

PHILIPS

sense and simplicity

Algemene Vergadering van
Aandeelhouders
Koninklijke Philips Electronics N.V.

27 maart 2009

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Annual General Meeting of Shareholders
Royal Philips Electronics

March 27, 2009



Forward Looking Statements

Forward Looking Statements

This document and the related oral presentation, including responses to questions following the presentation may contain certain forward-looking statements with respect to the financial condition, results of operations and business of Philips and certain of the plans and objectives of Philips with respect to these items. We caution readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. Examples of forward-looking statements are statements we have made about our strategy, estimates of sales growth, future EBITA and cost savings, future developments in our organic business as well as the benefit of future acquisitions, and our capital position. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

Forward looking statements that we make are subject to, among other things, domestic and global economic and business conditions, levels of consumer and business spending in major economies, changes in consumer preferences with respect to our existing and new products, our ability to develop and market new products, changes in legislation, the successful implementation of our strategy and our ability to realize the benefits of this strategy, changes in exchange and interest rates, changes in tax rates, the performance of the financial markets, pension costs, the levels of marketing and promotional expenditures by Philips and its competitors, raw materials and employee costs, our ability to identify and complete successful acquisitions and to integrate those acquisitions into our business, our ability to successfully exit certain product lines and businesses or restructure our operations, the rate of technological changes, political and other developments in countries where Philips operates and industry consolidation as well as the impact of competition – a number of which factors are beyond our control. As a result, our actual future results may differ materially from the plans, goals, and expectations set forth in such forward-looking statements.

Additional risks and factors are identified in our Annual Report for the fiscal year ended December 31, 2006 and our Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the "SEC"), which is available on the SEC's website at www.sec.gov. Readers should consider the disclosures in that Report and any additional disclosures that we have made or may make in documents that we have filed or furnished to the SEC or may file with or furnish to the SEC or other regulatory authorities.

Any forward-looking statements made by or on our behalf speak only as of the date they are made. We do not undertake to update forward-looking statements to reflect any changes in expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. Statements regarding market share, including as to Philips' competitive position, contained in this document are based on outside sources such as specialized research institutes, industry and dealer panels in combination with management estimates. Where information is not yet available to Philips, those statements may also be based on estimates and projections prepared by outside sources or management. Rankings are based on sales unless otherwise stated.

Use of non-GAAP Information

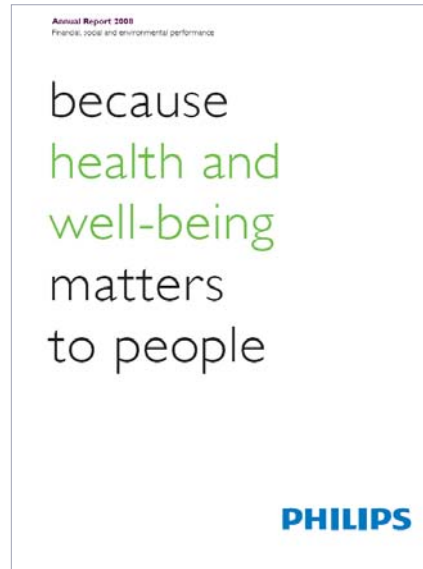
In presenting and discussing the Philips Group's financial position, operating results and cash flows, management uses certain non-US GAAP financial measures. These non-US GAAP financial measures should not be viewed in isolation as alternatives to the equivalent US GAAP measure(s) and should be used in conjunction with the most directly comparable US GAAP measure(s).

Use of fair value measurements

In presenting the Philips Group's financial position, fair values are used for the measurement of various items in accordance with the applicable accounting standards. These fair values are based on market prices, where available, and are obtained from sources that are deemed to be reliable. Readers are cautioned that these values are subject to changes over time and are only valid at the balance sheet date. When a readily determinable market value does not exist, fair values are estimated using valuation models which we believe are appropriate for their purpose. They require management to make significant assumptions with respect to future developments which are inherently uncertain and may therefore deviate from actual developments. In certain cases, independent valuations are obtained to support management's determination of fair values.



“A global company of leading businesses creating value with meaningful innovations that improve people’s health and well-being”



Full year 2008 – Results of the Philips Group

Amounts in EUR millions unless otherwise stated

	2007	2008
Sales	26,793	26,385
<i>Comparable sales growth *</i>	4.9%	-2.7%
EBITA	2,054	931
<i>EBITA %</i>	7.7%	3.5%
Income (loss) from continuing operations	4,593	(178)
Net income (loss)	4,160	(186)
Cash flow from operating activities	1,519	1,495
<i>Net debt to group equity</i>	(32) : 132	3 : 97
Employees (continuing operations)	118,098	121,398

* Excluding the effects of currency movements and changes in consolidation

EBITA excluding charges still ahead of 2006

Amounts in € millions unless otherwise stated

	2006	2007	2008
EBITA	1,383	2,054	931
<i>EBITA %</i>	5.2%	7.7%	3.5%
<i>EBITA per common share</i>	1.18	1.89	0.94
<i>Restructuring and asset impairment charges</i>	(82)	(37)	(520)
<i>Acquisition related charges</i>	(28)	(41)	(131)
<i>Asbestos-related settlements</i>	(256)	-	(239)
EBITA excluding charges	1,749	2,132	1,821
<i>EBITA % excluding charges</i>	6.6%	8.0%	6.9%
<i>EBITA excl. charges per common share</i>	1.49	1.96	1.84

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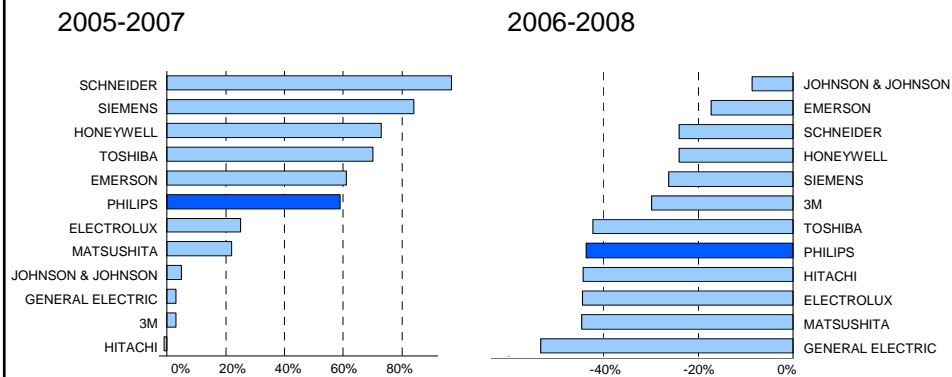
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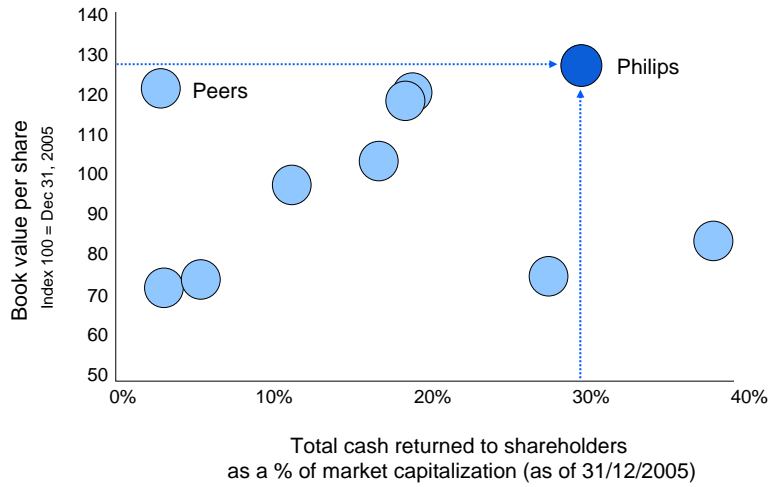
Management agenda 2008

- Integrate and leverage recent acquisitions, delivering anticipated return on investment ●
- Take decisive steps to structurally deal with unsatisfactory EBITA margins in connected displays ●
- Improve productivity as a driver for margin expansion ●
- Step-up resource investment in developing markets to accelerate growth in excess of 2x GDP ●
- Increase innovation focus in support of Philips growth ambition ●
- Continue to drive a culture of superior customer experience ●
- Bring employee engagement to high performance benchmark ●

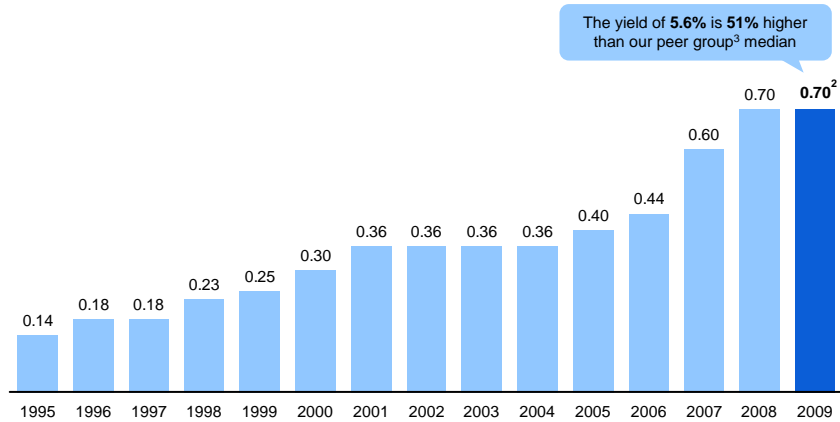
Total Return to Shareholders – 3 Years



A leader among peers in book value per share and equivalent cash returned since 2006



Proposal to keep dividend unchanged at EUR 0.70 equates to a 5.6% dividend yield¹



¹ Dividend yield is the ending AEX share price as of March 25, 2009
² Proposal subject to approval in today's General Shareholders Meeting

Our agenda for 2009: not business as usual

Proactively managing in the current economic environment



Confidence in our strength
based on our balanced portfolio of businesses and our strong financial position

Managing the business
Through enhanced scenario planning, relative to markets and competition

Staying the course
with unchanged ambitions and strategy to build the leading brand in health and well-being

Management agenda 2009
will put us in a good position to benefit from the upturn when it comes

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Management agenda 2009

Staying the course

Drive performance	Accelerate change	Implement strategy
Relentlessly manage cash through the year	Organize around customers and markets thereby improving Net Promoter Score	Further build the Brand in the health and well-being space
Proactively align cost structure with market conditions and increase productivity	Increase employee engagement to high performance level and implement "leading to win"	Continue to re-allocate resources to growth opportunities and emerging markets, including selective M&A
Manage risks and opportunities in a balanced way to strengthen our market positions	Accelerate sector transformation programs	Increase revenue derived from leadership positions

Our 4 key financial performance metrics: Revenue, EBITA, cash, productivity

Our 2 non-financial performance metrics: Net Promoter Score, employee engagement

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The power of Healthcare

Further strengthening our global leadership

Clinical care systems

Global market leadership for automated external defibrillators

Home healthcare solutions

No.1 provider of personal emergency response services in the US

Patient monitoring

Leadership position offering significant reduction in mortality and length of stay in ICUs equipped with VISICU eICU

Imaging systems

Cardiovascular X-ray is no.1 in overall manufacturing satisfaction

Customer services

No.1 in service performance in patient monitoring systems and ultrasound



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The power of Consumer Lifestyle

Focusing on differentiating profitable businesses

Mother and childcare

Philips AVENT is market leader. Its feeding bottles have been clinically proven to reduce colic*

*At 2 weeks of age, babies fed with the AVENT Bottle experienced less colic than babies fed with a conventional bottle

Male electric shaving

No.1, with every 2nd shaver in the world is a Philips shaver

Power toothbrushes

Philips Sonicare is the number 1 recommended sonic toothbrush brand by dental professionals worldwide

Domestic appliances

Over one million 'healthy living' aluminum Juicers sold since launch

TVs

Philips invented the successful Ambilight flat TV concept



PHILIPS

The power of Lighting

Further strengthening our global leadership

Lamps

Market leader: 1 out of every 4 lamps used worldwide is a Philips lamp

Professional luminaires

No.1 lighting 65% of world's top airports and 30% of offices, hospitals and landmarks

Consumer luminaires

Market leader and front runner in driving the switch to energy efficient lighting

LEDs

Strong presence in the complete solid state lighting chain

Automotive lighting

Leads the market, with 1 in 3 cars worldwide using Philips automotive lighting



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Philips portfolio leverages a number of critical global trends

Aging population

The number of people aged over 60 will double from 500m today to 1 billion by 2015.

Emerging markets

99% of future population growth will be in emerging markets. Emerging markets already produce 28% of global GDP.

Empowered consumers

Demanding solutions to fulfill their personal needs.

Climate change and sustainable development

19% of global electricity consumption is used for lighting. We can save 40%...or 600 power stations worth of energy!



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