

Explanatory notes

Pension overview paid-up pension 2015 Philips final-pay plan

Balance as at 1 October 2015

Do you have any questions about your Pension Overview or these explanatory notes? Then please feel free to contact the Service Desk. The contact details of the Service Desk are:

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The above contact details are valid until the end of 2015. If you call after 1 January 2016, the Service Desk can be contacted on the new telephone number 030 – 277 56 40. All current contact details can be found on our website www.philipspensioenfond.nl/contact

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Introduction

These explanatory notes contain more information about the pension overview of your paid-up pension under the Philips final-pay plan. The pension overview shows your pension situation as of 1 October 2015. You receive your pension overview paid-up pension once every five years.

The explanatory notes follow the structure of your pension overview, thus making it easy for you to find the information that is relevant to you.

What does your pension overview tell you?

The pension overview of your paid-up pension provides you with clarity regarding what you receive on retirement. It also states what, where appropriate, your partner and/or children will receive in the event of your death. It enables you to have an easy and clear understanding of your present and future pension situation. You receive it once every five years.

The benefits stated in the pension overview are gross amounts per year. That means that tax and social security contributions are payable on them – how much depends on your personal circumstances.

We advise you to retain all your pension overviews and to keep them together, also those of other pension plans, so that you have an overall picture of your pension.

At www.mijnpensioenoverzicht.nl (in Dutch) you will find a complete overview of your pensions, AOW (state pension) entitlement and a net pension indication. This is useful if you participated in a different pension plan provided by your previous employer(s).

What events will affect your pension?

Some events in your life can affect your pension. For example, death, the effect of which can be seen in the pension overview. Other events such as marriage, cohabitation, divorce and change of job also have repercussions on your pension or survivor's pension.

You can read more about this at www.philipspensioenfonds.nl/english

If you have any questions, please contact the Service Desk of Philips Pensioenfonds.

Explanatory notes to your Pension Overview paid-up pension 2015 - Philips final-pay plan

What kind of pension plan did you participate in?

The Philips final-pay plan is a defined-benefit agreement. In a final-pay plan you receive a pension that is based on your last gross salary at Philips and the number of years in which you participated in this plan.

For whom is this pension overview intended?

Here you can find your personal details and, if you have a partner, those of your partner too. Your partner is the person to whom you are married, with whom you have entered into a registered partnership or with whom you have a relationship of non-marital cohabitation. Your pension overview shows your partner's details as known to us on 1 October 2015. It is possible that something may have changed in your personal situation after 1 October 2015. Have you notified Philips Pensioenfond's of this? If so, this will have been processed in our records but will not be shown on your overview. If your partner's details are missing or incorrect, please go to www.philipspensioenfond's.nl/forms and select the 'Partner registration' form. Fill in the correct data and send this to Philips Pensioenfond's.

What pension can you expect? In the event of retirement

The amounts shown on your pension overview are total amounts, which may consist of the following pension components: retirement pension, bridging pension and retirement pension from voluntary additional contributions. If you participated in the final-pay 65-plan, you have not accrued a bridging pension.

Accrued pension as per 1 October 2015

This is the amount of annual pension that you have accrued during your employment including pension increases up to 1 October 2015. Your pension takes effect on the first day after the month in which you reach your retirement age.

Single person's pension

If you do not have a partner on your retirement date, you may be entitled to a supplement to your accrued pension. The calculation of the single person's pension takes into account the single person's offset that was applicable until 1 April 1999. It is possible that the single person's pension is lower than the pension for participants who have a partner. This is because the bridging payment for single persons is

lower than that for participants who have a partner. If that is the case in your situation, you will see a negative amount under 'Single person's pension' on your pension overview.

Divorce

Where there is a divorce or the termination of a registered partnership it may be that you have made agreements on the division of your pension with your former partner. If we were informed of the desired division and we confirmed this division, your former partner will receive the agreed portion from us as per your retirement date. How much this is can be seen on the pension overview in the column 'of which for your former partner'. Upon payment, this portion is deducted from the stated pension upon retirement. So you then receive less pension, that is stated on the overview.

Alternatively, you may have agreed with your former partner that part of your pension will be converted into a personal pension for your former partner. In that case you both can decide yourselves when you receive the pension, and your former partner will not be dependent on the starting date of your pension. This is called conversion. If we confirmed the conversion, the pension intended for your former partner has been deducted from your pension. In that case, the pension stated in the overview under 'In the event of retirement' will be paid out to you in full.

The special survivor's pension for your former partner is, however, deducted from the survivor's pension on the pension overview. The benefit shown on the pension overview that is payable to your partner in the event of your death is the benefit payable to your present partner. On your retirement date you have the possibility of exchanging the survivor's pension for a higher retirement pension.

For more information about pensions and divorce, go to www.philipspensioenfond's.nl/einderelatie (in Dutch).

State pension (AOW)

From your state pension retirement age you receive a state pension (AOW) from the government. This pension can be regarded as a basic income. The Social Insurance Bank (SVB) deals with state pensions on behalf of the government. For more information about the AOW and (the discontinuation of) the AOW supplement, go to www.svb.nl/aow

What pension can you expect? In the event of your death

Your partner and/or children receive the amounts shown on the pension overview.

Your partner will receive

In the event of your death your partner is entitled to a benefit known as the survivor's pension.

Your partner is the person to whom you are married or with whom you have entered into a registered partnership. If you are in a relationship of non-marital cohabitation and your participation in the pension plan ended on or after 1 January 1998, then your partner is entitled to a survivor's pension. If your participation in the pension plan ended before 1 January 1998, your non-marital cohabiting partner is not entitled to a survivor's pension.

In the case of non-marital cohabitation, your partner has to be registered in writing with Philips Pensioenfonds. The definition of cohabitation corresponds to the one in the Surviving Dependants Benefits Act (ANW). It is stated in this Act that cohabitation must involve 'providing care for each other' and 'conducting a joint household'. If you cohabit as an unmarried person or if you live abroad, you must register your partner with Philips Pensioenfonds via www.philipspensioenfonds.nl/forms

On the pension overview the special survivor's pension for your possible former partner is deducted from the survivor's pension. The benefit shown on the pension overview for your partner is the benefit payable to your present partner.

The pension overview does not take into account a possible substantial large age difference between you and your partner. Such a difference may mean that the survivor's pension payable to your partner in the event of your death is lower than the amount stated on the overview.

Your children will receive per child

If you have children, an orphan's pension is a standard provision for them. You can see on your pension overview to what age your children are entitled to the orphan's pension. For children of whom both parents have died the amount is doubled.

Surviving Dependants Benefits Act (ANW)

In the event of your death your partner and/or children may be entitled to a government benefit under the Surviving Dependants Benefits Act (ANW). Your partner has to apply to the Social Insurance Bank (SVB) for this benefit. This is the government body that deals with benefits payable under this Act. For more information, go to www.svb.nl/anw

Divorce

If you get divorced or your registered partnership comes to an end, your former partner is entitled to the survivor's pension that has been accrued up to that time. If you get a new partner after your retirement, this person will not be entitled to a survivor's pension.

Will your pension keep its value?

To find out more about the Philips Pensioenfonds' indexation policy, go to www.philipspensioenfonds.nl/indexatiebeleid (in Dutch).

Special circumstances

The policy funding ratio of Philips Pensioenfonds is below the legally required level. That means that the Fund has an insufficient financial buffer. The Fund has therefore drawn up a recovery plan. This recovery plan describes how the Fund will ensure that the policy funding ratio is brought back up to the mandatory level. You can find more about the (essence of the) recovery plan and about the up-to-date financial situation www.philipspensioenfonds.nl/financielepositie (in Dutch).

What data is used in your pension overview?

The following data has been used to calculate the amounts stated on the pension overview.

Start of pension accrual

This is the date from which you have accrued pension benefits in this pension plan.

End of pension accrual

This is the date on which your participation in the pension plan ended.

AOW guarantee for expats

Did you work for Philips abroad as an expat before 1 January 2015? In that case it is possible that Philips may have arranged an AOW (Dutch state pension) guarantee for you. This guarantee was intended to compensate for the loss of AOW pension. This is because during your stay abroad you did not accrue Dutch state pension. You have an AOW guarantee if you have satisfied a number of conditions. The AOW guarantee is executed by Philips Pensioenfonds..

Do you have questions?

If you have any questions after reading your pension overview, please contact the Service Desk of Philips Pensioenfonds. The contact details can be found at the beginning of these notes.