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Welcome to Philips' headquarters in Amsterdam, and to our full-year 2011 press briefing. I will take you through a presentation and discuss our financial performance in the fourth quarter. After that, our Chief Financial Officer Ron Wirahadiraksa and I are available for your questions.

But first, let me give a short comment in Dutch for the local media.

2011 was een bewogen jaar voor de wereld en ook voor Philips. Het was een jaar waarin Philips een aantal noodzakelijke maatregelen heeft genomen om de groei te versnellen. We zijn voorzichtig over 2012 gezien de onzekerheid in de wereldeconomie, en dan met name in Europa. Ook verwachten wij een impact op onze resultaten van herstructuringslasten en investeringen. Niettemin, Philips heeft een groot potentieel en ik heb vertrouwen in de kracht van onze activiteiten. Hoewel we bezorgd zijn over het huidige economische klimaat, doen we er alles aan om onze prestaties te verbeteren om zo onze 2013 financiële doelstellingen te halen.

With that, let me switch back to English.

Looking back at 2011, we can all agree that it was an eventful year with tremendous change, both for the world and also for Philips. It was a year in which Philips made bold decisions as we started our multi-year journey to structurally speed up growth and improve profitability. The journey is demanding, but also very exciting.

Let me be clear: I believe that Philips has great potential. Now, 9 months after taking over as the CEO, I have absolutely no doubt that our company has far greater potential than our current performance demonstrates. Philips has been an innovative company since 1891. We are operating in the right markets to address key societal issues, such as the demand for affordable healthcare, the need for greater energy efficiency and the desire for personal well-being. And most of these businesses have the right fundamentals for profitable growth, especially in geographies such as China and India. Over the years, we have built up a strong presence in the growth geographies, which now represent 33% of group sales.

There are several highlights from last year that we can be proud of. For example, in Healthcare, we received clearance from the FDA to market our innovative PET/MR imaging system and our HeartNavigator interventional tool for so-called minimally invasive procedures in the U.S. Our collegues in Consumer Life sector started selling the Sonicare AirFloss. Since the launch in key geographies, we have increased its share of the electrical interdental cleaning market. And Lighting won the prestigious ‘L-Prize’ competition commissioned by the US department of Energy – a clear sign that we manufacture LED products that are top-notch when it comes to efficiency, performance, lifetime and cost. At the same time, we introduced many new products that are locally relevant in our growth geographies.

While that is encouraging, I still believe that Philips today is merely realizing a fraction of its potential. We have many valuable assets in our company. We have great, talented employees and a solid brand. However, it is in the operational execution, internal collaboration, and company culture where we need to improve significantly. When I came on board as CEO, it became apparent that the course and speed of our performance trajectory was not satisfactory. Looking back at 2011, we can say that important parts of the company performed well. Clearly, we can and will do a lot better in the future.

At Philips, we want to excel through innovation, customer intimacy, and speed. As I stated at the Innovation Experience in Eindhoven in September last year, innovation is our lifeblood and an important driver to differentiate, compete, and realize profitable growth. It is vital to invest in innovation in good economic times but even more so in challenging times, like the one we currently face.

In a world that is changing at an ever-faster pace, we need to adapt faster to changing market needs, and changing competitive landscapes. And this is where our change and performance program Accelerate! comes into play. Accelerate! is our umbrella covering all the parts to make

Philips a company with higher growth and healthy profits. We are still in the early stages of this multi-year revamp, but the organization is responding well to the program. This is encouraging.

We continue to invest in innovation and reallocate resources to growth business and geographies. To pay for these investments, part of the Accelerate! program is aimed at lowering overhead costs. As you probably know, in October we announced a plan aimed at saving EUR 800 million by 2014. Our actions to deliver on the overhead cost reduction program are on track and the first cost savings were recorded in the fourth quarter as planned. The majority of the savings will materialize in 2012 and 2013. We are on track to reach our cost savings targets. The savings plan will lead to 4,500 job losses, which is regrettable, but also inevitable.

The full program is a huge undertaking that will take a few years, and we have set clear targets for the mid-term.

While we are concerned about the economic environment, all of us at Philips are fully committed to improve our operational performance to achieve our 2013 mid-term financial targets.

Last year was marked by things that have not made our journey easier. I am not the type of man who wants to hide behind external factors and use them as excuses, but obviously last year was very turbulent -- from the earthquake and subsequent tsunami in Japan to the protests in the Middle East and from the debt crisis in the U.S. to the euro crisis in Europe.

It is important that we focus -- so we need to pick our battles. In that respect, we announced our plan to create a joint venture with TPV for our Television business, which will further reduce our exposure to consumer electronics. As we have said before, this transaction is expected to be completed in the first quarter. We realize that this was a historic step for Philips as we have a long and proud history in TV. At the same time, we are convinced that this is the right move for the business, and also the right strategic step for Philips as a whole, allowing us to focus on becoming a leading player in health and well-being.

Let me now discuss the financial performance in the fourth quarter of 2011.

Comparable sales in the fourth quarter grew by 3%. On a geographical basis, comparable sales in our growth geographies grew by a strong 12% in the fourth quarter. Sales from these growth geographies increased to 33% of Group revenues, compared to 31% for Q4 last year. Sales in North America grew by 3% in the quarter. Western Europe saw a decline of 5% in the quarter, mainly due to the market related weakness I spoke about earlier. In other mature geographies, we saw a strong comparable sales growth of 9% in the quarter, led by strong growth in Consumer Lifestyle and Lighting.

Reported EBITA was 503 million Euros or 7.5% of sales, below the 913 million Euros or 14.1% of sales reported for Q4 of 2010.

Philips reported a net loss of 160 million Euros for the fourth quarter. The loss includes a negative impact of 272 million Euros related to the Television business. As part of the turnaround plan at Lighting, most brands for Consumer Luminaires products will be re-branded as Philips. This will involve a charge of 128 million Euros, also impacting earnings.

Let me now walk you through the performance of each of our businesses in Q4.

Our Healthcare business registered a year-on-year sales increase of 3% in Q4 2011, slightly above the 2% growth registered in Q4 2010. Patient Care and Clinical Informatics, Home Healthcare and Customer Services grew mid single digits, while Imaging Systems sales remained flat compared to last year. North America saw continued growth of 6% in the quarter, while growth geographies delivered a sales increase of 5%. Weaker markets resulted in a mid single digit decline in Europe.

Healthcare reported a fourth-quarter EBITA of 409 million Euros, or 15% of sales, compared to 522 million Euros or 19.8% of sales in the same period of 2010. The lower earnings were due to continued weakness in the European market which resulted in the postponement of some existing orders. Earnings were also impacted by investments in growth and certain incidental charges.

Consumer Lifestyle sales grew by 1% compared to Q4 of last year. The Lifestyle Entertainment business registered a double digit decline in sales for the quarter. We are pleased with the continuing momentum of sales growth in Q4 for Personal Care, Health and Wellness and Domestic Appliances. At an aggregate level, these three growth businesses achieved a high single digit comparables sales increase. Sales in our growth geographies grew by 8%. This was however offset by declines in the mature geographies, mainly due to weak consumer sentiment.

The reported EBITA at Consumer Lifestyle declined to 184 million Euros from 210 million Euros in the fourth quarter of 2010. The drop was due to a decline in the operating results of Lifestyle Entertainment, investments in Advertising and Promotion and innovation as well as higher restructuring and acquisition related charges.

In Lighting, comparable sales grew by a strong 7% in the quarter. Lumileds sales declined for the quarter. The increase in sales for the sector was led by our growth geographies, where sales grew on a comparable basis by 21%. We continued to see strong sales for our LED products, with growth of 37% compared to the same quarter in the previous year.

The reported EBITA at Lighting declined to 41 million Euros from 198 million Euros in Q4 2010. The results were impacted by pricing pressure especially in consumer channels, incidental expenses including measures to reduce inventory, and operational issues.

I am happy to announce that we have made good progress in identifying a new CEO for Lighting. As soon as the details are finalized, we will provide these to you.

Regarding the dividend, and as a sign of our confidence in our future, we propose to keep our dividend at 75 euro cents per share. Based on the positive response we received from shareholders, we will offer an elective dividend.

There is much more work to do. The fourth quarter, which was disappointing, showed that actions we are taking may not immediately translate into a strong quarterly financial performance.

We are cautious about 2012 given the uncertainty in the global economy, and Europe in particular. In addition, we expect our 2012 results to be affected by the previously communicated restructuring charges and one-time investments aimed at improving our business performance trajectory. Excluding these additional charges, we anticipate that underlying operating margins and capital efficiency in the sectors will improve in the latter part of 2012.

With that, I would like to give you the opportunity to ask any question you might have to either Ron or me.

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