

July 8, 2011

Philips Lamps Customers:

As a result of the Impact on Rare Earth Oxides and the extraordinary circumstances in the lighting industry, Philips must revise our previously announced September 1<sup>st</sup> 10% average price increase for Linear Fluorescent Lamps (TL), Compact Fluorescent Integrated (CFLi) and Compact Fluorescent non-integrated (CFLni) to an overall average increase of 25% effective on August 15, 2011. Specific price increase percentages will vary by fluorescent product family. All other products will remain at current levels resulting from the previous price increase effective on May 16, 2010. Please note the August 15<sup>th</sup> increase is over and above the increase effective on May 16, 2011.

Orders will be accepted and shipped based on current price schedules and availability up until August 12<sup>th</sup>, 2011. These orders shall not exceed 15% above the previous 90 day monthly average purchase history.

The August 15, 2011 increase will be factored into stock, end-user pricing programs, and Special Pricing Authorizations (SPA's). Updated price schedules and price agreements will be available in an electronic format on or before August 5, 2011.

As a world leader in lighting, Philips continues to lead the way in making improvements in the areas which remain within our control in terms of aggressively optimizing product designs which require REO's, reducing waste in the manufacturing process, recycling of various materials, as well as, numerous additional efforts intended to defray cost increases experienced from REO materials. Though these initiatives continue to deliver improvements, they are not enough to offset the ongoing and substantial cost impact resulting from the current global REO supply and escalating demand pressures.

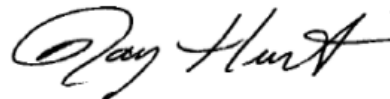
We plan to perform ongoing reviews and update our prices as required every 90 days commencing August 15 2011. For more information concerning the REO situation, please contact your local Philips Lighting Account Manager or Agent. You will be alerted in advance should any supply issues result from REO 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