
Rules of Procedure Board of Management and Executive Committee Koninklijke Philips Electronics N.V.

Responsibilities of the Board of Management and of the Executive Committee

Article 1

1. The Board of Management (the “**Board of Management**”) is entrusted with the management of Koninklijke Philips Electronics N.V. (the “**Company**”). Certain key officers have been appointed to manage the Company together with the Board of Management. The members of the Board of Management and these key officers together constitute the Executive Committee (the “**Executive Committee**”).
2. In discharging its duties, the Executive Committee (comprising the Board of Management) shall be guided by the interests of the Company and its affiliated enterprise, taking into consideration the interests of the Company’s stakeholders.
3. The responsibilities of the Executive Committee shall include:
 - (a) driving the Company’s management agenda;
 - (b) group performance;
 - (c) general strategy and risks connected to its business activities;
 - (d) operational and financial objectives;
 - (e) structure and management of systems of internal business controls;
 - (f) financial reporting process;
 - (g) compliance with applicable laws and regulations;
 - (h) compliance with and maintaining the corporate governance structure of the Company;
 - (i) publication of any information required by applicable laws and regulations;
 - (j) preparation of the annual accounts, the annual budget and significant capital expenditures;
 - (k) corporate social responsibility issues;
 - (l) advice in connection with the nomination of the external accountant of the Company.
4. Notwithstanding the foregoing, the rights and obligations of the Board of Management under Dutch law, the Articles of Association of the Company (the “**Articles of Association**”) and the Dutch Corporate Governance Code, remain in full force and effect with respect to the Board of Management exclusively in such capacity. The Board of Management shall therefore remain accountable for the actions and decisions of the Executive Committee

and have ultimate responsibility for the Company's external reporting and reporting to the shareholders of the Company, including providing the General Meeting of Shareholders with information. The members of the Board of Management have been identified as the persons responsible within the Company for providing the statements referred to in section 5:25c subsection 2c and section 5:25d subsection 2c of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

Chairmanship of the Board of Management and of the Executive Committee; Vice-Chairman; Composition

Article 2

1. The Chairman of the Board of Management is appointed by the General Meeting of Shareholders as provided in the Articles of Association. The Chairman of the Board of Management is President of the Company and shall have the title Chief Executive Officer or CEO. He is also Chairman of the Executive Committee.
2. At the proposal of the Chairman, who shall consult the Executive Committee before making such a proposal, the Supervisory Board may appoint one member of the Board of Management to serve as Vice-Chairman of the Executive Committee.
3. The members of the Board of Management are appointed and dismissed by the General Meeting of Shareholders. The other members of the Executive Committee are appointed, suspended and dismissed by the CEO, subject to approval by the Supervisory Board. The members of the Board of Management and of the Executive Committee can (also) be suspended by the Supervisory Board.
4. With the approval of the Supervisory Board, the Executive Committee shall divide its tasks among its members. The Supervisory Board shall appoint one of the members of the Executive Committee, who is also a member of the Board of Management (and who may be referred to as the Chief Financial Officer, or CFO), to specifically overlook the Company's financial affairs.

Delegation of the Executive Committee

Article 3

1. The Executive Committee may delegate certain authorities to individual members of the Executive Committee or to certain committees consisting of one or more Executive Committee members assisted by staff officers.
2. Delegation of authorities to committees and individual members of the Executive Committee will from time to time be laid down in one or more documents.

Meetings of the Executive Committee and adoption of resolutions by the Executive Committee

Article 4

1. Resolutions of the Executive Committee are adopted by majority vote comprising the majority of the members of the Board of Management present or represented, such majority comprising the vote of the Chairman. Resolutions can only be adopted in a meeting of the Executive Committee where at least one third of the members of the Board of Management (with a minimum of two members, amongst whom the Chairman) is present or represented. Each member of the Executive Committee shall have one vote. If there is a tie, the Chairman shall have the casting vote.
 2. Upon a proposal by or on behalf of the Chairman or the Vice-Chairman, resolutions of the Executive Committee can also be taken in writing if (a) such proposal has been sent to all
-

members, (b) no one member has objected to resolving in writing and (c) more than half of the members of the Board of Management (including the Chairman) - have voted in favour of the proposed resolution. In such case the (Deputy) Secretary of the Executive Committee will record in writing such resolution of the Executive Committee and have this document signed by two members of the Board of Management.

3. In case of a conflict of interests as referred to in article 8 of these Rules of Procedure with respect to a member of the Executive Committee, the requirements set in paragraphs 1 and 2 shall as far as possible remain applicable to the non conflicted members. A conflicted member shall not be taken into account when calculating a quorum. When the conflict relates to the Chairman, the relevant resolution can be adopted without his vote. When all members of the Board of Management are conflicted, the Supervisory Board will resolve on the relevant proposal.
4. In principle, the Executive Committee shall hold one meeting per two weeks and further whenever the Chairman (or, in his absence, the Vice-Chairman) has requested a meeting. The meetings shall generally be held at the offices of the Company in Amsterdam or Eindhoven, but may also take place elsewhere. In addition, one or more members may participate by telephone, videoconference or other electronic forms of direct communication.
5. Meetings of the Executive Committee shall be chaired by the Chairman or in his absence by the Vice-Chairman. None of these being present, the meetings will be chaired by one of the members of the Board of Management designated by the Chairman, or, in the absence of such designation, by one of the members of the Board of Management in order of the date of appointment as member of the Board of Management.
6. If a member of the Executive Committee cannot attend a meeting, he can give a proxy to a member of the Board of Management.
7. The minutes of an Executive Committee meeting or a Board of Management meeting, as the case may be, shall be adopted in the next meeting of the Executive Committee or the Board of Management, respectively. Adopted minutes shall be evidence of the proceedings. Extracts of minutes can be sent to the relevant committees, business units, departments, staff and third parties.
8. The Executive Committee shall appoint one or more (Deputy) Secretaries, who may but need not be members of the Executive Committee.
9. The Secretary of the Executive Committee keeps on record minutes of meetings of the Executive Committee for as long as determined by the Executive Committee from time to time while observing the minimum statutory period.
The minutes, in the wording in which they have been adopted, or extracts shall be certified by the (Deputy) Secretary to the Executive Committee.
10. Resolutions validly adopted by the Executive Committee in accordance with these Rules of Procedure shall be deemed resolutions adopted by the Board of Management.
11. The Board of Management retains the authority to, at all times and in all circumstances, adopt resolutions without the participation of the other members of the Executive Committee. In such case the other provisions of this article shall be correspondingly applicable to the Board of Management.

Relationship Executive Committee – Supervisory Board

Article 5

1. Members of the Executive Committee will be present in the meetings of the Supervisory Board if so invited.

2. The Executive Committee will provide the Supervisory Board with all the information which the Supervisory Board needs, including the information stated in the Rules of Procedure of the Supervisory Board. Additional information will be provided at the request of the Supervisory Board or its Chairman on behalf of the Supervisory Board.
3. The Chairman of the Executive Committee, and if and when required the other Members of the Executive Committee, will have regular contacts with the Supervisory Board and/or its Chairman.
4. When the Supervisory Board has to adopt a resolution in respect of (the approval of or proposal for) the appointment, dismissal, suspension or remuneration of a member of the Executive Committee, the Supervisory Board may from time to time delegate (part of) its task to one or more of its permanent Committees in accordance with the Supervisory Board's Rules of Procedure.

Trading in securities by members of the Executive Committee

Article 6

1. Should any member of the Executive Committee hold shares in the share capital of the Company, this will be for the purpose of long-term investment; members of the Executive Committee will refrain from short-term transactions in Philips securities¹.
2. With respect to Philips securities, members of the Executive Committee are bound to the Philips' Rules of Conduct with respect to Inside Information (the "**Rules of Conduct**") and must at all times comply with all Dutch and foreign statutory provisions and regulations, including applicable notification requirements, applicable to the ownership of and transactions related to Philips securities.
3. With respect to transactions (with the exception of any acquisition of securities issued by way of a stock dividend) related to securities in any of the companies belonging to the peer group of leading multinational electronics/electrical equipment companies as determined by the Supervisory Board and published in the Company's annual report, members of the Executive Committee are prohibited from trading, directly or indirectly, during Blocked Periods - according to and as defined in the Rules of Conduct - preceding the disclosure of Philips' annual or quarterly figures. However, the prohibition referred to in the previous sentence does not apply if the relevant member of the Executive Committee has transferred the discretionary management of his securities portfolio to an independent third party by means of a written mandate agreement.

Absence or inability to act of members of the Board of Management and/or the Executive Committee

Article 7

1. In the event one or more members of the Board of Management are prevented from acting, the remaining members or the only remaining member of the Board of Management together with the other (remaining) members of the Executive Committee shall be temporarily in charge of the management of the Company. In the event all members of the Board of Management are prevented from acting, the Supervisory Board may temporarily charge one or more persons, whether or not members of the Executive Committee, with the management of the Company.

¹ For the purpose of article 6 securities are amongst others shares, bonds, convertible bonds, options, warrants and other derivative securities, share swaps and similar agreements, securities whose value is determined in whole or in part (e.g. more than 10%) by the value of securities before mentioned, and with regard to Philips securities also convertible personnel debentures, employee stock options and restricted share rights.

2. If one or more members of the Executive Committee (not being members of the Board of Management) are prevented or unavailable, the other members of the Executive Committee shall be temporarily responsible for the conduct of the Company's affairs.

Conflicts of interests

Article 8

Unless the rules of article 13 of the Articles of Association on decision-making and representation (which rules apply correspondingly to members of the Executive Committee who are not members of the Board of Management) are complied with, a member of the Executive Committee shall immediately report in respect of a decision any conflict of interest or potential conflict of interests that is of material significance to the Company and/or to him, to the Chairman of the Supervisory Board and to the other members of the Executive Committee and shall provide all relevant information, including information concerning his wife, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. The Supervisory Board will determine, without the member of the Executive Committee concerned being present, whether a reported conflict of interests qualifies as a conflict of interests to which article 13 of the Articles of Association applies or to which such article 13 should in its opinion be applied in a similar way in respect of the decision-making and representation.

All legal acts in respect of which a member of the Executive Committee has a conflict of interests shall be agreed on terms that are customary in the sector concerned.

Status and contents of the Rules of Procedure

Article 9

1. These Rules of Procedure have been adopted by the Board of Management pursuant article 14 of the Articles of Association, and have been approved by the Supervisory Board.
2. These Rules of Procedure are complementary to the rules and regulations (from time to time) applicable to the Board of Management under Dutch law or the Articles of Association. Where these Rules of Procedure are inconsistent with Dutch law or the Articles of Association, the law or, as the case may be, the Articles of Association, shall prevail.
3. These Rules of Procedure will be effective as from 1 July 2011 and can be supplemented and modified by the Board of Management at any time, subject to the approval by the Supervisory Board.
4. Save as otherwise provided in the Articles of Association or by law, the Board of Management may in exceptional cases, as the circumstances may require, at its discretion decide to deviate from these Rules of Procedure.

Governing law

Article 10

These Rules of Procedure shall be governed by and construed in accordance with the law of the Netherlands (meaning the law directly applicable in the Netherlands, meaning the part of the Kingdom of the Netherlands located in Europe).

July 2011
