

PHILIPS

sense and simplicity

Royal Philips Electronics

Second Quarter 2010

Information booklet

July 19th, 2010

Important information

Forward-looking statements

This document and the related oral presentation, including responses to questions following the presentation 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, in particular the paragraphs "Looking ahead" and "Outlook". Examples of forward-looking statements include statements made about our strategy, estimates of sales growth, future EBITA and future developments in our organic business. By their nature, these 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 statements.

These factors include but are not limited to domestic and global economic and business conditions, the successful implementation of our strategy and our ability to realize the benefits of this strategy, our ability to develop and market new products, changes in legislation, legal claims, changes in exchange and interest rates, changes in tax rates, pension costs and actuarial assumptions, 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 businesses or restructure our operations, the rate of technological changes, political, economic and other developments in countries where Philips operates, industry consolidation and competition. As a result, Philips' actual future results may differ materially from the plans, goals and expectations set forth in such forward-looking statements. For a discussion of factors that could cause future results to differ from such forward-looking statements, see the Risk management chapter included in our Annual Report 2009 and the "Risk and uncertainties" section in our semi-annual financial report for the six months ended July 4, 2010.

Third-party market share data

Statements regarding market share, including those regarding Philips' competitive position, contained in this document are based on outside sources such as 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-GAAP financial measures. These non-GAAP financial measures should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be used in conjunction with the most directly comparable IFRS measures. A reconciliation of such measures to the most directly comparable IFRS measures is contained in this document. Further information on non-GAAP measures can be found in our Annual Report 2009.

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 quoted prices or observable market data do not exist, we estimated the fair values using appropriate valuation models and unobservable inputs. They require management to make significant assumptions with respect to future developments, which are inherently uncertain and may therefore deviate from actual developments. Critical assumptions used are disclosed in our 2009 financial statements. Independent valuations may have been obtained to support management's determination of fair values.

All amounts in millions of euro's unless otherwise stated; data included are unaudited. Financial reporting is in accordance with IFRS, unless otherwise stated. This document comprises regulated information within the meaning of the Dutch Financial Markets Supervision Act 'Wet op het Financieel Toezicht'.

1. Philips Strategy and Investment Proposition

2. Group results Q2 2010

3. Healthcare, Consumer Lifestyle and Lighting

PHILIPS

A well-respected, blue-chip company for over 100 years

Founded in 1891

Headquartered in Amsterdam, the Netherlands

MAT Sales of EUR 24.8 billion

12% comparable growth during 1st half 2010

Emerging Markets

32% of MAT sales generated in Emerging Markets

Globally recognized brand (world top 50)

Our brand value almost doubled to \$8.1bn since 2004

117,000 employees

Sales and service outlets in over 100 countries

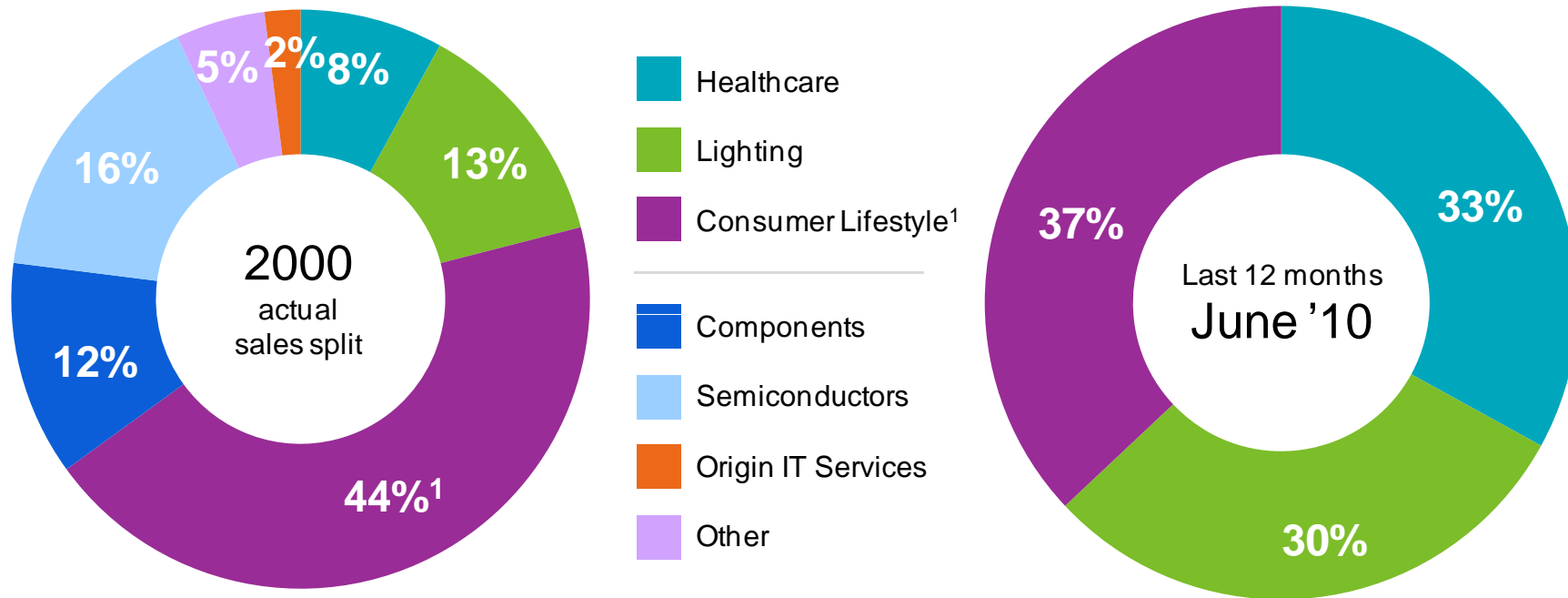
€1.6 billion investment in R&D, 7% of sales

48,000 patent rights – 35,000 registered trademarks – 56,000 design rights



Building a leading company in health and well-being

Over the past decade we have fundamentally simplified our business portfolio, investing proceeds from disposals in our Healthcare, Consumer Lifestyle and Lighting businesses



¹ Consumer Lifestyle in 2000 includes the former DAP and Consumer Electronics divisions

Portfolio leverages critical global trends

Fundamental growth trends

Global trends



Population growth, aging, higher healthcare aspirations and lifestyle related diseases mean that *healthcare costs will become unsustainable*



Increased welfare and changing lifestyles will drive *consumer focus on health and well-being*



The fundamental need to reduce our eco-footprint drives demand for *energy efficiency and sustainability*



The lighting industry will face a massive shift from conventional to *digital, dynamic lighting* and the entry of new, non-traditional players



The relative importance of *emerging markets* in the world economy continues to rise

Our opportunities

- Efficient health diagnostics and treatment
- Home healthcare
- Healthy lifestyle and preventive health
- Personal well-being
- Light for health and well-being
- Energy efficient lighting
- Emerging markets
- Sustainability

Well positioned through focus on health & well-being

Synergies across the portfolio

Our mission

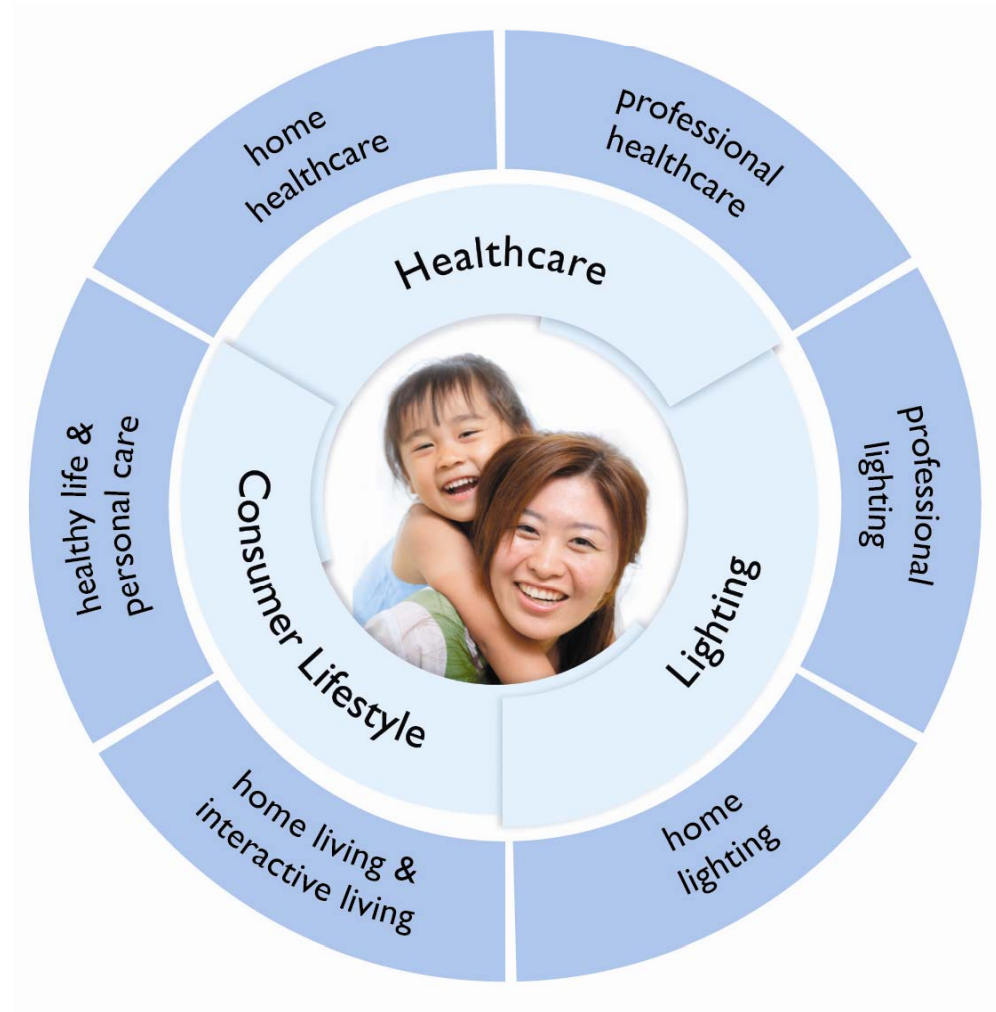
Improving people's lives

Our promise

"Sense and simplicity"

Our company

- Common, end-user driven innovation process
- Strong global brand
- Channel access and global presence
- Engaged workforce
- Technology, know-how and strong IP positions
- Economies of scale e.g. Shared service centers



PHILIPS

Our competitive difference will make us win

Innovation process

We follow a rigorous process to create meaningful innovations

Driving customer loyalty

We build customer loyalty to promote growth and profitability

Creating brand value

Driven by our brand promise “sense and simplicity”

Philips people

We develop highly engaged “Philips people”

Emerging markets

We keep on expanding our global footprint



Close customer relationships

Creating promoters of our brand

Customer loyalty

Is fundamental to growth and profitability.

We win the trust of customers and partners

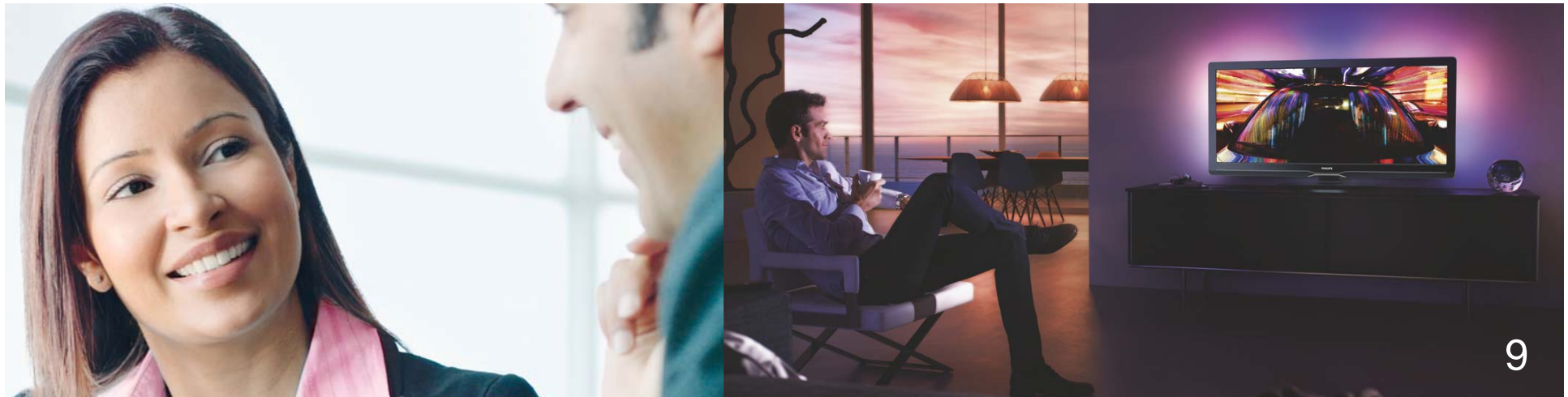
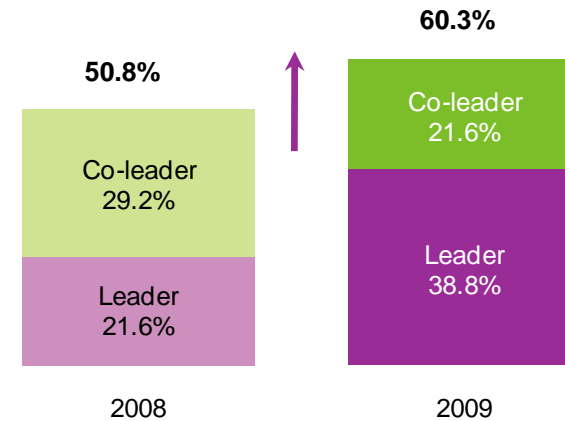
- By understanding and anticipating their needs
- By sharing our insights
- By providing the right products and solutions

We monitor our effectiveness

With the Net Promoter Score based on a simple question:
“Would you recommend us to a friend or colleague?”

Closer customer relationships in 2009

Strengthened our relationships and increased Net Promoter Score leadership positions to over 60%

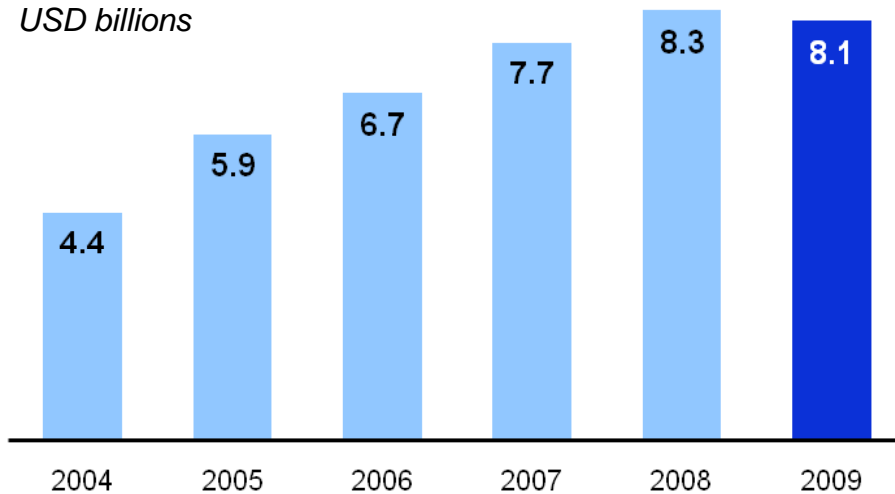


Moved up to world's 42nd most valuable brand in 2009

Up from 43rd in 2008

Value of the Philips brand*

USD billions



*because children love learning, but hate paying attention.

PHILIPS
sense and simplicity

*because when it comes to matters of the heart, men and women differ.

PHILIPS
sense and simplicity

*because the problem with exercise is a lack of time, not energy.

PHILIPS
sense and simplicity

A strong brand drives sales

A significant amount of sales is attributable to the brand alone:

- Healthcare 29%
- Consumer Lifestyle 24%
- Lighting 21%

High brand value¹ growth

Philips brand value, as measured by Interbrand, grew more than twice as fast as that of closest competitors. It has increased by 85% within a 5-year period (2004-2009), due largely to our Healthcare and Lighting businesses

Strong internal brand

78% of employees are “proud to work for Philips”

Brand campaign 2009

Developing thought leadership in health and well-being and making our trusted brand promise of ‘sense and simplicity’ meaningful in this area

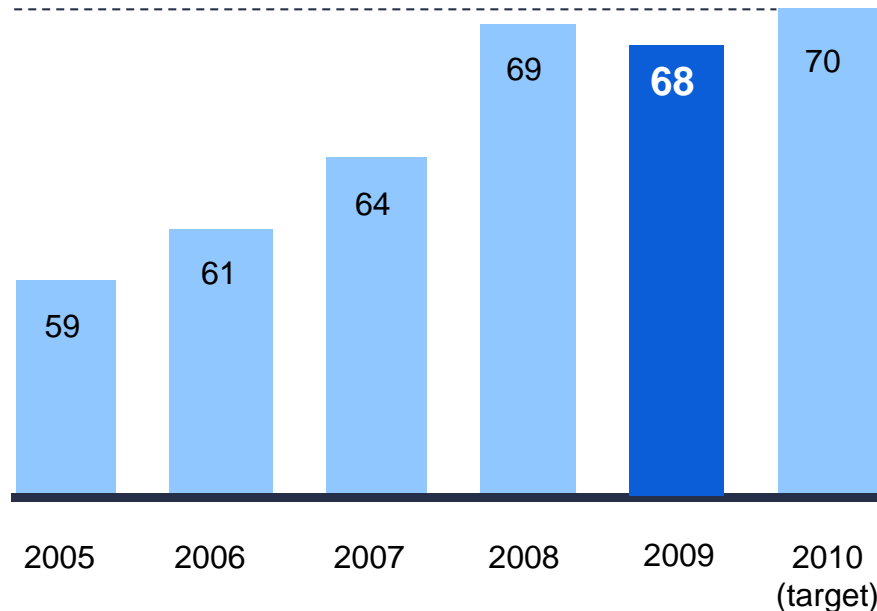
¹ Source: Interbrand Brand Valuation 2009

Philips people

Strong leadership, a highly engaged workforce

Employee Engagement Index

High performance benchmark



A strong leadership team

60 culturally diverse top leaders focus on driving our global businesses to reach their short and long term goals.

A high performance workforce

The annual 'employee engagement index' polling over 90,000 of the Philips workforce is touching the high performance benchmark of the 3rd party agency managing the survey.

Living the values

Philips has four simple values which 'live' within the company and drive the actions of our people.

An eye on the leaders of tomorrow

We structurally manage our talent, offering fast-track, stretch opportunities for top performers to ensure a quality succession pipeline for our leadership team.

A strong position in emerging markets

Represents a significant and growing part of our global footprint



Emerging markets represent 32% of sales

In healthcare double-digit growth in sales and order intake

High corporate brand equity¹

Consistently among the top-ranking players:
India: top 10%, China: top 10%,
Russia: top 40%, Brazil: top 10%

Championing growth with dedicated strategies

Based on local market insights, supported by increased marketing investments.

Increasing our footprint

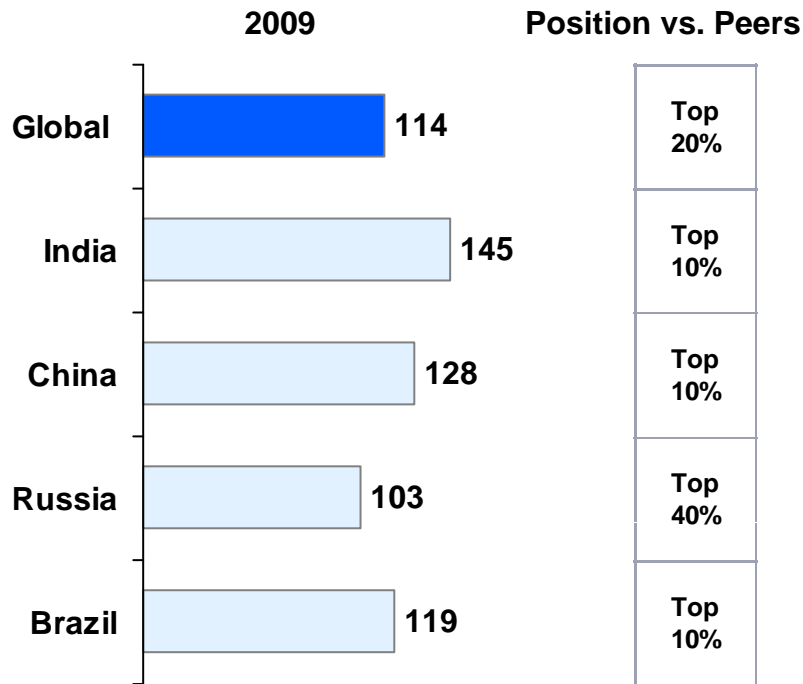
- Opened more than 100 exclusively branded stores in China and India
- Established an Imaging Systems Industrial Campus in Suzhou, China

¹ Source: TNS Consumer Heart BEAT brand equity study 2009

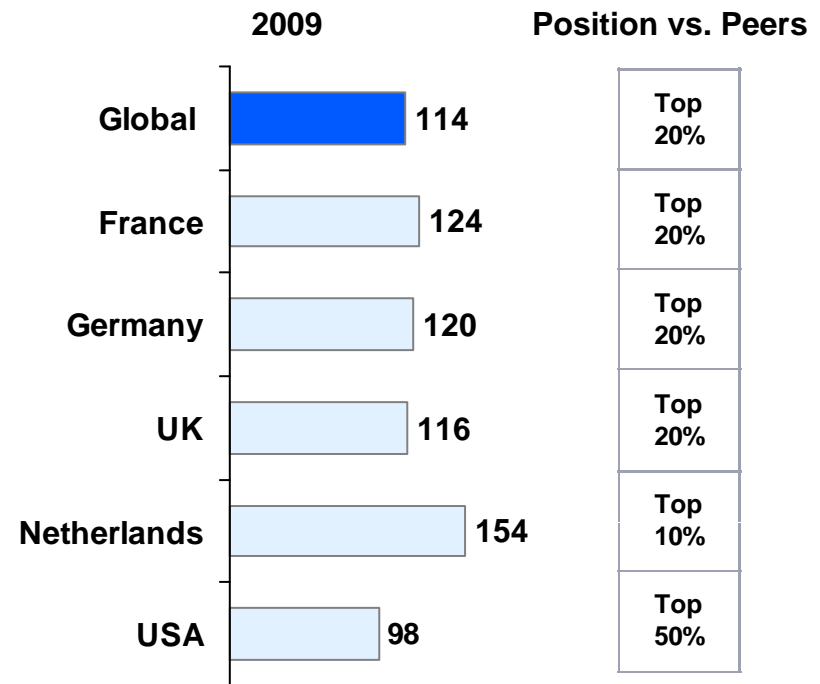
Emerging markets B2C

Continued strong brand equity in Emerging Markets means we are well-pointed to accelerate growth

**Corporate brand equity index, 2009
BRIC Markets**



**Corporate brand equity index, 2009
Mature Markets**



Sustainability as a driver for growth



Success of EcoVision4

Our Green Product sales represented around 30% of sales in 2009, 3 years ahead of our 2012 target. And we will complete our 2012 goal of cumulative EUR 1 billion of Green Investment in 2010.

Launch of our EcoVision5 program

A clear example of how we continue to drive business growth through Sustainability is the launch of our EcoVision5 program in 2010.

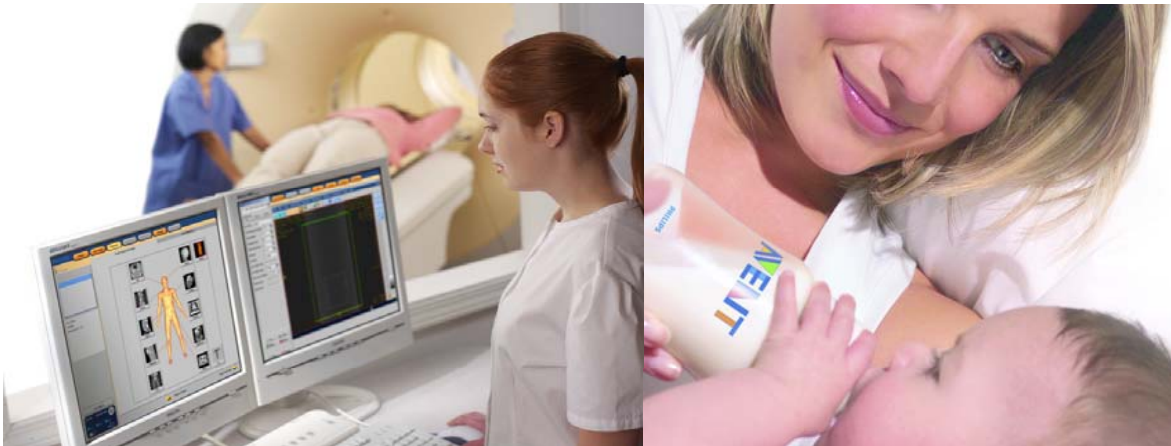
Targets for the period 2010 – 2015

- To bring care to 500 million people
- To improve the energy efficiency of our overall portfolio by 50%
- To double the amount of recycled materials in our products as well as to double the collection and recycling of Philips products

Philips investment proposition

Strategy and main financial objectives

“Philips’ strategy is to become the leading company in health and well-being. We believe that a steadily growing demand for healthcare, a healthy lifestyle and energy-efficient lighting solutions will – driven by an aging population, increased environmental awareness and expanding emerging markets – allow Philips to generate double-digit EBITA margins.”



Main financial objectives:

- Comparable sales growth **well in excess of global GDP**
- Adjusted Group **EBITA margin to 10% of sales or better** of which:

Healthcare	15-17%
Consumer Lifestyle	8-10%
Lighting	12-14%

- Generate a **return on invested capital of 12-13%**

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Headlines in Quarter 2

- Second-quarter EBITA of EUR 527 million and sales of EUR 6.2 billion
- Comparable sales up 12%, led by double-digit growth at Lighting and Consumer Lifestyle
- Emerging markets sales growth accelerates to 29%, now representing over one-third of Group sales
- EBITA of EUR 527 million, or 8.5% of sales
- EBITA, excluding EUR 93 million restructuring and acquisition-related charges, at 10% of sales
- Net income of EUR 262 million

Key Financials Summary – Q2 2010

EUR million

	Q2 2009	Q2 2010
Sales	5,230	6,191
EBITA	118 ¹	527 ¹
Financial income and expenses	(3) ²	(71) ²
Income tax	15	(82)
Net income (loss)	45	262
Net Operating Capital	11,804	14,083
Net cash from operating activities	446	562
Net capital expenditures	(195)	(214)
Free cash flow	251	348

- 1 - 2Q10 includes on balance EUR (93)M of charges while 2Q09 included in total EUR (165)M of charges and a gain of EUR 90M related to legal settlements and insurance recoveries
- 2 - 2Q10 included a negative amount of EUR (12)M related to TPV option fair value adjustment while 2Q09 included a EUR 48M gain on the sale of shares of Pace and a EUR 14M favorable fair-value adjustment of the TPV bond option

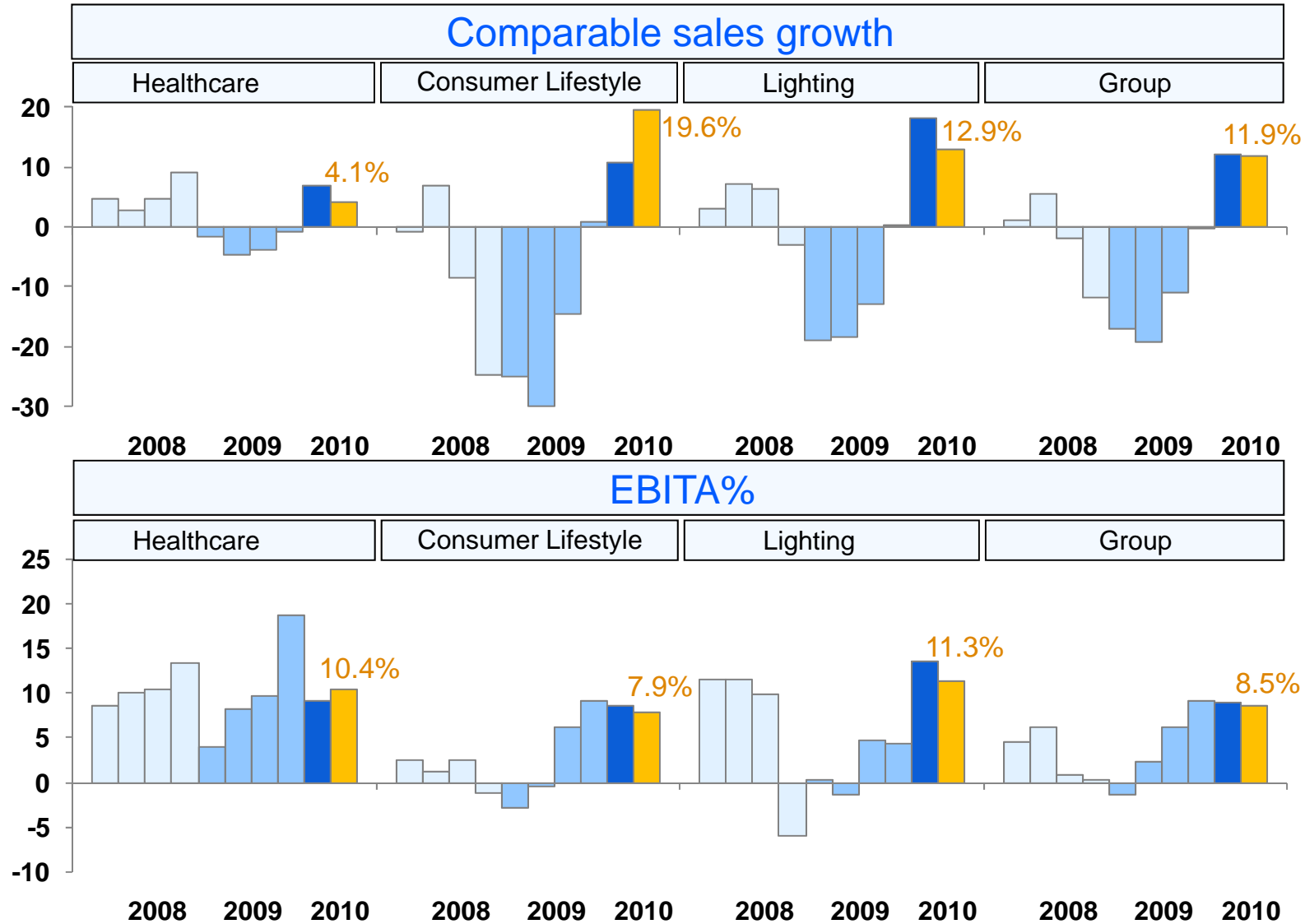
Sales by sector – Q2 2010

EUR million

	Q2 2009	Q2 2010	Sales growth composition (in %)			
			Comp	currency	portfolio	Nom
Healthcare	1,872	2,068	4	6.5	(0.1)	10
Consumer Lifestyle	1,735	2,183	20	6.5	(0.3)	26
Lighting	1,550	1,859	13	6.9	0.1	20
GM&S	73	81	11	5.9	(6.1)	11
Group sales	5,230	6,191	12	6.6	(0.1)	18

Sales Growth and EBITA Margin Development

Comparable sales growth and EBITA%



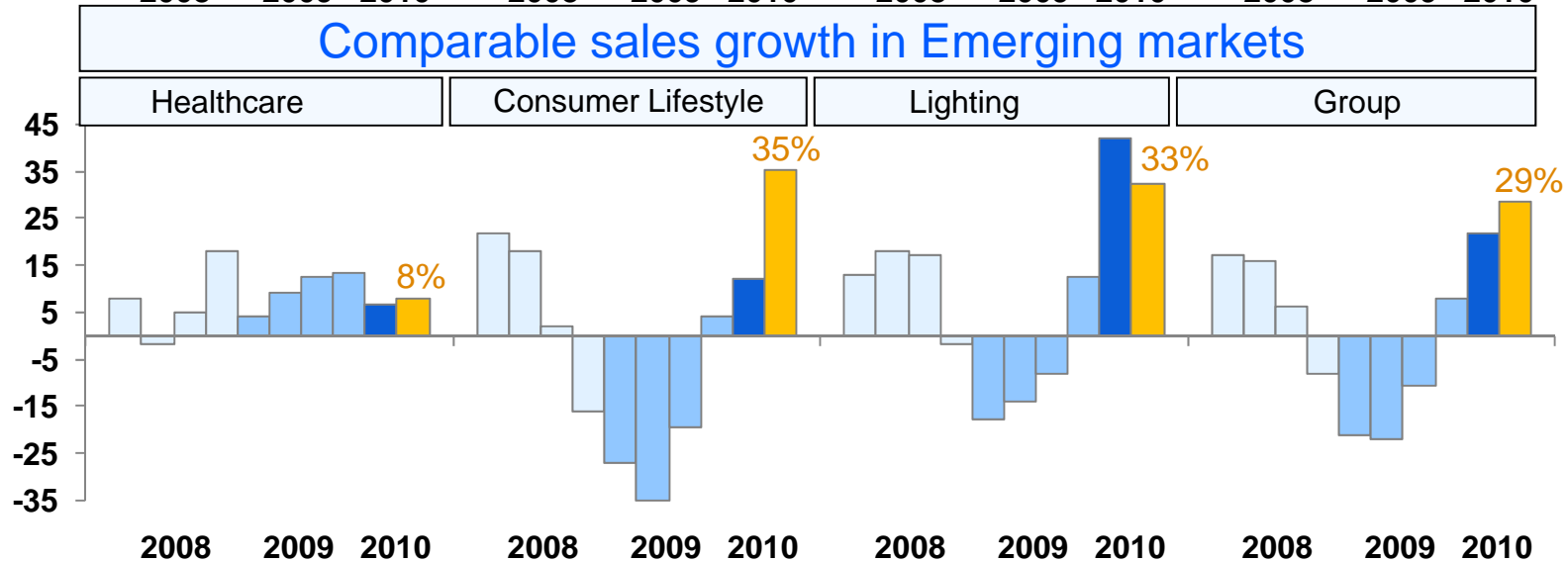
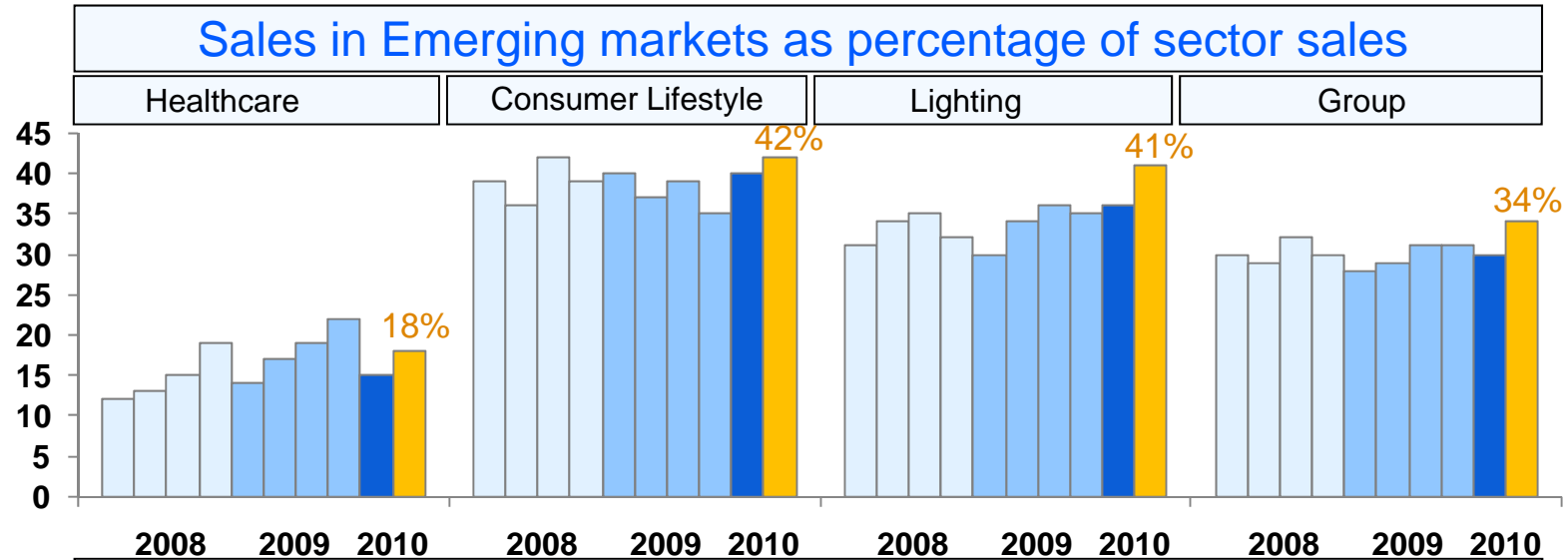
Sales by market cluster – Q2 2010

EUR million

	Q2 2009	Q2 2010	% nom	% comp
Western Europe	1,803	1,986	10	8
North America	1,633	1,745	7	0
Other mature markets	290	370	28	12
Emerging markets	1,504	2,090	39	29
Group sales	5,230	6,191	18	12

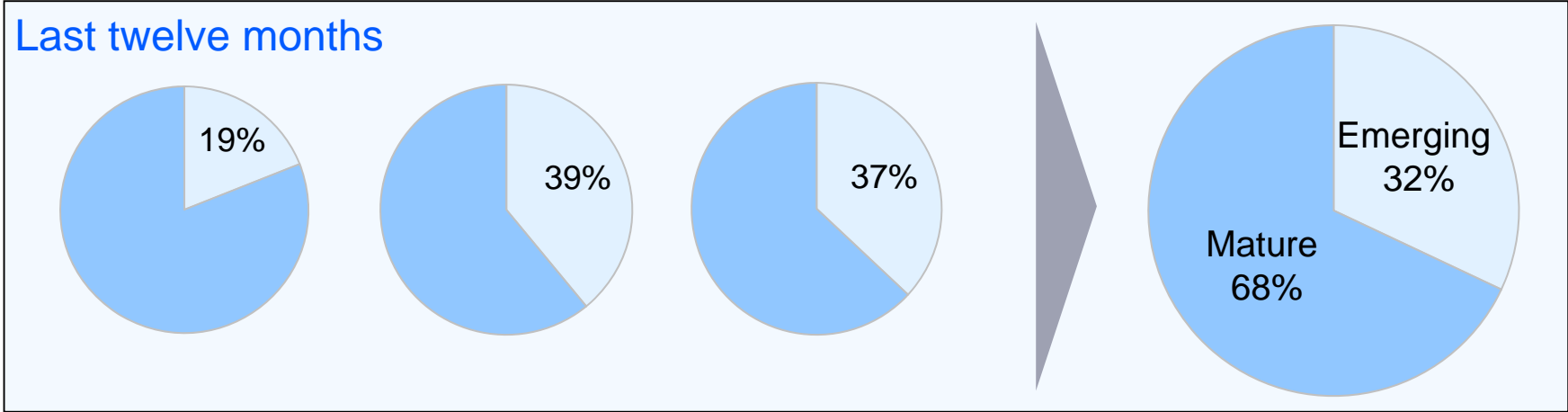
Emerging Markets Sales: trend through Q2 2010

Sales growth in emerging markets



Emerging Markets – Q2 2010 & last twelve months

Sales in emerging markets

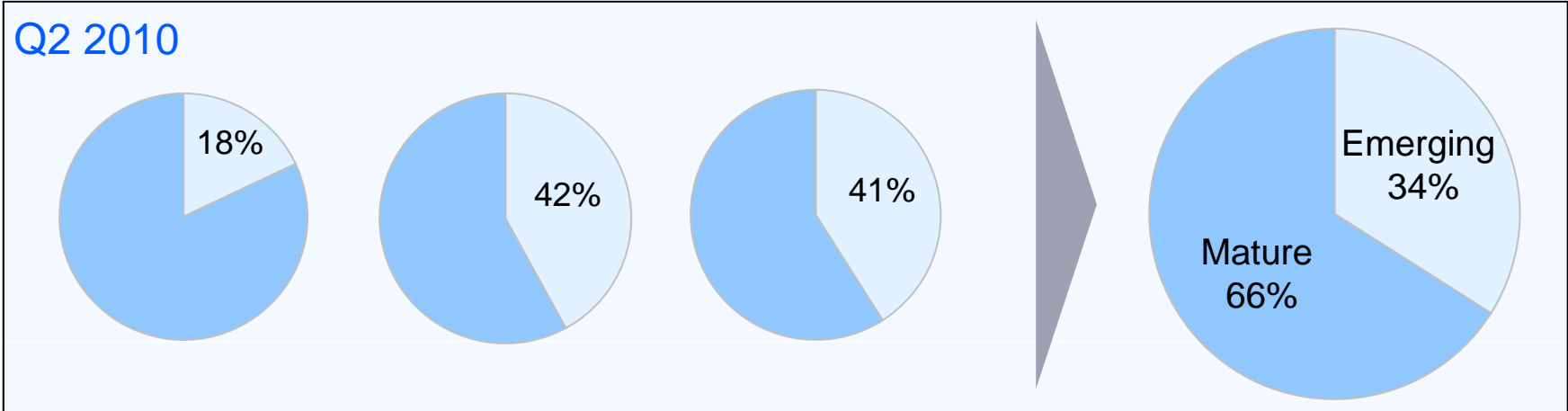


Healthcare

Consumer Lifestyle

Lighting

Philips Group



EBITA by sector – Q2 2010

EUR million

	Q2 2009	Q2 2010
Healthcare	153 ¹	216 ¹
Consumer Lifestyle	(7) ²	173 ²
<i>of which Television</i>	(99)	(8)
Lighting	(21) ³	210 ³
GM&S	(7) ⁴	(72)
Philips Group	118	527
as % of sales	2.3%	8.5%

1 - 2Q10 includes EUR (46)M of restructuring and acquisition-related charges; 2Q09 included on balance EUR (24)M charges

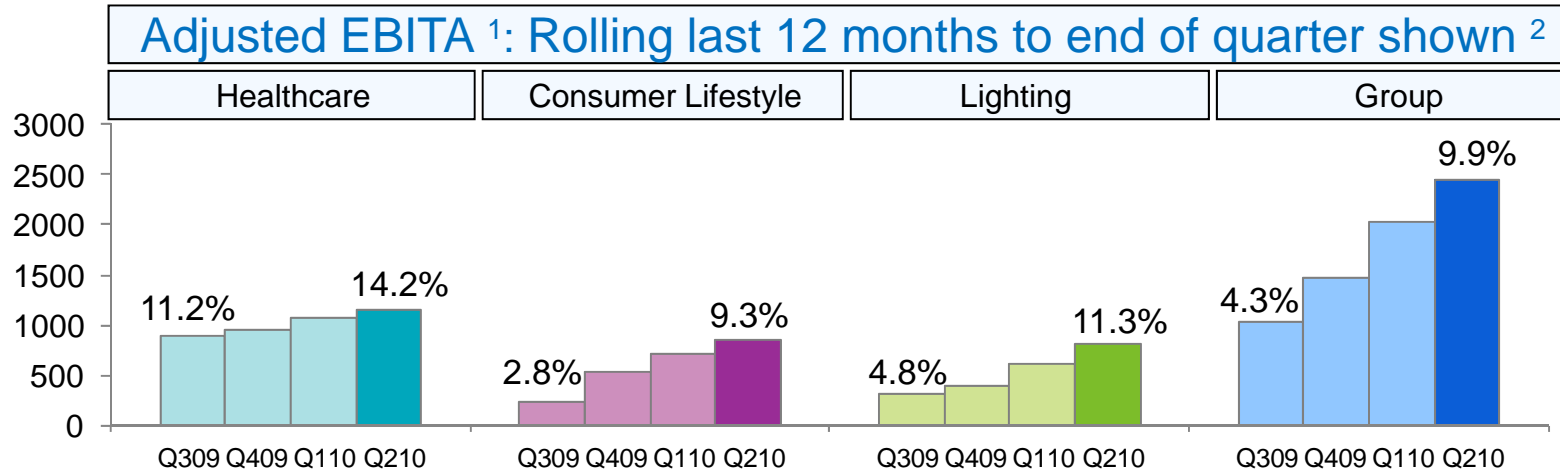
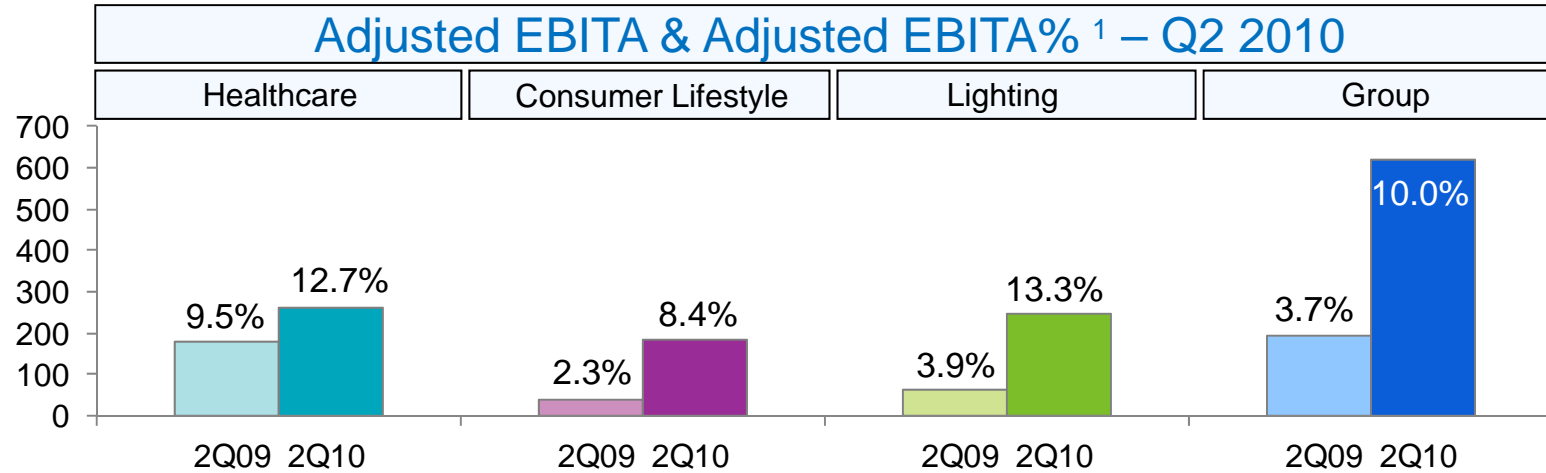
2 - 2Q10 includes EUR (10)M of restructuring and acquisition-related charges; 2Q09 included on balance EUR (47)M charges, including EUR (17)M provision for product recall Senseo

3 - 2Q10 includes EUR (37)M of restructuring and acquisition-related charges; 2Q09 included EUR (82)M charges

4 - 2Q09 includes EUR (13)M of restructuring and acquisition-related charges and a gain of EUR 90M related to legal settlements and insurance recoveries

Adjusted EBITA: Q2 2010 & last twelve months

EUR million

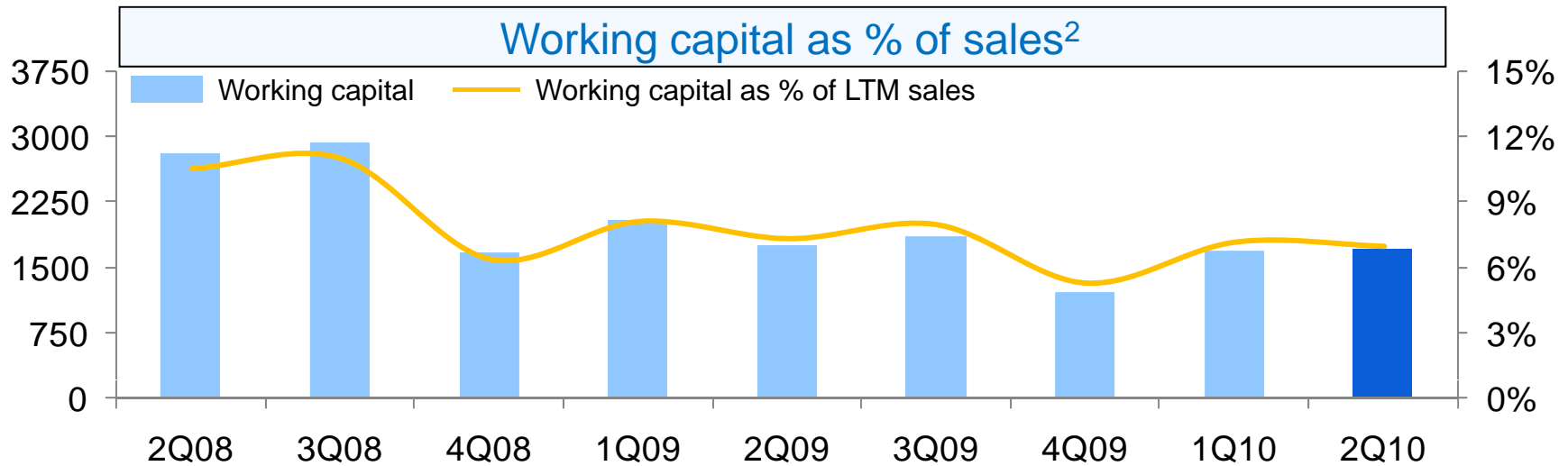
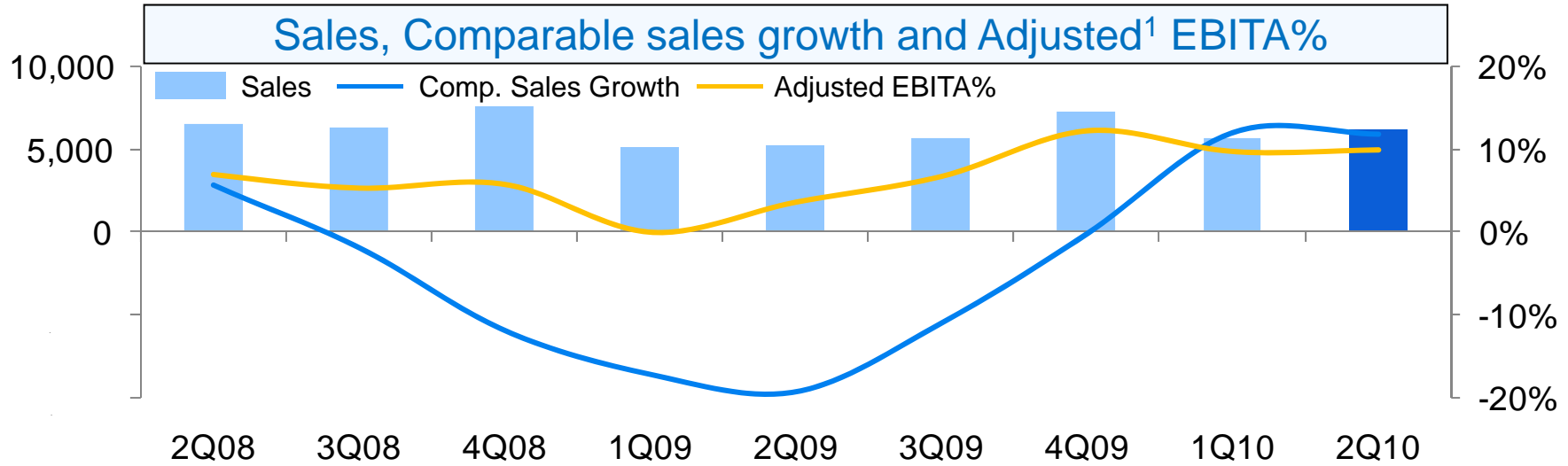


¹ Adjusted EBITA is EBITA corrected for incidental charges (details 2008 in quarterly information booklet Q4 2009 and details 2009/ 2010 in this quarterly information booklet slide 65)

² The lower chart shows the last twelve months adjusted EBITA ending in each of the four quarters shown

Philips: key financials over the last two years

EUR million



¹ Adjusted EBITA is EBITA corrected for incidental charges (details in quarterly information booklet slide 65)

² Working Capital as % of sales of Healthcare, Consumer Lifestyle and Lighting; excluding central sector GM&S

Fixed costs are structurally being reduced

In view of macro-economic developments, Philips accelerated their planned initiatives to further increase organizational effectiveness and to lower fixed cost by streamlining operations and simplifying the structure.

Our restructuring plans announced since 2008 will lead to a reduction in our 2010 fixed cost base of well over EUR 700 million compared to the run rate in 2008. Restructuring costs for the full year 2010 are now expected to be towards the upper end of the original EUR 150M – 250M range.

Restructuring <i>EUR million</i>	Cost ¹				Cash out Q210	Benefit ² <i>compared to 2008 baseline</i>		
	FY2008	FY2009	2Q10	3Q10E		FY2009	2Q10	3Q10E
Healthcare	(63)	(42)	(38)	(5)	(19)	105	46	50
Consumer Lifestyle	(198)	(120)	(7)	(20)	(18)	200	70	75
Lighting	(245)	(225)	(32)	(35)	(41)	82	52	55
GM&S	(31)	(63)	-	-	5	31	10	10
TOTAL	(537)	(450)	(77)	(60)	(73)	418	178	190

¹ These numbers exclude acquisition-related charges of EUR 130M for FY2008, EUR 101M for FY2009 and EUR 16M for 2Q10

² For 2009 actual benefit realized per quarter see slide 66

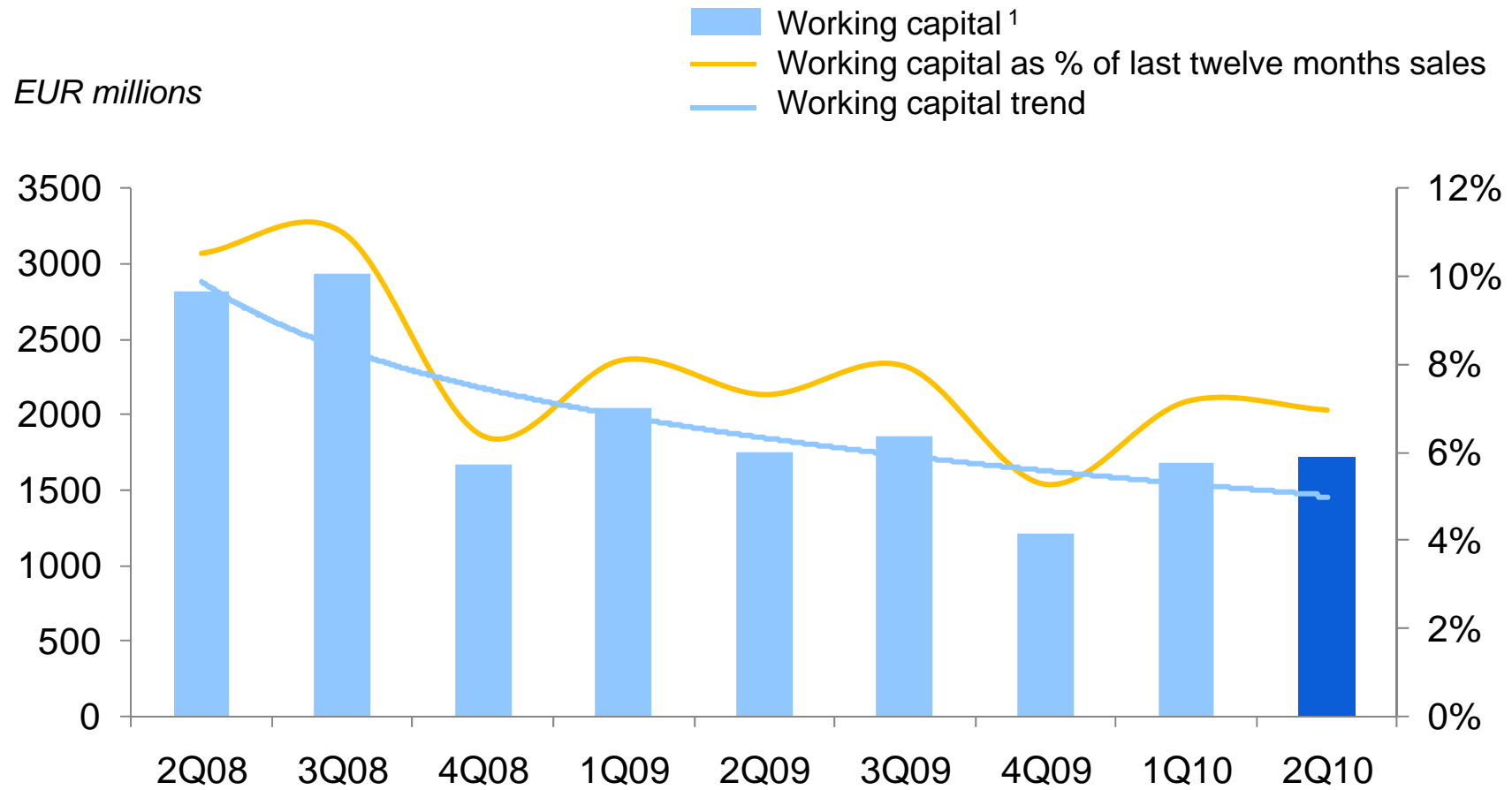
Cash Flow from continuing operations – Q2 2010

EUR million

	Q2 2009	Q2 2010
Net income from continuing operations	45	262
Depreciation / amortization / impairments	321	353
Net gain on sale of assets	(51)	(12)
Changes in Working Capital, of which:	229	132
- changes in Net inventories	130	(354)
- changes in Accounts receivable	98	(127)
- changes in Accounts payable	1	613
Other	(98)	(173)
Cash flow from operations	446	562
Expenditures on development assets	(52)	(55)
Gross capital investments	(140)	(167)
Acquisitions / divestments / other	7	(28)
Cash flow before financing activities	261	312

Continued strict cash flow management

Structural reduction in working capital turns

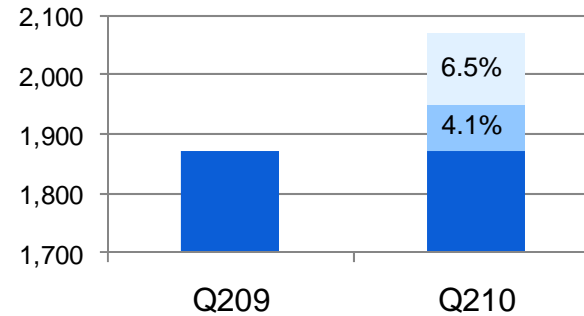
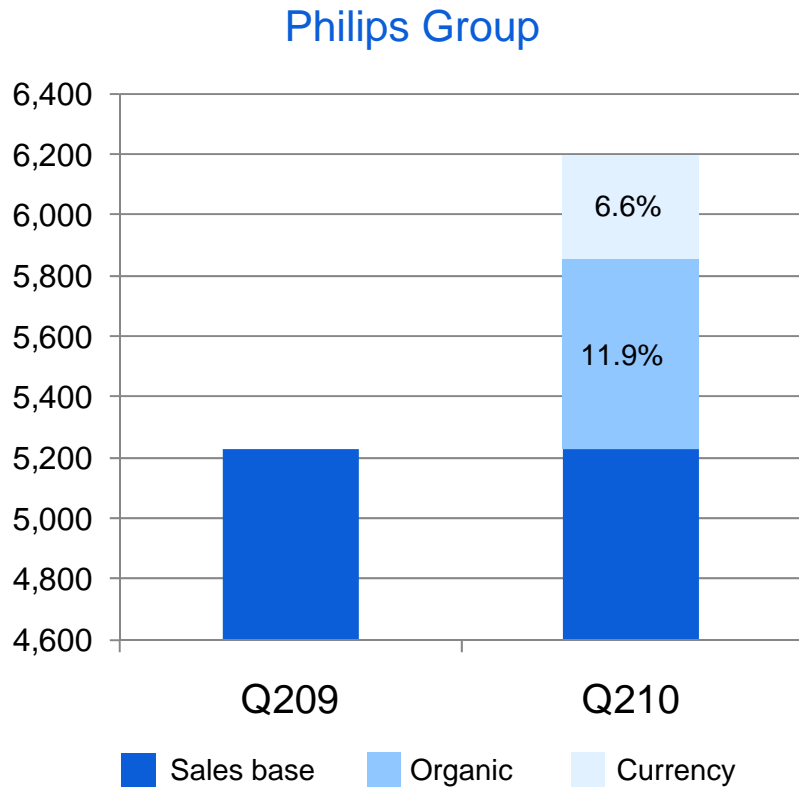


¹ Working Capital of Healthcare, Consumer Lifestyle and Lighting; excluding central sector GM&S

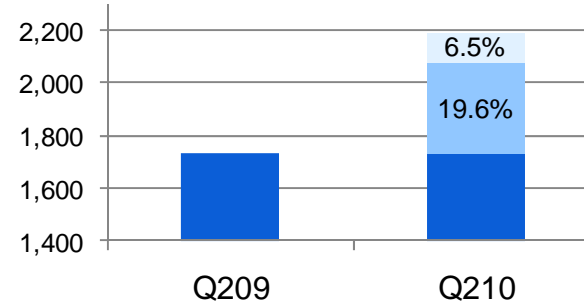
Currency sales impact Q2 2010

Currency effects attributed 6.6% to Q2 comparable growth

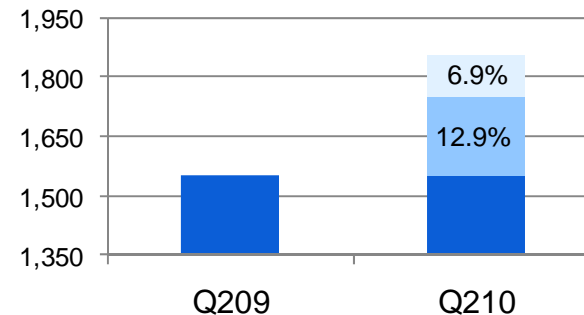
Currency fluctuations are playing an increasing role in the comparability of sales, in particular the recent weakness of the Euro vs. USD. The impact of currencies on sales is depicted on this sheet.



Healthcare



Consumer Lifestyle



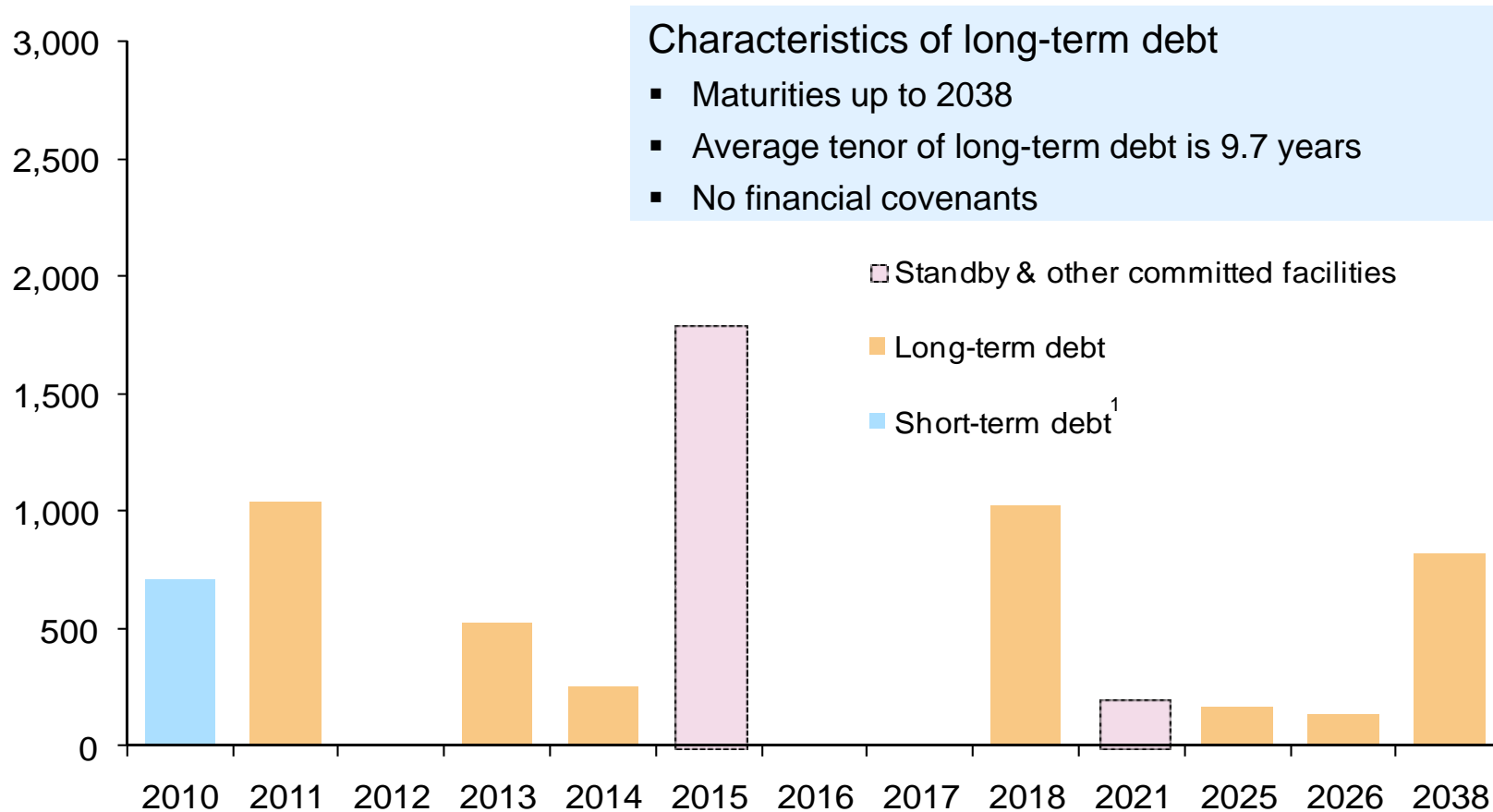
Lighting

Remark: consolidation changes were immaterial and were excluded from this overview, see page 25 of the Q2 2010 press release for further details

First long-term debt maturing as of 2011

Debt maturity profile as of June 2010

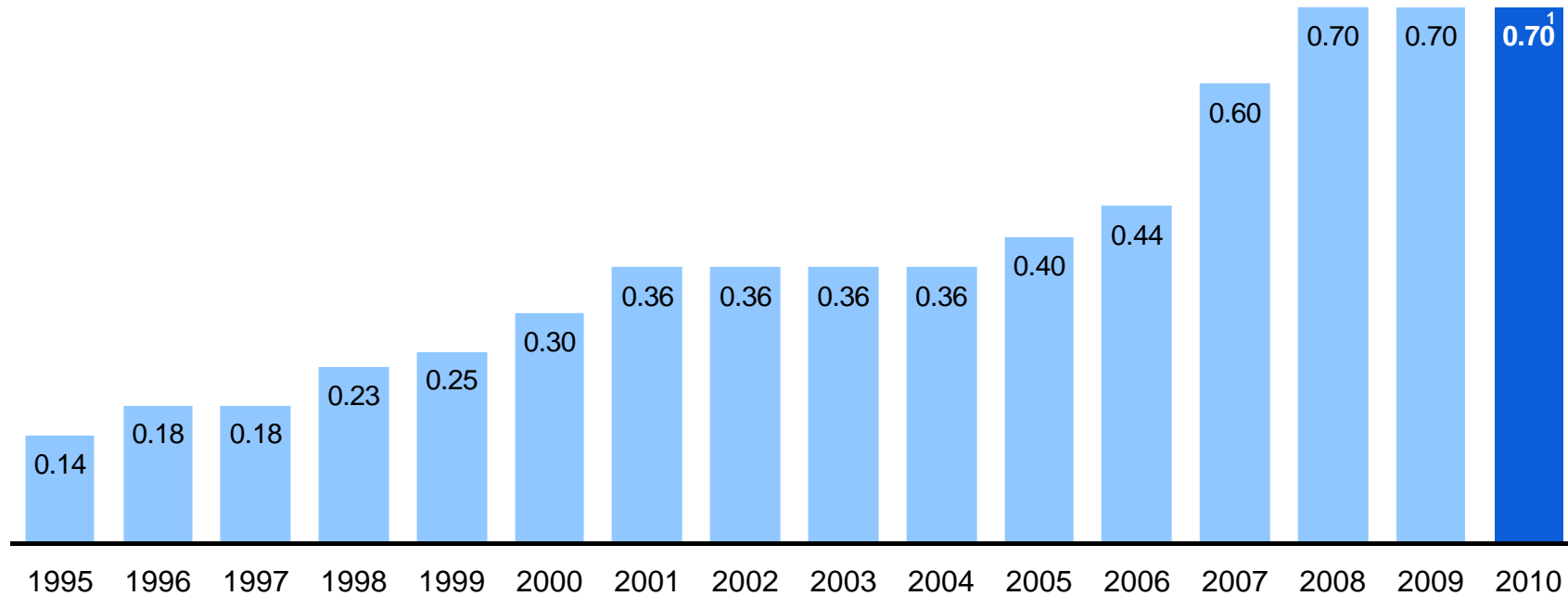
Amounts in EUR millions



¹ Short term debt consists mainly of local credit facilities that are being rolled forward on a continuous basis.

A history of sustainable dividend growth

EUR cents per share



“Our aim is to sustainably grow our dividend over time. Philips’ present dividend policy is based on an annual pay-out ratio of 40 to 50% of continuing net income.”

¹ Elective dividend, proposal approved during the General Shareholders Meeting on March 25th, 2010

Last twelve months acquisitions at a glance

Healthcare

Jul-2009	InnerCool	Clinical Care Systems	Broaden offering in emergency care by adding body temperature management
Feb-2010	Somnolyzer	Home Healthcare	Somnolyzer 24x7 automated-scoring solution that can improve the productivity of sleep centers

Consumer Lifestyle

Jul-2009	Saeco	Domestic Appliances	Expand in high-growth, high-margin espresso market with strong products range
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Lighting

Jul-2009	Teletrol	Lighting Electronics	Adds to portfolio of intelligent light and energy management solutions
Feb-2010	Luceplan	Consumer Luminaires	Iconic brand in the premium design segment for residential applications
Jul-2010	Street light control portfolio	Lighting Electronics	Strengthen outdoor lighting portfolio with acq. street lighting controls activities of Amplex A/S

Management agenda 2010

The leading company in health and well-being

Drive performance	Accelerate change	Implement strategy
<p>Drive top-line growth and market share</p> <p>Continue to reduce costs and improve cost agility</p> <p>Further increase cash flow by managing cash aggressively</p>	<p>Increase customer centricity by empowering local markets and customer facing staff</p> <p>Increase number of businesses with NPS co/leadership positions</p> <p>Increase employee engagement to high performance level</p>	<p>Increase our market position in emerging markets</p> <p>Drive key strategy initiatives for each sector</p> <ul style="list-style-type: none"> • Move towards leadership position in imaging • Grow Home Healthcare • Grow Health and Wellness • Manage TV to profitability • Become lighting solutions leader in outdoor • Grow consumer luminaires • Optimize lamps lifecycle <p>Leverage Sustainability as an integral part of our strategy</p>

Our 3 key financial performance metrics: Revenue, EBITA, Free Cash Flow

Our 3 non - financial performance metrics: Net Promoter Score, Employee Engagement, Productivity

1. Philips Strategy and Investment Proposition

2. Group results Q2 2010

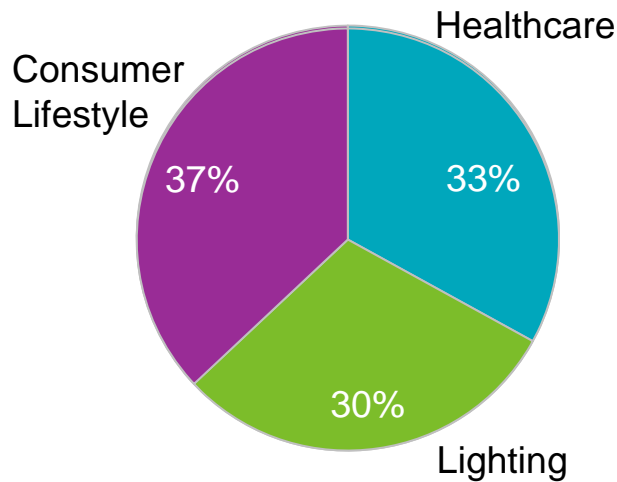
3. Healthcare, Consumer Lifestyle
and Lighting

Our focused health & well-being portfolio: Healthcare, Consumer Lifestyle and Lighting

Last twelve months

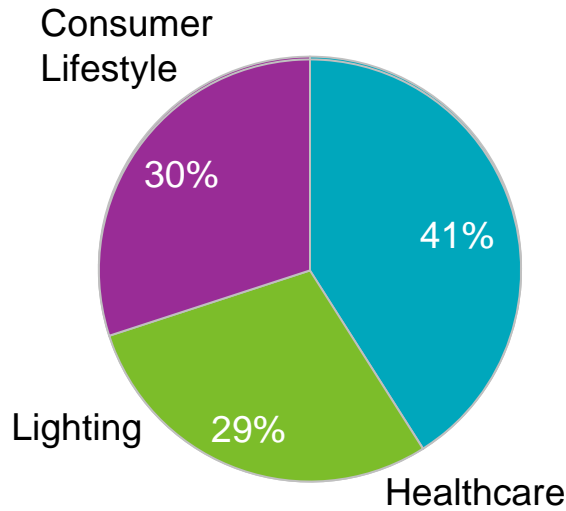
Sales

100% = EUR 24.4B¹



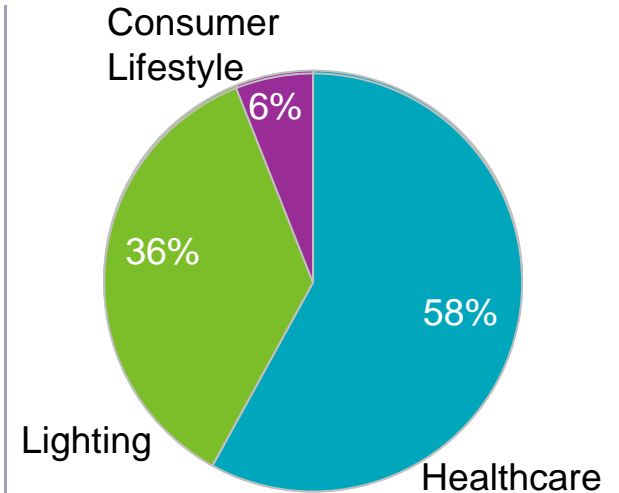
Adjusted EBITA

100% = EUR 2.8B^{1, 2}



Net Operating Capital

100% = EUR 16.5B¹



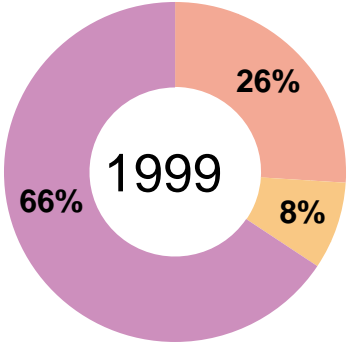
¹ Excluding Central sector (GM&S)

² EBITA adjustments based on the following charges; for Healthcare EUR 142M, for Consumer Lifestyle EUR 117M and for Lighting EUR 191M of charges are excluded.

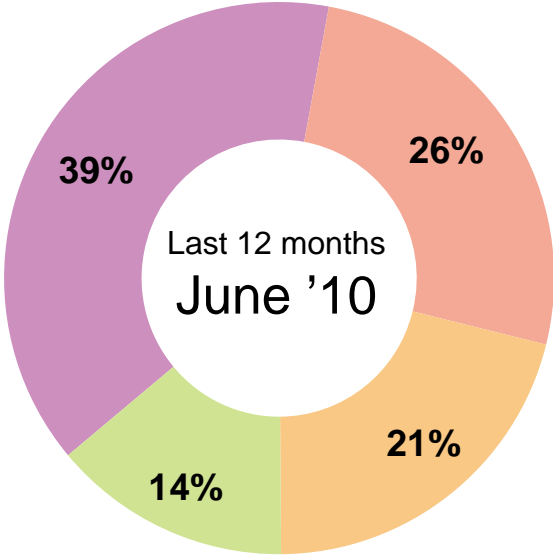
The power of Healthcare

Further strengthening our global leadership

Total sales EUR 2.5 billion



Total sales EUR 8.1 billion



- Imaging
- Customer service
- Patient care and clinical informatics
- Home healthcare solutions

Target margin 15-17%



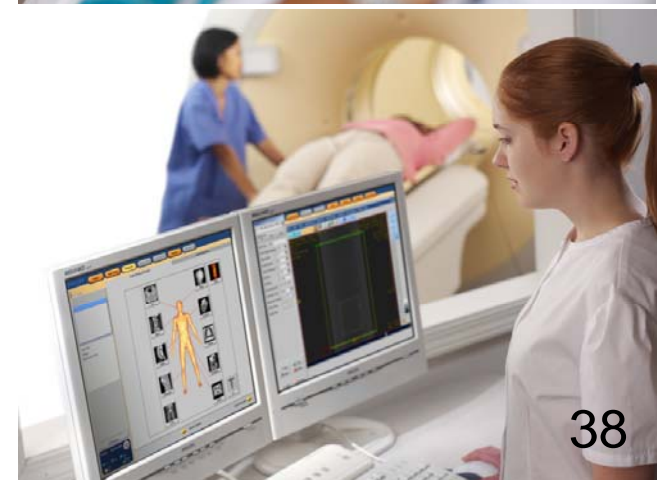
Healthcare opportunities

Global trends

- Ageing population leading to a spike in chronic diseases
- Urbanization and rise of emerging markets leading to lifestyle changes, fueling cardiovascular illnesses and respiratory and sleeping disorders

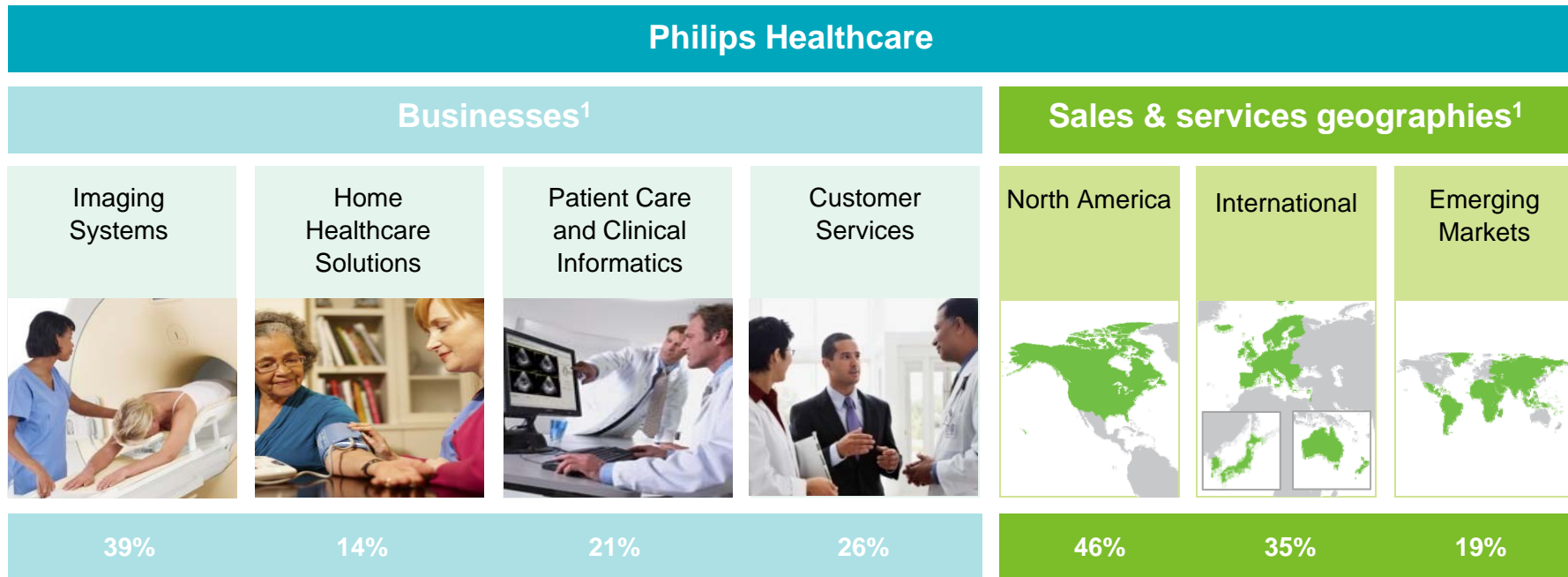
Priorities

- Move towards leadership position in Imaging Systems:
 - New products addressing the needs of customers in all segments – such as breakthrough PET/CT system and value 16 slice CT scanner – well perceived
 - New Industrial Campus for Imaging Systems in China
- Grow our Home Healthcare business:
 - Launch of a new Philips Respironics sleep therapy product range end of 2009
 - Philips Lifeline introduced its next generation medical alert service in the first quarter of 2010



Depth and reach of Philips Healthcare

What we do. Where we are.



€7.8
Billion sales
in 2009

34,000+
People employed
worldwide in 100 countries

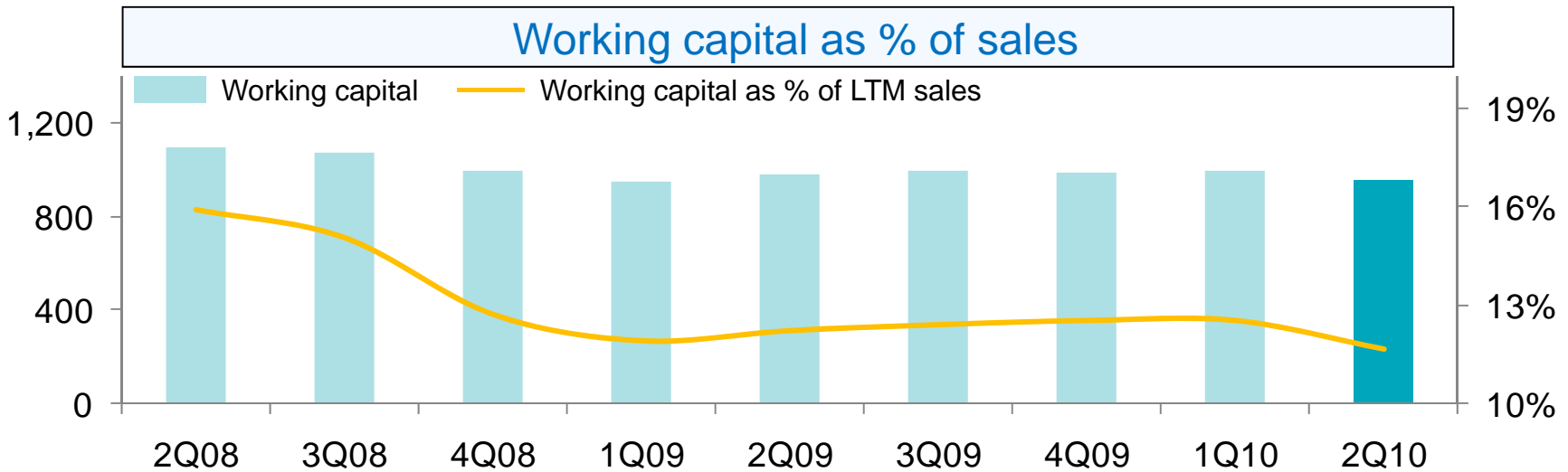
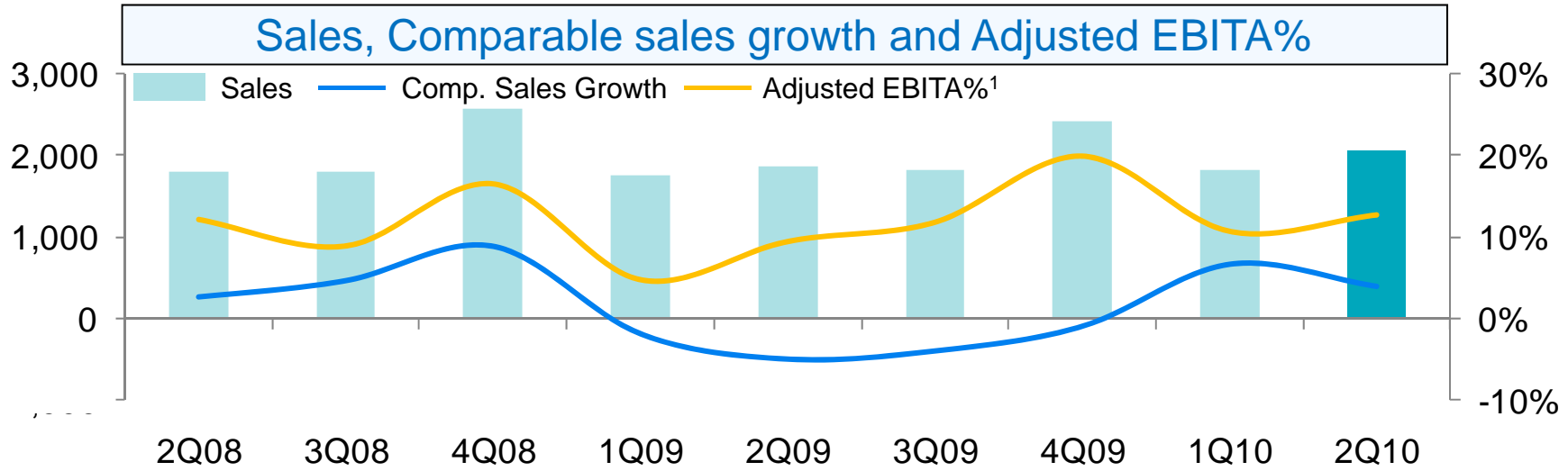
9%
of sales invested in R&D
in 2009

450+
Products & services
offered in over 100 countries

¹ Last 12 months June 2010

Healthcare: key financials over the last two years

EUR million



¹ Adjusted EBITA is EBITA corrected for incidental charges (details on slide 65)

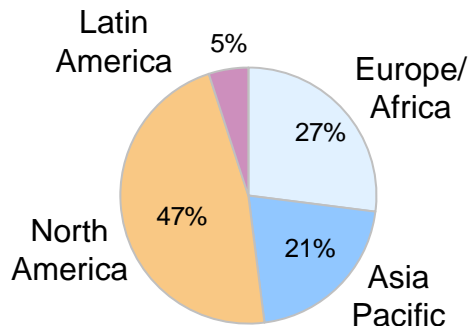
Healthcare: Q2 2010 Sector analysis

EUR million

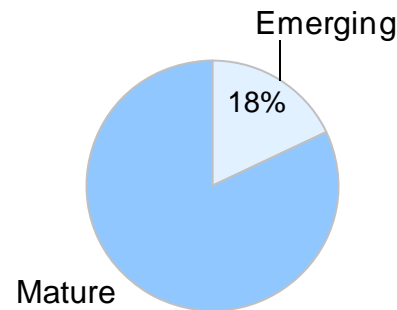
Key figures

	2Q09	1Q10	2Q10
Sales	1,872	1,821	2,068
<i>% sales growth comp.</i>	(5)	7	4
EBITA	153	166	216
<i>EBITA as % of sales</i>	8.2	9.1	10.4
EBIT	88	103	148
<i>EBIT as % of sales</i>	4.7	5.7	7.2
NOC	8,738	8,831	9,545
Employees (FTEs)	35,094	34,381	34,344

Sales per region 2Q10



Emerging markets



Financial performance

- Currency-comparable equipment order intake increased by 10% year-on-year, with improvements across all businesses, notably at Patient Care and Clinical Informatics. In North America, equipment orders were 11% higher on a comparable basis.
- Comparable sales increased by 4% year-on-year, with higher sales in all businesses. From a regional perspective, comparable sales in North America were in line with Q2 2009, while in markets outside North America they grew by 6%.
- EBITA increased by EUR 63 million year-on-year to EUR 216 million, or 10.4% of sales. Excluding restructuring and acquisition-related charges of EUR 46 million, EBITA amounted to EUR 262 million, or 12.7% of sales, compared to EUR 177 million, or 9.5% of sales, in Q2 2009. The improvement was driven by Imaging Systems, Customer Services and Patient Care and Clinical Informatics as a result of higher margins from improved sales and ongoing cost management.

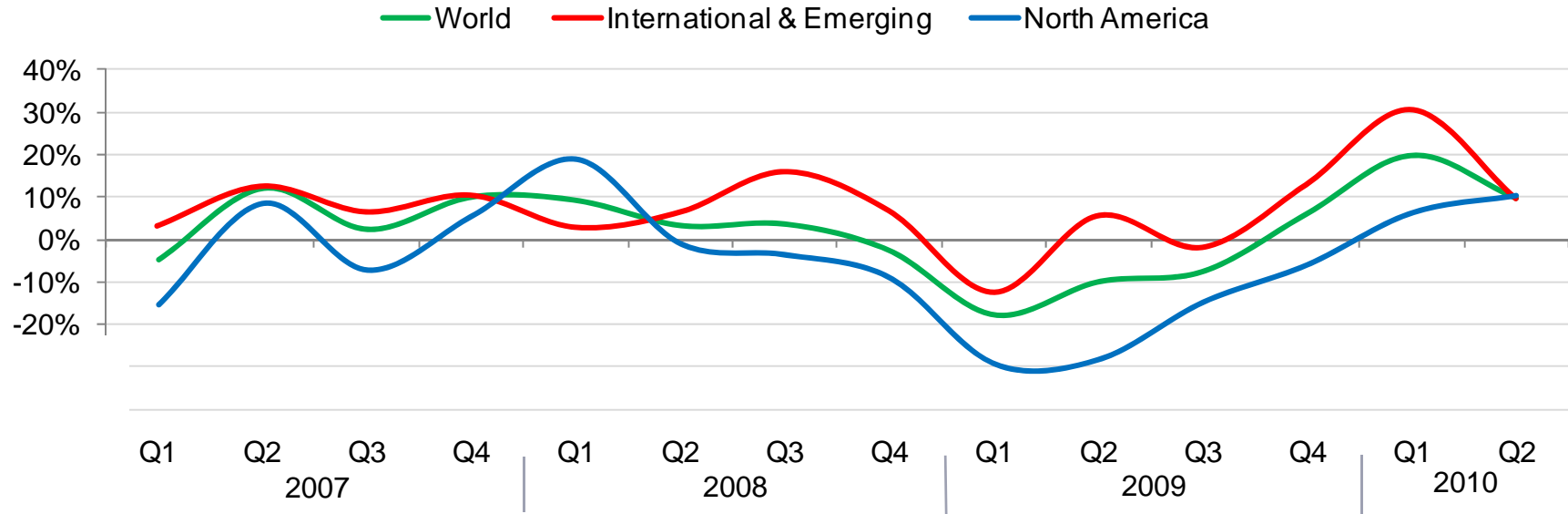
Looking ahead

- Philips will introduce its Healthcare Consulting Solutions to help healthcare providers improve productivity, reduce costs, grow revenue and deliver better patient care.
- Philips expects to introduce innovations in cardiac ultrasound in the second half of 2010, designed to provide clinicians with the versatility of 2D or 3D imaging, or a combination of both.
- Restructuring and acquisition-related charges in Q3 2010 are expected to total around EUR 15 million.

Healthcare: Equipment order intake

An improving trend in recent quarters

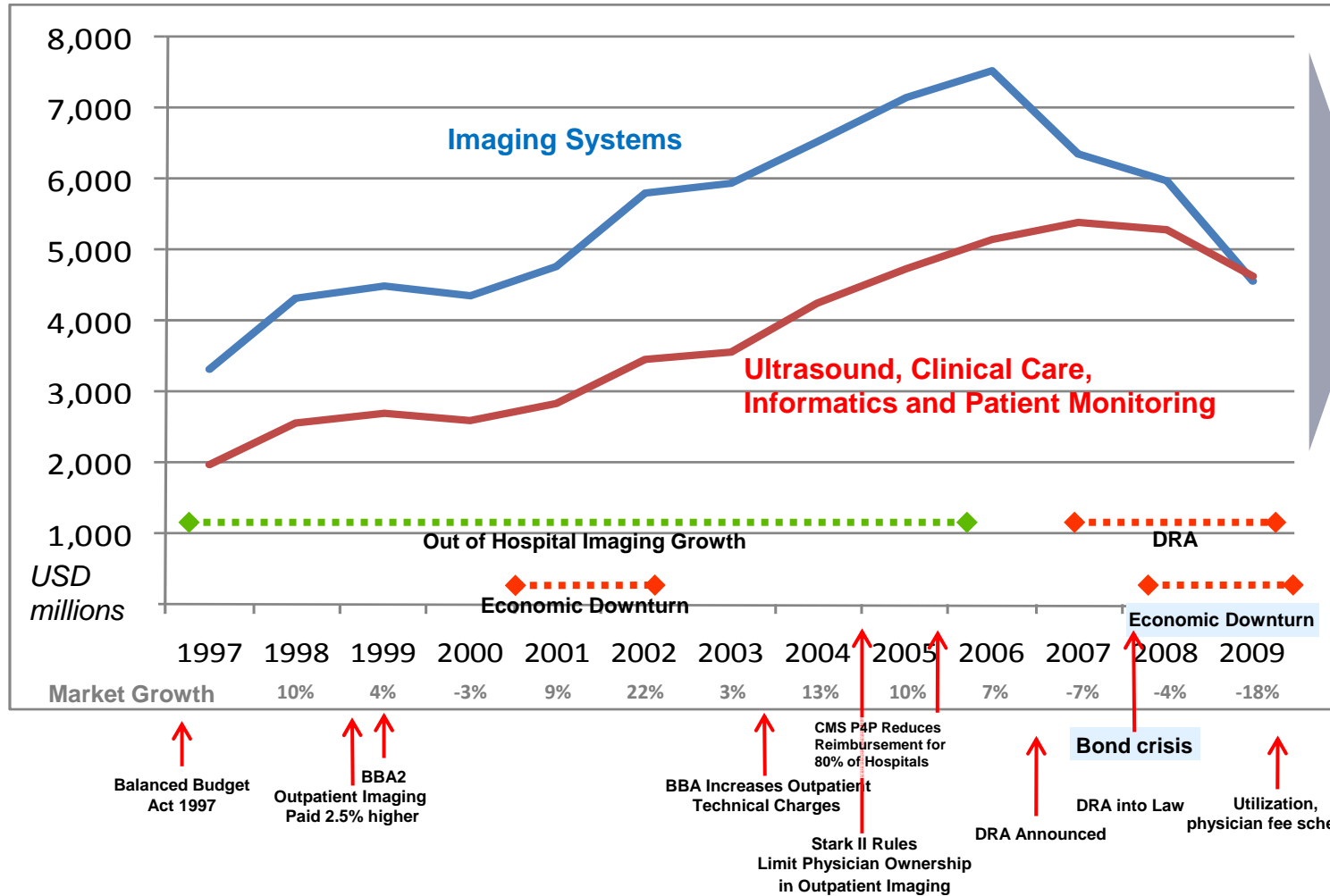
Quarterly currency adjusted equipment order intake



Currency adjusted order intake only relates to the Imaging Systems and Patient Care & Clinical Informatics businesses which account for approximately 60% of the Healthcare portfolio.

Healthcare historical market development

North America Market Size/Growth and Impacts



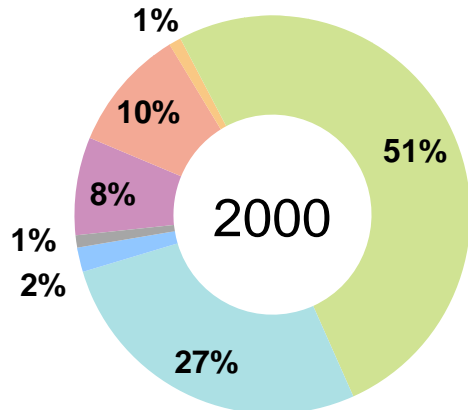
Philips current expectation for the US Imaging Systems market for 2010 and thereafter is 2-4% growth

Legislative actions and recent economic turmoil combine to impact healthcare market over time.

The power of Consumer Lifestyle

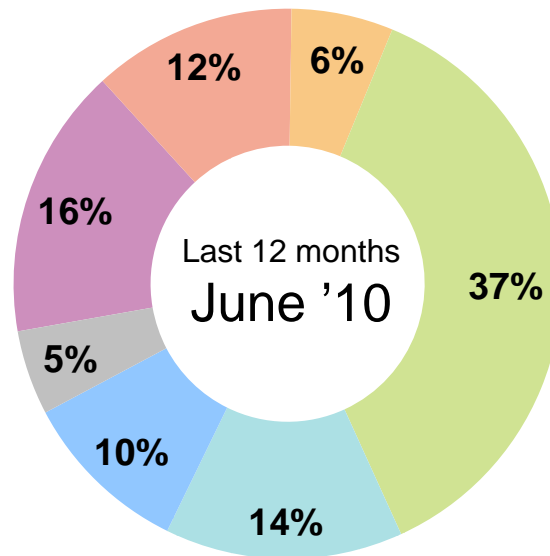
Focusing on differentiating profitable businesses

Total sales EUR 11.3 billion¹



- Domestic appliances
- Personal Care
- Health & wellness
- Television
- Audio & video multimedia
- Accessories
- Other incl. Licenses

Total sales EUR 9.1 billion



Target margin 8-10%

¹ DAP and Mainstream part of Consumer Electronics only



Consumer Lifestyle opportunities

Global trends

- Consumers are increasingly focused on their Health and Well-being
- The already substantial middle and upper income segments of Emerging Markets are growing fast
- Back to basics: consumers want simple propositions from trusted brands

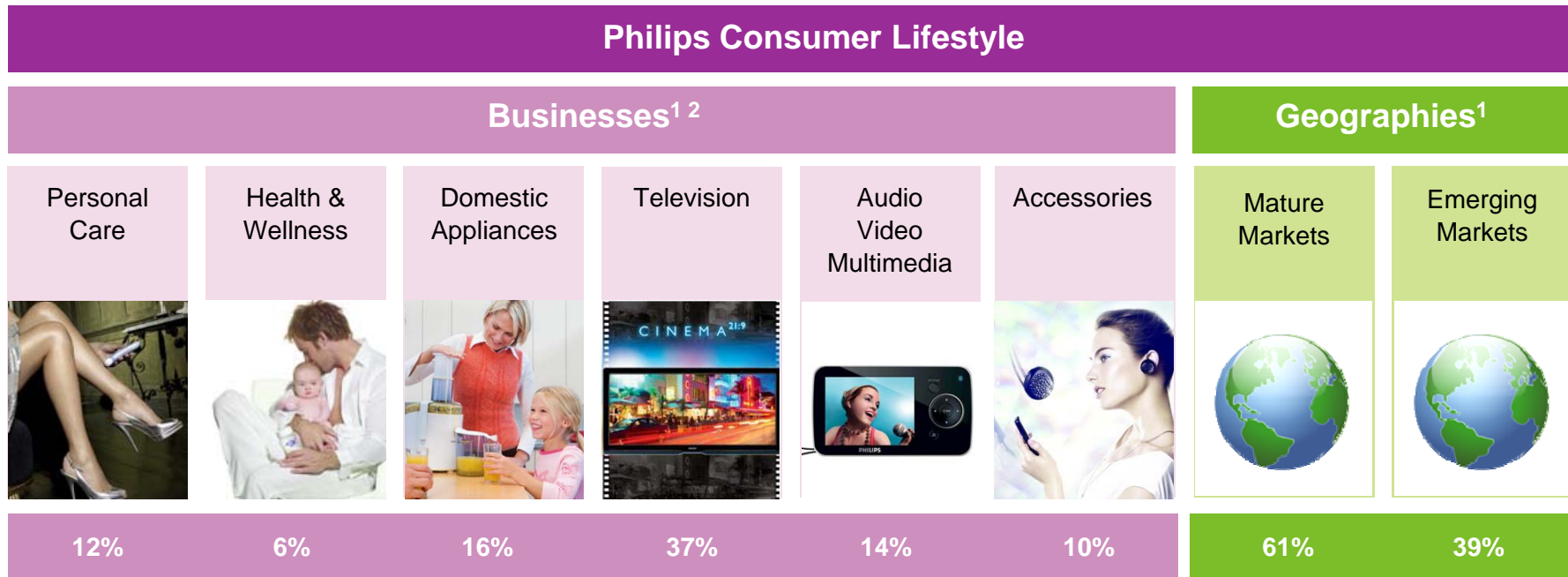
Priorities

- Accelerate growth in four defined value spaces: Healthy Life; Personal Care; Home Living; Interactive living
- Maximize Health and Wellness opportunity
- Invest and prioritize Asia-first innovations for local and global markets
- Improve market shares in BRIC and key markets
- Manage TV to profitability for the year



Consumer Lifestyle

What we do. Where we are.



€8.5
Billion sales
in 2009

18,000+
People employed
worldwide

5%
of sales invested
in R&D in 2009

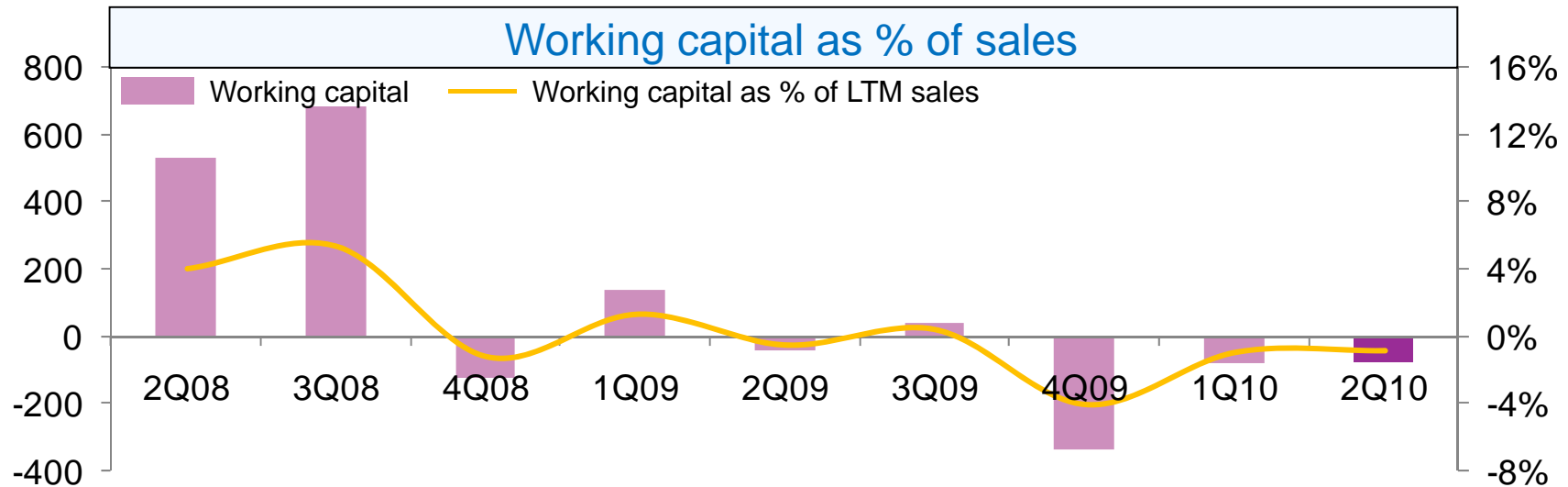
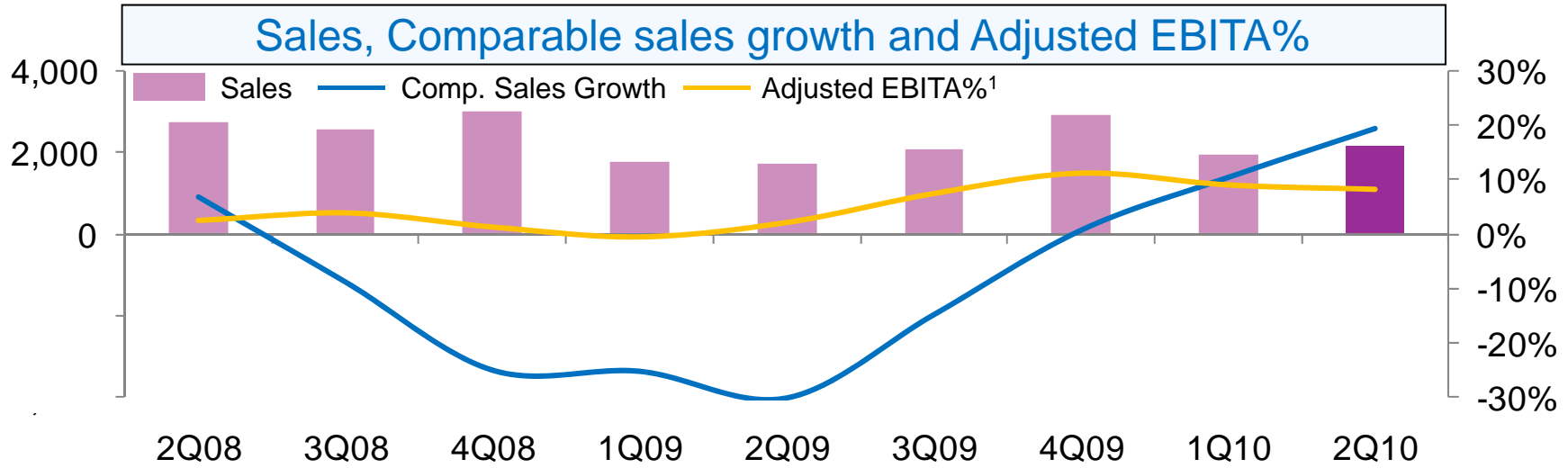
€0.4
Billion negative NOC
for TV end 2009

¹ Last twelve months June 2010

² Other category (5%) is mainly license income and is omitted from this overview

Consumer Lifestyle: key financials over the last two years

EUR million



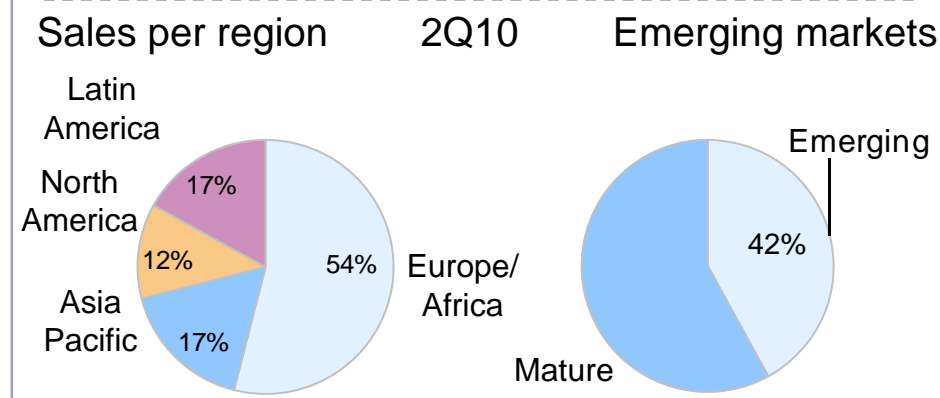
¹ Adjusted EBITA is EBITA corrected for incidental charges (details on slide 65)

Consumer Lifestyle: Q2 2010 Sector analysis

EUR million

Key figures

	2Q09	1Q10	2Q10
Sales	1,735	1,942	2,183
<i>% sales growth comp.</i>	<i>(30)</i>	<i>11</i>	<i>20</i>
EBITA	(7)	166	173
<i>EBITA as % of sales</i>	<i>(0.4)</i>	<i>8.5</i>	<i>7.9</i>
EBIT	(12)	157	164
<i>EBIT as % of sales</i>	<i>(0.7)</i>	<i>8.1</i>	<i>7.5</i>
NOC	903	959	1,055
Employees (FTEs)	17,018	18,563	18,408



Financial performance

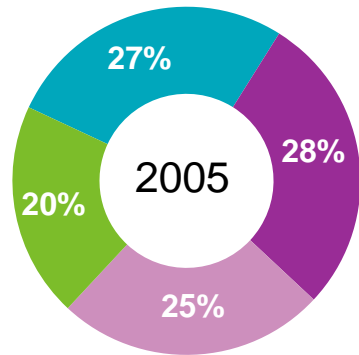
- On a comparable basis, sales grew 20%, led by 35% growth in emerging markets, particularly driven by Television in Latin America. Mature markets showed low-double-digit growth.
- Most businesses saw single-digit comparable sales growth, while Television grew by 48%, despite some component supply constraints, in particular for high-end TVs.
- EBITA improved significantly, driven by double-digit sales growth, structural cost improvements, higher license income and lower restructuring charges. Excluding restructuring and acquisition-related charges and last year's product recall-related charges, EBITA improved from 2.3% to 8.4%.
- Net operating capital and headcount increased, mainly due to the Saeco acquisition.

Looking ahead

- Further building its global leadership position in the male electric shaving market, Philips will, in Q3 2010, launch its most advanced premium electric shaver to date, the SensoTouch 3D, which allows men to choose between a dry and a wet shave.
- At IFA 2010, Europe's largest consumer lifestyle trade show, Philips will launch a range of products that deliver simplicity to consumers, including coffee appliances, televisions, blu-ray players and domestic appliances.
- Consumer Lifestyle expects to incur restructuring and acq.-related charges of around EUR 30 million in Q3 2010.
- Following an increase in license revenues in Q2, income from licenses in Q3 is expected to be lower.

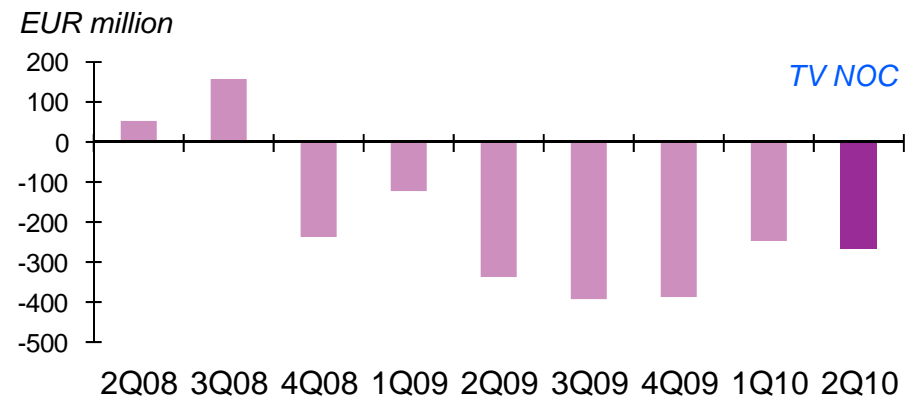
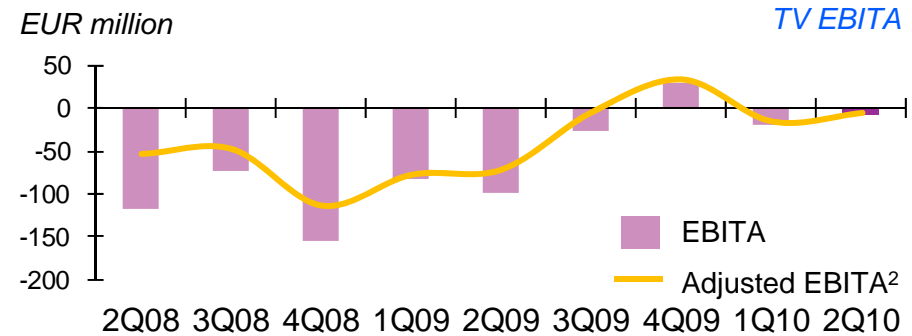
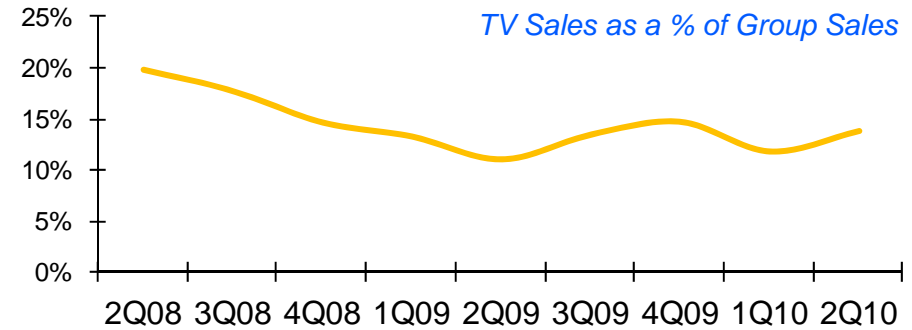
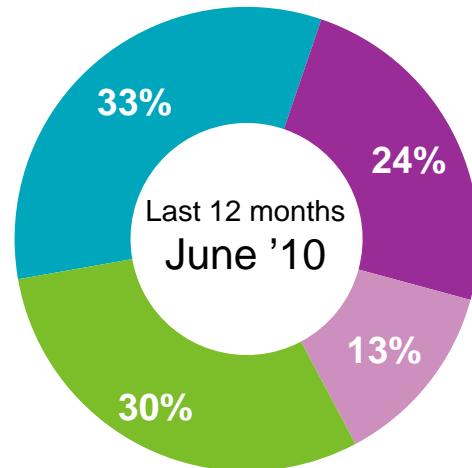
Television within Philips

Total sales EUR 23.7 billion¹



Total sales EUR 24.4 billion¹

- Healthcare
- CL excluding TV
- Television
- Lighting

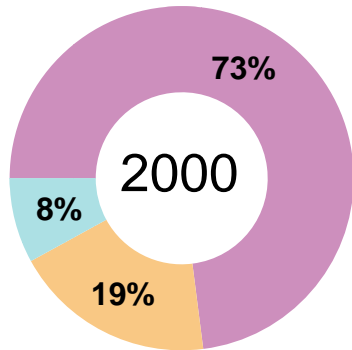




¹ Sales in sectors which are still in portfolio, excluding central sector (GM&S)
² Adjusted EBITA is EBITA corrected for restructuring charges (details on slide 65)

The power of Lighting

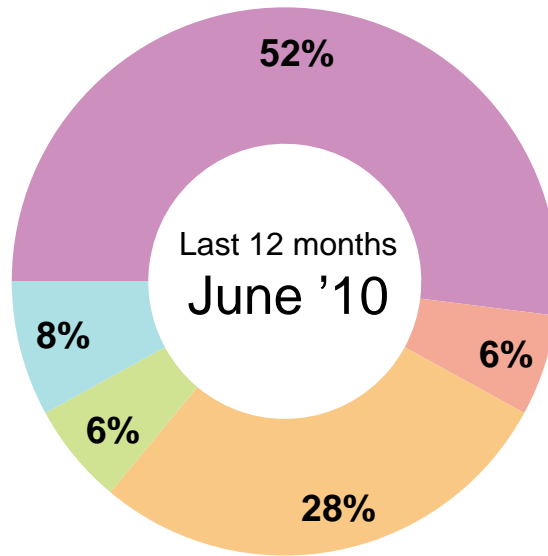
Simply enhancing life with light

Total sales EUR 4.9 billion¹



-  Lamps & lighting electronics
-  Professional luminaires
-  Consumer luminaires
-  Automotive
-  Packaged LEDs

Total sales EUR 7.2 billion



Target margin 12-14%

¹ Excluding batteries EUR 0.2 billion



Lighting opportunities

Global trends

- Ongoing urbanization and globalization
- Increasing need for energy efficient solutions
- Fast growing global illumination market, partly driven by expanding renovation market
- Rapid adoption of LED-based lighting solutions worldwide

Priorities

- Launch new professional solutions with specific emphasis on being a leader in professional outdoor lighting solutions
- Substantially grow home lighting solutions business for consumers
- Develop and market new forms of versatile and energy efficient LED innovations
- Maximize the profitability of our conventional lighting business



We increase our focus towards the people we serve

Further strengthening our global leadership in Lighting



€6.5
Billion sales
in 2009

52,000+
People employed
worldwide in 60 countries

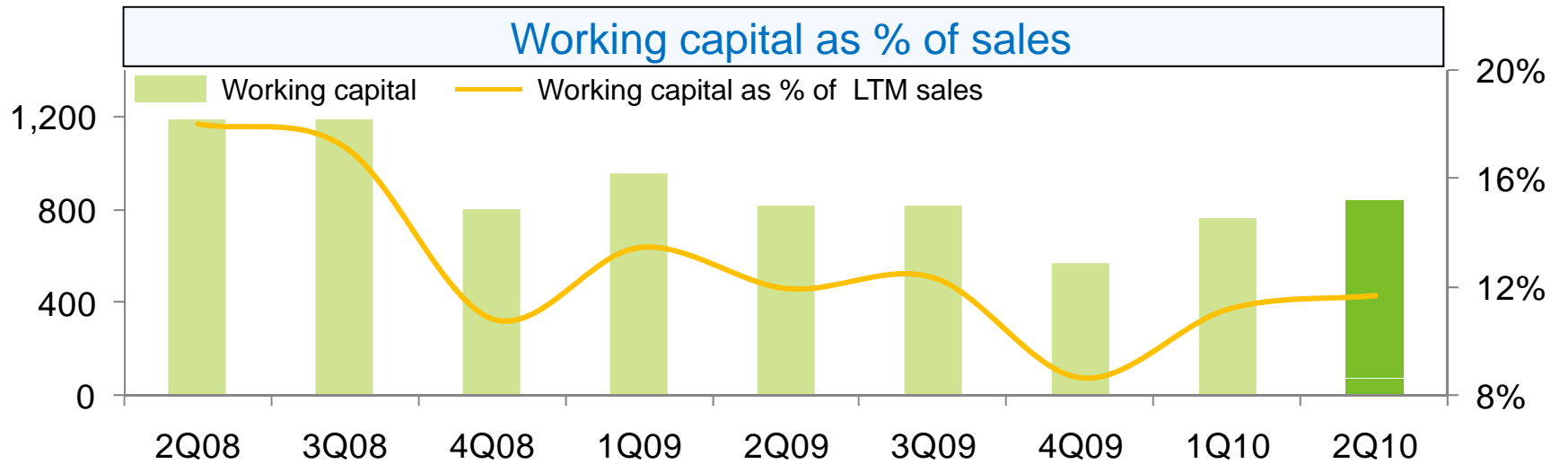
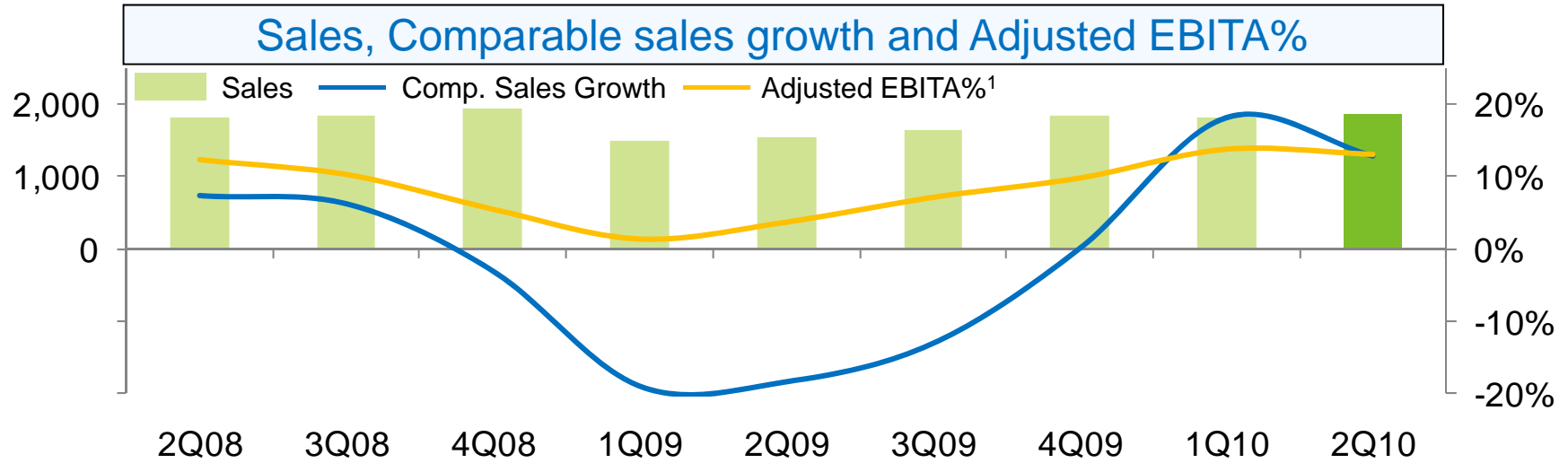
5%
of sales invested
in R&D in 2009

80,000+
Products & services
offered in 2009

¹ Indicative split

Lighting: key financials over the last two years

EUR million

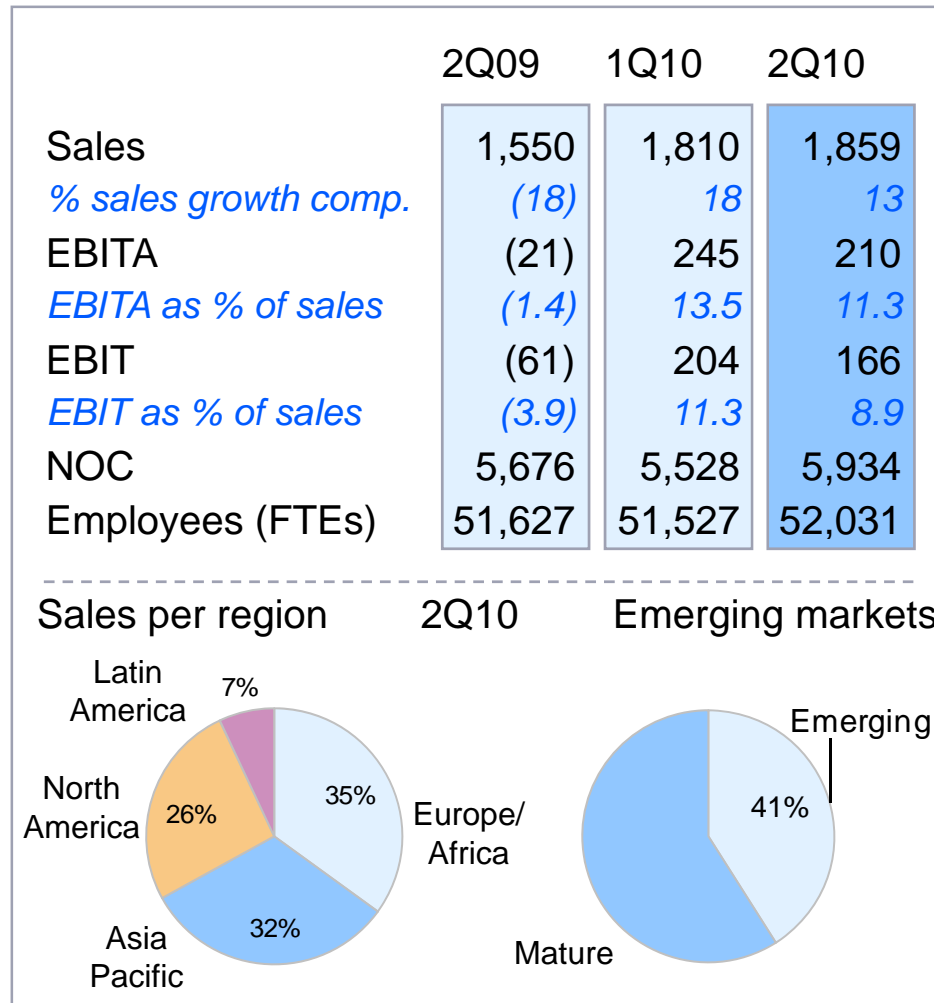


¹ Adjusted EBITA is EBITA corrected for incidental charges (details on slide 65)

Lighting: Q2 2010 Sector analysis

EUR million

Key figures



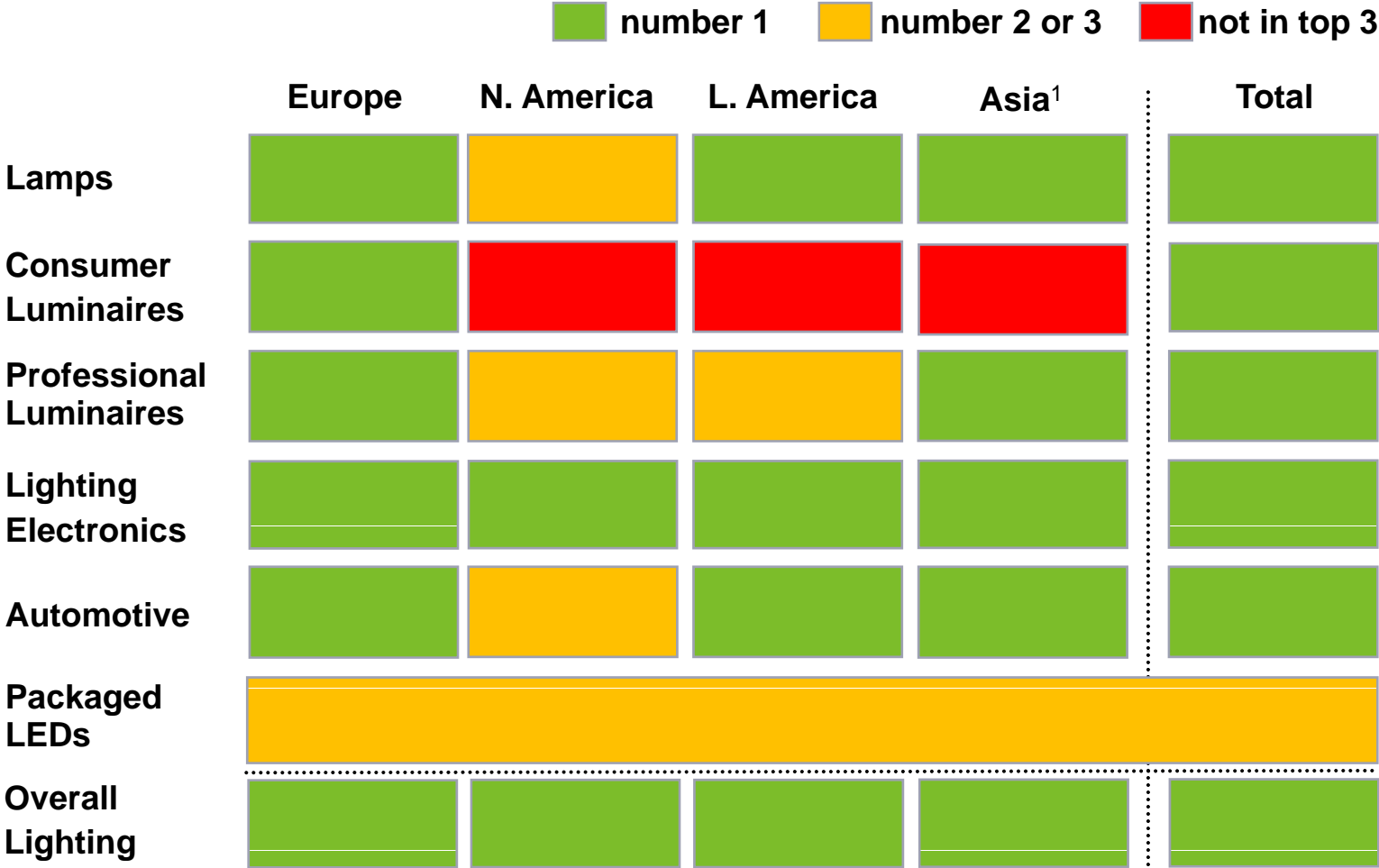
Financial performance

- Comparable sales were 13% higher year-on-year, driven by growth across most businesses, mainly Lamps, Automotive and Lumileds, which tripled sales compared to Q2 2009. From a geographic perspective, significant growth was seen in emerging markets, led by China.
- In Q2 2010, EBITA excluding restructuring and acquisition-related charges of EUR 37 million (Q2 2009: EUR 82 million) amounted to EUR 247 million, or 13.3% of sales. The substantial year-on-year EBITA improvement was largely driven by strong sales growth, a favorable product mix notably reflecting the transition to energy-saving lamps and LED, and ongoing cost management.
- Net operating capital increased by EUR 258 million to EUR 5,934 million. Excluding currency impact, net operating capital decreased compared to Q2 2009.

Looking ahead

- Restructuring and acquisition-related charges in Q3 2010 are expected to total around EUR 40 million.

Lighting: the worlds #1 lighting company



¹ Excluding Japan

LED: the future of lighting

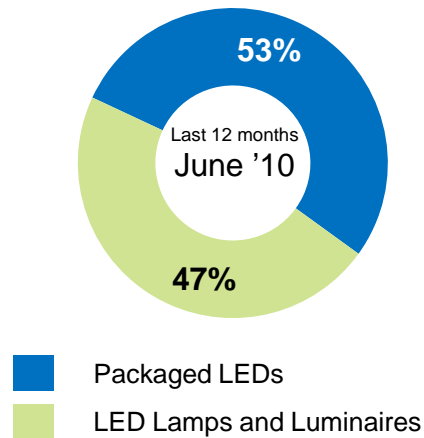
Expect exponential growth

The move to LED will increasingly drive growth in the general lighting market in the years ahead, notably in luminaires. LED also offers an opportunity to create additional value across the innovation chain.

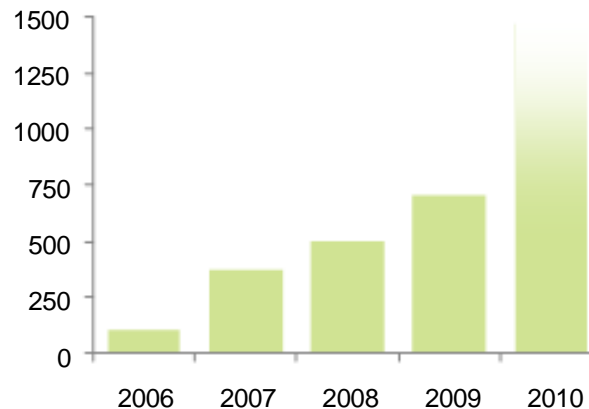
Philips is the fastest and broadest player in both light sources and solutions offering LED lamps, LED luminaire solutions as well as a LED licensing program. Philips is currently the world's largest power LED company. Leading company in illumination segments, leader in consumer mobile phone camera flash and automotive LED signaling.

LED sales as a percentage of Lighting sales were 11% over the last twelve months.

Total sales EUR 0.8 billion



Growth LED Lamps and Luminaires¹

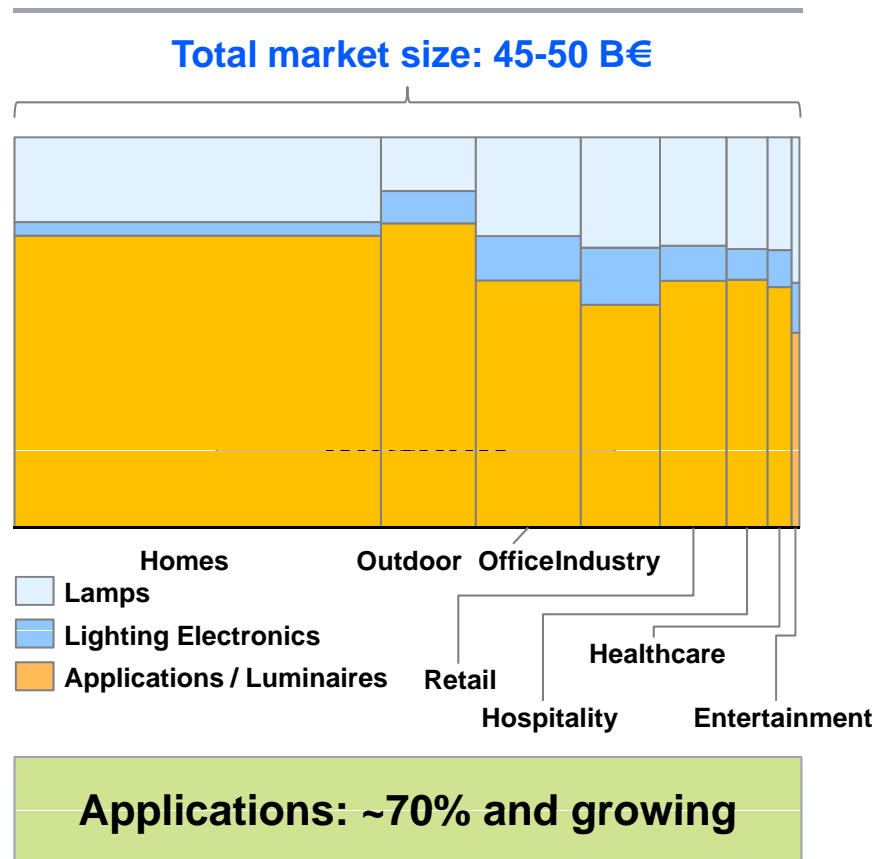


1 - Indexed Growth, base 2006 = 100

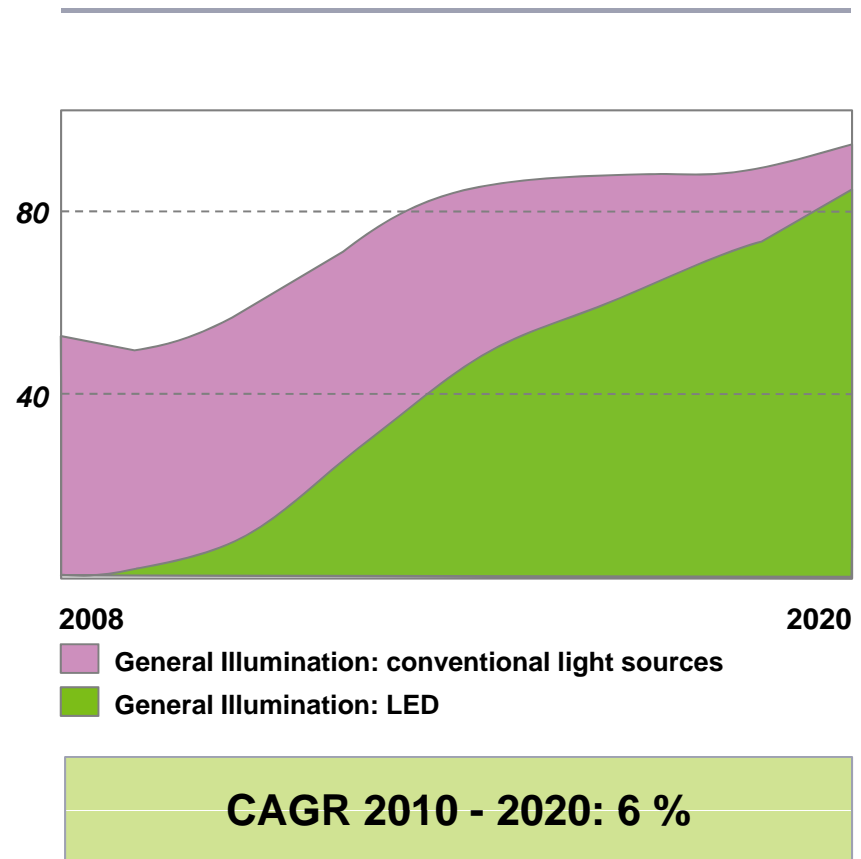


Lighting: the general illumination market will grow over the next decade

2009 general illumination market overview¹



Value (global, B€)



¹ Overview excludes Automotive
Source: Philips Lighting

Group Management & Services

Adding value to the businesses

Corporate Technologies

Philips Corporate Technologies encompasses Corporate Research, Intellectual Property & Standards (IP&S) and Applied Technologies

Corporate & Regional Costs

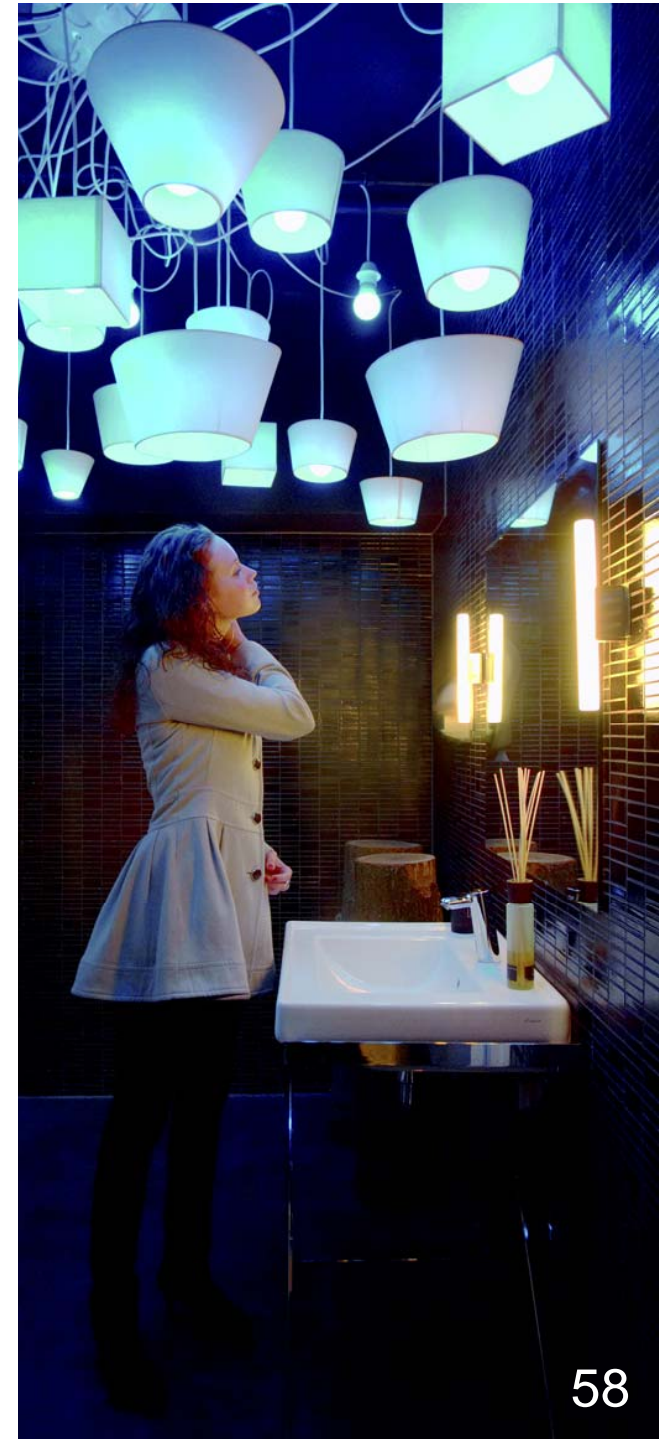
Corporate center; Countries & regions and Brand campaign expenditures

Pensions

Pension and other postretirement benefit costs mostly related to former Philips' employees

Service Units and Other

Global service units; Shared service centers; Corporate Investments, New venture integration and Philips Design



Sector analysis Q2 – Group Management & Services

EUR million

Key figures

	2Q09	1Q10	2Q10
Sales	73	104	81
<i>% sales growth comp.</i>	<i>(46)</i>	<i>49</i>	<i>11</i>
EBITA:			
Corporate Technologies	(44)	(11)	(22)
Corporate & Regional Costs	(30)	(31)	(35)
Pensions	23	(6)	(9)
Service Units and Other	44	(25)	(6)
<hr/>			
EBITA	(7)	(73)	(72)
EBIT	(7)	(75)	(74)
NOC	(3,513)	(1,867)	(2,451)
Employees (FTEs)	12,284	11,715	11,807

Financial performance

- Sales increased from EUR 73 million in Q2 2009 to EUR 81 million in Q2 2010, driven by improved license revenues.
- EBITA amounted to a net cost of EUR 72 million, a cost increase of EUR 65 million year-on-year, as last year's results were favorably impacted by EUR 57 million insurance recoveries and a EUR 33 million legal settlement.
- Excluding the aforementioned items, EBITA improved EUR 25 million year-on-year, driven by higher earnings from licenses and lower R&D expenses.

Looking ahead

- Philips Design will receive eight iF communication design awards in September, in recognition of exceptional design in the areas of digital media and packaging.
- Net costs for the Group Management & Services sector in Q3 2010 are expected to total EUR 80 million.

PHILIPS

sense and simplicity

Appendix

Development cost capitalization & amortization by sector

EUR million

	Capitalization		Amortization	
	Q2 2009	Q2 2010	Q2 2009	Q2 2010
Healthcare	29	24	15	19
Consumer Lifestyle	14	17	18	17
Lighting	7	7	7	7
GM&S	2	1	-	-
Group	52	49	40	43

Fixed assets expenditures & Depreciation by sector¹

EUR million

	Gross CapEx		Depreciation	
	Q2 2009	Q2 2010	Q2 2009	Q2 2010
Healthcare	50	61	43	49
Consumer Lifestyle	39	37	37	31
Lighting	38	65	68	63
GM&S	13	4	23	20
Group	140	167	171	163

¹ Excluding software related capital expenditures and depreciation

Fixed assets expenditures & Depreciation by sector¹

EUR million

	Gross CapEx		Depreciation	
	2008	2009	2008	2009
Healthcare	206	164	139	187
Consumer Lifestyle	171	137	170	145
Lighting	305	165	330	311
GM&S	88	58	89	103
Group	770	524	728	746

¹ Excluding software related capital expenditures and depreciation

Restructuring, acquisition-related and other charges

EUR million

	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10
Acq.-related charges	(15)	(14)	(17)	(18)	(64)	(9)	(8)
Restructuring		(10)	(23)	(10)	(42)	(20)	(38)
Other Incidentals					-		
Healthcare	(15)	(24)	(40)	(27)	(106)	(29)	(46)
Acq.-related charges			(6)	(10)	(16)	(3)	(3)
Restructuring	(13)	(30)	(23)	(54)	(120)	(10)	(7)
<i>of which TV</i>	(6)	(28)	(22)	(5)	(61)	(4)	(3)
Other Incidentals	(30)	(17)			(47)		
Consumer Lifestyle	(43)	(47)	(29)	(64)	(183)	(13)	(10)
Acq.-related charges	(3)	(6)	(5)	(7)	(21)	(4)	(5)
Restructuring	(16)	(76)	(37)	(96)	(225)	(5)	(32)
Other Incidentals					-		
Lighting	(19)	(82)	(42)	(103)	(246)	(9)	(37)
Restructuring		(12)	(14)	(36)	(63)		
Other Incidentals		90	87	(2)	175		
GM&S	-	78	73	(38)	112	-	-
Grand Total	(77)	(75)	(36)	(233)	(423)	(50)	(93)

Restructuring benefits 2009 and 2010

EUR million

Our restructuring plans announced since 2008 will lead to a reduction in our 2010 fixed cost base of well over EUR 700 million compared to the run rate in 2008. The overview below provides the 2009 and 2010 realized benefits per quarter compared to 2008 baseline.

	Benefit <i>compared to 2008 baseline</i>						
	1Q09	2Q09	3Q09	4Q09	FY 2009	1Q10	2Q10
Healthcare	17	23	28	37	105	39	46
Consumer Lifestyle	32	38	61	69	200	69	70
Lighting	10	15	25	32	82	41	52
GM&S	5	5	6	15	31	9	10
TOTAL	64	81	120	153	418	158	178

PHILIPS

