

PHILIPS

sense and simplicity

PHILIPS

Royal Philips Electronics

November 22, 2007

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). A discussion of the non-US GAAP measures included in this document and a reconciliation of such measures to the most directly comparable US GAAP measure(s) are contained in this document.

Use of fair value measurements

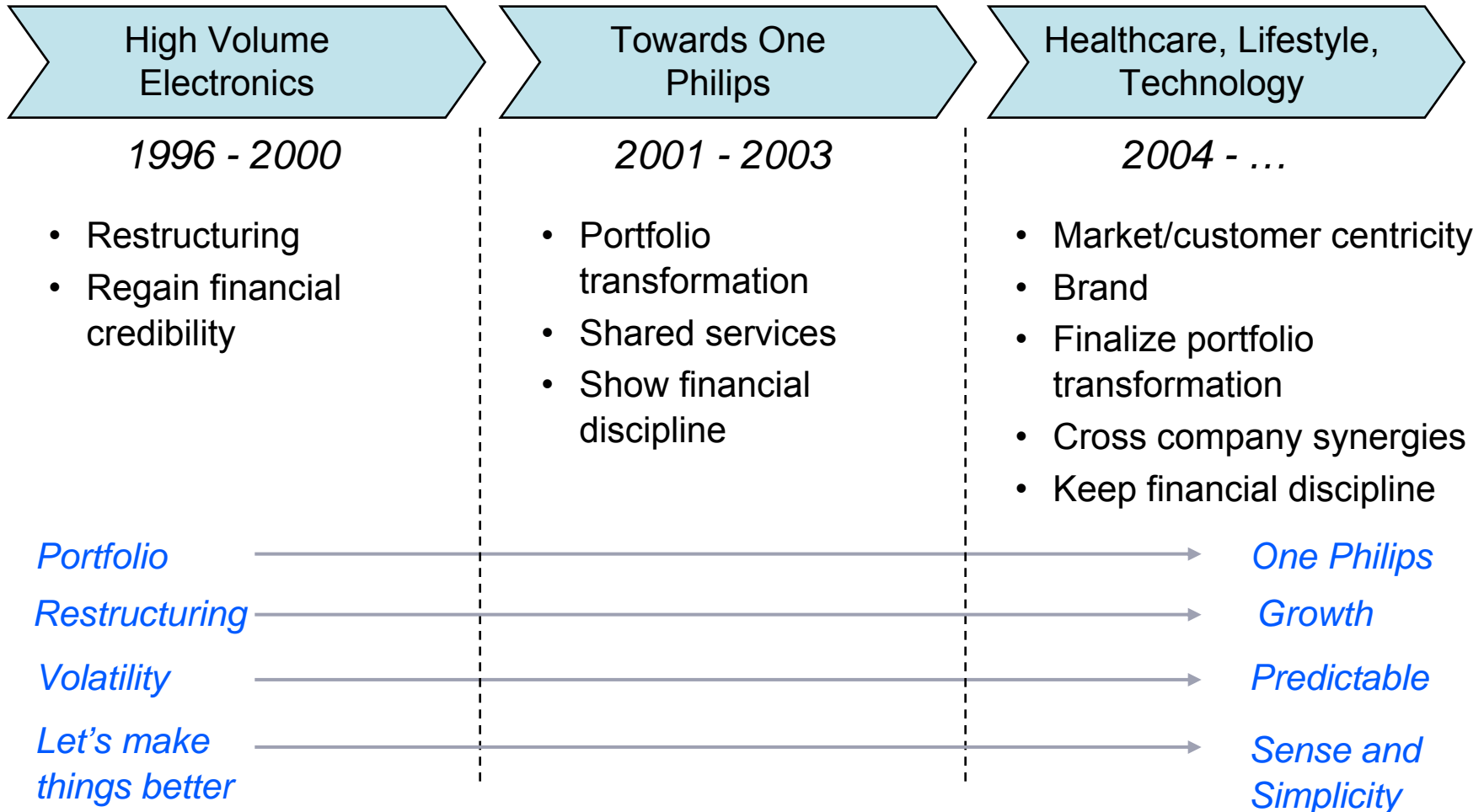
In presenting the Philips Group’s financial position, fair values are used for the measurement of various items in accordance with the applicable accounting standards. These fair values are based on market prices, where available, and are obtained from sources that are deemed to be reliable. Readers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

Agenda

- Moving into Philips 'Vision 2010'
- Capital reallocation
- Growth
- Acquisitions
- Conclusion

How we changed our company in the past 10 years

The journey of becoming truly market driven



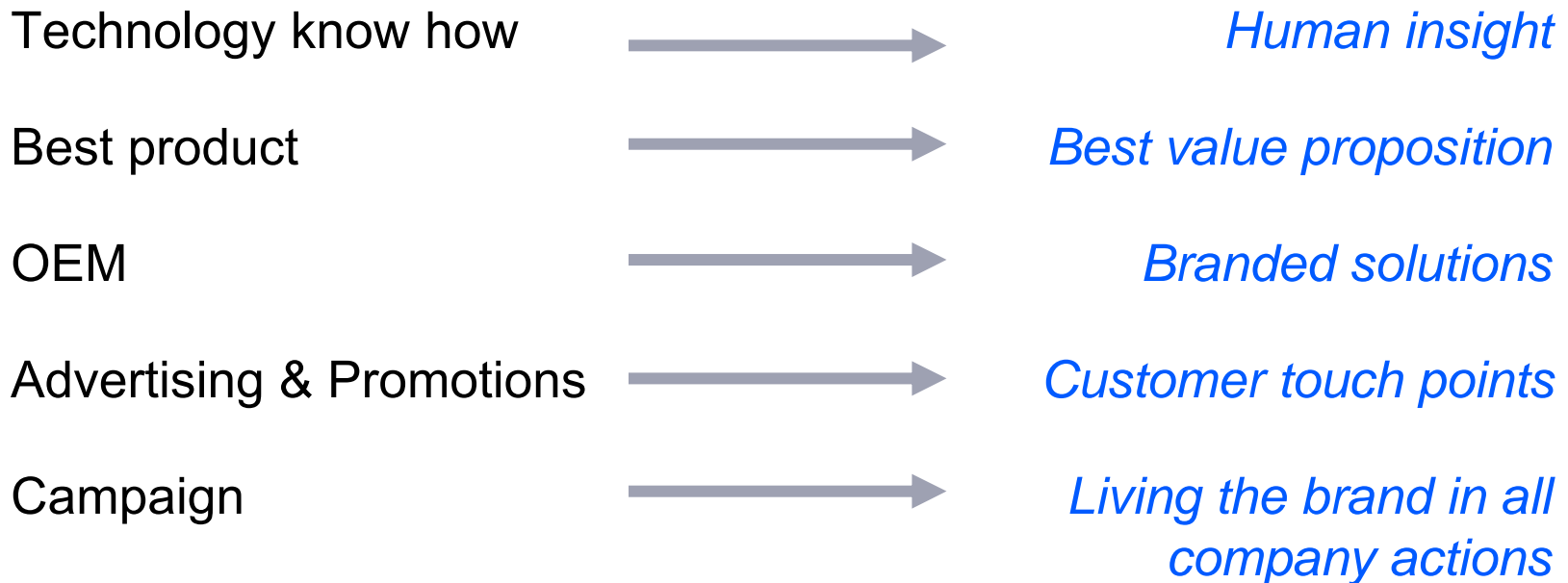
Our mission

*“Improve the quality of people’s lives
through the timely introduction of
meaningful innovations”*



Turning the brand promise into reality

sense **and** simplicity



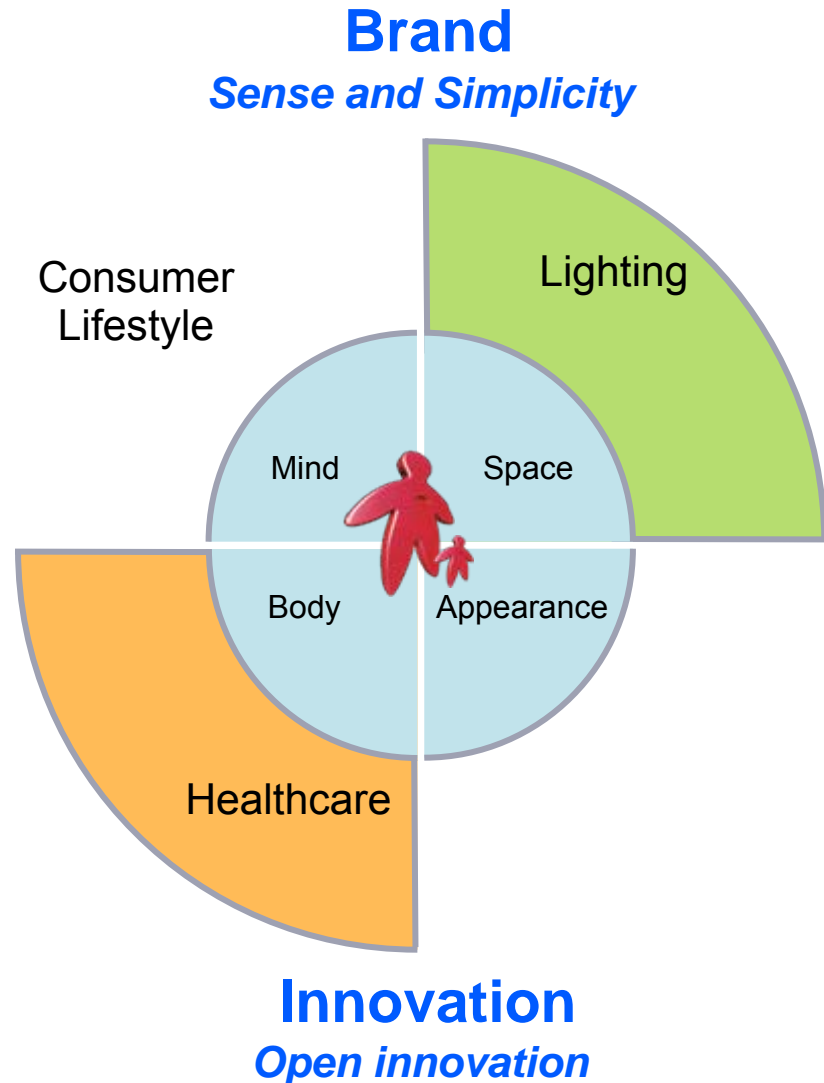
Winning in our chosen market sectors

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

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

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

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



Philips 'Vision 2010' ambition

- We have the ambition to increase shareholder value by:
 - *Improving EBITA margin of our current businesses* to exceed 10% from our 2007 target of >7.5% through:
 - Improved *margin management*
 - Increased contribution from recent *acquisitions*
 - Improvement of our *product mix*
 - Cost benefits of EUR 150-200M through effects of *organizational simplification*
 - *Driving comparable growth* at a minimum of 6% average per year for the period 2008-2010
- We intend to arrive at an efficient balance sheet by the end of 2009 through a combination of value-creating acquisitions as well as continued returns of capital to shareholders
- Thanks to these measures we expect to *more than double our EBITA per common share by 2010* compared to 2007



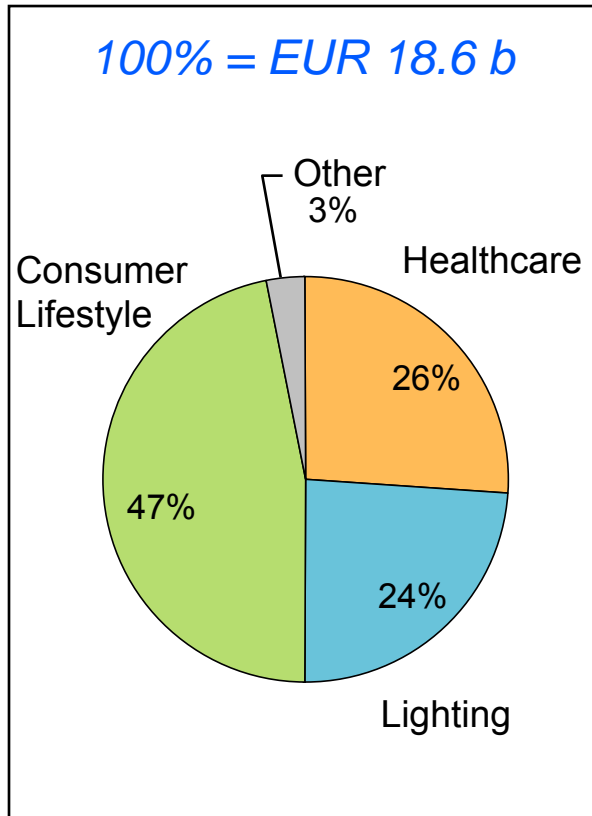
We will reach our objectives by executing on the following strategic actions

1. We are a *people-centric* company that organizes around *customers and markets*
2. We invest in a *strong brand* and consistently deliver on our *brand promise* of “*sense and simplicity*”, in our actions, products and services
3. We deliver *innovation* by investing in world class strengths in *end-user insights, technology, design* and superior *supplier networks*
4. We develop our *people’s leadership, talent* and *engagement* and align ourselves with high performance benchmarks
5. We invest in *high growth and profitable businesses* and *emerging geographies* to achieve *market leadership* positions
6. We are committed to *sustainability* and focus on making the difference in *efficient energy use*
7. We drive *operational excellence* and *quality* to best in class levels, allowing us the above mentioned strategic investments in our businesses

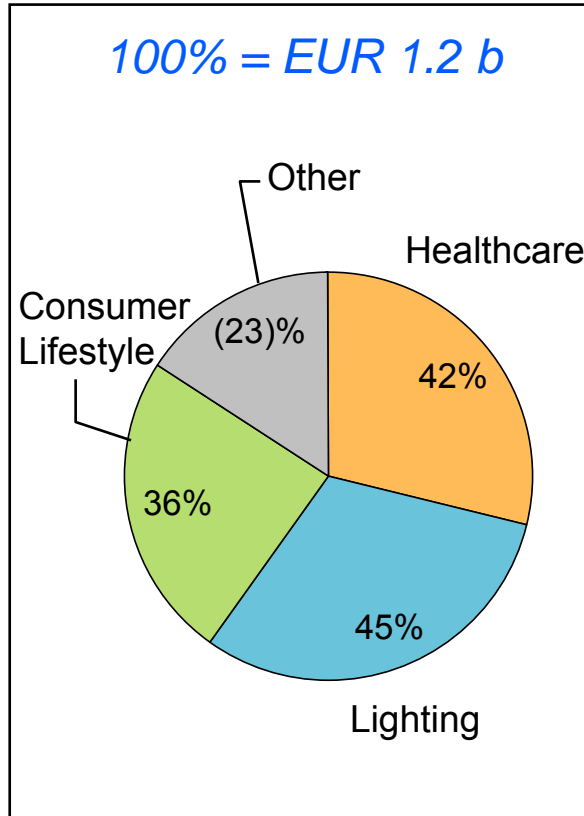
Simplifying business structure by creating three core sectors: Healthcare, Lighting and Consumer Lifestyle

Q3 2007 Year-to-date, EUR million

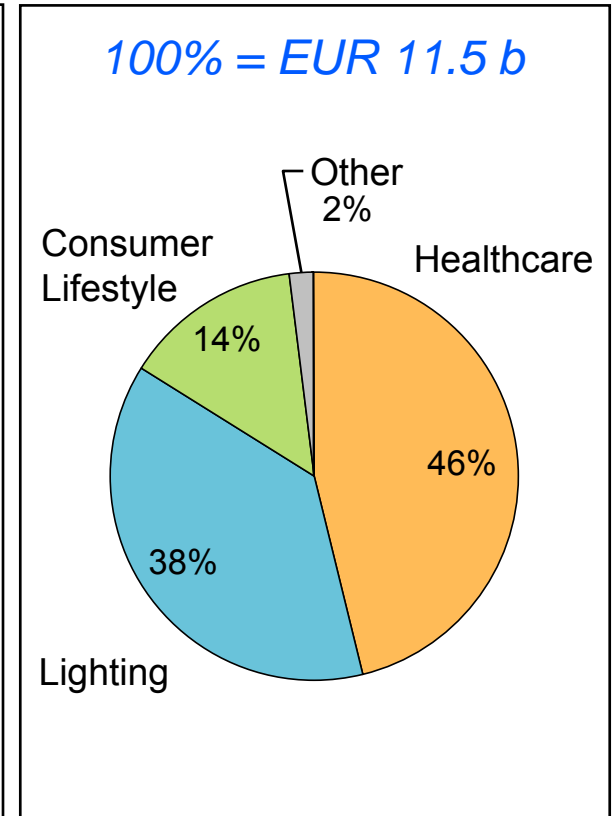
Sales



EBITA



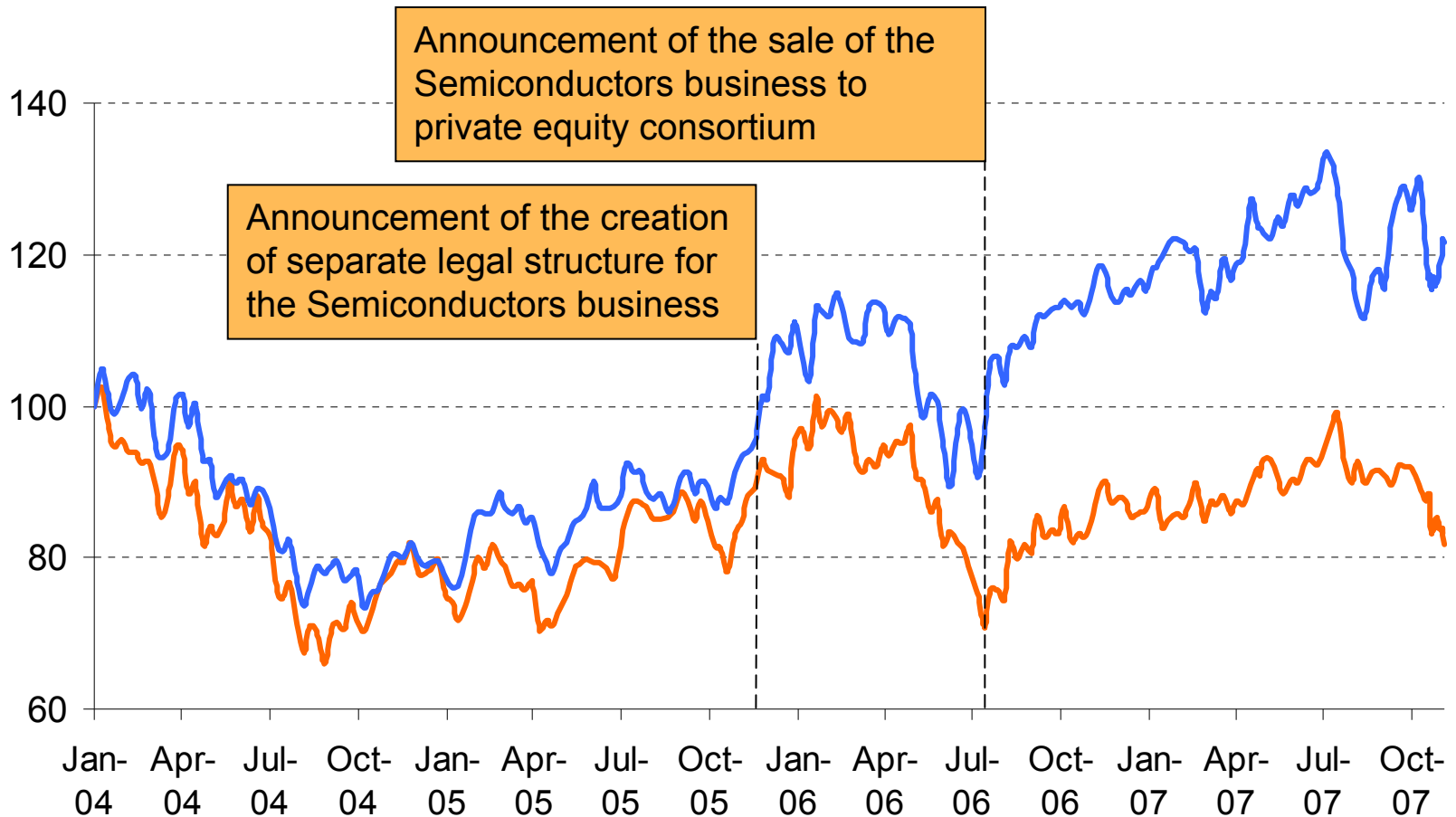
Net Operating Capital



Share price gained momentum after decoupling from Semiconductor Index

base 100 = Jan 2, 2004

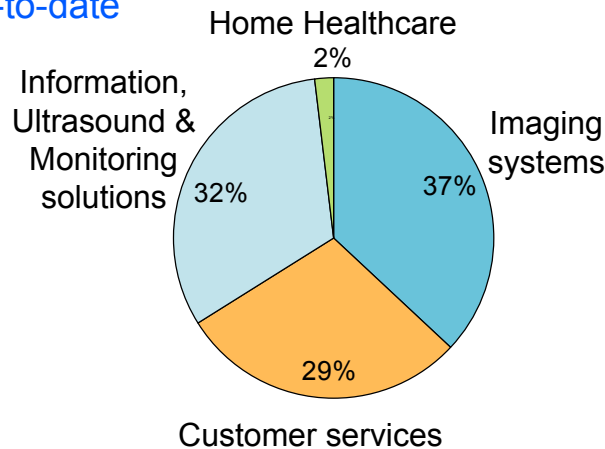
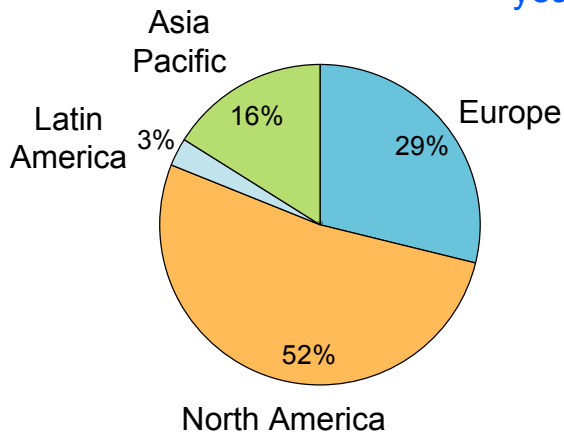
— Philips
— Soxx



Healthcare

- Long-term growth driven by demographics and economic advancement of emerging markets
- Strong market position and market share
- Making wide use of Philips range of skills
- Strong margins based on innovation
- Strong cash flow
- Home Healthcare integrated into Philips Healthcare to provide solutions to all segments of the care cycle

Sales 3Q07
year-to-date



BrightView SPECT



EP Navigator



MR Achieva 3.0T



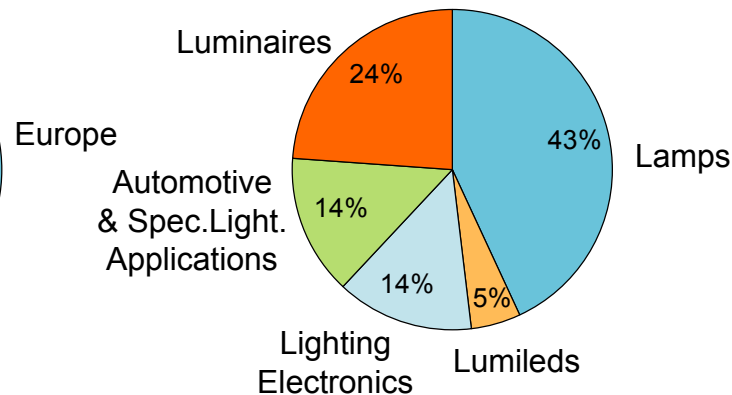
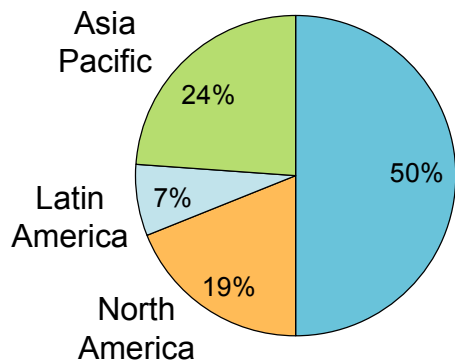
HeartStart MRx



Lighting

- Number 1 market position globally with strong margins and cash flows
- World leader in Solid State Lighting
- End-user-driven innovation, marketing and supply excellence
- Wide range of energy saving propositions
- Profitable growth in fast-growing economies in innovative new market segments

Sales 3Q07
year-to-date



Luxeon
Automotive LEDs



Edore



LivingColors



CosmoPolis



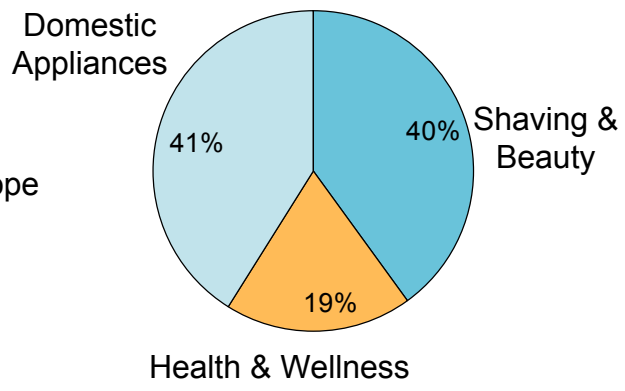
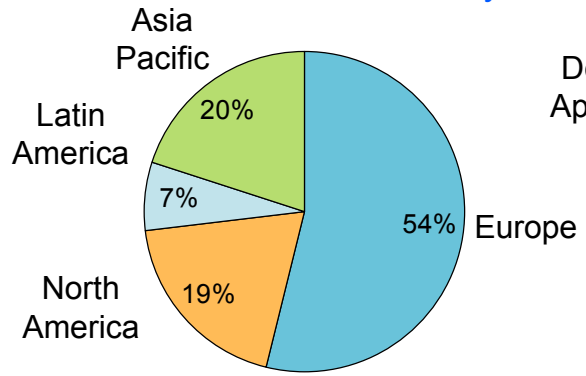
Consumer Lifestyle

Domestic Appliances and Personal care

- Breakthrough products through innovation and customer understanding with many leading market positions
- Combining market excellence with best in class cost position
- Expanding retail channels into emerging markets
- Leveraging the brand
- Strong cash flow



Sales 3Q07
year-to-date



Consumer Lifestyle Consumer Electronics

- Focus on innovation in design and marketing of high-end differentiative products
- Leveraging the Brand
- Outsourced approx. 80% of manufacturing, resulting in negative NOC
- Further de-risking the business through new business models resulting in negative capital base

Active Crystals



AmbiSound

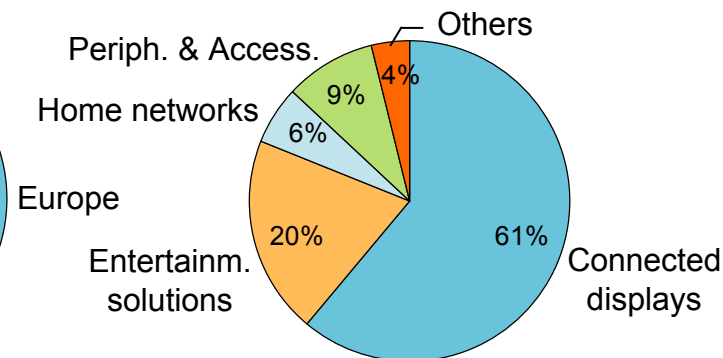
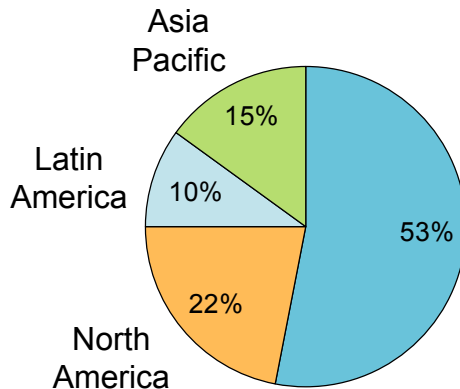
Portable Media devices



Ambilight



Sales 3Q07
year-to-date



* Excluding Mobile Phones



Consumer Lifestyle

Objectives of integrating our consumer businesses

By integration of our current CE and DAP divisions into one sector we will:

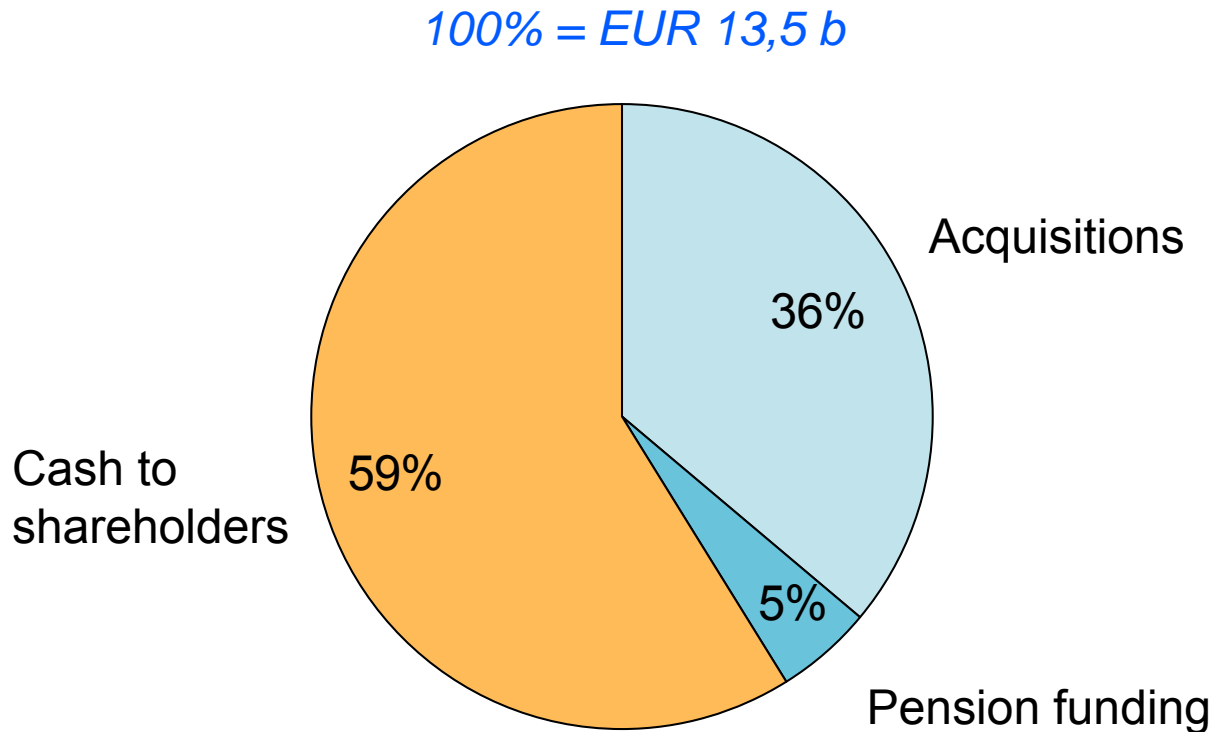
- create an organization and management team capable of executing a single consumer strategy
- allow the new organization to leverage the best capabilities of both organizations
- create a consumer solutions powerhouse closely grouped around the end-consumer, with deep consumer insight and the ability to develop, produce and market innovative products with higher profitability levels than before.
- deliver cost benefits of EUR 150-200M, which will further support our profitability

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Financial assets: Cash utilization

*Year 2005 – 2007 **



* Including announced acquisitions and share repurchase program

Portfolio changes in the last 18 months

EUR million

Major acquisitions ¹

- Lifeline Systems
- Witt Biomedical
- Avent
- Intermagnetics
- Partners in Lighting
- Color Kinetics

Sales	913 ²
Comp. growth	13%
EBIT	167
% of sales	18.3%



Divestments ³

- MDS
- Optical Storage
- Enabling Technologies Group
- HTP Tooling
- Business Communications

Sales	2,343
Comp. growth	-17%
EBIT	(142)
% of sales	-6.0%

1 – US GAAP restated sales and EBIT exclude annualized amortization from year before purchase. Comparable growth based on RFA.

2 – Excludes sales from Intermagnetics to Philips

3 – Actual figures based on 2005.

Cash generated from sale of major participations

EUR million

	2004	2005	2006	2007	Total
Sale securities	883	67	—	—	950
Sale Atos Origin shares	552	554	—	—	1,106
NAVTEQ	672	932	—	—	1,604
TSMC	—	770	—	3,156**	3,926
LG.Philips LCD	—	938	—	1,550	2,488
FEI	—	—	154	—	154
Semiconductors (NXP)	—	—	7,059*	—	7,059
Total	2,107	3,261	7,213	4,706	17,287

* Excluding the recorded income tax expense which has yet to be paid

** First two parts of announced program to sell down stake in TSMC completed. Tender offer by TSMC still to come in 2007

Cash utilization

EUR million

	2005	2006	2007	Total**
Acquisition Stentor	194	—	—	4,434 34.0 %
Acquisition Witt Biomedical	—	110	—	
Acquisition Lifeline	—	583	—	
Acquisition Intermagnetics	—	993	—	
Acquisition Lumileds	788	—	—	
Acquisition PLI	—	—	561	
Acquisition Color Kinetics	—	—	516	
Acquisition Avent	—	689	—	683 5.2 %
Extra funding pensions (UK&US)	—	683	—	
Share repurchase program	1,836	414	—	7,936 60.8 %
Dividend	504	523	659	
EUR 4.0 billion buy-back program	—	2,367	1,633*	
Total	3,322	6,362	3,369	13,053

* Still to be completed

** Excl. acquisitions of Bodine, Power Sentry, TIR and announced acquisitions of Health Watch and DLO because amounts were small

Color: Healthcare, Lighting & DAP

Major investments

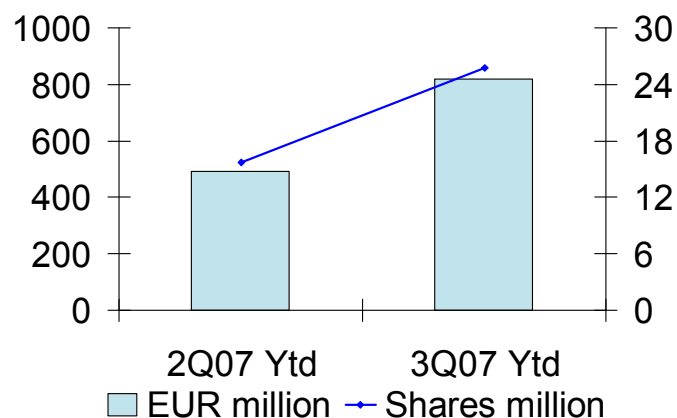
	number shares rounded in millions	% ownership	Nov 7 th , 2007 <i>in EUR m.</i>
<i>Quoted</i>			Market value
TSMC	2,111	8.0	2,830
LG.Philips LCD	71	19.9	2,942
TPV	263	13.6	117
<i>Non-quoted</i>			Book value
NXP	18	19.9 ¹	854
Total			6,743

¹ Economic ownership

Share Repurchase Program over ‘Second Trading Line’: EUR 819 million executed by end of September

- EUR 1,633 million share repurchase program for capital reduction to complete the return of EUR 4 billion to shareholders
- Executed over a Second Trading Line (‘STL’) to enable Philips to buy back from holders who are tax exempt or able to achieve tax compensation
- On this trading line, shares will be purchased ‘off exchange’ exclusively by Philips and settled net of 15% dividend withholding tax
- Trades on the STL shall include a transaction cost reimbursement of 1.0%
- Most trades have been from shareholders who sell small clips of shares and subsequently repurchase these over the ordinary trading line
- 26 million shares repurchased for EUR 819 million by end of September

Cumulative Repurchases STL in EUR million



Conditions to trade

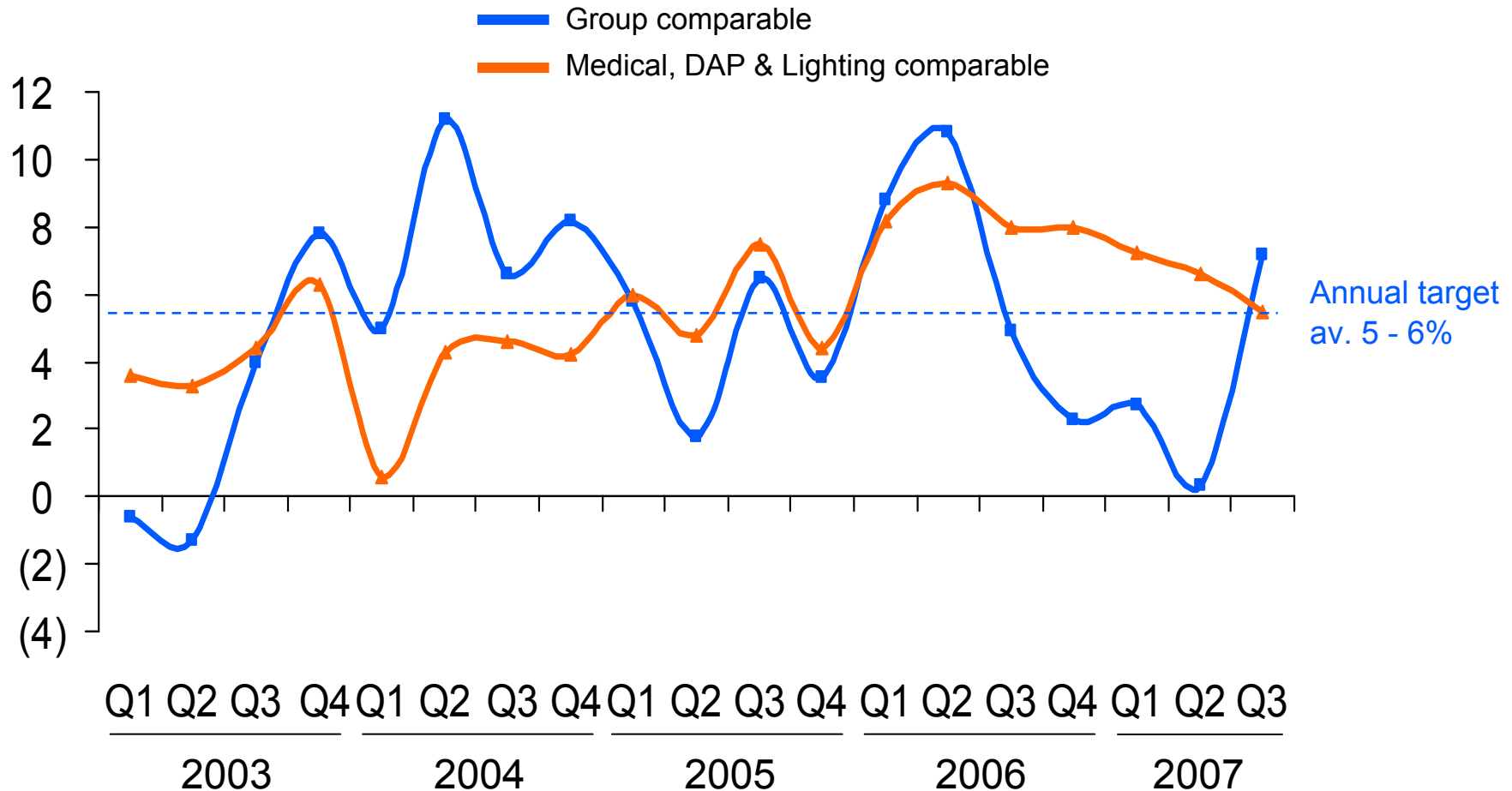
- Position to reclaim/offset dividend taxes
- Transactions of at least 10,000 shares
- Daily maximum: lower of 1,500,000 shares and 15% of daily trading volume (ordinary trading line)
- For more information:
 - ABN AMRO: Rogier de la Rambelje +31 20 383 6982
 - www.philips.com/investor

Agenda

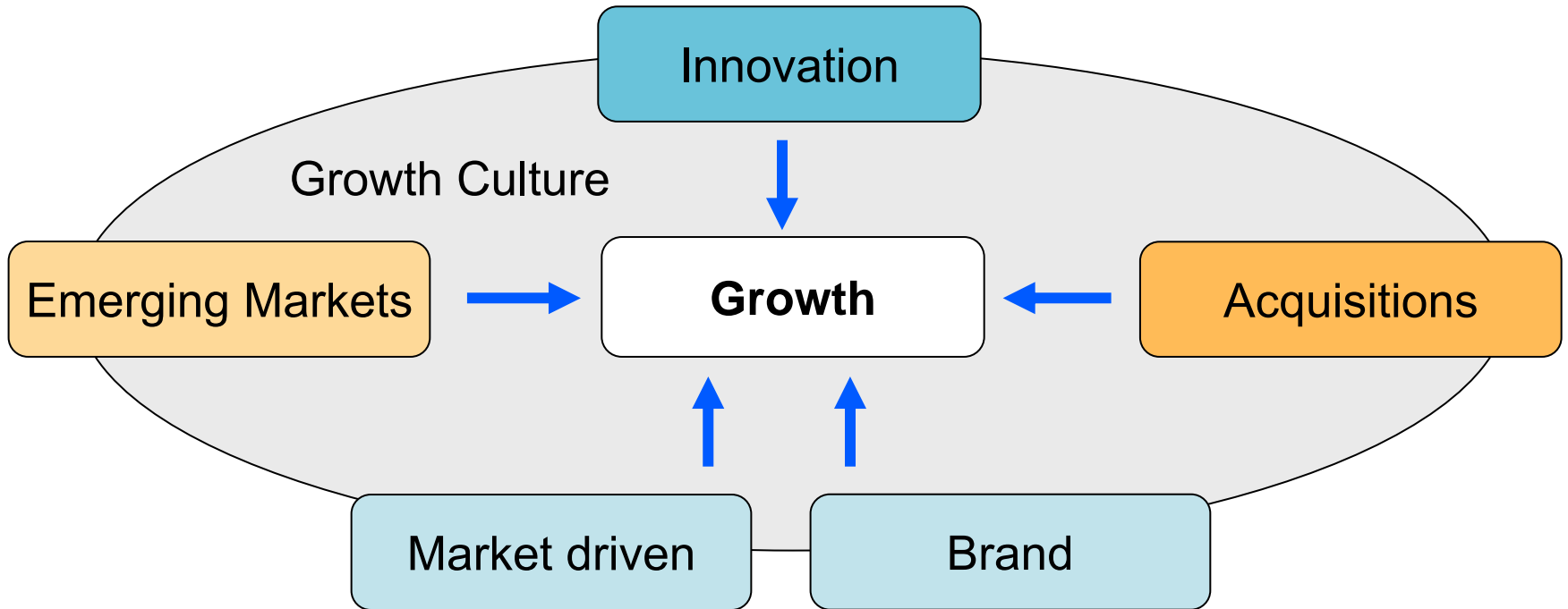
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Quarterly sales growth y-o-y

%



Pulling all levers for growth



Becoming a more market driven organization

- New sector organization build around markets
- Key account teams for large customers both in B2B and B2C
- Introduction of Net promoter score to measure customer satisfaction
- All innovations program based on unique customer insight
- Comprehensive program to strengthen marketing competencies



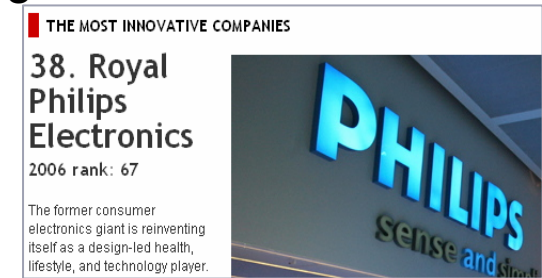
Our increased innovation focus fuels growth

Initiatives

- We deliver innovation by investing in world class strengths in end-user insights, technology, design and superior supplier networks.
- We increased our investments in Incubation, Molecular Healthcare and Emerging Market new business development.

Results

- Our New Product Sales index increased from 39% (2004) to 53% (2006).
- We continue to move up in Business Week's ranking of most innovative companies:
 - 2006: 67
 - 2007: 38



“The former consumer electronics giant is reinventing itself as a design-led health, lifestyle, and technology player. Think in-home health-monitoring devices for heart patients, computer games with sensory effects, and energy-efficient color-changing lighting. Philips taps teams of futurists, cultural anthropologists, designers, and scientists to develop user-centered products and services.”

Our increased brand focus fuels growth

Initiatives

- Sustained competitive investment behind brand campaign
- Use A&P to ‘claim’ simplicity, also establish a dialogue with our stakeholders to allow them to experience the brand.
- Creating conditions to ‘live the brand’ by filters in all key processes (8 commitments)

Results

- The Philips Brand continues to move up in the Interbrand Best Global Brands ranking

- 2004: 65
- 2005: 53
- 2006: 48
- 2007: 42

		Brand value in US\$		
		2007	2006	change
41	30 FORD	8,982	11,056	-19%
42	48 PHILIPS	7,741	6,730	15%
43	44 SIEMENS	7,737	7,828	-1%
44	51 NINTENDO	7,730	6,559	18%

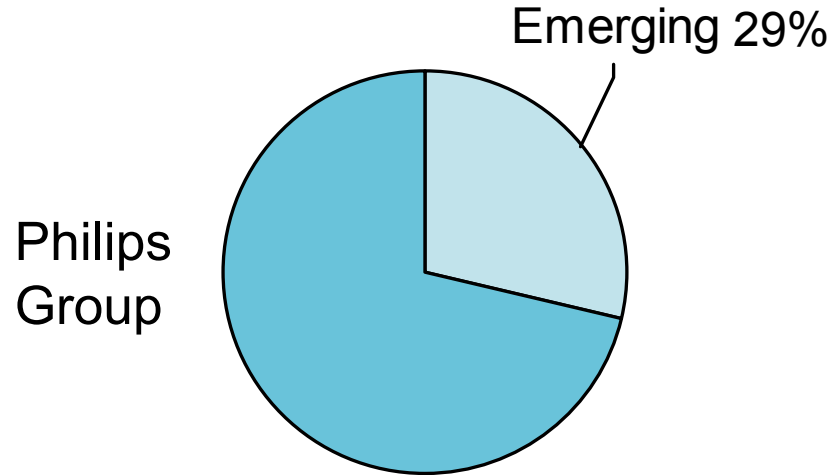
60 | BusinessWeek | August 6, 2007

Interbrand

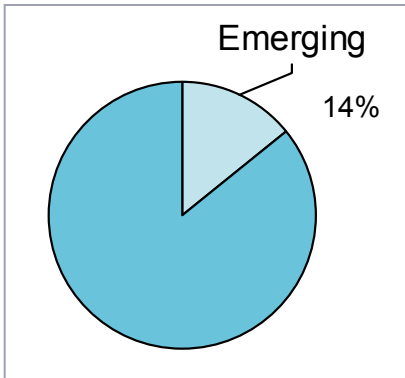
“Philips brand value shows an impressive growth rate. The 15% increase in value not only reflects that investments in the brand paid off, but it also reveals that the brand’s core messages resonate with customers. Philips not only talks about simplicity; it lives simplicity – through its focus on core activities and efficient operations Philips managed to simplify the organization and reduce costs, and through its focus on customers and their needs the brand signals that it makes a true effort to stay attractive for customers.”

Emerging markets

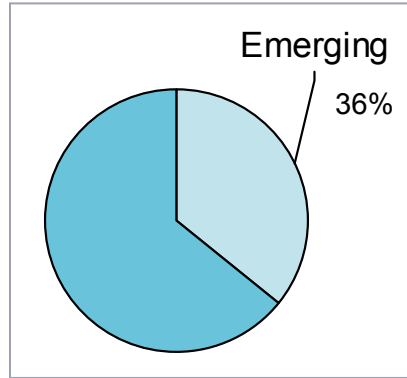
Sales in emerging markets Q3 2007 year-to-date



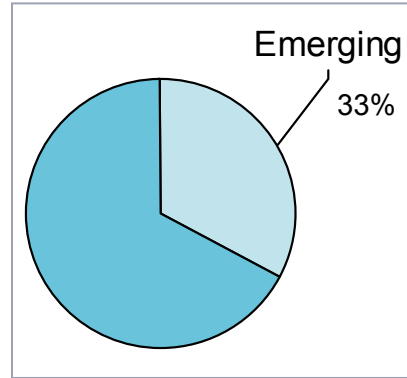
Medical



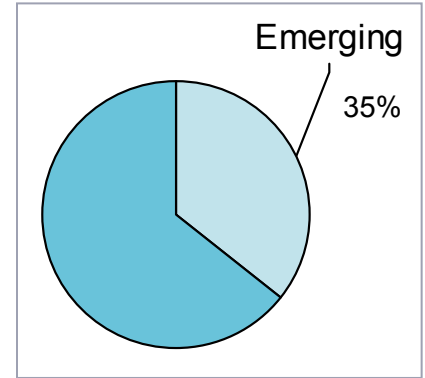
DAP



CE



Lighting

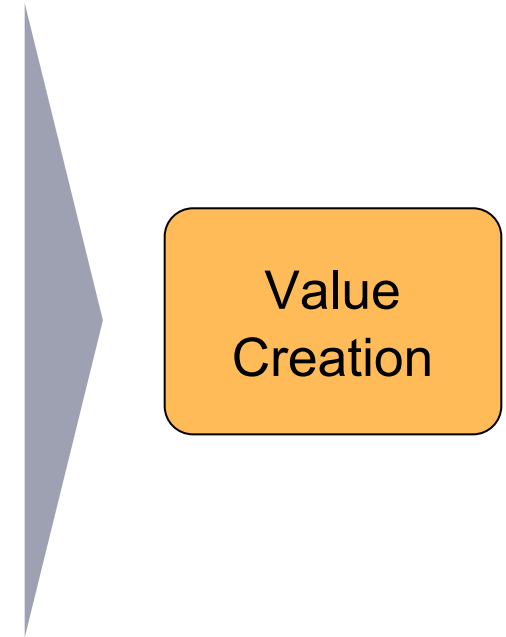


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Guiding principles for acquisitions

- ① Growth opportunities in our high margin, more predictable businesses
- ② No or time-limited margin dilution
- ③ Quality of management
- ④ Clear commercial, clinical, and technology synergies
- ⑤ Complementary position
- ⑥ Strong market position
- ⑦ Integration strategy part of acquisition decision
- ⑧ Walk-away price set at discussion start
- ⑨ A good alliance is an alternative to acquisition



Intermagnetics: Magnetic Resonance Imaging

Purchase price EUR 993 million

- Acquired November 9, 2006
- Approximately 4 points additional growth in Philips' MRI market share within 3 years
- Improved supply chain cost, 3-5 margin points
- Acceleration time-to-market by approx. 20-25%
- Rationalize business footprint of Philips' MR business
- Growing coils & monitoring business using our global reach
- Positioning for future, expands PMS's portfolio with a leading position in MR compatibles patient monitors
- Take advantage of the new magnet technology

Witt Biomedical:

World leader in Hemodynamic Reporting

Purchase price EUR 110 million

- Acquired April 27, 2006 and positioned Philips as the #1 global provider of fully integrated Cath Labs
- 2006 order intake grew by 34%
- 2006 sales grew by 20%
- The acquisition positioned Philips to offer the first fully integrated cath lab (ICL)
- Philips now ranked as number 1 in Hemodynamic Reporting with no position prior to acquisition
- Expansion via direct selling into Europe and Asia is underway
- Mid-year KLAS report ranked Philips #1 in Cardiology Hemodynamics

Consumer healthcare market

Purchase price EUR 682 million, Lifeline & Health Watch

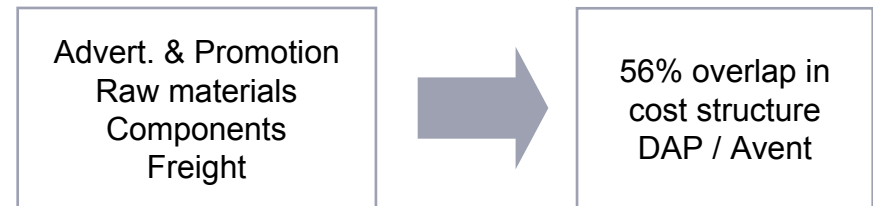
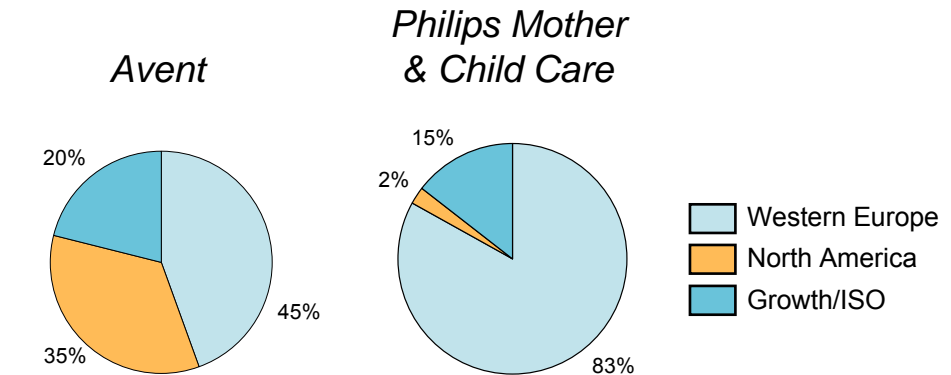
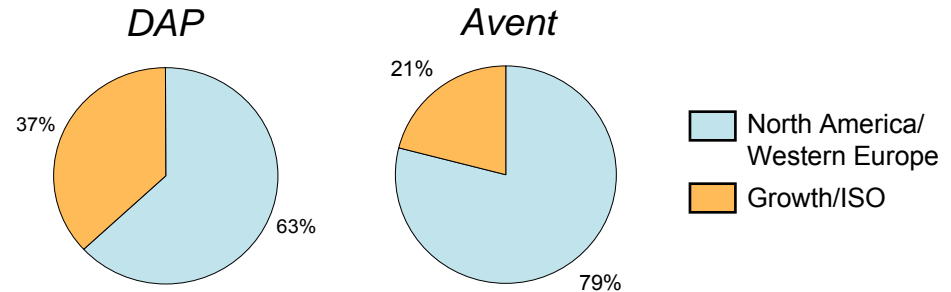
- Lifeline is an acquisition that has created a platform for building a consumer healthcare market
- By acquiring Health Watch, we add to this platform and Philips can spread its fixed cost over a wider customer base while boosting demand for its products through its increased network of healthcare distributors.
- 2007 sales expected to be approximately USD 220 million*, which is more than 15% organic growth over 2006 and represents an acceleration of the growth achieved in 2006.
- Number of subscribers of Medical Alert services is now in excess of 695,000.
- The growth is based on:
 - increase in the subscriber base
 - increase in average monthly income per subscriber
 - sales synergies expected from the brand and from the introduction of the Philips remote patient monitoring product and service offers into the Lifeline channel
 - R&D investment increased to stimulate further growth

* Including Health Watch for 8 months of operations

Avent: Growth in Health & Wellness

Purchase price EUR 689 million

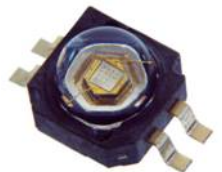
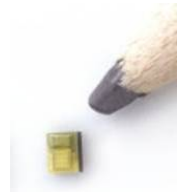
- DAP's larger presence in Emerging Markets provides growth opportunities for Avent
- Avent's regional strengths provides growth opportunity for existing Philips M&CC business
- Large overlap in major components of cost structure of Avent provides cost synergy opportunities.
- Integration into Philips sales organizations, in particular in emerging markets, progressing according to plan, now completed for 70%. growth acceleration expected over the coming year.



Philips + Lumileds: A powerful combination

Total purchase price EUR 873 million

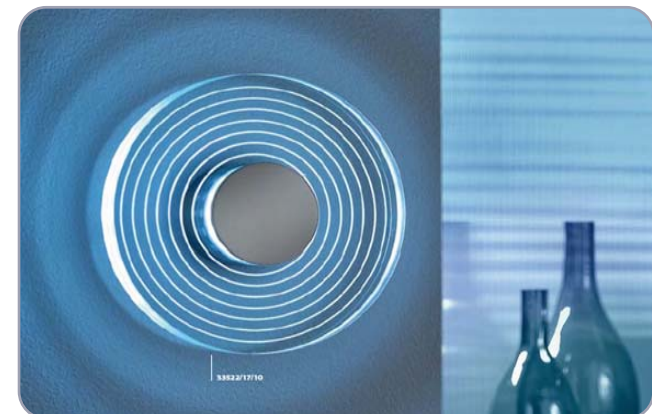
- Lumileds will launch superior Luxeon platforms combining their significant LED capabilities with the rich knowledge of Philips about phosphors, manufacturing processes and lighting technology.
- Underscoring its technological leadership, Philips Lumileds announced in March 2007 the launch of LUXEON Rebel power LEDs with new packaging technology that will dramatically reduce the size of LEDs (footprint 75% smaller than other surface-mount LEDs) and enable new approaches to solid-state lighting design.
- Lumileds is expected to grow sales annually by 25% at an EBITA target of 25%. Demand for applications in cell phone camera flash, automotive, LCD Backlighting, and general lighting are the main growth opportunities.
- In June 2007 Philips acquired TIR Systems, a Canada-based leading supplier of SSL modules for high-quality white light for a total purchase price of EUR 53 Mln. TIR Systems holds a patent portfolio that will strengthen Philips' IP position and give us a leadership position in SSL modules in the high- and mid-end segments of this market.



PLI: Leading European Consumer Luminaire player

Purchase price EUR 561 million

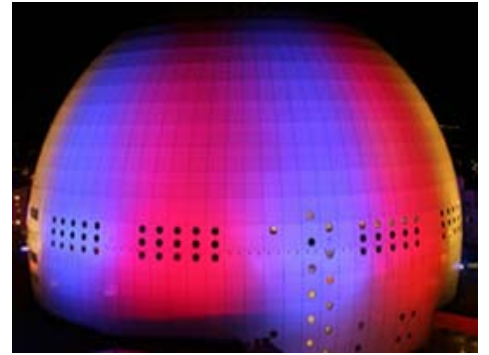
- The acquisition of PLI is a strategic move to enter new market segment for Philips Lighting: Consumer Luminaires
- Sales for 2007 is expected to be around EUR 440 million (full year basis) with a recurring EBITA above 12%
- LED content in Consumer Luminaires will grow driven by consumers needs in the area of energy efficiency and ambiance creation
- The acquisition generates the following synergies:
 - Combining Philips Leadership in LED with PLI's competence to quickly address market and consumer lifestyle trends
 - Regional expansion by leveraging Philips' global reach and resources
 - Leveraging of sales channels
- The acquisition positions Philips Lighting to become the global industry shaper in the consumer LED application market



Color Kinetics: Leading SSL Luminaire player

Purchase price EUR 592 million

- Closed on August 24, 2007.
- Purchase price corresponds to a Color Kinetics enterprise value of approximately EUR 516 million.
- Combination strengthens Philips' LED portfolio, technology base and intellectual property position.
- Complementary technological expertise in combination with Philips' global infrastructure will fuel growth.
- Builds on Lumileds and TIR Systems acquisitions in the sector.
- With Color Kinetics, Philips will become also a leader in the North American SSL luminaires market, therefore establishing a strong presence in all aspects of the SSL value chain
- Acquisition will further enhance Philips' position to lead the future global shift to more energy-efficient lighting solutions, using LED sources
- Post merger integration has started and is well on track
- Color Kinetics renamed in Philips Solid State Lighting Solutions



Agenda

- Moving into Philips 'Vision 2010'
- Capital reallocation
- Growth
- Acquisitions
- Conclusion

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 buy back and dividends
- Drive a culture of superior customer experience by delivering on the brand promise and implement the Net Promoter Score measure in the company.
- Be an exciting place to work and bring employee engagement to high performance benchmark level within 2-3 years.

Summary

- Simplified portfolio of world-class businesses built around a strong brand
- Focus on market driven innovation provides basis for growth across the portfolio to deliver minimum of 6% comp. annual average sales growth for 2008 to 2010
- Focus on high margin products & markets
- Grow via acquisitions when value is created
- Leverage the brand
- Continue to improve the predictability of results
- Continue to focus on cash flow
- Improving EBITA margin of our current businesses to exceed 10% in 2010



Creating
Shareholder
Value

PHILIPS

sense and simplicity