

# FINAL TRANSCRIPT

**Thomson StreetEvents<sup>SM</sup>**

**PHGFF.PK - Q1 2009 Royal Philips Electronics Earnings Presentation**

Event Date/Time: Apr. 14, 2009 / 4:00AM ET

Apr. 14. 2009 / 4:00AM, PHGFF.PK - Q1 2009 Royal Philips Electronics Earnings Presentation

## CORPORATE PARTICIPANTS

**Pierre-Jean Sivignon**

*Royal Philips Electronics - CFO*

## CONFERENCE CALL PARTICIPANTS

**Andreas Willi**

*JP Morgan - Analyst*

**Nicolas Gaudois**

*UBS - Analyst*

**Michael Jungling**

*Bank of America - Analyst*

**Didier Scemama**

*RBS - Analyst*

**Gael de Bray**

*Societe Generale - Analyst*

**Scott Babka**

*Morgan Stanley - Analyst*

**Martin Wilkie**

*Deutsche Bank - Analyst*

**Andrew Carter**

*Macquarie Securities Group - Analyst*

**Olivier Esnou**

*Exane BNP Paribas - Analyst*

**Philip Scholte**

*Rabo Securities - Analyst*

**Rene Verhoef**

*Fortis Bank Netherlands - Analyst*

**Gunther Hollfelder**

*Unicredit HVB - Analyst*

## PRESENTATION

**Operator**

Welcome to the Royal Philips Electronics first quarter results 2009 conference call on Tuesday, April 14, 2009. During the introduction, hosted by Pierre-Jean Sivignon, CFO, all participants will be in a listen only mode. (Operator instructions). Please note that this call will be recorded and is available by webcast on the website of Philips Royals Electronics. I ill now hand the conference over to Mr. Sivignon. Please go ahead sir.

---

**Pierre-Jean Sivignon** - *Royal Philips Electronics - CFO*

Thank you. Ladies and gentlemen, let me first welcome you to this conference call on the first quarter results of 2009 for Royal Philips Electronics. I will make a few introductory remarks and then we will open up the calls to your questions.

Apr. 14. 2009 / 4:00AM, PHGFF.PK - Q1 2009 Royal Philips Electronics Earnings Presentation

Let me start by looking outside to developments in the markets our businesses are in. During the first quarter we saw, as expected, a further decline in demand in the construction market, with the weakness seen in the USA at the end of 2008 now spreading to other regions. We also saw further weakness in the automotive sector, where global production fell by around 35% year-on-year; low point in the cycle.

Demand in healthcare softened during the quarter both in the USA, where financing and reimbursement remain a concern, but now also in the key mature markets outside North America. Demand for healthcare in emerging market remained strong. The consumer oriented markets remain depressed, with consumer confidence falling further during Q1, notably in Europe and in China.

Philips' results in the quarter, of course, very much reflect developments in our key markets. Group sales fell by 17% on a comparable basis, resulting in an EBITA margin, excluding incidentals, of around breakeven. Net income, supported by favorable tax effects and a gain on the sale of our final stake in LGD, was a loss of EUR57 million.

We continued to successfully manage for cash with lower working capital and lower CapEx, contributing to a EUR280 million improvement in free cash flow despite a year-on-year drop in net income.

Our cash balance increased to EUR4 billion at the end of March, including the EUR629 million proceeds from the sale of LGD. With that, let me now take a closer look at the performance of each of our businesses during the quarter.

At Healthcare currency comparable order intake fell by 17% compared to Q1 '08, largely due to lower intake at Imaging Systems and Healthcare Informatics. North American order intake for imaging deteriorated further compared to the fourth quarter of 2008, while international intake also fell by 17% in the current quarter.

Comparable sales at Healthcare fell by 2% in the first quarter; this was a net result of a 3% sales decline in mature markets, being somewhat offset by a 4% sales growth in emerging market.

Looking per business, growth continued at Home Healthcare and Customer Services, while Imaging, Clinical Care and Healthcare Informatics saw lower sales. Demand continues to be impacted by financing difficulty and a weak economy, both in North America and, increasingly, in the other mature healthcare markets.

The EBITA margin at Healthcare was 4.6% below the level of Q1 last year. EBITA was negatively impacted by lower volume at Imaging Systems, Clinical Systems and Healthcare Informatics, combined with increased pricing pressure at Imaging Systems, particularly in North America. EBITA was also impacted by adverse currency results; this was partly offset by higher earnings at Home Healthcare Solution, primarily driven by respiratory, and Customer Services. In order to improve margins going forward, we will now initiate further cost reduction measures within the Healthcare sector.

At Consumer Lifestyle, sales were EUR850 million below the level of Q1 2008; a decline of 33% nominally or 25% on a like-for-like basis, with lower sales in both mature and emerging markets. Sharper sales declines at Television, Audio/Video Multimedia, Peripherals and Accessories, were somewhat mitigated by comparatively more resilient sales at Shaving and Beauty, Domestic Appliances, and especially Health and Wellness, which saw sales grow by 8%.

EBITA for the quarter, excluding restructuring and the exceptional charge for a product recall, was at breakeven. This underscores the progress made during the last six quarters in reducing the cost and increasing the operational flexibility of the Consumer Lifestyle business model. At Television, the EBITA improved year-on-year, despite a 33% drop in organic sales.

The business also benefitted from last year's move to a brand licensing model in the US, as well as additional customer and geography pruning that we have done over the last few quarters.

Apr. 14. 2009 / 4:00AM, PHGFF.PK - Q1 2009 Royal Philips Electronics Earnings Presentation

At Lighting, the simultaneous weakness of global construction, consumer and automotive markets resulted in a comparable sales decline of 19% compared to the first quarter of 2008.

Sales at Professional Luminaires and Lighting Electronics fell by close to one-fifth, reflecting the further deterioration of the construction market in North America, and now in Europe and the emerging market.

Automotive sales declined by 32% as vehicle production volumes were cut further to manage inventories, despite a Government incentive-driven uptick in sales volumes in some countries.

Weakness in the wider economy and consumer confidence impacted General Lighting and Consumer Luminaires, which both saw double digit sales declines during the quarter.

The lower EBITA at Lighting has three main root causes. Firstly, the overall drop in sales. Our Lighting business has a cost structure which means that in the short-term, around half of any decline in sales is reflected in the EBITA. Initiative we have taken, and will continue to take to lower our fixed cost base, will not be reflected in the P&L until later in the year.

The second impact on EBITA in the quarter was mix. Simply put, we saw a greater decline in sales of our more profitable business lines than expected, including high-end automotive and HID lamps.

Thirdly, EBITA was negatively impacted by further production cuts and line stoppages necessary to manage our inventory levels and continue to prioritize cash flow.

At Innovation and Emerging Businesses, EBITA was slightly better than Q1 last year, which included a EUR13 million charge related to the disposal of one of our last non-core businesses in this sector.

The EBITA at Group Management and Services was significantly better than Q1 '08, this was mainly due to a proactive reduction in cost levels, including legal fees, as well as a favorable adjustment to an environmental provision.

Let me now move to cash flow. As I mentioned already, we successfully managed our cash again this quarter. Free cash flow improved from an outflow of EUR746 million in the first quarter of 2008, to an outflow of EUR467 million this quarter due to tighter working capital management and lower CapEx spend.

Our inventory balance ended the quarter below Q1 last year, both in absolute value as well as, as a percentage of sales. We also saw a EUR629 million cash inflow from the sale of our remaining stake in LG Displays, and a further EUR212 million increase in our long-term debt position. Overall, our cash balance increased during the quarter from EUR3.6 billion to EUR4 billion, and our net debt came down.

Going forward, we will continue to work closely with our customers and suppliers to optimally manage our working capital requirements. We will continue our daily monitoring of receivable positions, and will turn down business when we feel payments or credit limits pose an unacceptable level of risk to us.

Our reported net income, as you have seen, was a loss of EUR57 million; a better result than our operational EBIT. The main items impacting the results below the EBIT line were the EUR69 million gain on the sale of our LGD stake, the tax credits of EUR103 million, largely related to Lumileds, somewhat offset by a EUR49 million impairment to our stake in NXP.

With that, let me wrap up with the following remarks.

The first quarter of 2009 was tough. The global economy continues to contract, adversely affecting demand in almost all key markets for Philips and for our competitors. We continue to focus on those things we can best influence; continuing to progress our strategic agenda through the sale of stakes and the acquisition of businesses we feel compliment our future portfolio;

Apr. 14. 2009 / 4:00AM, PHGFF.PK - Q1 2009 Royal Philips Electronics Earnings Presentation

managing the balance sheet to optimize cash, initiating actions to further reduce our fixed cost base. In this respect we saw employment from continuing operations decline by 12,000 compared to the first quarter of 2008, and are already seeing some savings start to benefit the bottom line.

Looking ahead, I can only repeat what we said in January at the time of our annual results. We remain confident that our portfolio of leading businesses, the proactive cost reduction measures that we have taken, and our strong focus on working capital management, will carry us successfully through the economic downturn.

Since we first saw the real impact of the downturn in Q3 last year, we have taken over EUR450 million in restructuring charges and plan additional charges of up to EUR140 million in the second quarter. These initiatives are targeted primarily at reducing fixed cost, and so increasing the leverage of our businesses. We already clearly see the benefit of earlier action in the Consumer Lifestyle results, and will increasingly see improved leverage at Lighting and Healthcare as the year progresses.

By year end, we expect a reduction in our fixed cost base of over EUR500 million on an annualized basis. These actions will both support our margin in short term and, once the economic environment recovers, will make us a stronger company, better positioned than ever to become the leading company in health and wellbeing.

With that introduction, let me now open the lines to your questions.

---

#### Operator

Thank you sir. (Operator instructions). Your first question comes from Mr. Andreas Willi from JP Morgan. Please state your question.

---

#### Andreas Willi - JP Morgan - Analyst

Good morning. My first question is on Lighting. Maybe you could give us a little bit more information there in terms of what do you see some of your customers doing as part of the strong sales decline in Q1, also de-stocking and if so, when you believe that will come to an end?

And also if you could give us a bit more information on what you consider the green lighting products, what they are doing in terms of growth? Are they declining more or less than the traditional portfolio?

---

#### Pierre-Jean Sivignon - Royal Philips Electronics - CFO

Okay, good morning Andreas. I think on the customers, what we've seen and we talked about that a month ago at the Citi conference, what we see is that the de-stocking is clearly slowing down. We -- I wouldn't call it now being absolutely true across all the distribution channels, but we see now that basically the de-stocking of the channels is slowing down. And that is something which now I would definitively call a trend.

As far as automotive is concerned, we still have limited evidence of a re-start. I think we've looked deep at the inventory of our customers, or I should say the customers of our customers when we go via distribution. And there, there is still inventory in the trade for automotive and we don't see yet a re-start of automotive productions in a significant matter. That's too early to talk about that particular one. That's as much clarity I can give to you on what we see on the customer side.

Now your next question is on green light products. There actually we saw actually a decline of, I would say, 8% -- 8% to 10% in the quarter. Those sales still represent, I would say, close -- I would say 45% to 50% of our total portfolio. So it is up certainly

Apr. 14. 2009 / 4:00AM, PHGFF.PK - Q1 2009 Royal Philips Electronics Earnings Presentation

compared to last year, but those green sales have not been totally sheltered from the overall decline, which we saw in Lighting in that first quarter.

---

**Andreas Willi** - JP Morgan - Analyst

My follow-up question is on the dividend, is the -- can one see the sale of the LG Display stake in Q1 that brings in a significant amount of cash maybe as a -- one way to say we pay the dividend out of this this year, given that it's unlikely going to be covered by earnings? So how important is it for you to maintain the dividend?

---

**Pierre-Jean Sivignon** - Royal Philips Electronics - CFO

Now I think -- well, first of all, the sale of LGD is not an offset; certainly was not meant to be from a cash point of view, an offset of the payment of the dividend. It could look like that, because interestingly enough it just about happens to be a very similar amount.

No, the sale of LDG is a continuation of the strategy to exit stakes and that is a strategy, as you know, that we have initiated four years ago. And as far as this particular stake is concerned, you could say that this is technically the last stake of substance that we have actually basically now completed. I think the only stake which we are now left with is the 19% that we have in NXP. All the rest now of substance has gone. So you should really -- even though in terms of cash it's an offset you should really, Andreas, disconnect the two issues.

Now back to the dividend policy. I think that has to be taken in the context of the dividend policy that we changed 2.5 years ago. That dividend policy was basically organized to be able to pay a sustainable and predictable amount. It's obviously linked as well to the earnings. It's 40% to 50% of the returning earnings, excluding incidentals and obviously we'll see what we do next year. But there is absolutely no signal being given whatsoever in that particular offset via LDG. I think you can disconnect those two issues.

---

**Andreas Willi** - JP Morgan - Analyst

Thank you.

---

**Operator**

Your next question comes from Mr. Nicolas Gaudois from UBS. Please go ahead.

---

**Nicolas Gaudois** - UBS - Analyst

Yes, hello Pierre-Jean. A first question is on general comments you made on Q2 of business broadly similar. Should we read into that that revenues are likely to be broadly similar as with Q1? And how should we think about margins and, more importantly, free cash flow generation into the second quarter on that basis? I have a follow-up after that, thank you.

---

**Pierre-Jean Sivignon** - Royal Philips Electronics - CFO

Okay, I think the way -- good morning Nicolas. I think the way to read the guidance on revenue is basically in terms of comp. We always try to guide you on a very consistent basis, so I think the message is more on the comp negative growth Q-to-Q. I think that's the signal there. That's for the revenue.

Apr. 14. 2009 / 4:00AM, PHGFF.PK - Q1 2009 Royal Philips Electronics Earnings Presentation

In terms of margin, I think that obviously we should start getting a little bit of tailwind, because as quarter go by we start getting, of course, the help of the restructuring measures which have been taken. And by the way, I want to make one thing clear, the EUR500 million of annualized savings run-rate by year end, that is of course on top of the 250 -- sorry, of the EUR150 million to EUR200 million of savings that we have promised at Lifestyle.

If you remember in Q3 '07, you probably -- if you go back to your notes you will see that at that time we promised EUR150 million to EUR200 million on the back of the merger of Lifestyle when we had, in those days, the DAP and CE. So all those elements quarter in/quarter out obviously starts to help, so we should have a little bit of improvement of the leverage in that second quarter but, of course, the real significant improvement will come in the third and fourth quarter. But we should start seeing a little bit of help in Q2 on the back of similar negative comps.

---

**Nicolas Gaudois** - UBS - Analyst

And the cash flows on that basis? What is your -- how should we think about that?

---

**Pierre-Jean Sivignon** - Royal Philips Electronics - CFO

Well, the cash flow, if I look at the cash flow of Q1 because, of course, let me -- I'm going to answer -- I'm going to give you more details on Q1 and then tell you where I would expect a little bit of help in Q2. We've done a pretty robust job on DSO. I can tell you our DSO is down six days actually at the end of Q1 '09 versus Q1 '08, and we've actually reduced or reduced quite significantly as well. So I think on DSO we're doing better. Can we improve that much more? I don't know, because I think we've really got that under very, very tight management.

Inventories, you saw that we have actually dropped our inventories by 50 basis points by going from 13.6% end of Q1 to 13.1% end of Q1 '09, so that is substantial. I would hope that at the end of Q2 '09 we can show as well an improvement of the inventories there.

The one where we got a little bit hit, but it's not much we can do, is on payables. If you look at our payables carefully you will see that the vast majority of our cash flow consumption and working capital increase in that first quarter was on the back of payables. That is a reflection of the slowdown of the activity ending up, of course, with a lower amount of payables and increasingly a consumption of working cap. There I would expect some cash flow consumption probably still on the back of the negative growth Q-to-Q.

So I would say all in all, a working cap -- sorry, a cash flow which will be negative, but still I am expecting a relative performance in improvement quarter-to-quarter on the back of the continuation of the positive trends I just described to you on Q1.

---

**Operator**

Thank you sir. Your next question comes from Mr. Michael Jungling from Bank of America. Please state your question.

---

**Michael Jungling** - Bank of America - Analyst

Thank you. Good morning everyone. I have two questions on Healthcare. Firstly, if we look at the order intake in Q4 of 2008 of minus 2% and then Q1 of 2009 of minus 17%, is it a fair assumption to expect to see a further slowdown in constant currency sales growth within Philips Healthcare for the second half of 2009 and also the first half of 2010?

Apr. 14. 2009 / 4:00AM, PHGFF.PK - Q1 2009 Royal Philips Electronics Earnings Presentation

And then on the Healthcare EBITA margins for Q1 2009, can you give us a reconciliation on how we get from a clean EBITA margin from Q1 of 2008 of about 9.5% to about 5.2% in the first quarter of 2009, especially in light of the accretiveness of Respiration being part of the mix that would be very useful? Thank you.

**Pierre-Jean Sivignon** - *Royal Philips Electronics - CFO*

Yes, that is clear questions. On the second half growth, I think let me -- if I look at incoming orders for equipment, I think we disclosed a comp number of 17% down. The sectors -- sorry, the modalities the most impacted were Imaging. I think that we disclosed to you. I think Imaging was down 25% for that particular modality and we were impacted as well on Healthcare Informatics, which includes, as you probably know, the Monitor business. The rest I think, all in all was less impacted.

So your question was leading, what does that mean for the second half? Let me answer it, does that mean necessarily to negative growth? Let me answer with a couple of qualifiers. The answer is, I don't know at this particular point because I have two unknowns and one thing which is relatively unknown.

The backlog for Imaging in Europe is still strong, because you probably remember that we had a lot of incoming orders -- we had strong incoming orders on the back of the latter part of last year and we still have a reasonable backlog for Imaging in Europe.

So I should say in international out of North America. That backlog, of course, on continued weak incoming orders and I think we had a 37% negative growth for incoming orders North America in Q. That backlog, of course, is under more pressure and there, if there is no recovery, yes I think that could lead to a negative growth.

Now the other element of uncertainty is you have to realize that a good chunk of our business is book-to-bill. A good portion of the orders of a particular quarter are for deliveries in that particular quarter. Most of Clinical Care, most of Healthcare Informatics, this is book-to-bill business; meaning that the orders of that particular quarter have a direct impact on the deliveries of that same quarter.

So to come back to your question on the revenue of the second half, that will very much depend on the orders in those particular quarters of reference, in particular for Clinical Care, i.e. ultrasound and Healthcare Informatics, which is monitors. So how to guide you at this particular point of time given the two uncertainties, i.e. incoming orders for Imaging for the US in particular for the second quarter, which will impact the deliveries of the second half, and as I mentioned, the book-to-bill for Clinical Care and Healthcare Informatics.

Now to your question on the EBITA bridge, I think that your -- yes, I think we are looking for four points -- about four points of margins, which has vanished. Three main causes there and I will quantify them for you.

One is volume. I think we are 2% down on volume all in all comp for comp, and that is basically costing us about EUR20 million of EBITA impact. The second element is we have mentioned a price pressure. We've said in Imaging, in particular, in North America, so that's the pricing pressure with touch of mix but essentially pricing pressure has cost us about EUR20 million.

And the third element is an element which is a bit of a one-off for the quarter, which is we had adverse ForEx results. The reason being that we locked -- we normally hedge in Healthcare the position which are open. We closed our position a year ago actually at rates which are significantly different from what they are today and we've ended up with about, I would say, close to EUR30 million of unfavorable ForEx results.

And I expect those one-offs to gradually disappear. Some of it will stay in Q2, but largely after that should disappear because the hedges, of course, closed a year ago will then start reflecting a dollar rate which will be more close or closer to what it is today.

Apr. 14. 2009 / 4:00AM, PHGFF.PK - Q1 2009 Royal Philips Electronics Earnings Presentation

So [20 plus 20 plus 30], that will explain a good chunk of the four points of margins that you are looking for.

**Michael Jungling** - *Bank of America - Analyst*

Great. And one quick follow-up Pierre-Jean on the -- on US Healthcare reform under the Obama administration; what are your expectations on how Imaging diagnostics may be impacted end of 2009/2010? Are you hearing anything from your sources of what US pending Healthcare reform could mean for Healthcare? That's all, thank you.

**Pierre-Jean Sivignon** - *Royal Philips Electronics - CFO*

Yes. I think I don't want to bother you with too much legislation, but I will -- the answer is I can't give you too much of an answer, but I will give to you, as a reference, the number of things, some of them good, some of them bad, which are currently really blurring the issue. And of course, you have to realize that the financial market in North America in terms of accessibility to credit remains scarce. So that is, of course, another element which doesn't quite help CapEx in American hospitals. That could improve, but for the time being there is certainly scarcity there.

We've made available as much money as we could on the side of financing and I will -- just to stay on that financing dimension, we had the strongest quarter in terms of financing using the joint venture we have with Rabobank. We have the strongest quarter ever in terms of allocation of credit in that first quarter of 2009.

Now to the legislation let me tell you exactly what is currently happening in North America. Well, first of all, the DRA dates back to Q4 '05 is still there and that is something which is still very much in function; nothing new there but it is still there. But there is a number of other things which are now starting to kick in.

There is on the research side, the National Institute for Health, which is called NIH, has basically decided to allocate \$300 million for imaging instruments. So we'll see what kind of impact that has no research. So that's one.

There is another initiative which is called the American Recovery and Re-investment Act, RRA, so that -- which of you know of, which is a famous \$790 billion of bill, out of which \$190 billion is to be directly or indirectly related to healthcare. There, there is \$20 billion for electronic medical records, \$87 billion for [Medicaid]. Still too early to say how we get impacted but that is obviously in the game.

You have the -- of course, the so-called President's budget for 2010. There, there is \$634 billion over 10 years, which is the initial step to the Universal Healthcare Reform. So there difficult to say how many people will be brought to healthcare coverage and the impact this will have on the number of procedures in the second half of the year.

And then you have basically two more things which are important, which have added to the uncertainty. One is the so-called [Med Pack] utilization change recommendation. That one, by the way, still haven't gone to Congress, but is expected to go to Congress and there is a recommendation to change the assumed equipment utilization rate factor for imaging equipment, to go essentially from what was a 50% utilization to what should be or could be a 90% utilization.

And that could have an impact on the technical component for, essentially, MRI, CT and PET scan, because those are the modalities of reference for that Med Pack. That hasn't gone to Congress but that news is pending and we have to see where it goes.

And of course, finally there is another Med Pack which is under discussion, which is Medicare and Medicaid to adopt the so-called private payer type of pre-certification for advanced imaging. And that as well is -- nobody knows if that's going to really happen or not, but it's one of the added uncertainties in the particular US market.

Apr. 14. 2009 / 4:00AM, PHGFF.PK - Q1 2009 Royal Philips Electronics Earnings Presentation

So sorry for that long list, but that tells you the number of uncertainties, some positive, some negative that our customers are currently looking at, combined with the scarce financing, which makes it difficult to really guide you on what's going to be the second half for North America this year.

---

**Operator**

Thank you sir. Your next question comes from Didier Scemama from RBS. Please state your question followed by a maximum of one follow-up. Thank you.

---

**Didier Scemama - RBS - Analyst**

Good morning. Thanks very much for taking my question. I'd just like to ask a question on the Consumer Lifestyle performance. Maybe if you can maybe give us a sense of where the former DAP business EBITA margins have reached this quarter?

And second, I'm just a bit disappointed that you are not taking further steps to tackle the performance of your TV business. I know you've talked about this EUR500 million fixed cost reduction. Some of it is already announced it seems. I'm just wondering why you're not being more pro-active and further reducing your exposure to that loss-making activity. Thank you.

---

**Pierre-Jean Sivignon - Royal Philips Electronics - CFO**

Good morning Didier. I think on the -- basically DAP -- the so-called ex-DAP portfolio, yes, we see those margins reacting better than the others. I think all in all, if you were to look at the combined drop in revenue you would talk about a high mid-single digit kind of negative growth.

And I think what is basically important to realize is that one more time Health and Wellness was the better performer. I think we disclosed to you in the speech -- in the opening speech that this business actually continued to grow. I think it was 9% positive comp. So the other two, Shaving and Beauty and Appliances resisted, but they were in negative territories but Health and Wellness did show some positive growth.

In terms of margin, I think basically we saw an EBITA margin which basically is in the high to mid-single digit EBITA margin for that particular portfolio, just to give you an indication. And gross margin obviously continuing to perform well. There we've decided not to cut R&D, not to cut selling expenses, because we believe that this portfolio can rebound and obviously contribute largely. So that's why EBITA suffered more than gross margin.

On the Television now; the Television, yes, we have taken actually quite a few measures. We continue to prune the portfolio and exit the channels which are losing money. The Television actually with a 33% decline in revenue has actually seen its EBITA improve.

And the other thing I want to say is that we still have one important transaction to close. You see it in the outlook of the Lifestyle press release, where we tell you that we have to close the monitor transaction with TPV in the coming weeks. We are waiting for some clearance from a couple of anti-trust the Organization across the world and we will then be able to close that particular transaction. And we will take it from there. If anything, we've seen in Television stabilization of pricing.

And we have, by the way, some of the restructuring which was announced at the end of Q4, which has still not impacted yet our income statement. So the last thing I want to say is that some of the restructuring, which was announced, is back-ended and you will start seeing some of this impacting Television in the second half of 2009.

Apr. 14. 2009 / 4:00AM, PHGFF.PK - Q1 2009 Royal Philips Electronics Earnings Presentation

So the combination of all this will show you that despite the rather strong reduction of revenue, this is one of the EBITA which has performed and which has actually, in relative terms, started being impacted by the early restructuring.

---

**Didier Scemama** - RBS - Analyst

Thank you.

---

**Operator**

Your next question comes from Gael de Bray from Societe Generale, please go ahead.

---

**Gael de Bray** - Societe Generale - Analyst

Hi, good morning, back to Healthcare, you've mentioned increased pricing pressure, particularly at Imaging Systems. Could you elaborate a bit more on this? Maybe explain how this could further affect the margins going forward? Maybe also tell us which modalities are the most affected right now and whether you also see pricing pressure in Monitoring, Clinical, Care Systems and maybe also Healthcare Informatics? Thank you.

---

**Pierre-Jean Sivignon** - Royal Philips Electronics - CFO

Yes, just on the Healthcare Informatics I have to say is de facto almost Monitors, so you should not make a big distinction between Healthcare Informatics and Monitors, because a big bulk of the Healthcare Informatics business is, indeed, Monitors.

So to your questions, we've seen pricing pressure in so called big (inaudible), at this point of time, mostly North America. We've seen some of it as well in the international market, but at this particular point of time mostly in North America.

Have we seen it in the other modalities? I think that in -- meaning ultrasound, which is Critical Care and is the Monitor business which is Healthcare Informatics, we've seen some but not enough to be referred to in our numbers at this particular point of time.

And it's hard to guide you on the future because your question relates what's the future impact on margin, because most of his business, as I answered in a previous question, is a book-to-bill business.

---

**Gael de Bray** - Societe Generale - Analyst

Okay, thank you. Can I have a follow-up please on the trends by end markets, especially looking at emerging markets, where sales declined by 21% this quarter. Could you elaborate a bit more on this, maybe highlighting which countries are suffering the most right now?

---

**Pierre-Jean Sivignon** - Royal Philips Electronics - CFO

Is your question on a Healthcare question or is it (inaudible) (multiple speakers) question?

---

**Gael de Bray** - Societe Generale - Analyst

No, it's generally speaking.

Apr. 14. 2009 / 4:00AM, PHGFF.PK - Q1 2009 Royal Philips Electronics Earnings Presentation

**Pierre-Jean Sivignon** - *Royal Philips Electronics - CFO*

It's a Philips question, [that's] right?

**Gael de Bray** - *Societe Generale - Analyst*

Yes, yes.

**Pierre-Jean Sivignon** - *Royal Philips Electronics - CFO*

Okay, very good. Alright, so, yes, I think if I look at the -- I'll give you a little bit more maybe flavor on the comps. In Philips we basically split between mature markets, which is essentially US and Western Europe then we have the key emerging, which is the group in which we put India, China and Latin American and then we have the other emerging.

So, if we look at Q1, we saw the mature market going down by 15% and that is a combination. And that's interesting because that's -- North America was down 11%. Western Europe was down 18%. So you can see that the mature market at 15% down is actually the combination of the Western Europe, which is right now more impacted than North America. So I don't know if the world has fully come round, but we are at a stage where the -- of course, North America is now less impacted. But you have to realize as well that this is coming from the fact that Lifestyle is -- given the deal with Funai on Television, Lifestyle now has got a lower representation in the North American portfolio versus the others, which could explain why North America is only down 11%.

Just to give you more flavor on key emerging markets, there we have really a different profile between Brazil and India versus China. Brazil held up reasonably well and we were down, actually, mid-single digits. India as well behaved relatively well; mid-single digit. Of course, those two territories being supported by the stronger performance of Healthcare in emerging markets. The country which really slowed down in Q1 was China. China was actually down 25%.

So that gives you a flavor. I think US, which is in a way now less exposed but, of course, with the caveat of Lifestyle than Western Europe, Western Europe being hit almost on all fronts and emerging markets being hit in particular in China but resisting reasonably well in Brazil, India and a couple of others on the back of a stronger Healthcare portfolio. I think that's the story of Q1.

Moving forward, it's hard -- it's really hard to say. If we look at our businesses, Automotive at some point will have to start rebounding, obviously; maybe Q2 too early to say, but at some point. I think certainly in Q3 we should see something there.

I think that we are now in the heart of the slowdown on Commercial Construction, where Commercial Construction is in the 20% kind of negative growth just about all across the planet. So the cycle is present just about everywhere and this is now a world phenomenon. It started first in the US and it's now impacting the rest. So as usual, I would hope that at some point the US would be the first one to recover, but certainly way to early to talk about that.

And as far as the consumer sentiment is concerned, as far as we see it's still going down, I think the only thing and I already answered that in an earlier question, the only positive that we could see is that in the channels that is true for professional channels as well as consumer channels, it seems that the de-stocking has now come to almost an end.

So until today we were facing two winds, the economy going down and the de-stocking. It looks like we could be entering a phase where we are facing one wind, but that's already big enough, which is the economy coming down.

Apr. 14. 2009 / 4:00AM, PHGFF.PK - Q1 2009 Royal Philips Electronics Earnings Presentation

**Gael de Bray** - *Societe Generale - Analyst*

Very helpful, thank you.

---

**Operator**

Thank you. Your next question comes from Scott Babka from Morgan Stanley, please state your question.

---

**Scott Babka** - *Morgan Stanley - Analyst*

Great, thanks, good morning. Could you talk a bit about the restructuring efforts the Company is taking? You're talking about accelerating some of the restructuring in Healthcare and I think Lighting as well. Could you just talk, in general terms, how much additional cost or efforts have been taken since the fourth quarter?

And do you have any contingency plans if we don't get a recovery in the second half or in 2010? Do you see more opportunities to take more than the EUR500 million out of the cost base and when will a decision around that be made? Thank you.

---

**Pierre-Jean Sivignon** - *Royal Philips Electronics - CFO*

Yes, good morning, I think on restructuring, the -- you have by the way -- we have created in the appendix, let me take you maybe to the web page where you have full details, because I'll come back. I'll give you the page in a minute, because in that page we've added all the restructuring incurred.

It's page 23 of the webpage and there you can see that what has been announced in '08 was EUR560 million. What has been announced in '09 is EUR29 million and out of the EUR170 million that we've announced for Q2, that's including the integration charges for acquisition. In that EUR170 million there is EUR149 million of restructuring. So you can add up all those three elements in terms of the restructuring announced to date. You have on that same slide the split per sector, so I won't waste your time now but if you go to that slide, you have the full details.

The other thing that we've added for you -- we've give to you on that same slide the cash out, so you can see how much cash on '09 we plan to spend on the back of those restructuring plans. And we've given as well to you the impact that those plans will start having in terms of bottom line on the second half. And we've disclosed for you, for the first time, EUR250 million of impact on the bottom line and we've talked about an annualized amount by year end of EUR500 million.

I think that's as much detail that I can give to you on restructuring.

Now you've ask how much cost have we taken out? I said in the first question, I did mention that you have to realize that seven or five quarters ago, we did mention cutting EUR150 million to EUR200 million of cost on the back of the merger of DAP and CE. So those costs are on top. So in terms of reduction of our costs base, we will benefit as well from that EUR150 million to EUR200 million in the second half of this year.

Your last question was do we need more and will we announce more? I think we have to play it by ears. The level of visibility we have is low. We've said in the press release that one territory we are currently looking at, of course, is Healthcare. This is a sector where we haven't done much restructuring. We have also a number of initiatives which are not necessarily linked to restructuring to cut off costs which are already in motion, which will help us by the second half.

The -- to announce more at this point of time I will not and we'll play it by ear. If we -- if we needed to do more, to your question on do we have contingency? The answer is we could probably do more, yes.

Apr. 14. 2009 / 4:00AM, PHGFF.PK - Q1 2009 Royal Philips Electronics Earnings Presentation

**Scott Babka** - Morgan Stanley - Analyst

Good. Just a quick follow up, would Healthcare be the one area where there's the more potential for cost out, whether it be taking costs out of mature markets, moving them to emerging or do you see more opportunities in Lighting and Consumer?

**Pierre-Jean Sivignon** - Royal Philips Electronics - CFO

Well, I think in relative terms versus what we've done to date -- if you go back to that same slide 23, you will see that if you add up the numbers, the big bulk of our restructuring is indeed, has been in Lifestyle and Lighting.

So in terms of potential, as I said, of cost reduction, yes, the biggest potential would probably in Healthcare. But those are decisions that we have not made yet, given the level of uncertainty that there is currently on the market. But obviously, we stay very vigilant and we'll very carefully look at what's happening in the second quarter.

**Scott Babka** - Morgan Stanley - Analyst

Great, thank you very much.

**Operator**

Your next question comes from Martin Wilkie from Deutsche Bank, please state your question.

**Martin Wilkie** - Deutsche Bank - Analyst

Yes good morning, it's Martin Wilkie from Deutsche Bank, just a follow up on the restructuring. Could you just let us know what is the additional fixed costs that's coming out in terms of whether that's employees or other fixed costs that you're cutting, because I think that's a EUR100 million increase relative to what you talked about last quarter?

And also just in terms of the benefit, you've given us the projected benefits for the second half of this year. I think that seems to be more aggressive in terms of the timing than perhaps you talked about before. And if you could just let us know how we should expect the benefits to progress into 2010, i.e. should we expect pretty much all the margin benefit for Consumer to come in the second half of this year, but in the other divisions really not kick in at all until 2010; just if you could give us a sense of that profile. Thanks.

**Pierre-Jean Sivignon** - Royal Philips Electronics - CFO

Yes, I think the answer -- so, let me -- to the first part of your question is the EUR500 million annualized more aggressive than the EUR400 million? Yes, it's mathematically yes. And are we -- because, of course, we've added some restructuring, as I'm sure you'll realize. So that's why the EUR500 million is north of EUR400 million.

But we are a touch more aggressive than in terms of the phasing on the year. Why's that? It's because when we announced that restructuring at the end of Q4, obviously, the positioning on it -- the positioning of it, excuse me, in terms of payback per quarter was not, obviously, as identified and as itemized as it is today. So, obviously, that is helping us to be a touch more aggressive, you're absolutely correct, at the end of this Q1 versus what we were at the end of Q4.

Now in terms of the phasing of that EUR500 million per sector per quarter, on that page 23, the EUR250 million already -- we talk about annualized EUR500 million. That means that yes, I would say next year almost the EUR500 million should absolutely

Apr. 14. 2009 / 4:00AM, PHGFF.PK - Q1 2009 Royal Philips Electronics Earnings Presentation

impact our P&L next year and versus this year, where we look at an amount of about EUR250 million. And on that page 23 you can see which sector are impacted as part of the EUR250 million. I can read it for you, Lifestyle EUR125 million, Lighting EUR47 million.

So the one sector which clearly has a good reservoir of improvement of its costs base in 2010 versus 2009, certainly for instance would be Lighting, where you will see further reduction of the cost base in Lighting, on the back of the decision already made now into 2010.

---

**Martin Wilkie** - Deutsche Bank - Analyst

And in terms of the additional EUR100 million that you're saving versus what you targeted last quarter, is that rationalizing employees within Philips? Or is that more external cost? Or if you could just give us a sense of where that additional cost is coming out?

---

**Pierre-Jean Sivignon** - Royal Philips Electronics - CFO

No, it's a combination and even -- of course, it's a combination. It's not only salary related. And by the way, when we announced we were restructuring, and I think that's a disclosure we gave to you at the end of Q4, not all of it relates to reduction of headcount. Actually what we said I think that 20%, I think with the certain information we disclosed to you in Q4 relates to impairment of assets, which obviously means that you have, basically, the reduction of your cost base, which comes via depreciation.

When you do reduction of costs of footprint that is coming back within a year normally. When you do it via impairment of assets, you get it back via the reduction of the depreciation versus your previous run rate.

So all in all, that EUR100 million is a combination of things, doing cost cutting at various levels; indeed, a reduction of headcount but, of course, as well, reduced depreciation.

---

**Martin Wilkie** - Deutsche Bank - Analyst

Thank you.

---

**Operator**

Your next question comes from Andrew Carter from Macquarie, please state your question.

---

**Andrew Carter** - Macquarie Securities Group - Analyst

Good morning. I wonder if you could just talk a little bit about the news on the asbestos and the settlement there. I guess I was interested in just trying to understand what it means in terms of future earnings. Was there actually some charges going through the P&L relating to asbestos that will no longer sort of materialize?

And I guess in terms of thinking about the payment, is the amount of money that you talked about in the presentation, is that the total amount of money that goes out, or is there already cash in that business that you're proposing to put into Chapter 11?

Apr. 14. 2009 / 4:00AM, PHGFF.PK - Q1 2009 Royal Philips Electronics Earnings Presentation

**Pierre-Jean Sivignon** - *Royal Philips Electronics - CFO*

Yes, I think -- well, there is essentially no new news there, we've just itemized it. If you go back to the press release of last year, I think this kind of money was already mentioned. I think I can send you the data, the press release. I think it was in the third quarter of last year. So there the information which was in this press release is being confirmed right now. There is indeed a procedure of filed bankruptcy, or so called bankruptcy reorganization plan, which is currently in motion. We hope we will get a legal decision in the course of this year.

The amount of money, which is being referred to on the slide 28, which is in the appendix, is, indeed, the full amount. Could there be more? We don't think so. Could it be less? Yes, because we are still expecting some reimbursements, which would come on top of this from insurance companies, but since those amounts are not guaranteed at this particular point of time we've decided to ignore them and not mention them. So this is the worse case amount of cash to get out, in line with the basically disclosure of the press release of last year, on a legal decision, which we expect and hope will be taken somewhat later this year.

Now you ask as well will there be further impact in the income statement this year, and the answer is no.

---

**Andrew Carter** - *Macquarie Securities Group - Analyst*

Just as a follow on, have the amounts that are going through the P&L relating to asbestos, they have been taken as exceptional items in previous years rather than operating items?

---

**Pierre-Jean Sivignon** - *Royal Philips Electronics - CFO*

Well, it was a mix of the two actually. We took two exceptional items; one last year and there was another one the year before. Actually to be very specific, we took EUR265 million in the third quarter of 2006, that was disclosed as a one-off and we took as well in 2008 an amount of EUR241 million in that same third quarter. There was a certain number of smaller amounts, which we did not necessarily disclose to you, because they were part of the noise in the GM&S line over the quarter. So there has been more than this over the years, right, and the only two which we disclosed as such are the two biggies, which I just referred to.

Andrew Carter. Thank you.

---

**Operator**

The next question comes from Olivier Esnou from Exane. Please state your question sir.

---

**Olivier Esnou** - *Exane BNP Paribas - Analyst*

Yes, good morning. I just have one housekeeping question. In terms of synergies, things like synergies on Respironics acquisition. Are they now included as well in the EUR500 million, or should we add them on top like EUR150 million to EUR200 million you disclosed for Consumer Lifestyle?

---

**Pierre-Jean Sivignon** - *Royal Philips Electronics - CFO*

No, I think the synergies from -- this is separate, I mean this is part of -- I think you should consider that as separate and as supporting the margin, which we have committed on Respironics. If you go back to Respironics, we talked about a margin around 15%; actually 13% to 15%, if I recall our discussion about a year ago. And Respironics has delivered just about that type of margin in the first quarter, so the short answer to your question is that's a separate discussion.

Apr. 14. 2009 / 4:00AM, PHGFF.PK - Q1 2009 Royal Philips Electronics Earnings Presentation

**Olivier Esnou** - *Exane BNP Paribas - Analyst*

Okay. Thank you very much.

**Operator**

Your next question comes from Philip Scholte from Rabo Securities. Please state your question.

**Philip Scholte** - *Rabo Securities - Analyst*

Yes, good morning, Philip Scholte from Rabo Securities. First of all, a question on the European Healthcare situation; you are now mentioning that orders and sales are also down in Europe, can you elaborate a bit more on whether they are the same problems happening like in the US, or can you give a bit more color on why sales are actually down there as well?

My second question relates to your guidance on Q2 comparable sales. If you are saying that destocking seems to come to an end, I would actually expect comparable sales to be a bit better in Q2. Is the first headwind, being the economy, is that intensifying still or --, can you give a bit more clarity on that?

**Pierre-Jean Sivignon** - *Royal Philips Electronics - CFO*

Yes, okay. On the -- your first question is on Healthcare and I understand your second question is more on Lighting and Lifestyle, if I get it correctly, yes? So on Healthcare, if I look at what we call international, which includes Europe -- or Western Europe and Emerging Markets, the international -- for Imaging we were down 17%, so that's where the bulk of the drop is.

Clinical Care -- sorry, Critical Care, which includes, the ultrasound business that -- there the orders were very, very slow single digit negative comp. So I would say that for critical care in Europe, the business continued to do not too bad, given the economic situation and Healthcare Informatics in -- out of North America was mid-single digit negative growth in orders.

So certainly, a situation there which is different from what you see in North America. But it did translate, you are correct, essentially on the back of Imaging Systems; it did translate into a Western Europe negative growth for Healthcare of 4% in the first quarter.

So looking forward it will be largely, depending as I answered on a previous question, on the clearing of the uncertainty, which there is currently, not only in the US but to some extent as well in Europe on the economy that will, obviously, drive what will happen in Europe and in international market in general on the second half of this year.

To your second question, which is the -- are we going to start seeing an improvement in the comps., given that one of the engines of front wind, namely the destocking, is starting to slow down? I can't exclude it. I think the economy is still going down. I don't know if it's worsening, I can't judge. I'm not an economist. It's certainly not bouncing back.

Will Q2 economy be worse than Q1? I can't answer that. I'm not -- I don't feel capable of answering this. On the destocking dimension will we see less headwind? I would say that for the businesses where distribution is between us and the end customer. I would say we should start seeing in the latter part of the second quarter a little bit of help from there. I don't know if it will be good enough to, indeed, show better comp in the second quarter versus the first quarter, but we should get a little bit of positive help there, yes, as I mentioned earlier on.

**Philip Scholte** - *Rabo Securities - Analyst*

Alright. Thank you very much.

Apr. 14. 2009 / 4:00AM, PHGFF.PK - Q1 2009 Royal Philips Electronics Earnings Presentation

**Operator**

The next question comes from Rene Verhoef from Fortis Bank. Please go ahead.

**Rene Verhoef** - Fortis Bank Netherlands - Analyst

Yes, good morning gentlemen, it's Rene Verhoef, Fortis Bank, Netherlands. Can you also give, as you have given for Healthcare, for Consumer Lifestyle and Lighting, a split between volume and price development product mix?

**Pierre-Jean Sivignon** - Royal Philips Electronics - CFO

No, I can't do that. I think I gave it to you in a very specific manner for Healthcare. It's a bit hard for me to give it to you in the other sectors; I think I prefer not to do that because -- no, the one thing I can say -- may be let me try to help you a little bit.

The one thing I can say on Lighting to follow the same logic, which was followed on Healthcare, the vast majority of the drop of comp EBITA on Lighting came from low volume. It is quite clear when you have 19% less volume so it's very much a volume-driven affair.

And you have to keep in mind that -- we disclose that in the press release, we made -- beside the volume we made the conscious decision to stop our factories in order to play the cash-flow game and that has cost us as part of that volume game a self-inflicted EUR40 million under-absorption of fixed costs on the back of the factories we stopped and you saw the goodie coming from that on the back of an inventory level at Lighting, which quarter-to-quarter came down, right. So I would say the big bulk of the drop of EBITA in Lighting is absolutely driven by volume and self-inflicted drop of production.

Now, if I look at Lifestyle, we said in the guidance and we confirm from that the pricing pressure on Television has actually slowed down so there is still obviously year-on-year lower pricing in Q1 '09 versus Q1 '08. So there is an element of pricing pressure, but we've reduced our cost base quite dramatically there to offset that. So I think in the particular case of Lifestyle it's very much volume, but it's volume to a large extent offset by a dramatic reduction of our fixed cost.

I said in the opening speech that if you do a clean comparison of EBITA quarter-to-quarter, we are ending with an EBITA, which is not that significantly lower Q1 to Q1 year-on-year, being achieved with a reduction of our revenue by EUR850 million comp, so you can see the very dramatic impact of the reduction of the fixed cost base. So I would say Lifestyle essentially volume offset by a very dramatic reduction of fixed cost.

**Rene Verhoef** - Fortis Bank Netherlands - Analyst

Okay. Thank you. And a follow-up on the number of employees, let's say originally about 6,000 full-time equivalent reduction was planned. With the new restructuring measures what is the new figure?

**Pierre-Jean Sivignon** - Royal Philips Electronics - CFO

No, there is no new figure. The 6,000 holds. It was announced at the end of last year. You see that Q1 was down 5,200, but in there you have the impact of seasonality, because Q4 is always seasonally a very different quarter for us from Q1, so there is no new figure there. The 6,000 at this particular point of time still holds.

Apr. 14. 2009 / 4:00AM, PHGFF.PK - Q1 2009 Royal Philips Electronics Earnings Presentation

**Rene Verhoef** - Fortis Bank Netherlands - Analyst

Okay. Thank you very much.

---

**Operator**

(Operator instructions). Your next question comes from Gunther Hollfelder from Unicredit HVB. Go ahead sir.

---

**Gunther Hollfelder** - Unicredit HVB - Analyst

Hello. I think your comments concerning the destocking were mainly related to the Lighting sector so far, concerning the Consumer Lifestyle business. We have seen a second quarter with comparable sales down around 24%/25%. On the other hand if I look to the US at companies like Best Buy or here in Europe if I look at Media Markt and Saturn, they reported sales declines in the low single digits to mid-single digits, I would say. There is also some pull for consumer electronic products coming from China. So I am wondering whether this destocking is also related to the Consumer Lifestyle sector. And at the same time, for example Best Buy they said in the conference call that they are doing some even restocking, whether you see anything like this in Europe happening or in the US?

---

**Pierre-Jean Sivignon** - Royal Philips Electronics - CFO

I think we in terms of the comments are basically, which were made certainly from my perspective, were valid for both Lighting and Lifestyle. Are we seeing some restocking? We hear anecdotes, but what you expect from me if I answer these questions by saying, yes, it's something which is more an anecdotes.

So, I certainly haven't heard about people in our own channels restocking at this particular point of time, but I have heard now for a couple of weeks on a consistent basis of people telling us that the destocking is coming to an end. I can't say anything much more specific, unfortunately, at this point of time. And those comments, by the way, are valid from my perspective for both Lifestyle and the distributor channels of Lighting.

---

**Gunther Hollfelder** - Unicredit HVB - Analyst

And there is also no regional difference between North America and Europe, you would say?

---

**Pierre-Jean Sivignon** - Royal Philips Electronics - CFO

It's -- then you were becoming very precise. I have anecdotes which are geographic but I hate to comment on them, because what you want to hear from me are things which are more than anecdotes. So I am a little bit reluctant to even disclose the anecdotes I am hearing. I don't think they can make [churn].

I think we need one more quarter -- we start seeing things, but I would certainly much prefer to wait one quarter to give you disclosure of this, because I don't want to misguide you.

---

**Gunther Hollfelder** - Unicredit HVB - Analyst

Yes, fair enough. Many thanks.

Apr. 14. 2009 / 4:00AM, PHGFF.PK - Q1 2009 Royal Philips Electronics Earnings Presentation

**Operator**

Thank you sir that was the final question. Please continue.

**Pierre-Jean Sivignon** - *Royal Philips Electronics - CFO*

I think I want to thank all of you for all these questions and thanks very much for your attention as well. Goodbye.

**Operator**

This concludes the Royal Philips Electronics first quarter results 2009 conference call on Tuesday, April 14, 2009. Thank you for participating. You may now disconnect.

**DISCLAIMER**

Thomson Financial reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON FINANCIAL OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2009, Thomson Financial. All Rights Reserved.