 113,678 employees. In 2014, Philips announced that it will start the process of transforming from a holding company structured around multiple divisions to two stand-alone operating companies focusing on HealthTech and Lighting Solutions opportunities, respectively. Philips' principal executive office is located at Breitner Center, Amstelveen 2, 1096 BC, Amsterdam, The Netherlands. Our telephone number is (011) 31 20 59 77 777.

Debt Securities

For any particular debt securities we may offer, the applicable final term sheet, if any, and the applicable prospectus supplement will describe the title of the debt securities, the aggregate principal or face amount and the purchase price; the stated maturity; the amount or manner of calculating the amount payable at maturity; the rate or manner of calculating the rate and the payment dates for interest, if any; the redemption or repurchase terms; and any other specific terms. The debt securities will be issued pursuant to an indenture, as supplemented from time to time, (the "Indenture") entered into between us and Deutsche Bank Trust Company Americas, which acts as Trustee (the "Trustee").

When we use the term "securities" or "debt securities" in this prospectus, we mean any of the securities we may offer with this prospectus. This prospectus, including this summary, describes the general terms that may apply to the securities; the specific terms of any particular securities that we may offer will be described in the prospectus supplement.

Form of Securities

The securities of a series may be offered in the form of one or more global certificates that will be deposited with a depository, such as The Depository Trust Company, Euroclear Bank S.A./N.V. ("Euroclear") or Clearstream Banking, société anonyme ("Clearstream, Luxembourg"), as specified in the applicable prospectus supplement.

Listing

If any securities are to be listed or quoted on a securities exchange or quotation system, the applicable prospectus supplement will say so.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed on February 24, 2015 with the U.S. Securities and Exchange Commission using the shelf registration process. We may sell the securities described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the securities that we may offer. Each time we sell securities, we will provide one or more prospectus supplements that will contain specific information about the terms of those securities and their offering. The prospectus supplements may also add, update or change information contained in this prospectus. You should read both this prospectus and any applicable prospectus supplement(s) together with the additional information described under the heading **Where You Can Find More Information** prior to purchasing any of the securities offered by this prospectus.

Unless the context otherwise requires, references in this prospectus to Koninklijke Philips N.V., the issuer, we, our, ours or us are references to Koninklijke Philips N.V. without its subsidiaries, and references to Philips or the Philips group are to Koninklijke Philips N.V. and its consolidated subsidiaries. The use of such terms may differ in the documents incorporated by reference herein and you should consult those documents regarding the meaning of such terms.

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RISK FACTORS

We urge you to carefully review the risks described below, together with the risks described in the documents incorporated by reference into this prospectus, before you decide to buy securities. In particular, you should review the risks relating to Philips' business included in the Annual Report on Form 20-F, incorporated by reference herein. If any of these risks actually occur, Philips' business, financial condition and results of operations could suffer, and the trading price and liquidity of the securities could decline, in which case you may lose all or part of your investment.

Risks relating to an investment in the securities

We may be able to incur substantially more debt in the future.

We may be able to incur substantial additional indebtedness in the future, including in connection with future acquisitions, some of which may be secured by Philips' assets. The terms of the securities will not limit the amount of indebtedness we may incur. Any such incurrence of additional indebtedness could exacerbate the risks that holders of the securities now face.

The securities lack a developed market.

There can be no assurance regarding the future development of a market for the securities or the ability of holders of the securities to sell their securities or the price at which such holders may be able to sell their securities. If such a market were to develop, the securities could trade at prices that may be higher or lower than the initial offering price depending on many factors, including, among other things, prevailing interest rates, Philips' operating results and the market for similar securities. The initial purchasers may make a market in the securities as permitted by applicable laws and regulations. However, the initial purchasers are not obligated to do so, and any such market-making activities with respect to the securities may be discontinued at any time without notice. Therefore, there can be no assurance as to the liquidity of any trading market for the securities or that an active public market for the securities will develop. See Plan of Distribution.

Direct creditors of our subsidiaries will generally have superior claims to cash flows from those subsidiaries.

As a holding company, Koninklijke Philips N.V. depends upon cash flow received from its subsidiaries to meet its payment obligations under the securities. Since the creditors of any of our subsidiaries generally would have a right to receive payment that is superior to the parent company's right to receive payment from the assets of that subsidiary, holders of the securities will be effectively subordinated to creditors of the parent company insofar as cash flows from those subsidiaries are relevant to the securities. The terms and conditions of the securities do not limit the amount of liabilities that our group subsidiaries may incur. In addition, certain of our subsidiaries are or may become subject to statutory or contractual restrictions on their ability to pay dividends.

You may be unable to recover in civil proceedings for U.S. securities laws violations.

Koninklijke Philips N.V. is organized under the laws of The Netherlands. Many of our assets are located outside the United States. In addition, most of the members of our Supervisory Board, Board of Management and officers are residents of countries other than the United States. As a result, it may be impossible for investors to effect service of process within the United States upon us or these persons, or to enforce against us or them judgments obtained in U.S. courts predicated upon civil liability provisions of the U.S. securities laws. In addition, we cannot assure you that civil liabilities predicated upon the federal securities laws of the United States will be enforceable in The Netherlands. See Enforceability of Civil Liabilities.

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WHERE YOU CAN FIND MORE INFORMATION

Koninklijke Philips N.V. is subject to the informational reporting requirements of the Securities Exchange Act of 1934 (the Exchange Act) applicable to foreign private issuers and files or furnishes annual, half yearly and special reports and other information with the SEC. You may read and copy any document that Koninklijke Philips N.V. files with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. In addition, Koninklijke Philips N.V.'s SEC filings are available to the public at the SEC's web site at <http://www.sec.gov>. For further information, please call the SEC at 1-800-SEC-0330 or log on to <http://www.sec.gov>. However, if we satisfy the applicable conditions set forth in SEC rules, we may seek to suspend or terminate our Exchange Act reporting obligations.

Koninklijke Philips N.V.'s shares are listed on Euronext Amsterdam and the New York Stock Exchange, the latter in the form of Shares of New York Registry. You can consult reports and other information about Koninklijke Philips N.V. that are filed pursuant to the rules of Euronext Amsterdam and the New York Stock Exchange at these exchanges.

INCORPORATION BY REFERENCE

We have filed with the SEC a registration statement on Form F-3 relating to the securities covered by this prospectus. This prospectus is a part of the registration statement and does not contain all the information in the registration statement. Whenever a reference is made in this prospectus to a contract or other document of the issuer, the reference is only a summary and you should refer to the exhibits that are a part of the registration statement for a copy of the contract or other document. You may review a copy of the registration statement at the SEC's public reference room in Washington, D.C., as well as through the SEC's Internet site.

The SEC allows us to incorporate by reference the information we file with them, which means that:

incorporated documents are considered part of this prospectus;

we can disclose important information to you by referring to those documents; and

information that we file with the SEC in the future and incorporate by reference herein will automatically update and supersede information in this prospectus and information previously incorporated by reference herein.

The information that we incorporate by reference is an important part of this prospectus.

Each document incorporated by reference is current only as of the date of such document, and the incorporation by reference of such documents shall not create any implication that there has been no change in Philips' affairs since the date thereof or that the information contained therein is current as of any time subsequent to its date. Any statement contained in such incorporated documents shall be deemed to be modified or superseded for the purpose of this prospectus to the extent that a subsequent statement contained in another document we incorporate by reference at a later date modifies or supersedes that statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

We incorporate by reference the Annual Report on Form 20-F of Koninklijke Philips N.V. for the year ended December 31, 2014 (the Annual Report on Form 20-F) (File No. 001-05146-01), filed with the SEC on February 24, 2015 and any future filing made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this prospectus and until this offering is completed. Any report on Form 6-K that we furnish to the SEC after the date of this prospectus (or portions thereof) is incorporated by reference in this prospectus only to the extent that the report expressly states that we incorporate it (or such portions) by reference in this prospectus.

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You may also request a copy of documents incorporated by reference at no cost, by contacting us at the following address and phone number:

Koninklijke Philips N.V.

Breitner Center, HBT 11-8

P.O. Box 77900, 1070 MX Amsterdam

The Netherlands

Tel: (+31) 20 59 77221

The Annual Report on Form 20-F and any other information incorporated by reference is considered to be a part of this prospectus. The information in this prospectus, to the extent applicable, automatically updates and supersedes the information in our Annual Report on Form 20-F.

You should rely only on the information that we incorporate by reference or provide in this prospectus or any applicable prospectus supplement(s). We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of those documents.

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FORWARD-LOOKING STATEMENTS

In order to utilize the Safe Harbor provisions of the United States Private Securities Litigation Reform Act of 1995, we are providing the following cautionary statement. This prospectus, including documents incorporated by reference, in particular, among other statements, certain statements in Item 4 Information on the Company in the Annual Report on Form 20-F with regard to management objectives, market trends, market standing, product volumes, business risks and the implementation of the Accelerate! program, the statements in Item 8 Financial Information in the Annual Report on Form 20-F relating to legal proceedings and goodwill, the statements in Item 5 Operating and financial review and prospects in the Annual Report on Form 20-F with regard to trends in results of operations, margins, overall market trends, risk management, exchange rates and statements in Item 11 Quantitative and qualitative disclosures about market risks in the Annual Report on Form 20-F relating to risk caused by derivative positions, interest rate fluctuations and other financial exposure are forward-looking in nature. Forward-looking statements can be identified generally as those containing words such as anticipates, assumes, believes, estimates, expects, should, will, will likely result, forecast, outlook, projects, may or similar expressions. By their nature, forward-looking statements involve risks and uncertainty because they relate to events that depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include but are not limited to:

Dutch and global economic and business conditions;

developments within the eurozone;

the successful implementation of Philips strategy, and its ability to realize the benefits of this strategy;

Philips ability to develop and market new products;

changes in legislation;

legal claims;

changes in exchange and interest rates;

changes in tax rates, pension costs, actuarial assumptions raw materials and employee costs;

Philips ability to identify and complete successful acquisitions and to integrate those acquisitions into our business;

Philips ability to successfully exit certain businesses or restructure its operations;

the rate of technological changes, political, economic and other developments in countries where Philips operates; and

industry consolidation and competition.

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Furthermore a review of certain of the reasons why actual results and developments may differ materially from the expectations disclosed or implied within forward-looking statements can be found under Item 3D Risk factors in the Annual Report on Form 20F. We also suggest that you review Item 5 Operating and financial review and prospects in the Annual Report on Form 20-F. All subsequent written or oral forward-looking statements attributable to the issuer or any member of the Philips Group or any persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. Neither Philips nor any of its affiliates intends to update these forward-looking statements.

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USE OF PROCEEDS

Unless otherwise indicated in an accompanying prospectus supplement, we will use the net proceeds from the sale of the securities for general corporate purposes. General corporate purposes may include working capital, the repayment of existing debt (including debt of acquired companies), for financing capital investments or acquisitions and any other purposes that may be stated in a prospectus supplement.

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DESCRIPTION OF DEBT SECURITIES

The following is a summary of the general terms of the debt securities. It sets forth possible terms and conditions for each series of debt securities. Each time that the issuer offers debt securities, it will prepare and file a prospectus supplement with the SEC, which you should read carefully. The prospectus supplement may contain additional terms and provisions of those securities. If there is any inconsistency between the terms and conditions presented here and those in the prospectus supplement, those in the prospectus supplement will apply and will replace those presented here.

The debt securities of any series will be the unsecured obligations of the issuer, and will rank equally with all of its other unsecured and unsubordinated obligations.

The issuer will issue the debt securities under the Indenture between it and Deutsche Bank Trust Company Americas as Trustee, which may be supplemented or amended from time to time. The terms of the debt securities include those stated in the Indenture, and those made part of the Indenture by reference to the Trust Indenture Act. You should read the Indenture and any supplements or amendments thereto. The issuer has filed a copy of the Indenture, as an exhibit to the registration statement, of which this prospectus is a part.

Because this section is a summary, it does not describe every aspect of the debt securities in detail. This summary is subject to, and qualified by reference to, all of the definitions and provisions of both the Indenture and each series of debt securities. Certain terms, unless otherwise defined herein, have the meaning given to them in the Indenture. The terms **Holder** and other similar terms refer to the **registered holder** of the applicable notes, and not to a beneficial owner of a book-entry interest in any notes, unless the context otherwise clearly requires.

General

The debt securities are not deposits and are not insured by any regulatory body of the United States or The Netherlands.

Deutsche Bank Trust Company Americas acts as the Trustee under the Indenture. The Trustee has two principal functions:

First, it can enforce your rights against the issuer if it defaults on debt securities issued under the Indenture, subject to certain limitations described in the Indenture; and

Second, the Trustee performs administrative duties for the issuer, such as sending you interest payments, transferring your debt securities to a new buyer if you sell and sending you notices.

The Indenture does not limit the amount of debt securities that the issuer may issue. The issuer may issue the debt securities in one or more series, or as units comprised of two or more related series. The prospectus supplement will indicate for each series or for two or more related series of debt securities:

the title of the series of debt securities;

the issue price;

any limit on the aggregate principal amount of the series of debt securities;

any stock exchange on which the issuer will list the series of debt securities;

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the date or dates on which the issuer will pay the principal of the series of debt securities;

the rate or rates, which may be fixed or variable, per annum at which the series of debt securities will bear interest, if any, and the date or dates from which that interest, if any, will accrue;

the dates of which interest, if any, on the series of debt securities will be due and payable and the regular record dates for the interest payment dates;

any mandatory or optional sinking funds or analogous provisions;

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provisions for redemption at the option of the Holder or at the option of the issuer;

the date, if any, after which and the price or prices at which the series of debt securities may, in accordance with any optional or mandatory redemption provisions that are not described in this prospectus, be redeemed and the other detailed terms and provisions of those optional or mandatory redemption provisions, if any;

the terms under which any series of debt securities will be convertible into, or exchangeable for, other securities, including equity securities;

the denominations in which the debt securities will be issuable;

the currency of payment of principal and any premium or interest on the series of debt securities if other than U.S. dollars and the manner of determining the equivalent amount in U.S. dollars;

if applicable, any index the issuer will use to determine the amount of any payments of, premium, if any, and interest on the series of debt securities;

the applicability of the provisions described later under **Defeasance and Discharge** **Covenant Defeasance** ;

if the series of debt securities will be issuable in whole or part in the form of a global security as described under **Legal Ownership** , and the depository or its nominee with respect to the series of debt securities, and any special circumstances under which the global security may be registered for transfer or exchange in the name of a person other than the depository or its nominee; and

any other special features of the series of debt securities.

The issuer may sell debt securities that bear no interest or that bear interest at a rate below the prevailing market interest rate or at a discount to their stated principal amount (**discount securities**). It may also denominate securities in a currency other than U.S. dollars. The relevant prospectus supplement will describe any special United States federal income tax considerations applicable to securities issued with original issue discount or to debt securities denominated in a currency other than U.S. dollars.

Holders of debt securities have no voting rights except as summarized below under **Modification and Waiver** .

Form of Debt Securities

Debt securities will be issued only in fully registered form and may be represented in whole or in part by one or more global securities. Each debt security, including a global debt security, will be represented by a certificate in registered form and the person or entity named in the certificate is the holder.

Payment of Additional Amounts

The issuer will pay any amounts to be paid by it on the debt securities without deduction or withholding for, or on account of, any and all present or future income, stamp and other taxes, levies, imposts, duties, charges, fees, deductions or withholdings (**taxes**) now or hereafter imposed, levied, collected, withheld or assessed by or on behalf of The Netherlands or any political subdivision or authority of The Netherlands that has the power to tax, unless the deduction or withholding is required by law. If at any time a taxing jurisdiction of The Netherlands requires the issuer to deduct or withhold taxes, the issuer will pay such additional amounts of, or in respect of, the principal of, any premium, and any interest, or other amounts to which a holder is entitled on the debt securities (**Additional Amounts**) as are necessary so that the net amounts paid to the holders, after the deduction or withholding, shall equal the amounts which would have been payable had no such deduction or withholding

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been required. However, the issuer will not pay Additional Amounts for taxes in any of the following circumstances:

- (i) the tax or charge is imposed only because the Holder, or a fiduciary, settlor, beneficiary or member or shareholder of, or possessor of a power over, the Holder, if the Holder is an estate, trust, partnership or

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corporation, was or is connected to the taxing jurisdiction or otherwise than through holding the debt securities. These connections include, but are not limited to, where the Holder or related party: (a) is or has been a citizen or resident of the jurisdiction; (b) is or has been engaged in trade or business in the jurisdiction; (c) has or had a permanent establishment in the jurisdiction; or (d) has, or has had, a substantial interest in the issuer's share capital;

- (ii) the tax or charge is imposed due to the presentation of a debt security, if presentation is required, for payment on a date more than 30 days after the security became due or after the payment was provided for, whichever occurs later;
- (iii) the tax is an estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
- (iv) the tax, assessment or governmental charge is payable in a manner that does not involve withholding;
- (v) the tax, assessment or governmental charge is imposed or withheld because the Holder or beneficial owner failed to comply with any of the issuer's requests for the following that the statutes, regulations or administrative practices of the taxing jurisdiction require as a precondition to exemption from all or part of such withholding: (a) to provide information about the nationality, residence, or identity of the Holder or beneficial owner; or (b) to make a declaration or satisfy any other information requirements;
- (vi) the withholding or deduction is imposed pursuant to European Union Directive 2003/48/EC on the taxation of savings or any law or agreement implementing or complying with, or introduced to conform to, such Directive;
- (vii) the withholding or deduction is imposed on a Holder or beneficial owner who could have avoided such withholding or deduction by presenting its debt securities to another paying agent in a member state of the European Union, or
- (viii) the Holder is a fiduciary or partnership or an entity that is not the sole beneficial owner of the payment of the principal of, or any interest on, any security, and the laws of the taxing jurisdiction require the payment to be included in the income of a beneficiary or settlor for tax purposes with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such additional amounts had it been the holder of such security.

In addition, any amounts to be paid on the debt securities will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (the Code), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code, and no Additional Amounts will be required to be paid on account of any such deduction or withholding.

Whenever the issuer refers in this prospectus to the payment of the principal of, any premium, or any interest, or other amounts to which a Holder is entitled, if any, on, or in respect of, any debt securities, the issuer means to include the payment of Additional Amounts to the extent that, in context, Additional Amounts are, were or would be payable.

Redemption

General

Upon presentation of any debt security redeemed in part only, the issuer will execute and the Trustee will authenticate and deliver to or on the order of the holder thereof, at the expense of the issuer, a new debt security or debt securities, of authorized denominations, in principal amount equal to the unredeemed portion of the debt security so presented.

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On or before any redemption date, the issuer shall deposit with the Trustee money sufficient to pay the redemption price of and accrued interest on the debt securities to be redeemed on such date. If less than all the debt securities are to be redeemed, the debt securities to be redeemed shall be selected by the Trustee by such method as the Trustee shall deem fair and appropriate and is consistent with the rules of The Depository Trust Company, or DTC.

Redemption for Tax Reasons

The issuer will have the option to redeem the debt securities of any series upon not less than 30 nor more than 60 days' notice at any time, if the issuer determines that it will or would be required to pay holders Additional Amounts, and it cannot avoid such payment by reasonable measures available to it, as a result of: (i) a change in or amendment to the laws or regulations of The Netherlands (or of any political subdivision or taxing authority thereof or therein), or (ii) a change in an official application or interpretation of those laws or regulations, including a decision of any court or tribunal, in each case which becomes effective (1) in the case of the issuer, on or after the earliest issue date of any debt security of such series or (2) in the case of a successor company, on or after the date such successor assumes the obligation under the debt securities.

In each case, before the issuer gives a notice of redemption, it shall be required to deliver to the Trustee an officer's certificate of the debt securities of the relevant series. The redemption price will be equal to 100% of the principal amount of such debt securities together with any accrued but unpaid interest to the date fixed for redemption.

Covenants

Restrictions on Liens

Some of the issuer's property may be subject to a mortgage or other legal mechanism that gives its lenders preferential rights in that property over other lenders, including the holders, or over the issuer's general creditors if the issuer fails to pay them back. These preferential rights are called liens. The issuer promises that it and its restricted subsidiaries will not become obligated on any new debt for borrowed money that is secured by a lien on any of its principal properties or on any shares of stock of any of its restricted subsidiaries, unless it grants an equivalent or higher-ranking lien on the same property to the holders.

The issuer does not need to comply with this restriction if the amount of all debt that would be secured by liens on its principal properties and the shares of stock of its restricted subsidiaries, excluding debt secured by certain specified types of liens (including those listed below), is less than 15% of the issuer's consolidated shareholders' equity.

This restriction on liens applies only to liens for borrowed money. For example, liens imposed by operation of law, such as liens to secure statutory obligations for taxes or workers' compensation benefits, or liens the issuer creates to secure obligations to pay legal judgments or surety bonds, would not be covered by this restriction.

This restriction on liens also does not apply to debt secured by a number of different types of liens and issuer can disregard this debt when it calculates the limits imposed by this restriction. These types of liens that the issuer can disregard include the following:

any lien existing on or before the date of the Indenture;

judgment liens;

any lien arising by operation of law and not securing amounts more than ninety days overdue or otherwise being contested in good faith;

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any lien subsisting over any principal property, shares of stock of any restricted subsidiary (that becomes a restricted subsidiary after the date of the Indenture) subsisting prior to the date of such subsidiary becoming a restricted subsidiary, provided that such lien was not created in contemplation of such subsidiary becoming a restricted subsidiary;

any lien on a principal property, shares or title documents for such property, shares of stock of any restricted subsidiary that the issuer or any restricted subsidiary acquired as security for, or for indebtedness incurred, to finance all or part of the price of its acquisition, development, redevelopment, modification or improvement;

any lien over any principal property, or title documents for such property, shares of stock of any restricted subsidiary that the issuer or any restricted subsidiary acquired subject to the lien;

any lien to secure indebtedness for borrowed money incurred in connection with a specifically identifiable project where the lien relates to a principal property for which such project has been undertaken and where the recourse of the creditors relating to the indebtedness is limited to the project and principal property;

any lien incurred or deposits made in the ordinary course of business including but not limited to: (i) any mechanics , materialsmens , carriers , workmen , vendors or similar lien, (ii) any lien incurred or deposits made securing amounts in connection with workers compensation, unemployment insurance and other types of social security, and (iii) any easements or rights-of-way restrictions and other similar charges;

any lien or deposits securing the performance of tenders, bids, leases, statutory obligations, surety bonds and appeal bonds, government contracts, performance and return-of-money bonds and other similar obligations incurred in the ordinary course of business;

any lien in the issuer s principal property or that of any restricted subsidiary in favor of the U.S. federal or any state government or the government of The Netherlands or the European Community or any instrumentality or agency of any of them, securing the issuer s obligations or those of any restricted subsidiary as a result of any contract or payment owed to such government, instrumentality or agency pursuant to applicable laws, rules, regulations or statutes;

any lien securing taxes or assessments or other applicable governmental charges or levies;

any lien securing industrial revenue, development or similar bonds issued by or for the benefit of the issuer or any of its restricted subsidiaries, provided that the industrial revenue, development or similar bonds are non-recourse to the issuer or any restricted subsidiary;

any lien on the issuer s favor or in favor of any of its subsidiaries; and

any extension, renewal or replacement or successive extensions, renewals or replacements, as a whole or in part, of any lien included earlier in this list, for amounts not exceeding the principal amount of the borrowed money secured by the lien which is to be so extended, renewed or replaced provided that the extension, renewal, or replacement lien is limited to all or part of the same property, including improvements, that secured the lien to be extended, renewed or replaced.

Principal property means a building, structure or other facility, and the land on which it is erected and fixtures comprising a part thereof, used primarily for manufacturing or processing and located in the United States or The Netherlands and that the issuer or a restricted subsidiary owns or leases. The net book value of the property must exceed 2% of the issuer s consolidated shareholders equity. Any property or portion of any

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property is not a principal property if the issuer's board of management: (i) does not view such property or such portion thereof as materially important to the total business conducted by the issuer and its subsidiaries as an entirety; or (ii) does not view such portion of the property as materially important to the use or operation of the property. The issuer and its subsidiaries currently do not have any principal property.

Restricted subsidiary means any subsidiary (i) substantially all of the physical properties of which are located, or substantially all of the operations of which are conducted, within the United States or The Netherlands

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and (ii) which owns a principal property, provided however, that the term *Restricted subsidiary* shall not include any subsidiary which is primarily engaged in leasing or in financing installment receivables or which is principally engaged in financing the operations of the issuer and/or its consolidated subsidiaries.

Consolidated shareholders' equity means, with respect to the issuer and its subsidiaries considered as an entirety, the sum of the amounts described in the issuer's most recent audited consolidated balance sheet as *minority interests* and *stockholders' equity* (or such other terms as may be used by the issuer to describe the equity of Philips or *stockholders' equity* of Philips determined in accordance with its accounting policies), in conformity with International Financial Reporting Standards as adopted by the European Union (*IFRS*) or, if the issuer does not prepare financial statements under IFRS, the body of generally accepted accounting principles, as applied by the issuer, on the basis of which the issuer prepares its primary financial statements.

Consolidated shareholders' equity will also be deemed to include any capital securities of the issuer or similar instruments issued from time to time, provided that the terms of such capital securities or similar instruments do not require the issuer, or permit the holder thereof to require the issuer, to repay, redeem or repurchase such securities or instruments for any consideration other than securities constituting consolidated *shareholders' equity*.

Subsidiary means a corporation (i) more than 50% of the outstanding voting stock or equity interest of which is owned, directly or indirectly, by the issuer or by one or more other subsidiaries, or by the issuer and one or more other subsidiaries or (ii) which is fully consolidated into the issuer's financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union (*IFRS*) or, if the issuer does not prepare financial statements under IFRS, the body of generally accepted accounting principles, as applied by the issuer, on the basis of which the issuer prepares its primary financial statements. For the purposes of this definition, *voting stock* means stock which ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

Restrictions on Sales and Leasebacks

Neither the issuer nor any of its restricted subsidiaries will enter into any sale and leaseback transaction involving a principal property unless it complies with this covenant. A sale and leaseback transaction is an arrangement between the issuer or a restricted subsidiary and a bank, insurance company or other lender or investor where the issuer or its restricted subsidiary leases a principal property that the issuer or its restricted subsidiary has owned for more than six months and which has been sold to a lender or investor or to any person to whom the lender or investor has advanced funds on the security of the principal property.

The issuer can comply with this covenant in either of two different ways. First, it will be in compliance if the issuer or its restricted subsidiary could grant a lien on the principal property in an amount equal to the indebtedness attributable to the sale and leaseback transaction without being required to grant an equivalent or higher-ranking lien to Holders under the restriction on liens described above.

Second, the issuer can comply if it invests an amount equal to at least the net proceeds of the sale of the principal property that the issuer or its restricted subsidiary leases in the transaction or the fair value of that property, whichever is greater. This amount must be invested in any principal property or used to retire indebtedness for money that the issuer or its restricted subsidiaries borrowed, incurred or assumed and that either has a maturity of 12 months or more from the date of incurrence of the indebtedness or has a maturity of less than 12 months from that date but is by its terms renewable or extendible beyond 12 months from that date at the option of the borrower, within one year of the transaction.

This restriction on sales and leasebacks does not apply to any sale and leaseback transaction that is between the issuer and one of its subsidiaries, or between one of the issuer's restricted subsidiaries and either the issuer or one of its other subsidiaries. It also does not apply to any lease with a term, including renewals, of three years or less.

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Default and Related Matters

Ranking

The debt securities are not secured by any of the issuer's property or assets. Accordingly, your ownership of debt securities means you are one of the issuer's unsecured creditors. The debt securities are not subordinated to any of its other debt obligations and therefore they rank equally with all of the issuer's other unsecured and unsubordinated indebtedness.

Events of Default

The following will be Events of Default (each an "Event of Default") with respect to the applicable debt securities:

- (i) the issuer fails to pay principal or any premium on any security of that series when due and payable (other than, in limited circumstances, on account of an administrative error whether by the issuer or a bank involved in transferring the funds); or
- (ii) the issuer fails to pay any interest or Additional Amounts on any debt securities of that series when due and payable, and the failure continues for 30 days; or
- (iii) the issuer fails to perform or otherwise breaches any of its covenants in respect of the applicable debt securities or Indenture (other than those described in paragraphs (i) and (ii) above), and continuance of such default or breach for a period of 60 days after there has been given a written notice, by registered or certified mail, to the issuer by the Trustee or to the issuer and the Trustee by the Holders of at least 25% in principal amount of the outstanding debt securities affected thereby, specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under the debt securities; or
- (iv) default in the payment of the principal of any Capital Market Indebtedness in an aggregate amount exceeding \$75 million (or its equivalent in any other currency or currencies) when such Capital Market Indebtedness becomes due and payable at maturity, or becomes due and payable prior to the stated maturity thereof as a result of the occurrence of a default if (a) such default shall continue unremedied or unwaived for more than 15 days following the receipt by the issuer from the relevant holder of such Capital Market Indebtedness of such notice of default or, in the case that no notice of default is required in respect thereof, such default is not remedied or waived within a reasonably practicable period, (b) the time for payment of such amount has not been expressly extended and (c) affirmative action to demand for payment of such Capital Market Indebtedness has been taken and not withdrawn for five days; *provided*, that if such default under such Capital Market Indebtedness shall be remedied or cured by the issuer or waived by the holders of such Capital Market Indebtedness, then the Event of Default hereunder by reason thereof shall be deemed to be likewise to have been remedied, cured or waived without any further action; and *provided further*, that no Event of Default hereunder shall be deemed to exist in a case where the issuer is prevented or delayed, directly or indirectly, by a government or other authority from fulfilling its obligation under the relevant Capital Market Indebtedness; or
- (v) the issuer applies for bankruptcy or is adjudicated bankrupt or suffers the appointment of an administrator or liquidator by order of a court of competent jurisdiction or applies for (provisional) suspension of payments (*voorlopige surséance van betaling*) or is wound up or if the issuer offers a compromise to all its creditors or negotiates with all its creditors another agreement relating to its payment difficulties, or if such measures are officially decreed.

Each series of debt securities will provide that if an Event of Default occurs and is continuing, then and in each and every such case, unless the principal of all the applicable series of debt securities shall have already become due and payable, the Holders of not less than 25% in aggregate principal amount of the applicable series of debt securities then outstanding, by notice in writing to the issuer and to the Trustee, may declare the entire principal amount of all the applicable debt securities in the series issued pursuant to the Indenture, and interest

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accrued and unpaid thereon, if any, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, without any further declaration or other act on the part of any Holder. Under certain circumstances, the Holders of a majority in aggregate principal amount of the applicable debt securities in a particular series then outstanding, by written notice to the issuer and the Trustee, may waive defaults and rescind and annul declarations of acceleration and its consequences, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impart any right consequent thereon.

The Holders of a majority in aggregate principal amount of the applicable debt securities in a particular series then outstanding will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, subject to certain limitations specified in the Indenture.

The issuer will furnish to the Trustee every year a written statement of certain of its officers certifying that, to their knowledge, the issuer is in compliance with the Indenture and the debt securities, or else specifying any default.

An Event of Default with respect to one series of debt securities would not necessarily constitute an event of default with respect to any other series of debt securities.

For the purposes of the above, Capital Market Indebtedness means any obligation of the issuer for the payment of borrowed money which is in the form of, or represented or evidenced by, a certificate of indebtedness or in the form of, or represented or evidenced by, bonds, notes or other securities which are, or are capable of being, listed or traded on a stock exchange or other recognized securities market.

Consolidation, Merger and Sale of Assets

The issuer may, without the consent of the Holders of the debt securities, consolidate with, merge into or transfer or lease its assets substantially as an entirety to, any person of the persons specified in the Indenture, provided that: (i) any successor corporation formed by any consolidation or amalgamation, or any transferee or lessee of the issuer's assets, must assume the issuer's obligations on the debt securities; (ii) immediately after giving effect to the transaction, no event which, after notice or lapse of time, would become an Event of Default shall have occurred and be continuing; and (iii) certain other conditions are met (including the payment of any Additional Amounts that are payable).

If the issuer consolidates or merges with or into any other corporation or sells all or substantially all of its assets according to the terms and conditions of the Indenture, the resulting or acquiring corporation will be substituted for the issuer in the Indenture with the same effect as if it had been an original party to the Indenture. As a result, the successor corporation may exercise the issuer's rights and powers under the Indenture, in the issuer's name or in its own name and the issuer will be released from all of its liabilities and obligations under the Indenture and under the debt securities.

Defeasance and Discharge

The issuer can legally release itself from any payment or other obligations on debt securities, except for various obligations described in this section, if it, in addition to other actions, puts in place the following arrangements for applicable Holders to be repaid: (i) the issuer must deposit in trust for each Holder's benefit and the benefit of all other direct holders of the debt securities a combination of money and U.S. government or U.S. government agency debt securities or bonds that, in the opinion of a nationally recognized firm of independent public accountants, will generate enough cash to make interest, principal and any other payments on the applicable debt securities on their various due dates and (ii) the issuer must deliver to the Trustee a legal opinion of U.S. tax counsel of recognized standing with respect to U.S. federal income tax matters confirming that, as a result of a change in U.S. federal income tax law, the issuer may make the above deposit without causing Holders to be taxed on the applicable debt securities any differently than if the issuer did not make the deposit and just

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repaid the applicable debt securities itself. The issuer would not have to deliver this opinion if it received from, or there has been published by, the United States Internal Revenue Service a ruling that states the same conclusion.

However, even if the issuer takes these actions, a number of its obligations relating to the applicable debt securities will remain. These include the following obligations: (i) to register the transfer and exchange of such debt securities; (ii) to replace mutilated, destroyed, lost or stolen debt securities; (iii) to maintain paying agencies; (iv) to hold money for payment in trust; and (v) to pay all fees, expenses and other amounts owed to the Trustee.

Covenant Defeasance

The issuer can legally release itself from compliance with certain restrictive covenants, including those described under *Covenants* above and the occurrence of certain Events of Default in relation to such restrictive covenants, if it, in addition to other actions, deposits the monies, bonds and debt securities, and delivers the opinion, specified above under *Defeasance and Discharge*.

The issuer must deliver to the Trustee a legal opinion of U.S. tax counsel of recognized standing confirming that under current U.S. federal income tax law the issuer can release itself from compliance with such covenants without causing Holders to be taxed on the applicable debt securities any differently than if the issuer did not legally release itself from compliance with such covenants.

However, the issuer will remain liable in the event that an acceleration following an Event of Default has the result that the deposited monies, bonds and debt securities are not sufficient to pay amounts due on such debt securities. In such event, the issuer will remain liable for the remaining amounts due.

Modification and Waiver

The Indenture contains provisions for convening meetings of Holders to consider matters affecting their interests.

There are three types of changes that the issuer can make to the Indenture and the debt securities.

Changes Requiring Each Holder's Approval

First, there are changes that cannot be made to debt securities without each affected Holder's specific approval. Following is a list of those types of changes:

(i) change the stated maturity of the principal, or any installment of principal, or interest on the debt securities;

(ii) reduce any amounts and the rate of interest of a debt security or any premium due upon its redemption;

/s/ Justin Evans Name: Justin Evans

