



Information Regarding **Optional Dividend** – Koninklijke Philips N.V. (Royal Philips)

The **General Meeting of Shareholders** approved the **distribution of EUR 0.85 per common share**, at its annual meeting held on May 9, 2019.

The distribution will be payable in cash or shares, at the option of the shareholder, against the net income for 2018. The company will calculate the number of share dividend rights entitled to one new common share, such that the gross dividend in shares will be approximately equal to the gross dividend in cash. Dividend in cash is in principle subject to 15% Dutch dividend withholding tax, which will be deducted from the dividend in cash paid to the shareholders. Dividend in shares paid out of net income and retained earnings is in principle subject to 15% dividend withholding tax, but only in respect of the par value of the shares (which value amounts to EUR 0.20 per share). By distributing an optional dividend, the company allows its shareholders to choose between receiving cash or shares.

You are given the opportunity as of Wednesday, May 15, 2019, until:

- (1) Thursday June 6, 2019 (10.00 a.m. EST) if you are a holder of New York Registry Shares traded on the New York Stock Exchange; and
- (2) Friday June 7, 2019 (03.00 p.m. CET) if you are a holder of shares that are traded on the stock market of Euronext Amsterdam or a holder of registered shares included in the company's shareholders register,

to indicate your choice between cash and shares. If no choice is made during this election period the dividend will be paid in cash. On Wednesday, June 12, 2019, the number of share dividend rights of the common shares entitling to one new share (the "Exchange Ratio") will be announced. The Exchange Ratio will be based on the volume weighted average price of all common shares Koninklijke Philips N.V. traded at Euronext Amsterdam on June 5, 6 and 7, 2019. The newly issued common shares rank for dividend for the financial year 2019 and following financial years. Dividend rights will not be traded on Euronext Amsterdam.

The following timetable applies:

May 13, 2019	:	Ex-dividend date
May 14, 2019	:	Dividend record date
May 15 – June 6, 2019 (10.00 a.m. EST)	:	Election period: cash or share dividend for <u>holders of New York Registry Shares traded on the New York Stock Exchange</u>

- May 15 – June 7, 2019 : Election period: cash or share dividend for holders of shares traded on Euronext Amsterdam and holders of registered shares (03.00 p.m. CET)
- June 12, 2019 : Announcement Exchange Ratio & number of shares to be issued
- From June 13, 2019 : Dividend payment in cash & delivery of new shares

You are requested to indicate your choice within the election period set forth above, through your bank or stockbroker to ABN AMRO Bank N.V. (ABN AMRO), Corporate Broking (HQ7212), Antwoordnummer 2523, 1000 PA Amsterdam the Netherlands. If you hold your shares in a custody account with a bank or broker, your bank or broker may process the dividend in the default option as agreed upon in the contractual arrangements between you and the bank or broker. Please contact your bank or broker to check your default option.

Payment of the cash dividend and delivery of new shares, with settlement of fractions in cash, if required, will take place from June 13, 2019 onwards on the basis of share entitlements on the dividend record date. The distribution of dividend in cash to holders of New York registry shares will be made in USD at the USD/EUR as per WM/Reuters FX Benchmark 2 PM CET fixing of June 11, 2019.

Holders of ordinary shares in the form of K-shares (*K-stukken*) who wish to collect their dividend after June 12, 2019, will receive the value of such dividend in cash.

The shares will be trading ex-dividend as of May 13, 2019 at Euronext Amsterdam and the New York Stock Exchange. In compliance with the listing requirements of the New York Stock Exchange and the stock market of Euronext Amsterdam, the dividend record date will be May 14, 2019. It will not be possible to convert New York Registry Shares into Euronext shares and vice versa during the period May 13, 2019 up to and including May 14, 2019. The dividend rights will be made available to you via the bank or broker where your shares are administered at the close of trading on May 14, 2019. The new common shares to be issued as stock dividend will be offered and admitted to trading without prospectus pursuant to articles 5:2 sub d and 5:4 sub e of the Financial Markets Supervision Act (Wet op het financieel toezicht).

For the fractions price, the opening price of June 13, 2019 should be taken as reference.

Registered shares

Holders of registered shares, included in the register of holders of common shares will be notified separately of the final dividend to which they are entitled.

Amsterdam, May 2019

The Board of Management

