PHILIPS Lighting

SUMMARY OF THE DISCUSSION AT THE GENERAL MEETING OF SHAREHOLDERS PHILIPS LIGHTING N.V. HELD ON 15 MAY 2018 IN EINDHOVEN

Start of the meeting: 14:00 CET

Chairman: Arthur van der Poel

Opening

The *chairman* welcomes all present to the annual shareholders meeting of Philips Lighting N.V. and opens the meeting. Furthermore, he introduces the members of the Board of Management and Supervisory Board, as well as the secretary of the meeting the notary public and the external auditor from Ernst & Young.

1. Presentation CEO

The *chairman* invites CEO Mr Rondolat to give his presentation. The full text of the speech of Mr Rondolat has been published on the company's website: https://www.signify.com/global/about/investors/shareholder-info/shareholder-meetings

2. Implementation of the remuneration policy in 2017

After the presentation of the CEO, the *chairman* addresses a couple of practicalities and explains that the meeting can be followed via the company's audio webcast. Moreover, the chairman explains that the first agenda items are all closely connected and for that reason he suggests to discuss such items together, after all accompanying presentations have been given.

Subsequently, the *chairman* moves on to agenda item 2, the implementation of the remuneration policy in 2017, and gives the floor to the chairman of the Remuneration Committee, Mr Van de Aast.

Mr *Van de Aast* explains how the company's remuneration policy has been implemented in 2017. First, he discusses the main elements which make up the remuneration package of the members of the board of management. He explains that the base salary is assessed regularly against market developments. Second component is the annual cash incentive which may vary between 0% and 120% (and between 0% and 160% for the CEO) of the base salary depending on performance. The third element is the long-term incentive which comprise Philips Lighting shares which are conditionally awarded with a three-year performance period.

Regarding the base salary Mr *Van de Aast* explains that the base salary for 2018 of the board members remains unchanged. With regard to the long-term incentive he explains that the performance measures include total shareholder return as well as sustainability and cash flow. Details can be found in the company's annual report. As the first awards were granted in 2017 having a three-year horizon of which we are now only in the first year, Mr van de Aast does not further explain this component. Mr van de Aast explains the annual cash incentive, how board members performed against their targets and how the actual pay-out percentages were calculated. The targets reflect the growth of the business, the profitability and free cash flow generation. Finally, the incentive includes personal targets which are to a certain extent identical for all board members but in many cases are personal. Via this target the Supervisory Board influences the elements it finds important in a particular year. The result for 2017 was 110,8% for all three board members which means a pay-out of 88% and 66% respectively of the base salary of the board members. A full report on the remuneration policy is included in the annual report for 2017.

3. Explanation of the policy on additions to reserves and dividend

The *chairman* thanks Mr Van de Aast and gives the floor to CFO Mr Rougeot to explain the company's policy on additions to reserves and dividends.

Mr *Rougeot* explains the characteristics of the company's capital structure and how that evolved in 2017. He explains that the company's cash level at the end of the year was around EUR 942 million with a gross debt of 1,309 million, which mainly includes the debt we established at the IPO. Furthermore, he explains the different components of the company's current debt profile. Overall, the net leverage was 0.5 times reported EBITDA at the end of 2017. Finally, he explains that the company has additional liquidity via a revolving credit facility of EUR 500 million. The company has not utilized this facility and does not intend to use it in the near future. The Net Debt amounted to EUR 367 million at the end of 2017, which is a slight increase over 2016. He also explains that in 2017 the company has allocated an amount of capital which is higher than the free cash flow that the company generated in 2017 by paying a regular dividend of EUR 157 million and EUR 307 million for share repurchases.

Mr *Rougeot* then talks about the company's capital allocation policy which is driven by a strict financial discipline in the way it generates and uses free cashflow. In terms of the cash generated, the company is committed to managing its financial ratios in order to maintain a financing structure compatible with an investment-grade profile. In terms of cash uses, the company will continue to invest in its business and aims to pay out an annual regular cash dividend. Finally, the company also considers some additional capital returns to shareholders as well as seizing some non-organic opportunities, primarily focused on small- to medium-sized acquisitions. Absent such acquisition opportunities, the company will consider additional capital returns to shareholders like it has done in 2017 and has announced for 2018.

The company's dividend policy reflects the evolution of the profitability of the company and its cash generation. A key objective is to provide a stable return for our shareholders, while at the same time keeping the capacity to continue to invest in the business and keep the financial flexibility the company needs. This means that the company aims to distribute an annual cash dividend within 40% to 50% of its continuing net income. This year a proposal is made to pay a dividend of EUR 1.25 per share which is an increase of 14% compared to last year's dividend of EUR 1.10 per share. For future years the company wishes to have a consistent dividend policy which has been taking into account when deciding on the dividend proposal for 2017.

Finally, Mr *Rougeot* mentions the objective to return capital of up to EUR 150 million to shareholders in 2018 by participating in further sell-downs by Royal Philips. He mentions that the company participated for EUR 71 million in the fourth sell-down by Royal Philips in February of this year in which the company acquired 2.2 million shares at a price of EUR 32.10 per share. The shares acquired have been cancelled resulting in a current issued share capital of 138 million shares. He explains that in 2017 the company participated for EUR 272 million in three sell-down by Royal Philips in which 9.8 million shares were acquired at an average price of EUR 27.79 per share. All shares have been cancelled.

After his presentation Mr Rougeot gives the floor back to the chairman.

4. Implementation of the new Dutch Corporate Governance Code in the company's governance structure

The *chairman* makes a couple of remarks on the implementation of the new Dutch Corporate Governance Code that was introduced in 2016 by the Dutch Monitoring Committee Corporate Governance. The new Code applies to all Dutch listed companies as from 2017 and replaces the Code dating back from 2008. As was the case with the previous Code, companies must either comply with the provisions of the Code or explain in their annual report why they do not comply.

Even though the new Code is different from the previous Code, it does not amount to a drastic change of course. Many of the new Code provisions were already applied by the company in practice. This means that the introduction of the new Code has not brought any significant changes in the company's way of working. There has been some fine-tuning, for example with regard to the board's rules of procedure and the internal audit charter. Moreover, the company has prepared its annual report in accordance with the specific new Code-provisions such as the responsibility statements by the board of management and the reflection of the internal pay-ratio within Philips Lighting.

The chairman explains that the company now fully complies with all new Code-provisions as further described in the annual report. This has also been confirmed by the external auditor who has now a more prominent role in this matter.

Finally, he explains that the company regularly reviews whether the corporate governance structure of the company call for any changes. Obviously at the time of the IPO, careful consideration was given to the corporate governance structure of the company and the current governance model was selected. In our view, the model still suits the company well.

The chairman now moves on to agenda item 5, the financial statements 2017.

5. Financial statements 2017

The *chairman* starts making a couple of introductory comments on the annual report 2017. The report, including the financial statements, has been made available for inspection at the company's office and has been published on the corporate website late February. He also points out that the annual report integrates the financial report and the report on sustainability. The financial statements have been audited by Ernst & Young which firm is represented by Mr Jonker as responsible audit partner. Finally, he gives Mr Jonker the floor.

Mr *Jonker* states to have given a combined unqualified auditor's opinion for both the financial statements and the sustainability information, which can be found in the annual report.

The audit plan was agreed with the Audit Committee and management in April 2017. For the audit, a materiality threshold of EUR 26 million was applied. The threshold for reporting any audit differences identified to the company's Audit Committee was set at EUR 1.1 million.

Mr *Jonker* then explained how Ernst & Young organized the audit activities, which needed to be carried out around the world. This was handled in close cooperation between the central audit team and local teams which were instructed on the type and depth of the work they needed to carry out per component of the company's group. This concerned in total 30 components in 10 countries. The central audit team had regular contact with the local team via teleconference. In addition, the company's main locations were visited at least once and sometimes several times.

Mr *Jonker* briefly addresses this year's key audit matters included in the auditor's report, which involved revenue recognition, the valuation of goodwill, the valuation of deferred taxes and liabilities for uncertain tax positions, organizational changes and the operations of the company in the Kingdom of Saudi Arabia. The key audit matters for the sustainability reporting included the criteria used for reporting sustainable revenues and estimates and assumptions for calculating the environmental and social impact of the value creation model of the company. For each key audit matter, the audit approach has been further explained and is reflected in the audit report.

As Royal Philips further reduced its shareholding in the company, the information that needed to be reported to the auditor of Royal Philips was reduced compared to last year. This year, only the annual numbers needed to be shared but no longer findings on the internal controls of the company. Obviously, the internal controls of the company were assessed like last year, and, during the audit, no important findings were noted in respect of internal controls with the exception of the operations in Saudi Arabia. Together with the company the auditor subsequently spend additional time to determine that these findings in Saudi Arabia did not impact the financial statements. In addition, the company introduced measures to improve the internal controls.

As part of the audit, Ernst & Young was in contacted with the company every week and findings were discussed with the CFO, management and the Audit Committee every quarter. Ernst & Young met with the Audit Committee six times this year and also met with the Audit Committee without management being present. Like last year, Ernst & Young was in contact with the chairman of the Audit Committee frequently, in addition to the actual formal meetings.

By way of conclusion, Mr *Jonker* expresses his thanks to all involved in the successful audit of Philips Lighting.

The *chairman* thanks Mr Jonker and opens the floor for questions.

Mr *Boom* asks about the status of the closure of the factory in Fall River USA, which has been in the news recently and what the plans are for this factory. Secondly, he would like to know why the tax losses that have not been recognized so far, have been increased from EUR 417 million to almost EUR 460 million and what are management's plans to decrease this amount.

Regarding Fall River Mr *Rondolat* explains that the closure of this factory is in line with optimizing the company's footprint when market demand for conventional lighting declines. This is also the case for this factory in which we had to decrease capacity as the market was coming down. He also explains that, in fact, the factory has been kept running longer than what would have been normally necessary. The utilization of assets at Fall River is now around 35%, which is far lower than the normally acceptable utilization of 75%. He also points out that the production at Fall River will be moved to one of the company's factories in Mexico which is also producing reflectors and which now allows us to assemble the full product in Mexico. Finally, he explains that the company is managing the closure very well together with employees and unions.

Mr *Rougeot* explains that the tax losses are approximately EUR 800 million in total of which a bit more than EUR 300 million has been recognized in the balance sheet. So, around EUR 460 million has not been recognized yet. He then talks about how the company assesses the valuation of tax losses and that tax losses can only be recognized if management believes that opportunities exist to generate sufficient taxable profits in the respective jurisdictions. The jurisdictions today are mainly: France, Belgium and Singapore. Therefore, the company takes a cautious approach and the amount of losses not recognized can increase from year to year.

Mr *Smets* speaks on behalf of the Dutch Association of Shareholders (VEB) and a large number of investors, mainly retail investors. His first question is about the growth of the business which in his view is below the average growth of the overall general lighting market (0.5% for the company to 3% for the market). He mentions that in his view the company declines faster in conventional lighting than the market and that the company's LED-based sales seem to grow less than the overall market. In particular for LED, management's view is that the turn-over in LED will flatten in 2020. However, Mr Smets says that he sees that the company is already behind the overall growth of the market and LED-growth is flattening. His question is whether management recognizes his observations and what investors may expect after 2020.

Mr *Rondolat* explains the global growth of the company and the different businesses the company has. In 2017, the company generated almost one third of its sales from its conventional business, which was not the case at other companies. The company experiences a decline in the conventional part of the business of about 18%. However, the company's conventional business is declining less than the market which is estimated at around 23-25%. The LED business has still grown double digits in 2017 with different growth profiles for LED lamps and LED electronics. He then clarifies that the company's LED business is double the size of the number two in the LED business, which explains that the company's ratio in terms of sales growth may not be exactly the same as companies that would be much smaller. Overall, the company declines in conventional but should decline less than the market. Next to that, the company should grow in all other businesses both in terms of top-line and profitability, although it is true that the company experiences flattening growth in the LED business which is due to market conditions. Mr Rondolat finally states that these developments are anticipated and are reflected in the company's strategic plan.

Mr *Smets* responds and wishes to know a bit more about what makes Philips Lighting different than other lighting companies, some of which have or are in the process of divesting their conventional lamps business. He would also like to get some further insight into the transition from conventional to LED-based lighting, the speed of such transition and what the company's approach is towards that transition. Another question is whether management can provide some insight into the ratio between conventional and LED in the Professional business and whether the transition in this business is going faster than in other business groups. His final question is on cost dynamics in LED. As the production costs in LED are lower than in the conventional business he asks which part of cost savings are directly attributable to the transition.

Mr *Rondolat* first highlights that at present management believes that the company is the right owner of its conventional business which it manages very well. He also clarifies that in many countries the company's sales people sell both conventional, LED and luminaires which gives the company a lot of synergies. As to the speed of the transition he explains that this is determined by the market, the education of customers and their willingness to go for LED. In that respect the company has sped up the transfer of the business to LED luminaires because it is making more margin in LED luminaires than in conventional luminaires. On the lamp side the company is moving with the market and selling both. LED penetration in the Professional business is at about 82% significantly higher than in the other businesses, which are at 65% on average. As a result, the speed of transition is now slowing down while the transition is still ongoing. On cost savings he notes that the company has been able to extract a lot of costs since LED technology was not mature and volumes were growing. Also, the company has reorganized its procurement department. As a result, the company had strong results because price erosion could be compensated by bill of material savings.

Mr *Altena* represents the association of shareholders for sustainable development (VBDO). He compliments management with its great performance to become the industry leader in the Dow Jones Sustainability Index. Mr Altena continues and his first question is about natural capital and the impacts on the supply chain. VBDO is delighted with the effort on monetization of the company's impact on its stakeholders and society. Good progress has been made by the company. Is Philips Lighting willing to take the next challenge and monetize the impact of its supply chain to generate an integrated environmental profits & loss account? The second question that he asks is about living wages and how Philips Lighting addresses that topic. Again, with focus on the supply chain, he notes that handing over a sustainability declaration to Philips Lighting does not require suppliers to provide living wages. On top of that, only 40% to 60% of the audited suppliers in 2017 is compliant with this code regarding wages and benefits in general. Is Philips Lighting willing to take the next necessary step to ensure that employees in the supply chain receive a fair living wage by including it in the supply code of conduct? Finally, he addresses the topic of sustainable development goals and the impact of Philips Lighting on those. The company spent 83% of its research and development budget on sustainable innovations that address the sustainable development goals. However, the company does not provide insights in the products, systems or services that have been developed and how the company contributes to the four selected goals explicitly. His third question is if Philips Lighting is willing to disclose explicitly how it works towards reaching the relevant sustainable development goals?

Mr *Rondolat* explains that the company is making good progress in building a full profit & loss account on ESG capital. To be clear, it is integrating some part of the supply chain, which is the part that its suppliers are doing in order to deliver to the company. Although the company has taken a major step in this area it is at this point in time not fully integrating the full profit & loss of its suppliers. This has to do with the fact that such data is not sufficiently reliable in management's view. Nevertheless, the company is discussing with other members of the Impact Valuation Round Table how to take the next step and improve on this very important topic. On Living Wages, he explains that the company is using two major indicators: the Asia Floor Wage and the Wage Indicator. The company not only evaluates every year the wages of its own employees below a certain grade but also looks at its suppliers and audits about 250 of its risk suppliers each year. The audit focusses on how suppliers comply with the company's code of conduct specifically on living wages. In that respect, he further explains that the company sees a strong increase in how its suppliers manage the wages of their own employees after the company has done its first audit, typically from being 40%-60% compliant to over 90%. As to the third question, which is about the sustainable development goals. The company focusses on four of them. It is about sustainable production and consumption and it is about energy, climate and sustainable cities and communities. These are the four SDG's that the company decided to target. The company does that in two different ways. One is with its program Brighter Lives and a Better World. The other one is with its initiative Access to Light. Right now, the company has connected in a more qualitative manner to the 83% that it spends on R&D. Mr Rondolat appreciates the remark that has been made on this topic about having a more qualitative approach to that subject.

Mr *Smets* asks about the provision of EUR 145 million for restructuring and why it has increased from EUR 132 million last year and whether it relates to IT. His next question is about the payment terms of the company's customers in Saudi-Arabia, which have increased. He would like to understand the company's efforts to address this trend. Finally, he would like to understand what is meant by materiality in the context of IFRS 15 on revenue recognition as the company states in its annual report that the revised IFRS 15 does not have a material impact on the company's balance sheet. Can you indicate whether the aggregate amount of impact for IFRS 15 is not above EUR 17 million? The same applies to the statements made around IFRS 16 about leases which do not have a significant impact. Is there a difference in the materiality threshold applied between the two since different qualifications (material vs. significant) are used?

Mr *Rougeot* answers that the restructuring provision mainly relates to the optimization of the company's cost base since the lighting industry and working conditions are changing. He explains how the company recognizes and utilizes provisions and that in 2017 the company for example took additional provisions in relation to its factory in Turnhout. He also highlights that, every year, the company plans to take a restructuring provision which is between 1.5% and 2% of sales. That is going to be the case until 2019 because the company is going to have a significant amount of restructuring due to the reduction of the lamp business. After 2019, the company believes that, as communicated earlier, the right level of restructuring on a regular basis is between 0.5% to 1% of its revenues. On Saudi Arabia Mr Rougeot comments that the overall market situation has been very challenging resulting in many companies not having been paid or having been paid with much longer payment terms than originally agreed with customers. As a result, provisions on accounts receivable had to be taken. However, since the beginning of the year, the company has seen a better situation with respect to collection. This is part of what has been highlighted by the auditors because they paid very special attention to that topic and to that market. Both in terms of the market conditions and economic situation as well as with respect to our internal control in the country. This is of course something which management also looks at extremely carefully. On IFRS 15 sales recognition. The qualification 'not material' means that when management looks at the overall amount and the way it would affect our revenues if the company were to recognize them under IFRS 15 as they were recognized before, the amount of sales and the comparable sales growth would not be really different. It would be minimal but nothing material. Overall, the estimation has been made internally and has been checked with the auditors. For IFRS 16 Mr Rougeot explains that the implementation of this new standard is only as of 1 January 2019 and the company is carrying out the work to assess what is going to be the impact on its financial statements, especially when it comes to our leases. The company will communicate the exact impact at a later point in time but currently believes that it is not going to make a material difference to our financial statements.

Mr *Smets* addresses the topic of goodwill. He mentions that the company had around EUR 1.6 billion of goodwill in its books. First he would like to know why a lower discount rate was applied this year compared to 2016. He asks if the company has also carried out the goodwill assessment applying the higher discount rate of 2016 and, if this is the case, what the outcome was of that assessment. Mr Smets notes that last year the company indicated that a 0.2% change in the rate would not make a difference. Would it be possible to quantify for this year. Finally, he mentions that the accountant stated that the company's assumptions used in its goodwill assessment are within reasonable range. He would like to understand if the accountant has looked at one year or multiple years and notes that the discount rate has reduced by 2.5% in two years time.

Mr *Rougeot* confirms that the discount rate used in 2017 is indeed 1.5% lower than in 2016. He explains that this is because the risk-free rate on the market has decreased and notes that the company has applied the same methodology and formula as last year for determining the discount rate. Secondly, he mentions that if the company would have applied the same discount rate as last year no impairment would be triggered. The evolution of the discount rate from one year to the other has not led to any material change in the overall headroom. The disclosure on this topic is different this year because goodwill headroom is much higher compared to last year. In the event headroom is limited IFRS requires the company to disclose the impact of changes in the underlying assumptions that could lead to impairment. If headroom is significant there is no need for this type of disclosure. On a final note, he mentions that the headroom is now much higher because of the business performance in particular in Professional and because of applying a lower discount rate.

The chairman gives the floor to Mr *Van den Berg*. He would like to better understand the effect that the transition from conventional to LED has on the replacement market. Historically, the replacement market for conventional lamps was very large and a big profitmaker for the company. However, since LED lamps have a longer lifespan and longer burning hours, the replacement market will be less. In view thereof, he asks how this development may impact the profitability of the company in the long run.

Mr *Rondolat* discusses briefly the fundamental changes in the lighting industry. It is less of a replacement market than what it used to be. However, the industry is now not only about selling products but also moving into selling lamps which can be connected and sold through a system and then generate services. This will change the way the company will generate revenues as it will come less from the replacement and more from systems, services and recurring business.

Mr *Smets* asks a few follow-up questions to the accountant. First, he would like to know why the account has determined the materiality threshold of EUR 26 million based on 5% of adjusted profits before taxes instead of simply profits before taxes without any adjustments. Why should this metric be adjusted. His second question is about the key audit matter 'improper revenue recognition' and he refers to the statement made by the accountant that revenue recognition depends on 'the fulfilment of contractual sales conditions'. He would like to better understand what that means. His final and third question, concerns the statement made by the accountant that revenue recognition is to a certain extent also depending on judgement calls made by management. He would like to know if the accountant has seen a change in approach with regard to management's judgement in these matters.

The chairman asks Mr Jonker to respond to these questions and gives him the floor.

Mr *Jonker* addresses first the question on the materiality threshold. He clarifies that it is usual practice in an audit to use normalized results as a basis for materiality and therefor make certain adjustments. In this case the adjustments concern for example the restructering provisions. In addition this provision is already looked at extensively as part of the audit. On the amount of EUR 26 million he explains that this amount is higher compared to last year because the company's results in 2016 were lower. Next to that, 2016 was Ernst & Young first audit and, as a consequence, the materiality threshold was set at a lower level. He also states that the determination of the materiality threshold is a matter of Ernst & Young and not up to the company. As to revenue recognition Mr Jonker explains that with regard to large systems & services contracts it is important to look at the different milestones which are embedded in such contracts in order to determine when revenue can be recognized. So, this is what is meant by 'the fulfilment of contractual sales conditions'. With regard to the last question of Mr Smets, he explains that Ernst & Young discusses this topic regularly with management throughout the year and indicates that the company approaches revenue recognition in a prudent and consistent manner.

The *chairman* now moves to the voting of the agenda items that have now been discussed and gives the floor to the notary. The notary first of all states that at the beginning of this meeting were represented or present 107.057.602 shares and the same number of votes. In terms of the number of shares issued in the company on the registration date, which are entitled to vote, 78.14% of the issued share capital is present or represented at today's meeting. Finally, he walks through the voting procedure and mentions that the full voting results will be published on the corporate website and will also be included in the minutes of today's meeting in summary form.

The *chairman* now opens the vote on agenda item 5: the proposal to adopt the financial statements 2017. After the vote has closed the following voting results are published:

For:	99.97%
Against:	0.03%
Abstentions:	

The *chairman* concludes that the proposal has been adopted.

6. Dividend

The *chairman* moves to the next agenda item and opens the vote on agenda item 6: the proposal to adopt a cash dividend of EUR 1.25 per ordinary share over the financial year 2017. After the vote has closed the following voting results are published:

For:	99.96%
Against:	0.04%
Abstentions:	

The *chairman* concludes that the proposal has been adopted.

7. Discharge members of the Board of Management and the Supervisory Board

Subsequently, the *chairman* opens the vote on agenda item 7a: the proposal to discharge the members of the Board of Management in respect of their duties performed in 2017. After the vote has closed the following voting results are published:

For:	98.94%
Against:	1.06%
Abstentions:	

The *chairman* concludes that the proposal has been adopted.

Finally, the *chairman* opens the vote on agenda item 7b: the proposal to discharge the members of the Supervisory Board in respect of their duties performed in 2017. After the vote has closed the following voting results are published:

For:	98.94%
Against:	1.06%
Abstentions:	

The *chairman* concludes that the proposal has been adopted.

8. Composition of the Supervisory Board

The *chairman* discusses the composition of the Supervisory Board.

To further strengthen the Supervisory Board, the appointment of Eelco Blok as new member to the Supervisory Board is on the agenda. He furthermore points to the explanatory notes to the agenda for more details on this nomination and mentions that Mr Blok is to be appointed for a four-year period. Finally, he asks Eelco Blok to introduce himself to the shareholders before the floor is opened for questions.

Mr *Smets* asks whether Mr Blok has been nominated in view of his expertise with regard to data analytics services which the company is now offering to its customer in the connected lighting space and whether the Supervisory Board is fully equipped with regard to this topic.

The *chairman* responds that he believes the Supervisory Board is currently well-equipped for its tasks and is continuously evaluating the size and composition of the board.

The *chairman* now opens the vote on agenda item 8: the proposal to appoint Mr Blok as member of the Supervisory Board. After the vote has closed the following voting results are published:

For:	98.51%
Against:	1.49%
Abstentions:	

The *chairman* concludes that the proposal has been adopted and congratulates Mr Blok with his appointment.

9. Amendment of the articles of association

The *chairman* now proceeds to the next agenda item, amendment of the articles of association. He mentions that the company on 16 March 2018 has announced the intention to change the company name from Philips Lighting to Signify and that the company will continue to use the Philips brand under the existing licensing agreement with Royal Philips. He also clarifies that the new name of the company will be used as from tomorrow

Since nobody wishes to take the floor, the *chairman* opens the vote on agenda item 9: the proposal to amend the articles of association. The proposal includes the amendment of the definition of the Company in article 1 to Signify N.V. After the vote has closed the following voting results are published:

For:	100.00%
Against:	0.00%
Abstentions:	

The *chairman* concludes that the proposal has been adopted

10. Authorization of the Board of Management to issue shares or grant rights to acquire shares, and restrict or exclude pre-emptive rights

The *chairman* now moves on to agenda item 10: the proposal to authorize the Board of Management to (a) issue shares or grant rights to acquire shares, and (b) restrict or exclude pre-emptive rights to shares, subject to the conditions as set out in the annotated agenda. These proposals are standard authorizations for publicly-listed companies in the Netherlands. The *chairman* clarifies that these are two separate voting items and will be voted on separately. He furthermore explains that the proposal is to grant an authorization for an eighteen months' period, starting today. Last year the requested authorizations concerned the authorization of 10% of issued capital plus an additional 10% of issued capital in the case of mergers, acquisitions or strategic alliances. In line with market developments and the voting trend among institutional investors on this topic, the proposal this year concerns a single authorization of 10% of issued capital. The Board of Management believes that this will give enough flexibility to finance the company efficiently.

Finally, he notes that for all such management decisions, the approval of the Supervisory Board would be required.

Since nobody wishes to take the floor regarding this proposal, the *chairman* opens the vote on agenda item 10a: the proposal to authorize the Board of Management to issue shares or grant rights to acquire shares. After the vote has closed the following voting results are published:

For:	96.59%
Against:	3.41%
Abstentions:	

The *chairman* concludes that the proposal has been adopted.

Subsequently, the chairman opens the vote on agenda item 10b: the proposal to authorize the Board of Management to restrict or exclude pre-emptive rights to shares. After the vote has closed the following voting results are published:

For:	95.81%
Against:	4.19%
Abstentions:	

The *chairman* concludes that the proposal has been adopted.

11. Authorization of the Board of Management to acquire shares in the company

The *chairman* discusses the next agenda item, the proposal to authorize the Board of Management to acquire shares in the company, subject to the conditions as set out in the annotated agenda. He explains that the authorization is proposed for a period of eighteen months and is restricted to 10% of the shares issued plus an additional 10% for share repurchases for reducing the share capital. Any decision to proceed with any repurchase transaction requires the approval by the Supervisory Board. Also, this is a standard authorization for publicly-listed companies in the Netherlands.

Since nobody wishes to take the floor regarding this proposal, the *chairman* opens the vote on agenda item 11: the proposal to authorize the Board of Management to acquire shares in the company. After the vote has closed the following voting results are published:

For:	99.28%
Against:	0.72%
Abstentions:	

The *chairman* concludes that the proposal has been adopted.

12. Cancellation of shares

Then the *chairman* moves straight on to agenda item 12, authorizing the Board of Management to cancel shares, subject to the conditions set out in the annotated agenda. This proposal is about the cancellation of shares held by the company or to be acquired by the company under the authorization referred to under agenda item 11, resulting in a reduction of the company's issued share capital. This, again, is a standard authorization for publicly-listed companies in the Netherlands.

After having concluded that nobody wishes to take the floor on this topic, the *chairman* opens the vote on agenda item 12: the proposal to authorize the Board of Management to cancel shares in the share capital of the company. After the vote has closed the following voting results are published:

For:	100.00%
Against:	0.00%
Abstentions:	

The *chairman* concludes that the proposal has been adopted.

13. Any other business

The *chairman* moves on to the last agenda item and before opening the floor he expresses his thanks to Mr Van Lede who will step down at the end of this meeting.

Finally, the *chairman* thanks everybody for attending and closes the annual general meeting of shareholders of the company.