

PHILIPS

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Algemene Vergadering van
Aandeelhouders
Koninklijke Philips Electronics N.V.

27 maart 2008

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

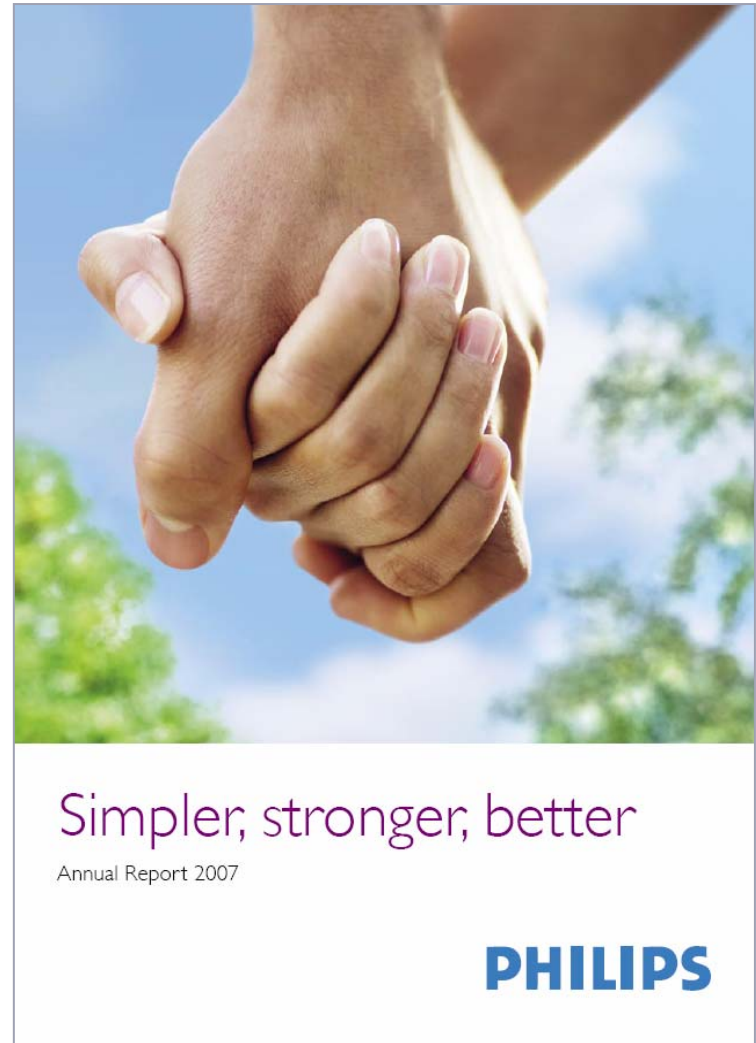
In presenting the Philips Group’s financial position, fair values are used for the measurement of various items in accordance with the applicable accounting standards. These fair values are based on market prices, where available, and are obtained from sources that are deemed to be reliable. Readers 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.

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2007: simpler, better, stronger

- Operationally successful
- Strategic acquisitions
- Financial re-allocation

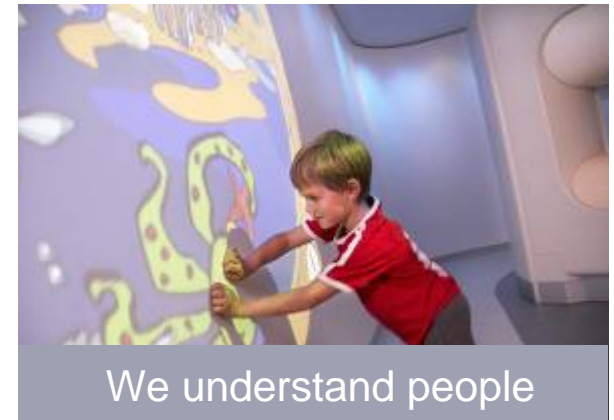
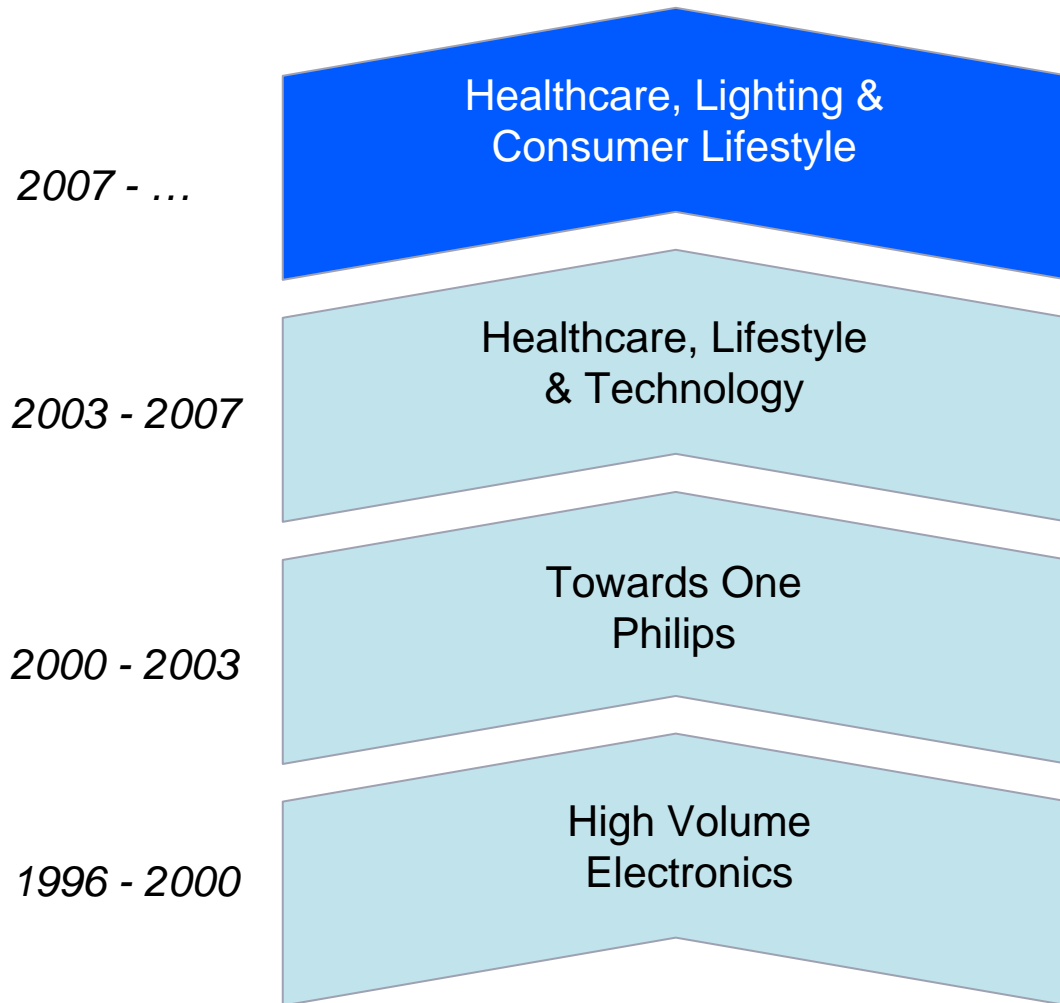


2007 Management Agenda

- Maintain annual average *sales growth* of 5-6% and achieve above *7.5% EBITA* 
- Continue to *redeploy capital* in a disciplined way through value creating acquisitions, share buybacks and dividends 
- Drive a culture of *superior customer experience* by delivering on the brand promise and implementing the *Net Promoter Score* measure in the company 
- Be an exciting place to work and bring *employee engagement* to a high performance benchmark level within 2 to 3 years 

Philips Today

Creating new value, focus on applications



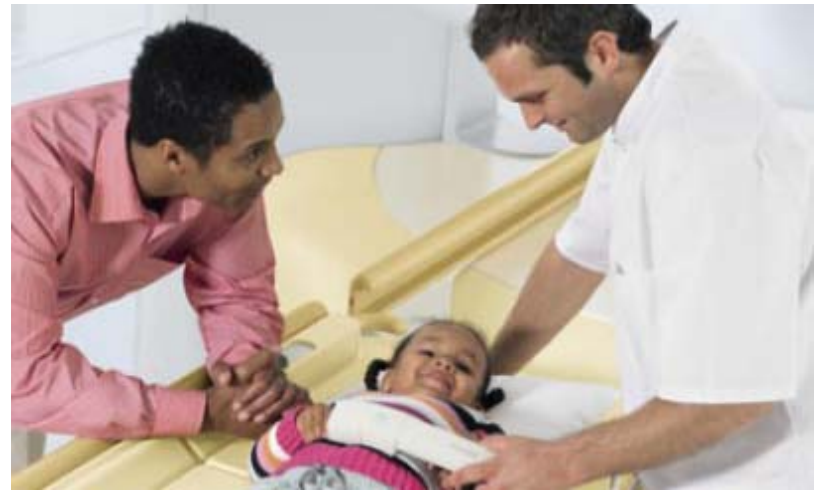
Vision 2010

An overall focus on Health and Wellbeing



Healthcare

People focused, healthcare simplified



Lighting

Leading for a sustainable future



Consumer Lifestyle

Addressing balanced consumer needs



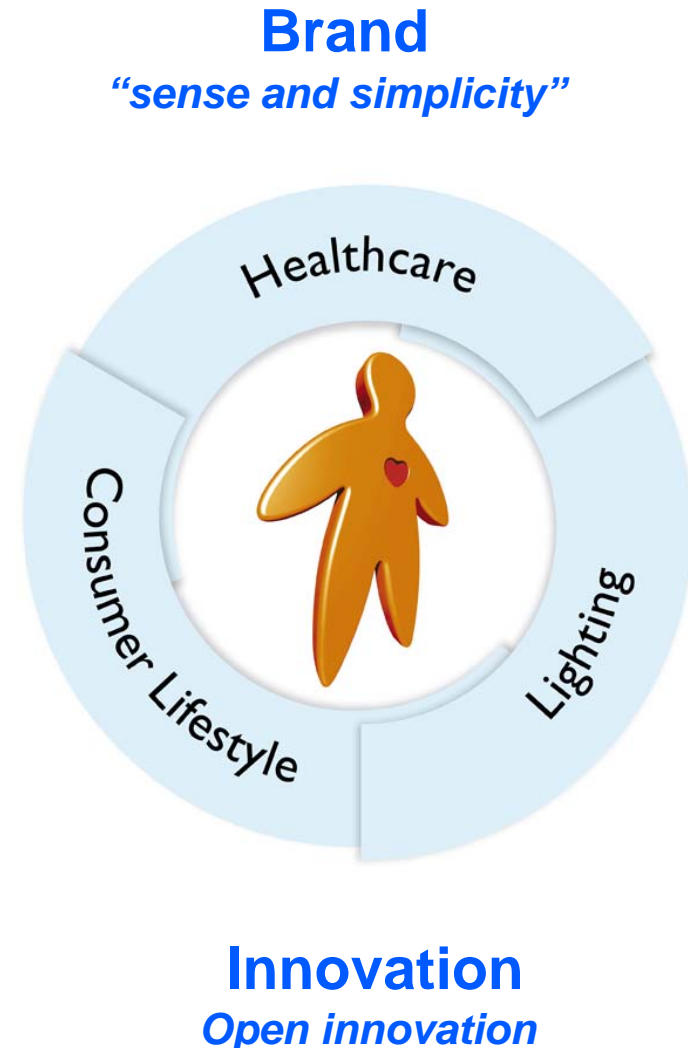
Organized around customers and markets

Our businesses are centered around *people* and the *quality of their lives*

We address the needs of *people* in the four domains of lifestyle; *space, appearance, body and mind...*

...and the needs of *professionals* that improve people's quality of life in the domains of body (*healthcare*) and space (*lighting*)

Our competitive differentiation is in our *brand* and in our *innovation* capabilities

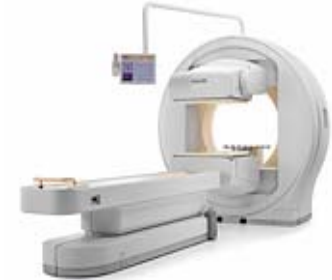


Sustainability

A world of opportunities



asimpleswitch.com



Energy consumption



Packaging



Hazardous substances



Weight



Recycling and disposal



Lifetime reliability

Vision 2010: ambition to significantly increase shareholder value

- Improving the EBITA margin of our current businesses to exceed 10%
- Driving comparable sales growth at a minimum of 6% CAGR for the period 2008-2010
- An efficient balance sheet by the end of 2009 through a combination of value-creating acquisitions and continued return of capital to shareholders

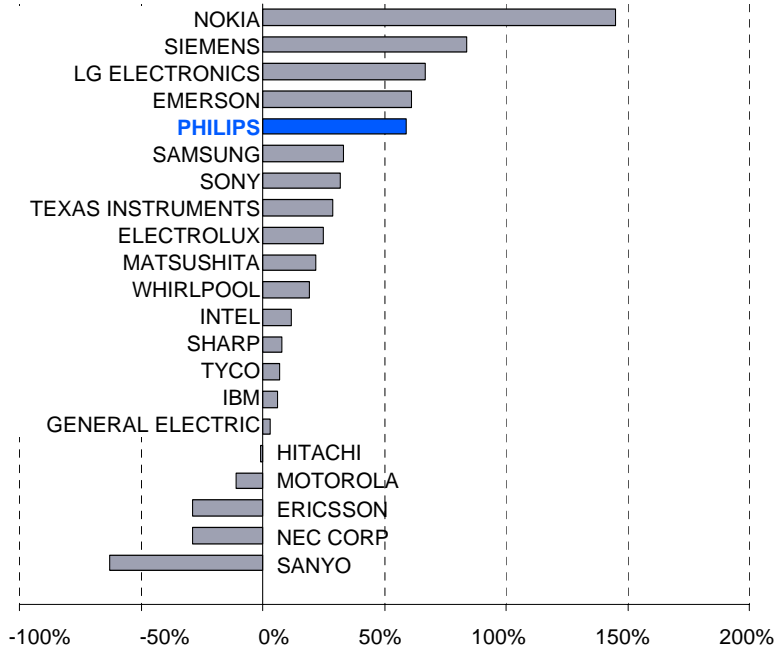


We expect to more than double our EBITA per common share by 2010 compared to 2007

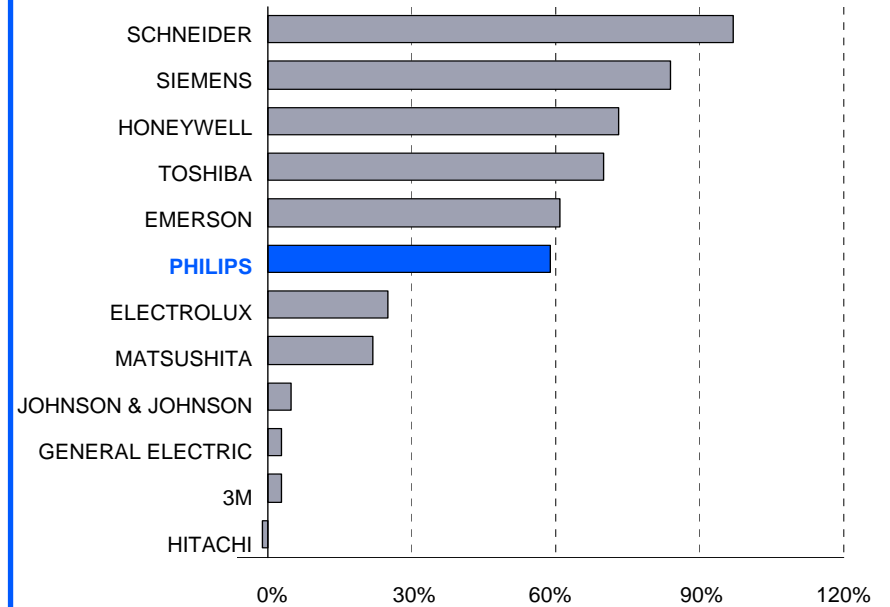
Total Return to Shareholders – 3 Years

Previous peer group

Old peer group



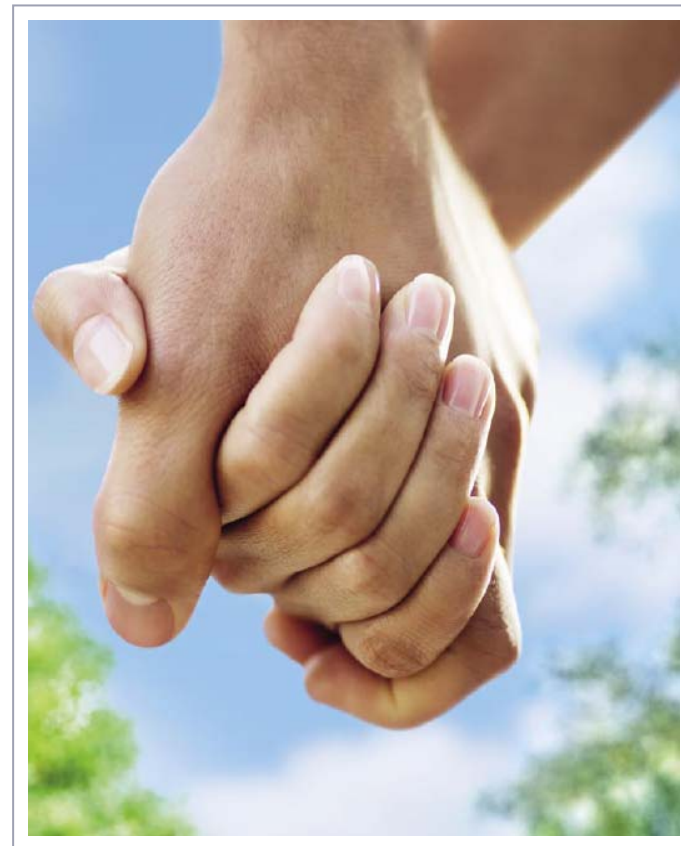
New peer group



2008 Management Agenda

Focus on implementation!

- *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



Delivering on this agenda, we will achieve the targets as set out in our Vision 2010

Thank you and all the best...





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