
Q&As in respect of agenda items 10, 11 sub a and sub b. for the Annual Meeting on March 27, 2008

Q What is the purpose of these agenda items?

A The purpose of these agenda items is to enable Koninklijke Philips Electronics N.V. (the 'Company') to complete the EUR 5 billion share repurchase program announced on December 19, 2007.

Given the size of the share repurchase program and the statutory restriction that a company with limited liability (like Philips) is not allowed to hold and acquire more than 10% of its own shares, this share repurchase program needs to be executed in several tranches. This is the reason why the Shareholders Meeting is requested to adopt the proposals to cancel shares repurchased or to be repurchased by the Company followed by authorizations to repurchase additional shares.

If the proposals are adopted, the share buy back program will be executed in the following manner:

- a. The Company repurchases up to 10% of its own shares pursuant to the proposal referred to under item 11 sub a.
- b. Once this 10% limit is reached, the Company is required to cancel shares repurchased to create room to buy back another tranche of shares. The cancellation of this tranche of shares will be effected pursuant to the proposal referred to under item 10.
- c. At that time the authorization referred to under item 11 sub a is renewed in accordance with item 11 sub b, allowing the Company to buy back the next tranche of shares which is again limited to 10% of its share capital.
- d. This process will be repeated several times to complete the EUR 5 billion share repurchase program.
- e. Finally, once all tranches of shares have been cancelled, the Company shall be put in the usual starting position in which the board of management - with the approval of the supervisory board - is authorized within certain limits (including a maximum of 10%) to repurchase shares.

Q Is the authorization in agenda item 11 unlimited?

A No, the authorization referred to under agenda item 11 sub a and sub b is limited to 10% of the issued share capital of the Company and as such is not different in any respect as authorizations to repurchase shares granted by the General Meeting of Shareholders in previous years. Therefore, the Company cannot hold more than 10% of its own shares at any point in time.

Q What is the effect of the proposed amendment of the Articles of Association and new legislation allowing companies with limited liability to hold more than 10% of its own shares?

It should be noted that also in the event the proposal to amend the Articles of Association of the Company is adopted and new legislation allowing companies with limited liability to hold more than 10% of its own shares has entered into force, the authorizations referred to under agenda item 11 remain limited to 10%. Therefore, the Company cannot hold more than 10% of its own shares at any point in time.

Q Is it possible that the Company buys back and reduces its share capital with for example more than 50% of its own share capital?

A No, if the proposals referred to under agenda item 10 and 11 are adopted, the Company cannot reduce its issued share capital with more than 25% of the issued share capital as of March 27, 2008.

Q Does the cancellation of shares have any impact on the shares I currently own?

A No, the cancellation of shares does not have any impact on the shares you currently own. As a result of the share reduction your holding in Philips shares expressed as a percentage shall increase.