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CAN

WE

HELP

YOU?

PHILIPS

Dear Friends

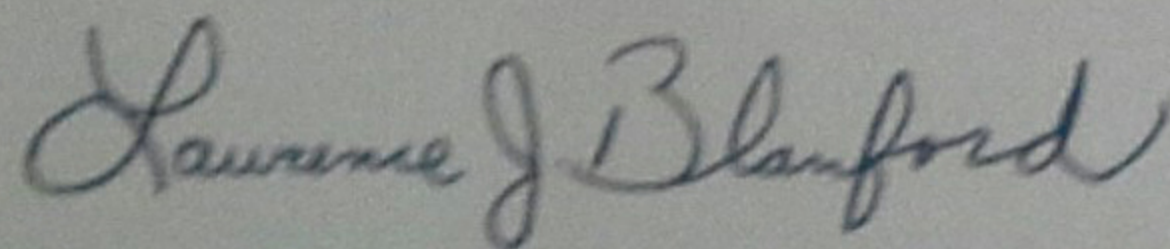
In a year of economic hardship, I am proud to say that Philips held strong to its commitment to help our communities. We were able to do this by standing firm to our community-giving guidelines focused on youth and high-technology education, and youth and sports initiatives in cities where Philips facilities are located. Through community involvement, and monetary and product donations, we believe that we can, and do have a positive impact on the youth of today and innovators of tomorrow.

In 2002, we continued to support outstanding organizations such as the Boys & Girls Club, Georgia Tech Alumni Association, Destination ImagiNation, and Camp Best Friends. Our relationship with the Boys & Girls Club was particularly strong throughout. In addition to once again sponsoring the Equity R.A.C.E., which benefits the Boys & Girls Club of Metro Atlanta, we also sponsored the Youth of the Year Awards this year. At this special ceremony, I had the honor of speaking before those nominated and saw first-hand the positive relationships these youth have fostered with this important organization. I truly believe that our support helps this organization continue to play a positive role in the lives of our youth. In addition, we donated tickets to professional sporting events at Philips Arena, capitalizing on our ability to provide an evening of fun and excitement for children who would not normally be able to enjoy such events.

In addition to building upon existing relationships, I am proud to say that we reached out to numerous new causes. The National Center for Missing & Exploited Children, named one of the top 100 charities by Worth Magazine, was an especially rewarding contribution. This organization has worked on more than 85,000 cases of missing and exploited children and helped recover almost 69,000 children – more than a 93 percent recovery rate. Through our relationship, we donated several DVD Recorders, allowing them to transfer an extensive library of VHS video and still photos to a durable and easily archived source. We are proud to help them with this important work using DVD+RW technology to both recover missing children and to aid parents in prevention. This educational outreach campaign featured spokesperson, actress and concerned mother of two, Josie Bissett.

By maintaining our focus on organizations within our corporate guidelines, we met our goal for 2002 and continued to make a difference in our communities. I now challenge you to make 2003 an even more productive year in the field of giving and volunteering. In continuation with our theme, "Let's Make Our Communities Better," I thank you and look forward to a great 2003.

Sincerely,



Lawrence J. Blanford
President and CEO, Philips Consumer Electronics, North America



2002

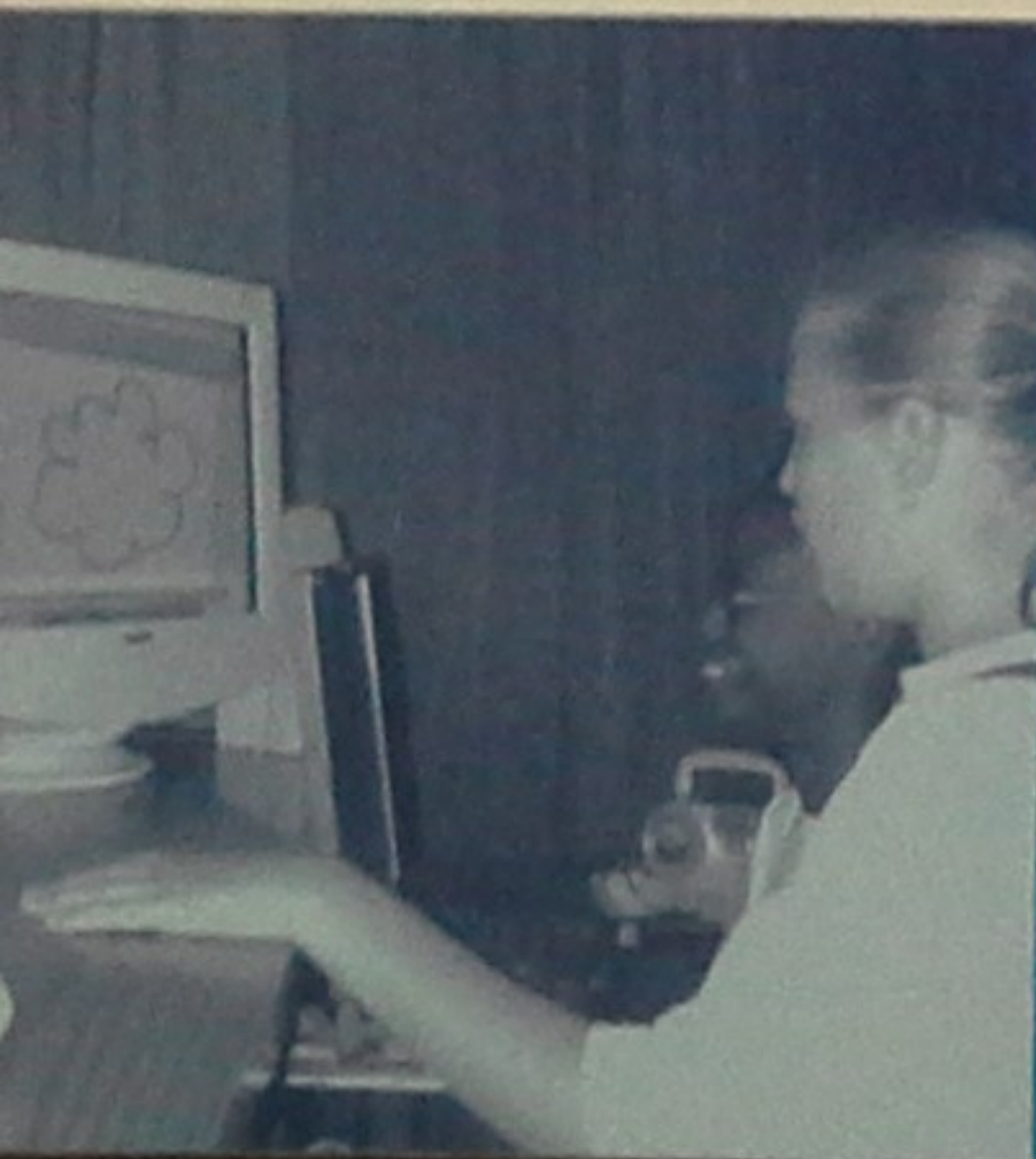
AAU Junior Olympic Games

Held by the Amateur Athletic Union, the Junior Olympic Games took place in Knoxville, Tennessee from July 31 through August 10, 2002. The games are the largest youth sporting event in the world and allow participation of youth between the ages of six and 18.

In conjunction with the event, Philips donated \$7,500 and sponsored the Olympic Village, located at Thompson Bowling Arena. The Olympic Village served as the registration area for all athletes and also was the site of many activities. As the individuals entered the area, they were greeted with a large Philips booth. Replicating real-life atmospheres, the booth was divided into a home office, which showcased audio speakers, an MC77, and 150X1H, a living room that featured a DVDQ50, MX5000, and a 60PP9352, and a kid's bedroom that highlighted an AZ30117, AJ313117, 107B, Exp20117, 27DV60S, and an FWC798.

The highlight of the booth was a stage that provided a place for kids to demonstrate their creative dance moves. The youth were taped dancing and the images were transferred onto DVD+RW discs with a DVD Recorder. Using a projection TV, individuals passing by could then see the images on a large screen. Visitors also could listen to their favorite tunes in the eXpanium listening stations. Philips provided numerous prizes throughout the event that included: 100 copies of Encyclopedia Britannica's 2001 in Review, an HP550, AZ3011, and an FWC788.

Throughout the event, more than 35,000 athletes, coaches, and parents visited the Olympic Village.



Georgia Tech 2002 Kick-off Celebration

The Georgia Tech Alumni Association hosts an annual football kick-off celebration to raise money for scholarships to honor student athletes. On August 16, 2002, Philips Consumer Electronics was the presenting sponsor for the third consecutive year of the 12th annual Georgia Tech Kick-off Celebration. As title sponsor of this event, Philips strengthens our continuing commitment to technology and athleticism.

Held at the Fox Theatre, fans arrived at the event and heard Chan Gailey, Georgia Tech head coach, speak about the upcoming season. Philips' presence was noted in the display units we provided, including audio, video, and television products. Our eBright projectors also enhanced the presentations throughout the night. In addition, Philips donated products for the silent auction, all of which sold for more than their retail value. More than 700 alumni attended the event, doubling previous attendance. Also attending were cheerleaders, the pep band, former and current players, and of course, Buzz, the school mascot.



Destination ImagiNation

In the second stage of a three-year partnership with Philips, Destination ImagiNation held its Global Finals event at the University of Tennessee in Knoxville from May 22-25, 2002. The organization is the world's largest creativity and problem solving competition for more than 8,000 children in 14 countries. As a partner, Philips sponsored a live web cast of both the opening and the awards ceremonies, which allowed families back home the opportunity to share in the excitement.

The annual competition presents students working in teams of five to seven to choose from five mind-bending challenges. While each challenge integrates a variety of chances to learn by doing, they usually feature one prominent task such as building a load-bearing structure, creating a vehicle, writing a performance piece, or exploring history.

