

June 15, 2011

Philips Lamps Customers:

For a century and counting, Philips Lighting has been one of the foremost providers of numerous lamp technologies, enabling new and more efficient uses of light that can transform our world both visually and practically. Specifically in the product category of fluorescent lamps, Philips Lighting has continued to demonstrate a clear dedication towards industry leading improvements in the areas of low mercury, long life and energy saving fluorescent lamps.

Oxidized Minerals (Rare Earth Oxides), represent an important input towards producing energy efficient fluorescent lamps. As a result of the escalating supply and demand pressures for REO's, prices for these obscure elements (China supplies > 95%) have risen dramatically within the last 12 months and continue to show signs of continued escalation into the future.

Despite continuous operational improvements, as well as, sourcing and design efforts to mitigate cost increases, the initiatives have not been enough to offset the significant cost increases resulting from REO supply and demand pressures. As a result of the continuing escalation in the cost of materials, it has become necessary for Philips Lighting to increase prices on Fluorescent Lamp Products.

Effective with September 1, 2011 shipments, prices will be increased an average of 10% for Fluorescent Lamps (TL, CFLi, CFLni). All other products will remain at current levels resulting from the previous price increase effective on May 16, 2010. Please note, the September 1<sup>st</sup> increase is additive to the increase effective on May 16, 2011.

The September 1, 2011 increase will be factored into both stock and end-user pricing programs. Updated price schedules and price agreements will be available in an electronic format on or before July 31, 2011.

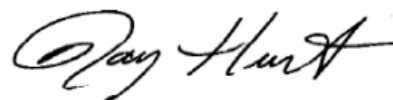
Until the dynamics of the global REO situation settle down, we plan to perform ongoing reviews and update our prices as required. For more information concerning the REO situation, please contact your local Philips Lighting Account Manager or Agent. You will be alerted in advance should any supply issues result from REO availability.

We thank you for your continuing support of Philips Lamp products.

Very truly yours,



Bill Tortora  
Vice President, Sales  
Professional Channel



Ray Hurt  
Vice President, Sales  
OEM Channel