
Rules of Procedure Board of Management Koninklijke Philips Electronics N.V.

Meetings of the Board of Management

Article 1

1. As a rule, the Board of Management shall meet once every two weeks in Amsterdam, Eindhoven or elsewhere. Meetings may be held by telephone- or videoconference.
2. Meetings of the Board of Management shall be called by or on behalf of the Chairman of the Board of Management or by or on behalf of the person designated according to Article 2 (1) and (2), and will be held at the place and time indicated in the notice for the meeting. Such notice shall be given in writing, in electronic form or orally. Any member of the Board of Management may propose to the Chairman business to be dealt with at the meeting. As a rule, the agenda and accompanying materials for the meeting will be sent to the members with the notice of the meeting.
3. Minutes of the meetings shall be kept and, if necessary after amendment, be adopted at the following meeting of the Board of Management. The minutes, in the wording in which they have been adopted, shall be certified by the (Deputy) Secretary to the Board of Management.

Chairmanship of the Board of Management; Vice-Chairman

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 of the Company. The Chairman of the Board of Management is President of the Company and shall have the title “Chief Executive Officer”.
2. At the proposal of the Chairman, who shall consult the Board of Management before making such a proposal, the Supervisory Board may appoint one member of the Board of Management to serve as Vice-Chairman.
3. Meetings of the Board of Management 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.

Adoption of resolutions of the Board of Management

Article 3

1. Resolutions of the Board of Management are adopted by majority vote. Resolutions can only be adopted in a meeting of the Board of Management at which at least one third of the members of the Board of Management (with a minimum of two members) is present, with the proviso that members who have a conflict of interests as referred to in Article 13 of the Articles of Association shall not be taken into account when calculating this quorum. If there is a tie, the chairman of the Board of Management shall have the casting vote.
2. Resolutions of the Board of Management upon a proposal by or on behalf of the Chairman or by or on behalf of the person acting as chairman according to Article 2 (3) 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 have voted in favor of the proposed resolution. In such case the (Deputy) Secretary will record in writing such resolution of the Board of Management and have this document signed by two members of the Board of Management.

Relationship Board of Management - Supervisory Board

Article 4

1. Members of the Board of Management will be present in the meetings of the Supervisory Board if so invited.
2. The Board of Management 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 Board of Management, and if and when required the other Members of the Board of Management, will have regular contacts with the Supervisory Board and/or its Chairman.

Trading in securities by members of the Board of Management

Article 5

1. Should any member of the Board of Management hold shares in the share capital of the Company, this will be for the purpose of long-term investment; members of the Board of Management will refrain from short-term transactions in Philips securities [1].
2. With respect to Philips securities, members of the Board of Management are bound to the Philips' Rules of Conduct with respect to Inside Information 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.

[1] For the purpose of article 5 securities shall have the meaning as referred to in the Dutch Act on the Supervision of the Securities Trade 1995 (Wet toezicht effectenverkeer 1995), being: (i) share certificates, debt certificates, profit-sharing or founders' certificates, option certificates, warrants and similar documents of value (ii) rights of joint ownership, options, futures, entries in share and debt registers, and similar rights, conditional or otherwise (iii) certificates representing securities as referred to above or (iv) scrips representing securities as referred to above.

3. Members of the Board of Management are prohibited from trading, directly or indirectly, in securities in any of the companies belonging to the peer group of leading multinational electronics / electrical companies as determined by the Supervisory Board and published in the Company's annual report. However the prohibition referred to in the previous sentence does not apply if the relevant member of the Board of Management has transferred the discretionary management of his securities portfolio to an independent third party by means of a written mandate agreement.
4. With respect to the ownership of and transactions with securities other than regulated by the Philips' Rules of Conduct with respect to Inside Information, members of the Board of Management must at all times comply with all Dutch and foreign statutory provisions and regulations applicable thereto, including applicable notification requirements.
5. A member of the Board of Management shall once a year report to the Philips Compliance Officer (as referred to in the Philips' Rules of Conduct with respect to Inside Information) all changes in his holding of securities related to Dutch listed companies which have occurred during the year preceding the relevant report. However, such report need not be made if during the year concerned he has invested exclusively in listed investment funds or has transferred the discretionary management of his securities portfolio to an independent third party by means of a written mandate agreement. In that case, the report must state that this exemption applied without interruptions during the entire year concerned. If the exemption is applied on the basis of the transfer of the discretionary management of the securities portfolio to an independent third party, the name and office address of the third party concerned must be reported and a copy of the agreement with such third party must be submitted.

Absence or inability to act of members of the Board of Management

Article 6

In the event one or more members of the Board of Management are prevented from acting, the remaining members or the only remaining member 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 shall be temporarily in charge of the management of the Company. In this event the Supervisory Board may temporarily charge one or more persons, whether or not from among its members, with the management of the Company.

Conflicts of interests

Article 7

Unless the rules of Article 13 of the Articles of Association on decisionmaking and representation are complied with, a member of the Board of Management shall immediately report in respect of a decision any conflict of interests 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 Board of Management 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 Board of Management 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 article 13 should in its opinion be applied in a similar way in respect of the decisionmaking and representation.

All legal acts in respect of which a member of the Board of Management 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 8

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.

Governing law

Article 9

These Rules of Procedure shall be governed by and construed in accordance with the law of the Netherlands.

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