

PHILIPS

sense and simplicity

PHILIPS

sense **and** simplicity

Royal Philips Electronics

Third Quarter 2008

Information booklet

October 13th, 2008

Important information

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 include statements made about our strategy, estimates of sales growth, future EBITA and cost savings and 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.

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, 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.

Additional risks and factors are identified in our Annual Report for the fiscal year ended December 31, 2007 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.

US GAAP basis of presentation

The financial information included in this document is based on US GAAP, unless otherwise indicated. As used in this document, the term EBIT has the same meaning as Income from operations (IFO).

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, like: comparable growth; EBITA; NOC; net debt (cash); and cash flow before financing activities. These non-US GAAP financial measures should not be viewed in isolation as alternatives to the equivalent US GAAP measures. In our Quarterly report, Annual report or form 20-F we've included a reconciliation of such non-US GAAP financial measures to the most directly related US GAAP measures.

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. Critical assumptions used are disclosed in the financial statements. In certain cases, independent valuations are obtained to support management's determination of fair values.

Agenda

Philips – who we are

- Results Q3 2008
- Moving to Philips 'Vision 2010'
- Sector insights – Healthcare, Consumer Lifestyle & Lighting
- Management agenda 2008

PHILIPS

- Founded in 1891; headquarters in Amsterdam, The Netherlands
- One of the largest global diversified industrial companies with sales in 2007 of almost € 27 billion
- Multinational workforce of over 128,000 employees*
- R&D expenditures € 1.6 billion; owner of 60,000 patents
- Strong position in emerging markets
- Number 43 of the world's most valuable brands



* As per September 2008

We are everywhere you go on the planet

- 70% of the top-50 US hospitals have chosen Philips solutions for cardiology
- We light 65% of world's top airports, 30% of offices and hospitals, and landmarks such as the Eiffel Tower, the Sydney Opera House, the Great Pyramids
- One-in-three cars worldwide uses Philips automotive lighting
- Each day more than a million of our consumer lifestyle products are purchased



Agenda

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Results Q3 2008

- Moving to Philips 'Vision 2010'
- Sector insights – Healthcare, Consumer Lifestyle & Lighting
- Management agenda 2008

Highlights

- Healthcare and Lighting maintained solid growth in much tougher markets, with sales up 5% and 6% respectively on a comparable basis.
- Sales at Consumer Lifestyle declined by € 600 million, of which more than half was attributable to the implementation of the new TV strategy.
- Net income amounted to € 357 million, including a € 302 million gain on the sale of the remaining stake in TSMC.
- EBITA of € 128 million was negatively impacted by net incidental charges totaling € 285 million, notably a charge for the final settlement of an asbestos liability.
- Repurchases under the current share buy-back program reached almost € 3 billion by the end of Q3.

Summary - 3Q08

€ million

	3Q07	3Q08
Sales	6,465	6,334 ¹
EBITA	444 ²	128 ²
Financial income and expenses	18 ³	307 ³
Income tax	(192)	(4)
Results equity-accounted investees	128	9
Net income from continuing operations	346	347
Discontinued operations	(15) ⁴	10 ⁴
Net Income	331	357
Net cash from operating activities	382	182
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Net debt : Group equity ratio	(7):107	8:92

1 - Excluding portfolio changes (5%) and a negative currency impact of 5%, comparable sales declined by 2%.

2 - 3Q07 includes on balance € 11M gain for Lighting while in 3Q08 in total € 330M of charges and € 45M of gains were disclosed.

3 - 3Q07 includes no gain on sale of shares or TSMC dividend; 3Q08 includes € 302M gain related to sale of remaining stake in TSMC and € 23M for TSMC dividend.

4 - Discontinued operations relates to the results of MedQuist, which was divested in this quarter.

Sales to thirds by sector – 3Q08

€ million

	3Q07		3Q08		% nom	% comp
Healthcare		1,585		1,806	14	5
Consumer Lifestyle		3,238		2,639	(18)	(8)
Lighting		1,496		1,785	19	6
I&EB		102		70	(31)	(27)
GMS		44		34	(23)	(19)
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Group sales	6,465		6,334		(2)	(2)

Sales to thirds by market cluster – 3Q08

€ million

	3Q07	3Q08	% nom	% comp
Western Europe	2,355	2,124	(10)	(9)
North America	1,827	1,847	1	(2)
Other mature markets	283	326	15	5
Emerging markets	2,000	2,037	2	6
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Group sales	6,465	6,334	(2)	(2)

EBITA by sector – 3Q08

€ million

	3Q07	3Q08
Healthcare	188	197 ¹
Consumer Lifestyle	171	95 ²
<i>of which Television</i>	(43)	(73)
Lighting	190 ³	196 ³
Innovation & Emerging Bus.	(35)	(46)
Group Mgt & Services	(70)	(314) ⁴
<hr/>		
Philips Group	444	128
as % of sales	6.9	2.0

1 - includes € 17M of acquisition and integration-related charges and € 45M gain related to sale of Philips Speech Recognition Systems

2 - includes € 61M of restructuring charges , of which € 40M related to Television and € 21M mostly to the other former CE businesses

3 - includes € 11M of restructuring and acquisition-related charges in 3Q08; 3Q07 includes on balance € 11M gain

4 - includes € 241M for the final settlement of asbestos-related claims and associated legal fees as announced on September 26, 2008

Cash Flow from continuing operations – 3Q08

€ million

	3Q07	3Q08
Net income	331	357
Income/loss discontinued operations	15	(10)
Depreciation / amortization / impairments	209	267
Net gain on sale of assets	(59)	(403)
Income from equity accounted investees	(128)	(5)
Decrease in WC/other current assets	(10)	(36)
Other	24	12
<i>CF from operations</i>	382	182
Gross capital investments	(147)	(188)
Acquisitions/divestments/other	(363)	852
<i>CF before financing activities</i>	(128)	846

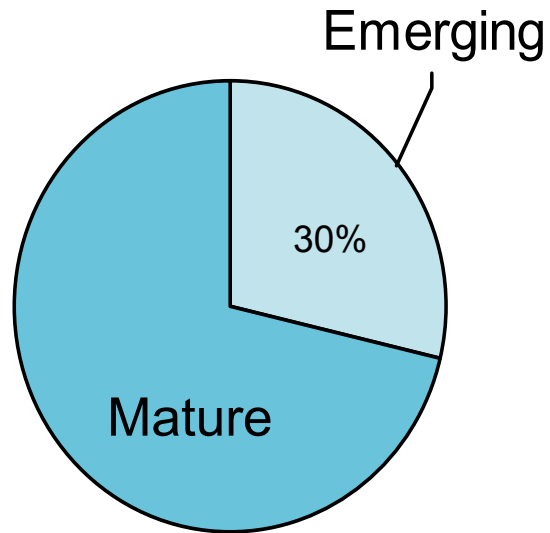
Fixed assets expenditures & Depreciation by sector *

€ million

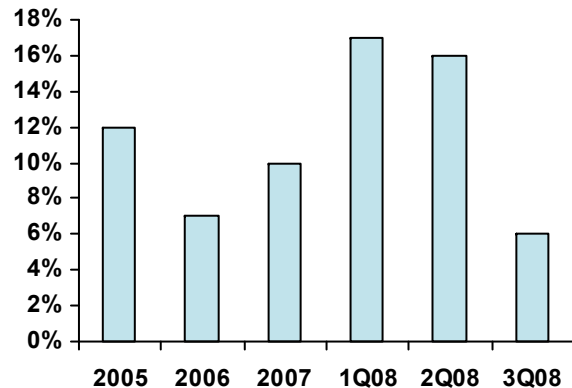
	Gross CapEx		Depreciation	
	3Q07	3Q08	3Q07	3Q08
Healthcare	38	64	22	36
Consumer Lifestyle	38	35	39	41
Lighting	56	87	57	60
I&EB	13	2	10	7
GMS	2	0	14	13
Group	147	188	142	157

* Excluding software related capital expenditures and depreciation

Emerging Markets: reached 30% of sales in 2007 and continue to show strong growth



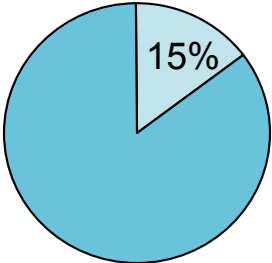
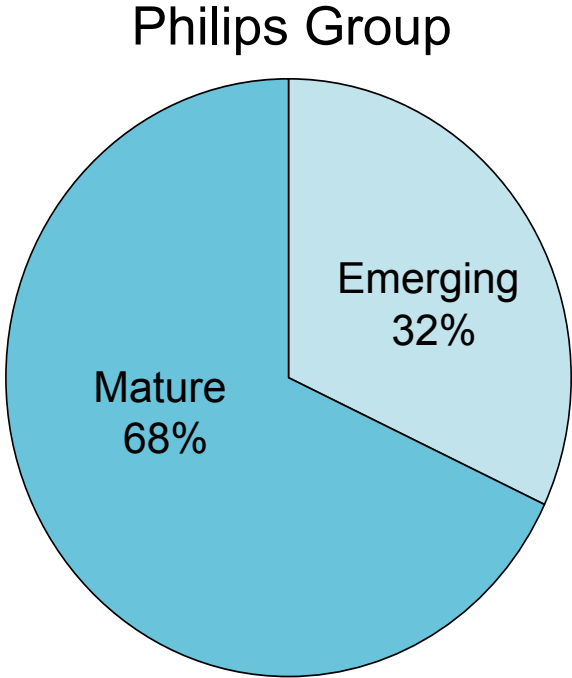
Growth in emerging markets



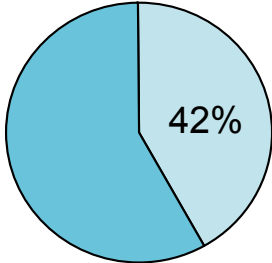
- The Philips brand is a long-established household name in key emerging markets
- Driven by enhanced consumer insight, we create products specifically tailored to emerging markets needs/tastes
- We continue to enhance our position through smaller but targeted JV or acquisitions of leading companies in emerging markets, particularly in Healthcare
 - Philips-Neusoft JV in China (X-Ray)
 - VMI in Brazil (X-Ray)
 - Goldway in China (Patient Monitoring)
 - Dixtal in Brazil (Patient Monitoring)
 - Alpha X-Ray in India (X-Ray)

Emerging Markets

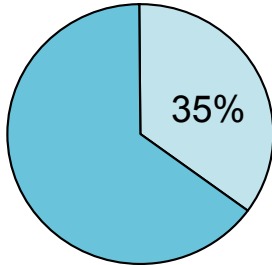
Sales in emerging markets Q3 2008



Healthcare 15%



Consumer Lifestyle 42%



Lighting 35%

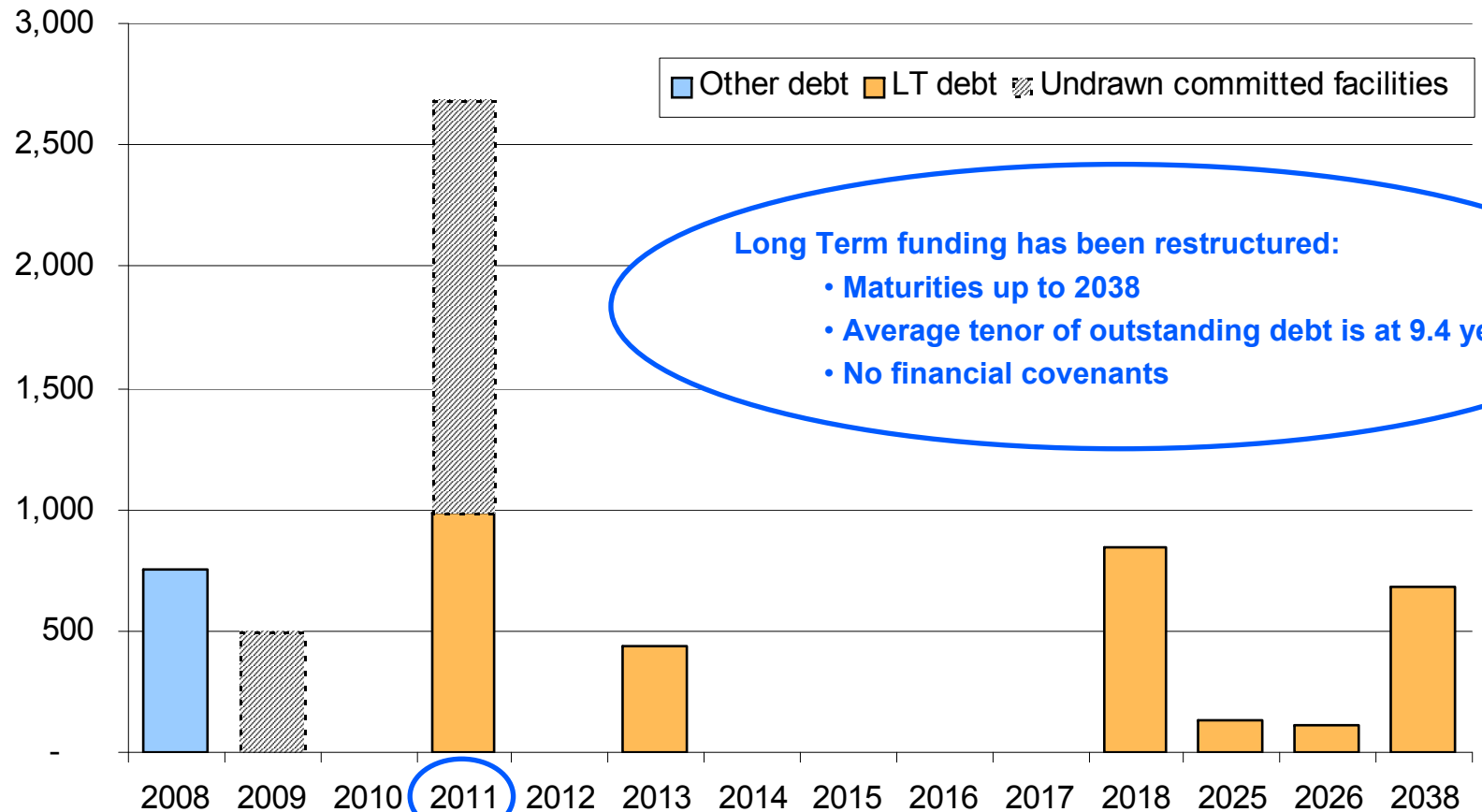
Emerging markets

Sales growth in emerging markets

	Q3 2007	FY 2007	Q3 2008
Healthcare	8 %	8 %	5 %
Consumer Lifestyle	15 %	7 %	2 %
Lighting	14 %	16 %	17 %
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Philips Group	15 %	10 %	6 %

Philips proactively refinanced maturing debt earlier in the year and first maturity is now in 2011

€ millions

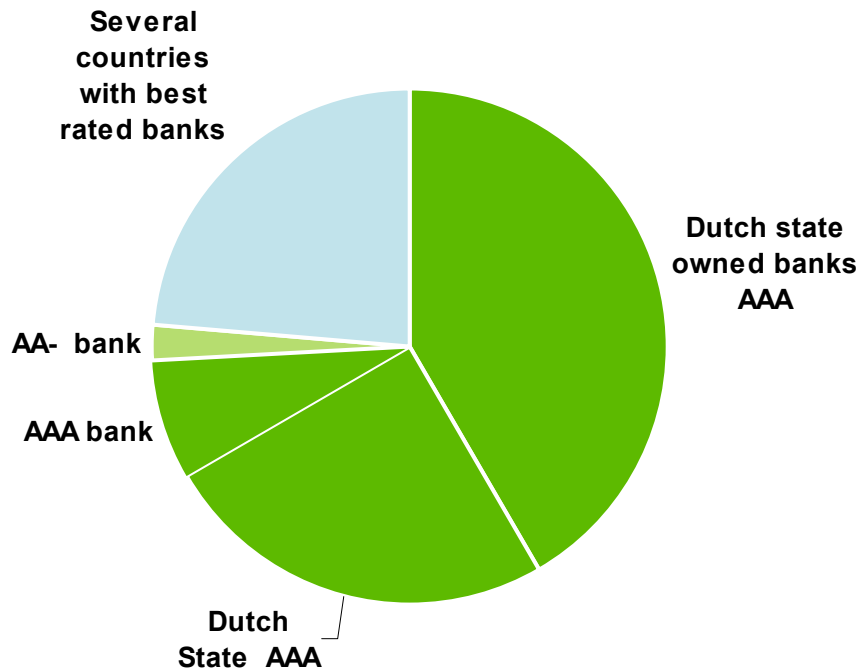


Long Term funding has been restructured:

- Maturities up to 2038
- Average tenor of outstanding debt is at 9.4 years
- No financial covenants

Note: Other debt consists mainly of local credit facilities that are being rolled forward on a continuing basis

€ 2.4 billion cash with at least 74% of the cash deposited with AAA banks and government



Cash position per Q3 2008	
in millions of euros	
	Q3 2008
Cash in KPENV	1,835
Dutch state owned banks AAA	1,000
Dutch state AAA	600
AAA bank	178
AA- bank	57
Several countries with best rated banks	565
Total	2,400

Acceleration of plans to improve margins

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

- **Healthcare** will accelerate a number of initiatives to improve margins and to further optimize its operations structure, particularly in Imaging Systems. This is expected to lead to charges of approximately € 50 million in Q4.
- **Consumer Lifestyle** expects to incur further restructuring charges of around € 60 million in Q4, largely in the Television business. This will bring the total amount to approximately € 190 million for the full year, of which € 130 million relates to Television.
- **Lighting** expects to take a charge of up to € 100 Million in the fourth quarter to further increase organizational effectiveness and strengthen its position as the industry leader.

Share repurchase program

Philips has a strong balance sheet. To date, we have completed € 3.1 billion of our current € 5 billion share repurchase program which we announced in December 2007.

Going forward, in light of both the risks and opportunities presented by the deterioration of the economy and the financial market turbulence, we will slow down the completion of the program.

Status Share Buy Back

	Actual End 2007	Actual Q1 '08	Actual Q2 '08	Actual Q3 '08	Actual Q3 YTD
Shares repurchased (in € M)		(975)	(1,139)	(811)	(2,925)
Numbers of shares (in M)		37	47	38	123
<i>Average share price</i>		26.10	24.12	21.25	23.83
Shares outstanding	1,065	1,028	984	946	

* To date € 3.1 billion is bought back compared to € 2.9 billion end of Q3 2008.

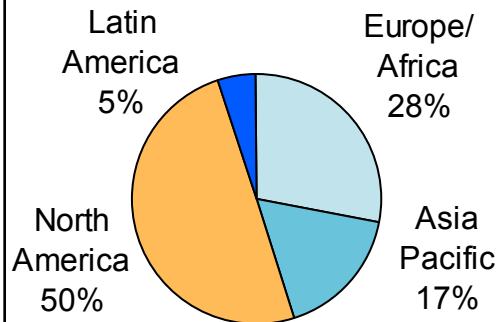
Healthcare

€ million unless otherwise stated

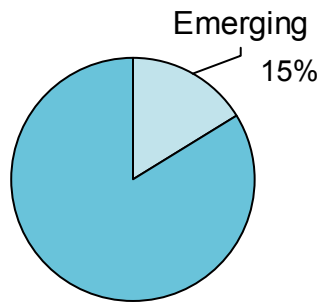
Key figures

	3Q07	2Q08	3Q08
Sales	1,585	1,800	1,806
% sales growth comp.	4	3	5
EBITA	188	195	197
EBITA as % of sales	11.9	10.8	10.9
EBIT	154	138	138
EBIT as % of sales	9.7	7.7	7.6
NOC	4,751	8,382	8,769
Employees (FTEs)	28,473	35,087	35,841

Sales per region 3Q08



Emerging markets



Financial performance

- Equipment order intake grew 4% on a currency-comparable basis, supported largely by growth at Patient Monitoring and Clinical Care Systems. Year-to-date equipment order intake growth now stands at 5%.
- Sales grew 5% comparably year-on-year, with higher sales visible in all businesses, and particularly strong growth at Customer Services and Patient Monitoring. Respirationics grew in line with expectation at 14% compared to 3Q07.
- EBITA included a € 45M gain on the sale of Speech Recognition Systems. Adjusted for this gain and € 17M of acquisition and integration-related charges, EBITA was below 3Q07 at € 169M or 9.4% of sales. Higher earnings at Clinical Care Systems and Home Healthcare Solutions were offset by lower earnings at Imaging Systems, which was impacted by lower volume and margin pressures.
- Net operating capital and the number of employees increased, mainly due to acquisitions.

Looking ahead

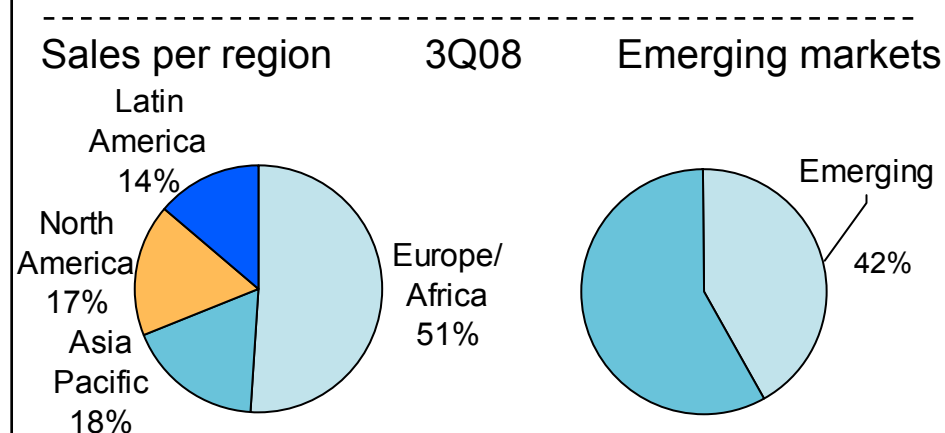
- For 2008, acquisition and integration charges are estimated at approximately € 95M, of which around € 25M is expected to impact EBITA in Q4.
- Healthcare will accelerate a number of initiatives to improve margins and to further optimize its operations structure, particularly in Imaging Systems. This is expected to lead to charges of approximately € 50M in Q4.
- Philips will become the first-ever MR equipment maker in Latin America when it commences production at its factory in Brazil in late October '08, further strengthening Philips' industrial footprint in emerging markets

Consumer Lifestyle

€ million unless otherwise stated

Key figures

	3Q07	2Q08	3Q08
Sales	3,238	2,787	2,639
% sales growth comp.	10	7	(8)
EBITA	171	83	95
EBITA as % of sales	5.3	3.0	3.6
EBIT	166	79	91
EBIT as % of sales	5.1	2.8	3.4
NOC	1,507	1,499	1,644
Employees (FTEs)	25,540	21,661	20,854



Financial performance

- Softening consumer demand in mature markets, together with ongoing portfolio and margin management, resulted in an 8% comparable sales decline. Sales in emerging markets continued to grow albeit at a slower pace than in recent quarters.
- Good growth at Health & Wellness and Domestic Appliances could not compensate for sales declines in most of the other businesses, notably Television which saw a sales decline of 9%
- The acceleration of restructuring plans led to total charges of € 61M, of which € 40M related to Television and € 21M mostly to the other former CE businesses within the sector
- Despite the lower sales level, EBITA margin excluding restructuring charges remained robust at 5.9% of sales, as a result of consistent margin and cost management.

Looking ahead

- Consumer Lifestyle expects to incur further restructuring charges of around € 60M in Q4, largely in the Television business. This will bring the total amount to approximately € 190M for the full year, of which € 130M relates to TV.
- In order to limit the impact of rising prices for raw materials and other commodities, the sector will take measures to protect margins, including further portfolio management.
- Consumer Lifestyle will introduce several new products in Q4, including the second-generation Wake-Up Light and the latest Philips Network Music Players.

Lighting

€ million unless otherwise stated

Key figures

	3Q07	2Q08	3Q08
Sales	1,496	1,739	1,785
% sales growth comp.	2	6	6
EBITA	190	202	196
EBITA as % of sales	12.7	11.6	11.0
EBIT	178	175	168
EBIT as % of sales	11.9	10.1	9.4
NOC	4,116	6,120	6,349
Employees (FTEs)	54,951	59,788	59,875

Sales per region	3Q08	Emerging markets
Latin America	6%	
North America	27%	
Asia Pacific	22%	
Europe/Africa	45%	
		Emerging 35%

Financial performance

- Comparable sales grew 6% compared to Q3 2007, driven by continued strong growth in emerging markets (17%) and energy-efficient lighting applications (18%), including very strong growth in LED solutions. This growth was tempered by a continued market slowdown in Western Europe and North America.
- Despite the visible market slowdown, both the European Professional Luminaires business and Genlyte in North America delivered comparable sales growth year-over-year.
- Earnings of € 196M, including € 11M of restructuring and acquisition-related charges, were € 6M above the level of Q3 2007, which included net incidental gains of € 11M. The positive impact of the addition of the Genlyte EBITA was offset by margin compression in mature markets as a result of slowing demand, particularly in the construction and automotive segments.
- The increase in net operating capital and employees was primarily a result of the Genlyte acquisition in Q1 2008.

Looking ahead

- Lighting expects to take a charge of up to € 100M in Q4 to further increase organizational effectiveness and strengthen its position as the industry leader.
- Lighting will also continue to focus on working capital and selectively increase prices further to protect margins.
- In the coming months, Lighting will expand its LED offerings for the professional and consumer segments, launching a range of innovative LED products.

Innovation & Emerging Businesses

€ million unless otherwise stated

Key figures

	3Q07	2Q08	3Q08
Sales	102	103	70
% sales growth comp.	38	8	(27)
EBITA Technologies / Incubators	(33)	(35)	(40)
EBITA Others	(2)	(6)	(6)

EBITA	(35)	(41)	(46)
EBIT	(35)	(41)	(46)
NOC	217	189	152
Employees (FTEs)	6,057	5,534	5,509

Financial performance

- EBITA of Innovation & Emerging Businesses was in line with expectation. The earnings decline compared to Q3 2007 was attributable to higher investment in the Incubators and emerging markets, as well as lower IP license income.

Looking ahead

- Investment in Innovation & Emerging Businesses is expected to be lower than the run rate of € 40 million per quarter, consistent with previous guidance.
- Triggered by the ongoing weakness in the semiconductor market, Assembléon expects restructuring activities in Q4, leading to charges estimated at € 18 million

Group Management & Services

€ million unless otherwise stated

Key figures

	3Q07	2Q08	3Q08
Sales	44	34	34
% sales growth comp.	73	(27)	(19)
Corporate & Regional Costs	(37)	(38)	(42)
Global Brand campaign	(26)	(14)	(14)
Service units, Pensions and Other	(7)	26	(258)
<hr/>			
EBITA	(70)	(26)	(314)
EBIT	(70)	(26)	(314)
NOC	730	1,115	445
Employees (FTEs)	7,103	5,814	5,932

Financial performance

- Group Management & Services reported a total negative result of € 314 million, including € 241 million charges for the final settlement of asbestos-related claims and associated legal fees.
- Compared to Q3 2007, higher corporate and regional overhead costs were partly due to incidental legal fees.
- Brand campaign investments were broadly in line with expectations, with major campaigns shifted to Q4.

Looking ahead

- The investment in the brand campaign is expected to amount to € 37 million in Q4 2008.
- Country and regional overhead costs are expected to remain at the level of Q4 2007: it is expected that cost reductions will be offset by incidental charges.

Agenda

- Philips – who we are
- Results Q3 2008

Sector insights – Healthcare, Consumer Lifestyle & Lighting

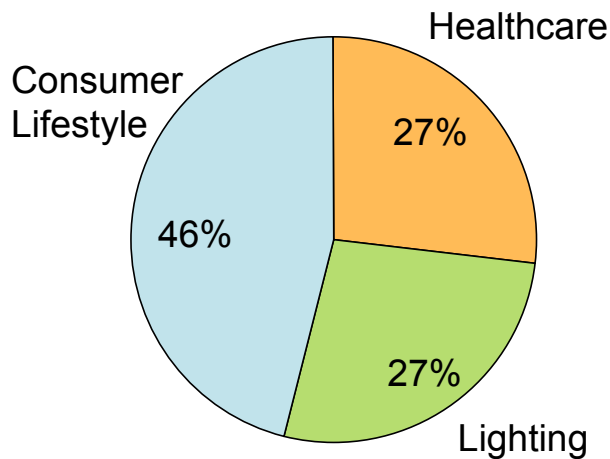
- Moving to Philips ‘Vision 2010’
- Management agenda 2008

Simplified business structure in 3 core sectors: Healthcare, Lighting and Lifestyle

LTM September 2008

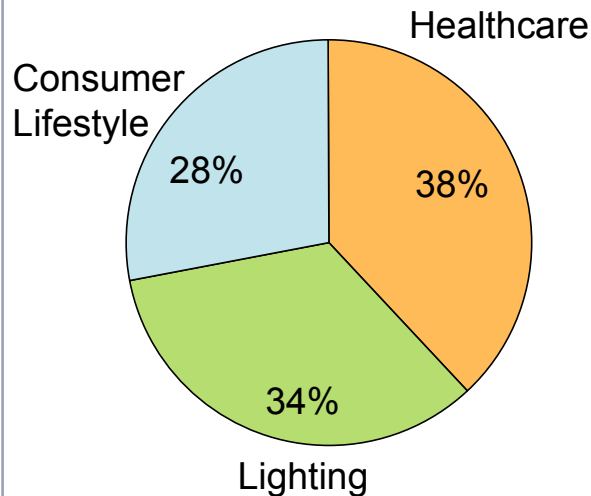
Sales

100% = € 27.3B *



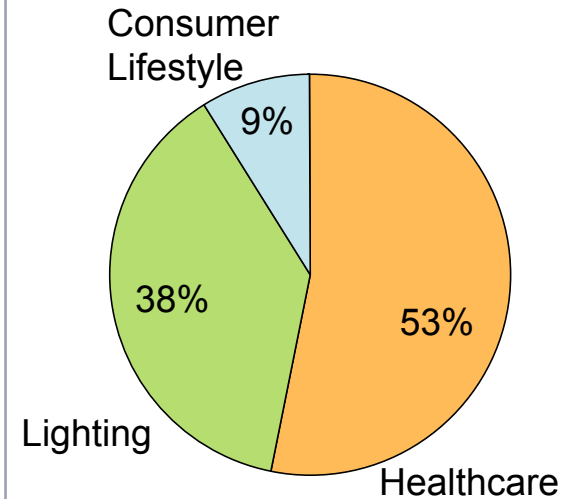
EBITA

100% = € 2.4B *



Net Operating Capital

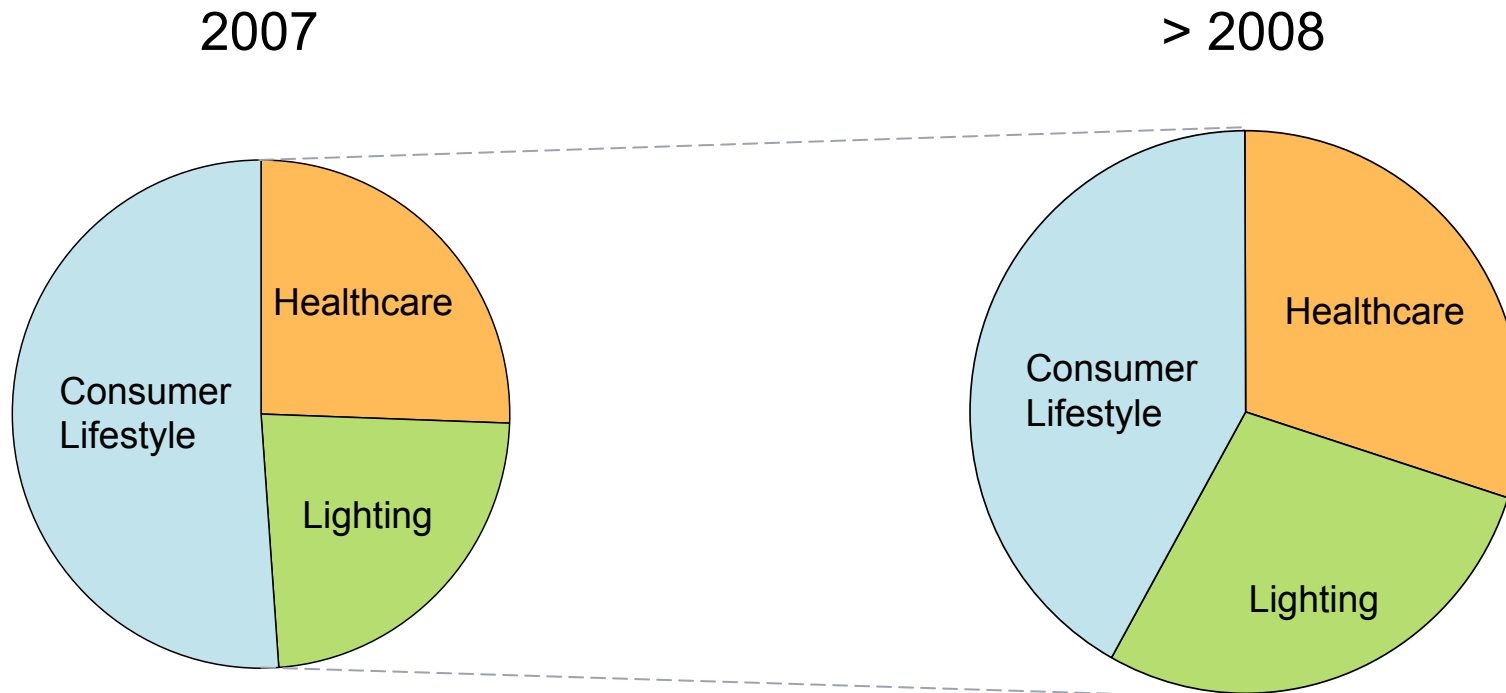
100% = € 16.8B *



* Excluding Central sectors (I&EB; GM&S), including pro forma numbers for Respironics and Genlyte
 Sales of € 0.7B is included for 4Q07 and 1Q08 for Respironics and Genlyte
 EBITA of € 0.1B is included for 4Q07 and 1Q08 for Respironics and Genlyte

Recent acquisitions & divestments, coupled with further organic growth, leads to an increasingly well-balanced portfolio

Sales split



* Excluding Central sectors (I&EB; GM&S)



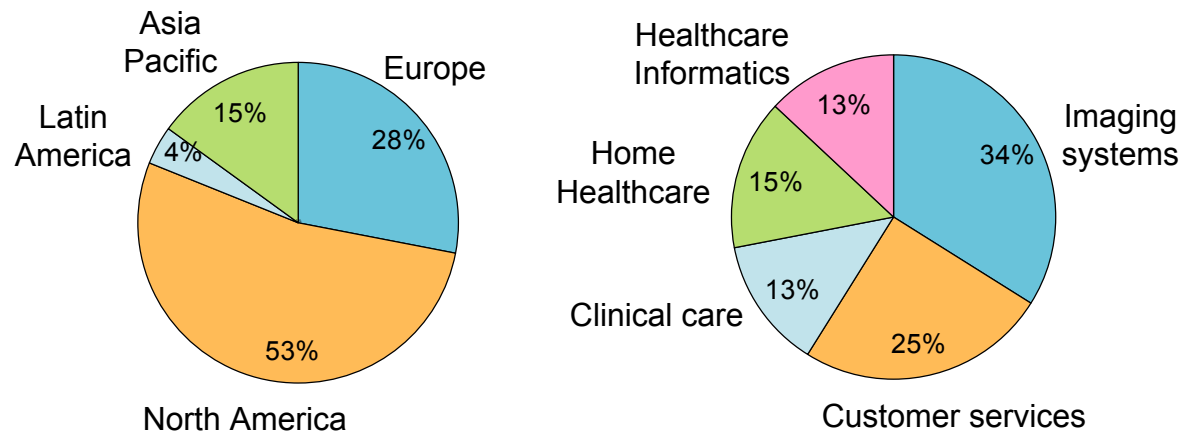
Healthcare

We simplify healthcare by focusing on the people in the care cycle – patients and care providers. Through combining human insights and clinical expertise, we aim to improve patient outcomes while lowering the burden on the healthcare system.

Healthcare: Sales growth* 6 – 8%; 2010 margin 15 – 17%

- Strong market position and market share.
- Focused approach to care cycles: Oncology, Cardiology, Women's Health
- Ongoing growth, particularly in Monitoring/HI, Service and Clinical Care
- Leader in new, growing Home Healthcare: Respironics, Lifeline, Raytel
- Strong growth in emerging markets driven by brand and acquisitions
- Margin improvement through increased low-cost sourcing, improved supply chain & industrial footprint and lower IT costs

Sales LTM September 2008



Including pro forma LTM Sep-2008 sales of € 0.4B for Respironics

* Annual average comparable sales growth

Key products and services of Philips Healthcare

Providing comprehensive support

Philips Healthcare

Businesses



Imaging Systems

- Cath Lab
- X-Ray
- CT
- MR
- SPECT
- SPECT/CT
- PET/CT



Home Healthcare Solutions

- Sleep Disorder Breathing
- Medical Alert Services
- Home Cardiac Monitoring
- Home Respiratory
- Senior Living



Clinical Care Systems

- Ultrasound
- Cardiac Resuscitation
- Ventilation
- ECG Solutions



Healthcare Informatics

- Anesthesia Informatics
- Cardiology Informatics
- Critical Care Informatics
- Clinical Decision Support Systems
- Maternal & Perinatal Monitoring Solutions
- Patient Monitoring Systems
- Radiology Informatics

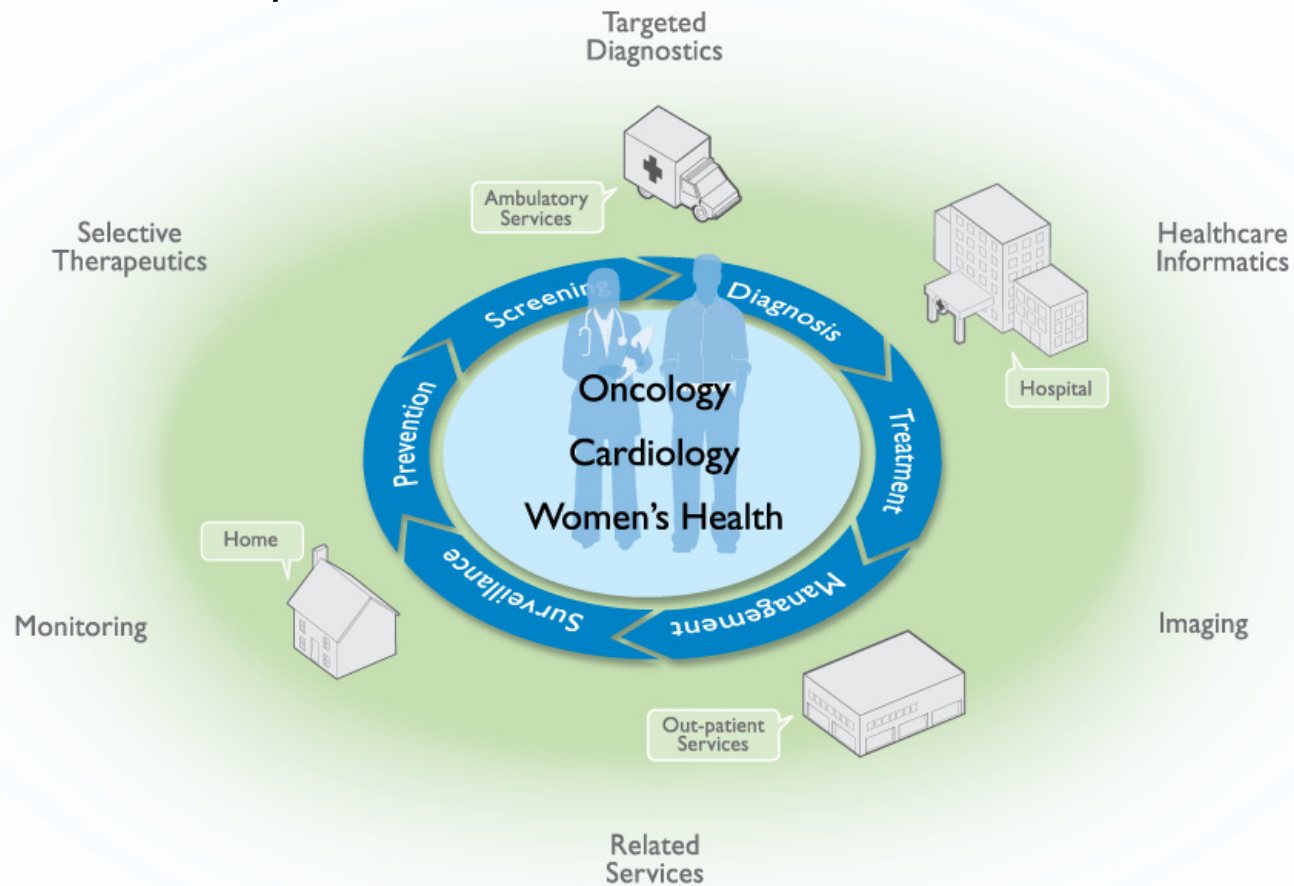


Customer Services

- Ambient Experience
- Value Added Services
 - Planning
 - Start-up
 - Peak Usage
 - Renewal

The Philips healthcare difference

... we apply our **technology** to improve healthcare quality and reduce cost because **meaningful innovations** create value for patients and care providers.



To accomplish Vision 2010, we focus on 3 areas
€ 50 million charges expected in 4Q08 to accelerate planned initiatives

Focus Areas

Initiatives

Accelerate Growth



1. Increase presence in emerging markets
2. Expand mid / low-end product offering
3. Increase sales to home healthcare
4. Drive growth in healthcare informatics
5. Leverage patient/care provider brand

Increase Margins



1. Expand low cost country sourcing
2. Improve product reliability costs
3. Increase service productivity / effectiveness
4. Optimize market approach
5. Improve quote to cash

Capitalize on Acquisitions



1. Capture value from existing acquisitions
2. Pursue new acquisitions in strategic areas

Structured approach in place to ensure we can deliver on commitments

Respironics: Leading player in respiratory market

Enterprise value € 3.2 billion

- Announced on December 21, 2007; Closing March 10, 2008.
- Respironics, with calendar '07 revenues of US\$ 1.3B, EBITA of US\$ 200M and a CAGR in previous 5-years of 19%, strengthens Philips' **leadership position in Home Healthcare as well as "hospital based"** healthcare given Respironics' strong non-invasive ventilation and respiratory products for hospitals and clinics.
- Acquisition presents Philips with a **leading position in the high growth respiratory devices and sleep apnea market** and top 5 positions in oxygen therapy and ventilation
- The transaction further **strengthens Philips' strategy of developing solutions across the patient care cycle** and expands its presence in home healthcare
- Respironics is an acquisition that **positively differentiates us from our key competitors** by market segment, device segment, care cycle focus and disease focus
- **Based on Respironics' management plan and our synergies, value would be created after the third year** and with a more **conservative view** that we have used in our decision-making, we will be creating value **within year five**. The transaction will add to revenue growth and EBITA margin. Expected cost synergies approximately US\$ 50M by 2010 run rate, and revenue synergies of approx US\$ 180M by 2012 with an EBITA contribution of US\$ 50M
- Q3 sales and EBITA in line with plan





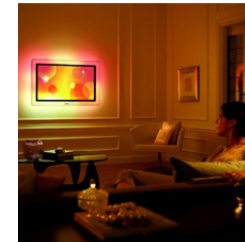
Consumer Lifestyle

Guided by our brand promise of “sense and simplicity” and starting from our consumer insights, Philips offers rich, new consumer experiences that meet consumers’ desire for health and wellbeing.

Consumer Lifestyle: Sales growth* around 6%; 2010 margin 8–10%

- Strong marketing & sales capabilities; leveraging Philips brand
- Focused on innovative lifestyle solutions for personal well-being
- Consumer-driven insights and dedicated business models driving innovation and differentiation
- Expand category management to all businesses and regions
- Deal with unsatisfactory EBITA margins in Television
- Drive growth by strengthening presence in Emerging Markets

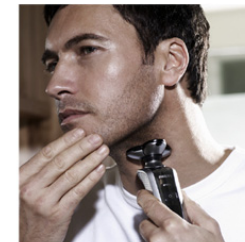
Television



Audio, Video & Multimedia



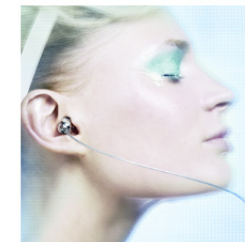
Shaving & Beauty



Domestic Appliances



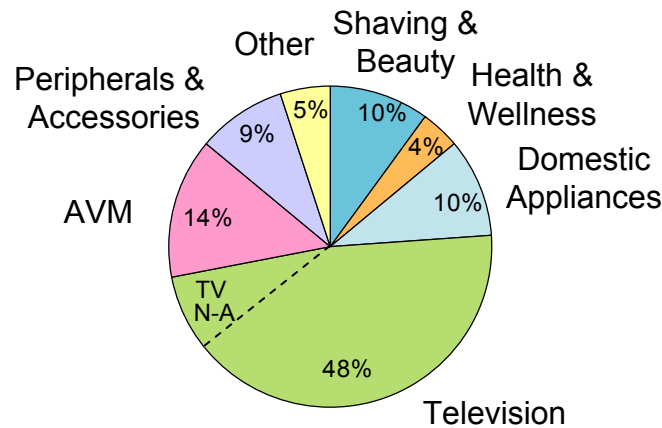
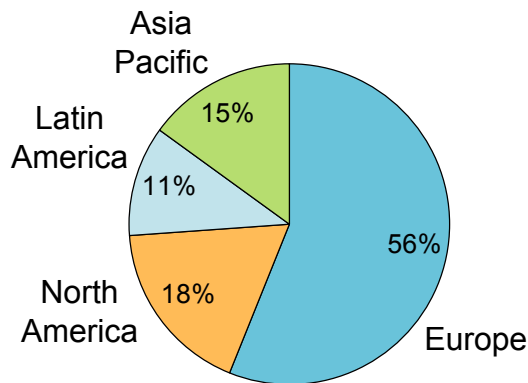
Peripherals & Accessories



Health & Wellness



Sales LTM September 2008



Excluding LTM Sep-2008 sales of € 0.3B for Home Network business that was divested in Q2 2008

* Annual average comparable sales growth

Realizing the cost synergies in Consumer lifestyle

In total € 190 million restructuring charges expected for the full year

Organizational Structure

- Elimination of duplication in functions at the executive level
- Optimization of sales structure through clusters
- Delaying our overall organization

Geographical Footprint

- Footprint rationalization
 - Sales organization
 - Manufacturing & Supply
 - R&D
- Increased efficiency in locations and offices

Process optimization

- Functions focused on value delivery for increased efficiency
- Rationalization of back office support
- Greater relevance with 3rd party suppliers and partners
- Improved supply chain effectiveness through shared platforms
- Increased marketing effectiveness

Overall we are well on track to realize the upper end of the € 150 – 200 million savings as announced in September 2007



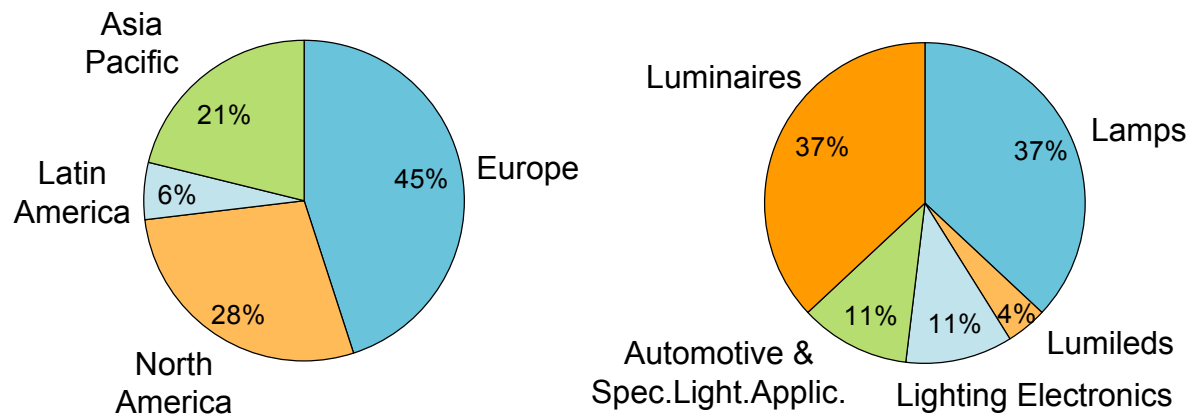
Lighting

As the world's leader in Lighting, Philips is driving the switch to energy-efficient solutions, as well as shaping the future with exciting new lighting applications and technologies.

Lighting: Sales growth* around 6%; 2010 margin 12 – 14%

- Global Leader in Lighting
- Strong presence across the complete Solid State Lighting value chain
- Readily available portfolio of innovative, energy efficient lighting solutions
- Technology base and application IP will help to lead the changeover to new lighting solutions
- Profitable growth in fast-growing economies and innovative new market segments
- End-user driven Innovation and Brand both drive our profitable growth

Sales LTM September 2008

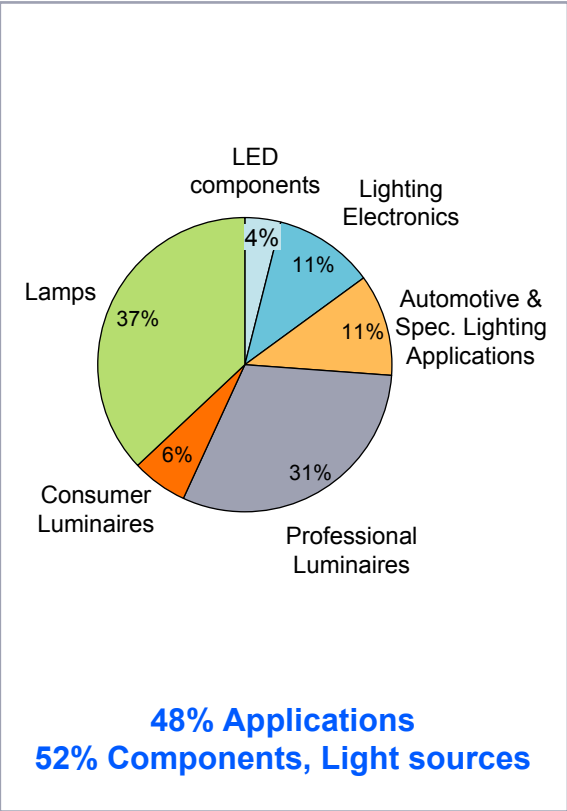


Including pro forma LTM Sep-2008 sales of € 0.3B for Genlyte

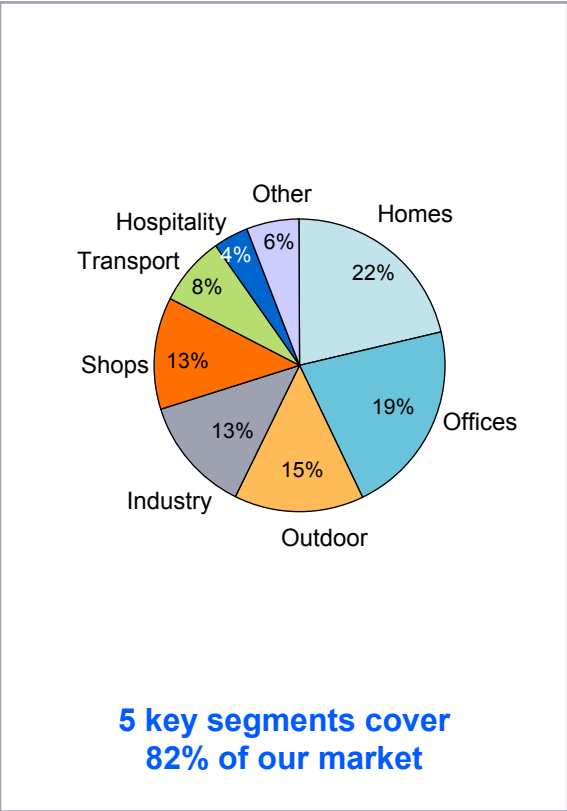
* Annual average comparable sales growth

Philips Lighting – balanced portfolio

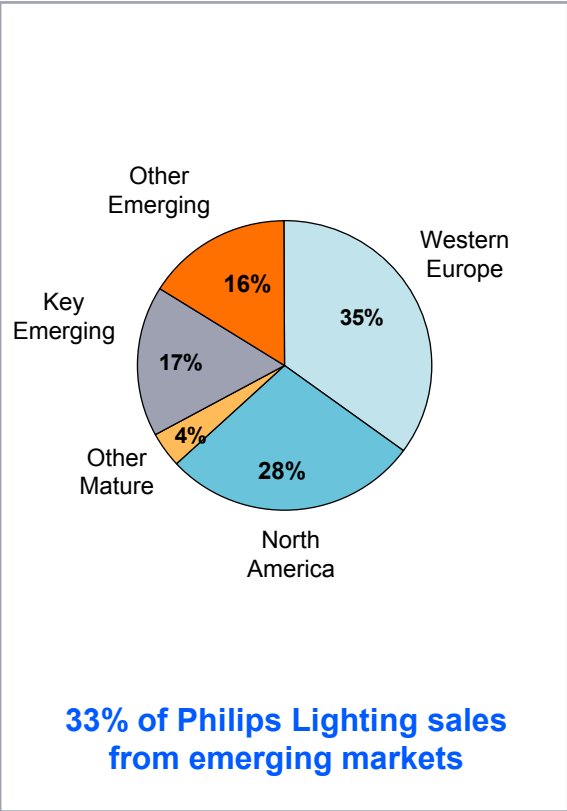
Business structure *



Market segmentation **



Geographic distribution *



*) as if Genlyte would be consolidated, LTM Sept-2008

**) as if Genlyte would be consolidated, 2007

Lighting market - dynamic economic conditions

Lighting sales breakdown

	New Build	Replacement	Total
Residential	11%	11%	22%
Commercial	30%	22%	52%
Other	19%	7%	26%
Total	61%	39%	100%

There is a significant correlation between the 'Building & Construction industry dynamics' and 'Residential & Commercial sales for Philips Lighting in Western-Europe & North-America (WENA)' which accounts for around 27% of Lighting sales.

	Total	WENA	Other regions
Residential *	11%	7%	+ 4%
Commercial *	30%	20%	+ 10%
New build	41%	27%	+ 14%

* Residential: Residential, Housing
 Commercial: Retail, Office, Industrial, Hospitals, Schools, Hotels, ...
 Other: Road & Tunnel, City Beatification, Sport & Area, Automotive
 Source: Philips Lighting estimates

Lighting market – full spectrum of measures

€ 100 million charges expected in 4Q08 to further increase organizational effectiveness

Best practices and new ways of working

Adequate strategies to deal with the Lighting industry dynamics

- Mix management
- Cost productivity and efficiency
- Purchasing effectiveness
- Supply chain optimization
- Channel diversification
- Acquisition pipeline

Effective execution of Philips Lighting initiatives



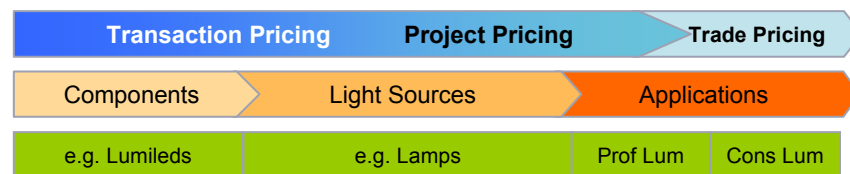
Faster and better innovation



- Highly energy efficient solutions
- New Solid State Lighting applications
- Symbiosis between art and science, function and fashion



State-of-the-art price management



- Active price management in all parts of our business
- Active focus on customer profitability

Focus on renovation & Total Cost of Ownership








Rundbau Gerling Konzern, Cologne, Germany

- Renovation, 40 year old building.
- TL-5 luminaires with omnisense;
 - Presence detection
 - Daylight regulation
- Energy saving of up to 70%



Philips Lighting – global leadership

Philips position # 1 # 2 or 3 < # 3 No data

	Western Europe	Eastern Europe	North America	Latin America	Japan	Asia/Pacific	Total
 Lamps	# 1	# 1	# 2 or 3	# 1	< # 3	# 1	# 1
 Consumer Luminaires	# 1	# 1	No data	< # 3	No data	< # 3	No data
 Professional Luminaires	# 1	# 1	# 2 or 3	# 2 or 3	< # 3	# 1	# 1
 Lighting Electronics	# 1		# 1	# 1	< # 3	# 1	# 1
 Automotive Lighting	# 1		# 2 or 3	# 1	# 1		# 1
 Special Lighting	# 1						
 Solid State Lighting	# 2 or 3						

Genlyte: Leading N-A Luminaires manufacturer

Enterprise value € 1.8 billion

- Closed on January 22, 2008.
- Acquisition is consistent with Philips' strategy to strengthen its leadership position in Lighting. Combination created the *#1 Lighting company in North America* and established Philips as *the largest Luminaires company globally*.
- Luminaires & Controls are a *spearhead in developing "green" lighting markets, including Solid State Lighting (SSL)*. Genlyte will be a cornerstone of growth in SSL.
- Post merger integration is well on track to deliver the expected synergies.
- Sales growth in Q3 was 2%, despite softer market conditions.



Agenda

- Philips – who we are
- Results Q3 2008
- Sector insights – Healthcare, Consumer Lifestyle & Lighting

Moving to Philips 'Vision 2010'

- Management agenda 2008

Having delivered on our 3 year target in 2007, we have announced a new 'Vision 2010' ambition

Announced April 2008

Doubling of 2010 EBITA per share compared to 2007 through:






- Improvement of Group EBITA from 7.7% in 2007 to 10-11% in 2010
- Driving comparable growth at a minimum of 6% average per year for the period 2008-2010

Achieve a return on invested capital for 2010 at the level of 12% - 13%

<i>EBITA margin</i>	<i>2007</i>	<i>2010</i>
Healthcare	13.2%	15 – 17%
Consumer Lifestyle	6.4%	8 – 10%
Lighting	11.9%	12 – 14%

Reduce group overhead cost as % of sales

Vision 2010 scorecard

-  **IMPROVEMENT OF EBITA % TO 10 – 11%**
 - Acceleration of plans to improve margins
-  **ANNUAL AVG. GROWTH OF 6% FOR '08-'10**
 - Impacted by macro economic developments
-  **SHARE BUY-BACK OF € 5B**
 - € 3.1B* worth of shares bought back
 - Significantly slowdown of completion
-  **M&A**
 - Post merger integration on track
 - Further acquisitions
-  **ROIC of 12 – 13% by 2010**



Doubling of EBITA per share by 2010 compared to 2007

* per October 10, 2008

Well-positioned to leverage a number of key global trends centered around health & well-being

Global trends

Globalization, urbanization and rise of emerging markets

Aging population

Climate Change

Consumer empowerment

Sustainable development



Philips opportunities

Energy efficiency

Personalized experiences and atmospheres

Personal well-being

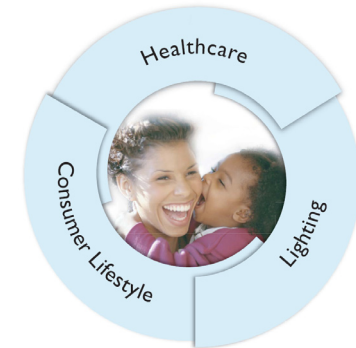
Home care, independent living

Better healthcare for all at lower cost



Philips focus

Brand
"sense and simplicity"

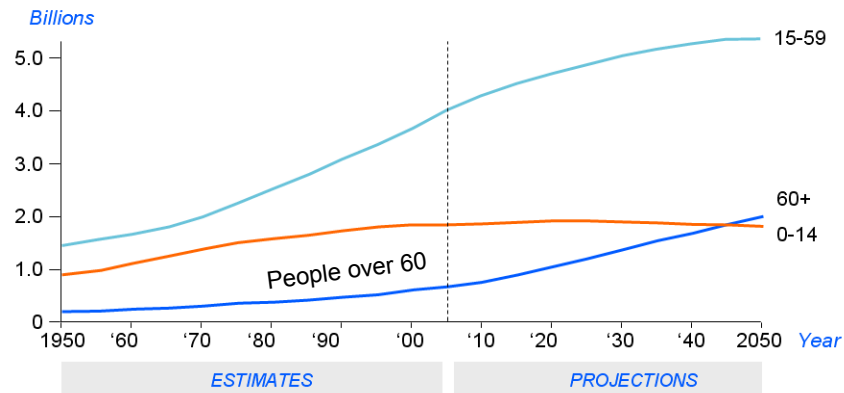


Innovation
Open innovation

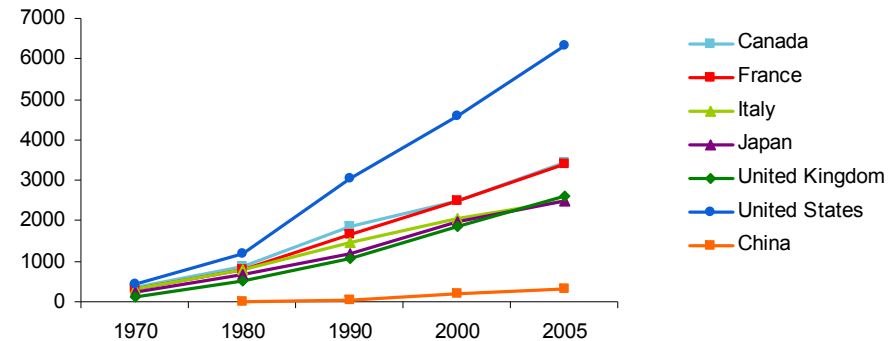
Healthcare trends – aging population, cost pressures, health-at-home, emerging markets growth

- Global population is increasing and continues to age
- People are living longer with chronic diseases
- Healthcare costs – especially in mature economies – are becoming unsustainable
- Healthcare at home is an increasingly viable and cost effective complement to in-hospital care
- People are becoming increasingly aware of the impact of lifestyle on health

World population by age group, 1950-2050



Healthcare expenditure per capita, US \$



Source: UN, 2006 Revision of World Population Prospects and World Health Organization website

Lifestyle trends – healthy living/healthy home, more personal care, technology-made-easy, design

- Core well-being consumer shows attractive demographics and is likely to be a highly profitable customer
- The Lifestyle targeted market is 3x the size of the CE market + DAP market
- Increased demand for personal care product categories and technology-advanced, easy-to-use customer solutions
- Design has become an important competitive differentiator
- Consumers are becoming increasingly 'eco-aware' of issues facing the planet



Active Crystals



Portable Media devices



Arcitec



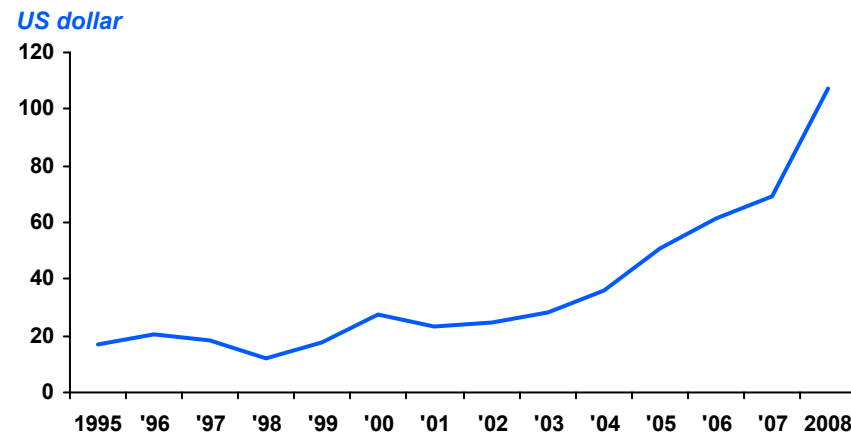
Flexicare



Lighting trends – rising energy costs, increasing awareness of climate change, product innovation

- Energy costs are rising across the globe, driven by high oil prices
- Increased awareness/legislation around climate change is driving a reduction in CO₂
- Atmosphere-creating and safety-enhancing lighting solutions increasingly become part of individual and community well-being
- Demand for (energy-efficient) lighting in emerging markets continues to grow
- Future LED solutions: application IP and luminaries will be key

*Oil at a historical high, yearly average price (US dollar) **



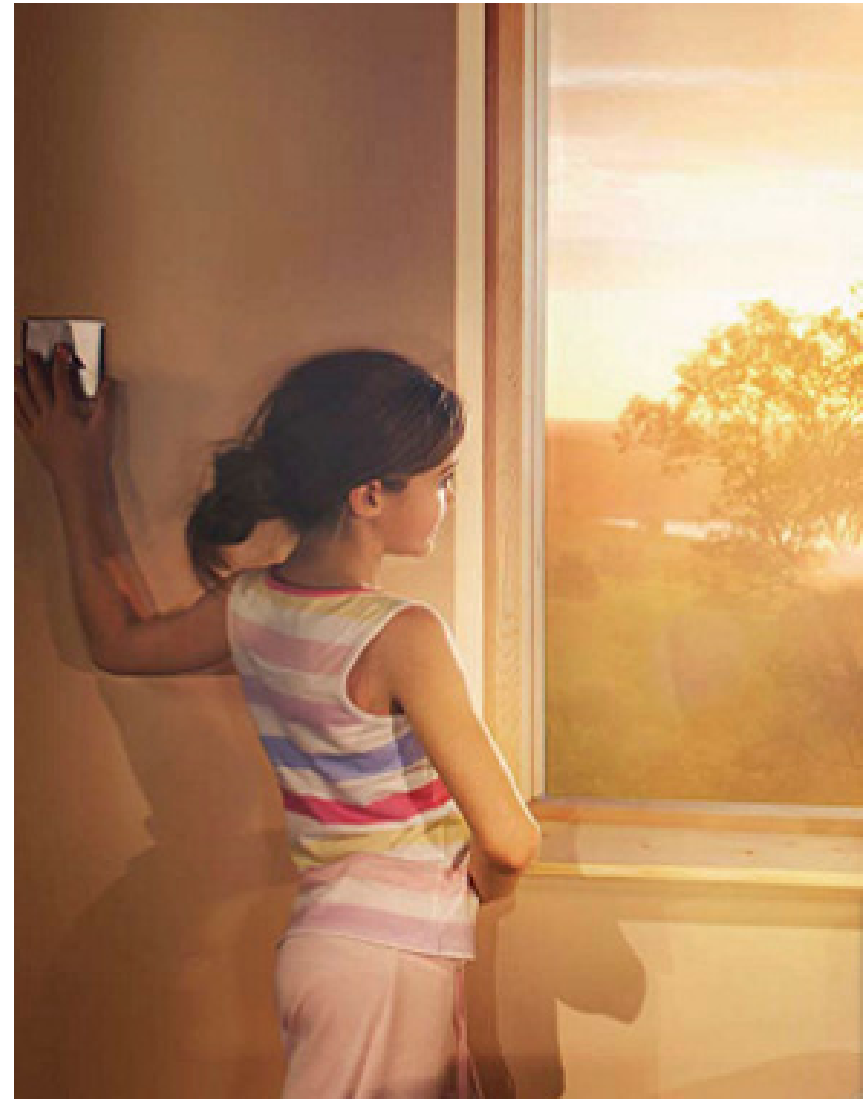
Huge potential for energy saving

Area of lighting	Energy saving	CO ₂ savings per lamp per year
Road lighting	57%	132 kg CO ₂
Shop Lighting	80%	140 kg CO ₂
Office & Industrial Lighting	61%	93 kg CO ₂
Home Lighting	80%	41 kg CO ₂
LEDs	80%	41 kg CO ₂

* Source: OPEC Reference Basket (ORB), www.opec.org

Sustainability is a strategic driver

- Our superb heritage in innovation and design helps us realize meaningful innovations in **Healthcare**, **Lighting** and **Consumer lifestyle**
- Our brand promise ***Sense and Simplicity*** and sustainability provide the framework for the way we do business.
- Our “Vision 2010” strategy fuels growth through sharpened, market-focused, people-centric strategies
- One of the strategic drivers behind Vision 2010 is a commitment to sustainability and making a difference in energy efficiency



Clear example of how we are driving business growth through Sustainability is the launch of our **EcoVision4** program in 2007:

- Generate 30% of revenues from Green Products over a period of 5 yrs ('07-'12) – up from 15%
- Double our investment in Green Innovations to € 1 billion by 2012; and
- Further increase the energy efficiency of our operations by 25% by 2012.

Agenda

- Philips – who we are
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- Sector insights – Healthcare, Consumer Lifestyle & Lighting
- Moving to Philips ‘Vision 2010’

Management agenda 2008

In 2008, our focus will be on **execution**

The Management Agenda for this year

- Integrate and leverage recent acquisitions, delivering anticipated return on investment
- Take decisive steps to structurally deal with unsatisfactory EBITA margins in Television business
- Improve productivity as a driver for margin expansion
- Step up resource investment in Developing Markets to accelerate growth in excess of 2x GDP
- Increase innovation focus in support of Philips growth ambition
- Continue to drive a culture of superior customer experience
- Bring employee engagement to high performance benchmark

Summary

- Simplified portfolio of world-class businesses built around a strong, global brand
- Well-positioned to leverage a number of important global trends to drive future growth and profitability
- Superior user-insight driving application of our technology in the simplest way possible resulting in smartly-designed, innovate, easy-to use products and applications
- Focus on integration and leverage of recent acquisitions
- Continued investment in growth in emerging markets
- Improved predictability of results
- Ambition to more than double EBITA per share by 2010



Creating
Shareholder
Value

PHILIPS

sense and simplicity

Appendix

Solid progress on key financials

€ million

	2005	2006	2007
Sales	25,445	26,682	26,793
Comparable sales growth %	4.5%	6.4%	4.9%
EBITA ¹	1,652	1,386	2,065
EBITA as % of sales	6.5%	5.2%	7.7%
Net income	2,868	5,383	4,168
Cash flow from operations	1,147	330	1,519
Dividend per share ²	0.44	0.60	0.70
Dividend yield ³	1.9%	2.0%	2.3%

Including product reliability charges of € 256 million

Including Pension funding and TSMC tax payment totaling € 1 billion

1 – MedQuist has been restated to Discontinued Operations in all years

2 – Dividend per share based on its year's profit; payout in next year; in €.

3 – Dividend yield is calculated as dividend based on prior-year profit divided by average share price of prior year

Cash generated from sale of major participations

€ million

	2004	2005	2006	2007	2008	Total
Sale securities	883	67	–	–	–	950
Atos Origin	552	554	–	–	–	1,106
NAVTEQ	672	932	–	–	–	1,604
TSMC	–	770	–	4,083	1,831	6,684
LG Displays	–	938	–	1,547	670	3,155
FEI	–	–	154	–	–	154
Semiconductors (NXP)	–	–	7,059	(99)	–	6,960
<hr/>						
Total	2,107	3,261	7,213	5,531	2,501	20,613

Cash utilization

€ million

Consumer Lifestyle, Lighting & Healthcare

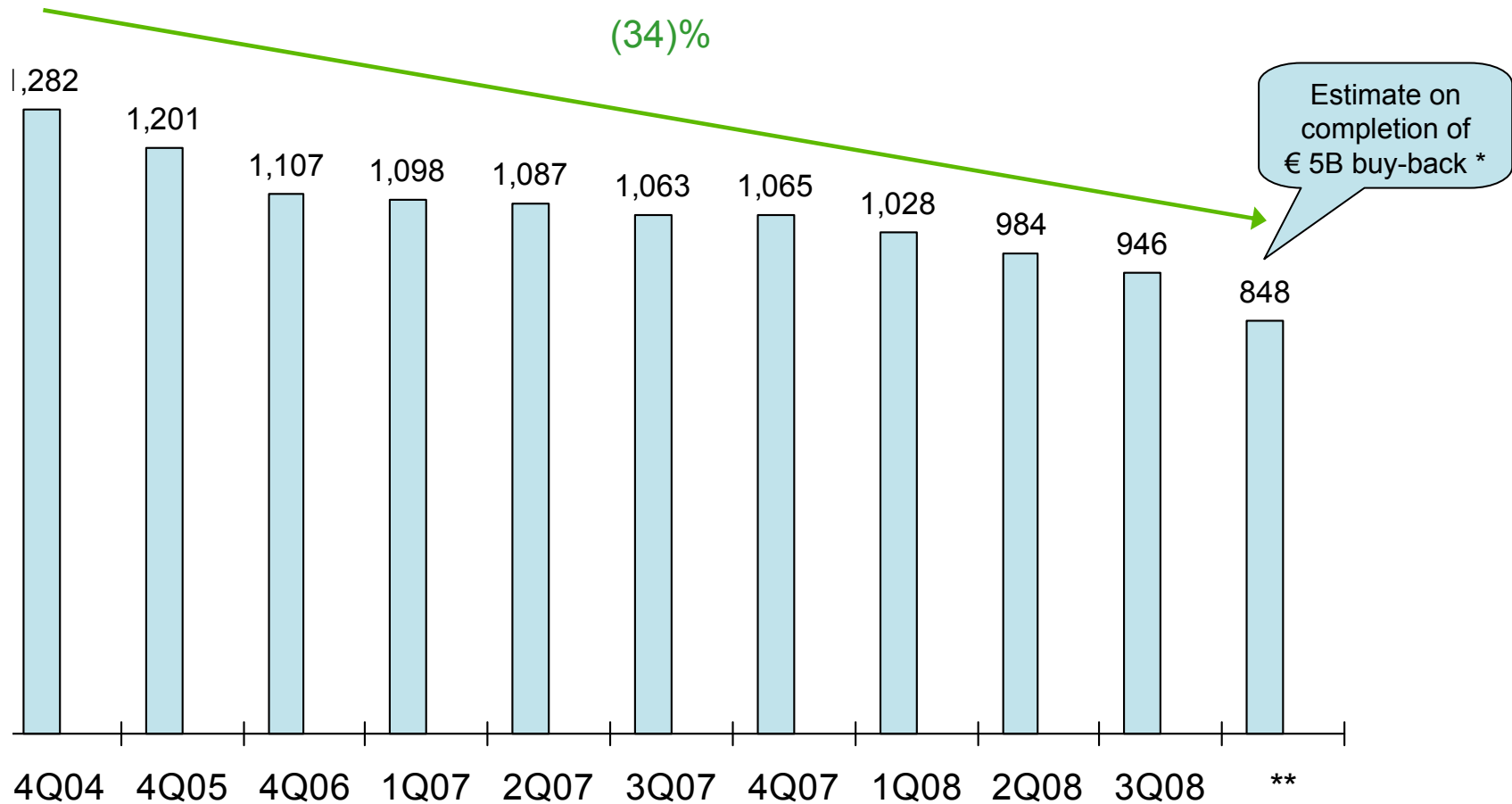
	2005/2007	Announced / being implemented	Total**
Acquisition Stentor	194	—	9,632 42.1 %
Acquisition Witt Biomedical	110	—	
Acquisition Lifeline	583	—	
Acquisition Intermagnetics	993	—	
Acquisition VISICU	—	198	
Acquisition Respirationics	—	3,196	
Acquisition Lumileds	788	—	
Acquisition PLI	561	—	
Acquisition Color Kinetics	515	—	
Acquisition Genlyte	—	1,805	
Acquisition Avent	689	—	683 3.0 %
Extra funding pensions (UK&US)	683	—	
Share repurchase program	5,187	—	12,571 54.9 %
Dividend	1,686	698	
€ 5.0 billion buy-back program	—	5,000*	
Total	11,989	10,897	22,886

* Still to be completed

** Excluding acquisitions of Bodine, Power Sentry, TIR, Health Watch, DLO, LTI, Ximis, Raytel, Emergin, Tomcat, Goldway and Dixtal because of relative size.

Basic shares outstanding

Million



* After finalizing the € 5B repurchase program; calculation includes avg. purchase price of € 21/share for remaining buy-back
** Going forward, in light of both the risks and opportunities presented by the deterioration of the economy and the financial market turbulence, we will slow down the completion of the program.

Peer group adapted to Philips' transformation

Previous peer group (until 2006)

Electrolux
Emerson Electric
General Electric
Hitachi
Panasonic
Siemens

Maintained members



Existing peer group (2007-)

Maintained members

Electrolux
Emerson Electric
General Electric
Hitachi
Panasonic
Siemens

New members

Honeywell
Johnson & Johnson
Schneider Electric
Toshiba
3M

Ericsson
Gillette
IBM
Intel
LG Electronics
Lucent
Marconi
Motorola
NEC

Nokia
Samsung
Sanyo Electric
Sharp
Sony
Texas Instruments
Tyco International
Whirlpool

Major investments

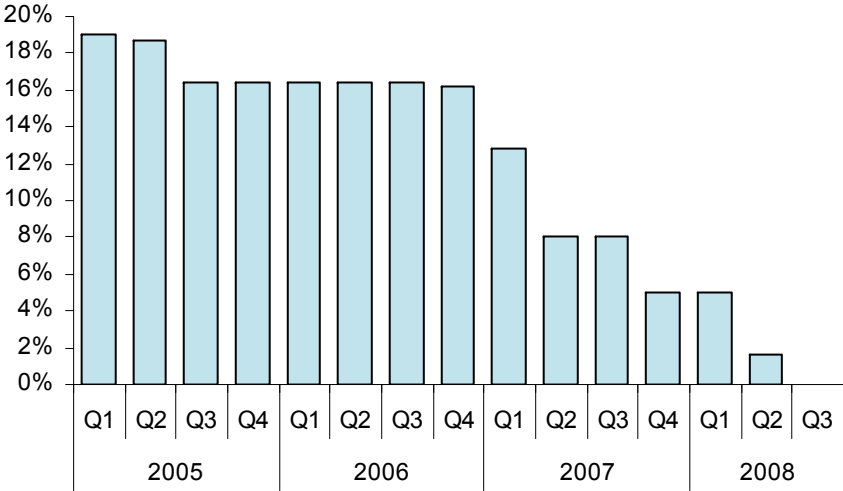
	number shares rounded in millions	% ownership	October 9 th , 2008 <i>in € million</i>
<i>Quoted</i>			
LG Displays	47	13.2	Market value 644
TPV	263	13.4	48
<i>Non-quoted</i>			
NXP	18	19.9 ¹	Book value 555
<hr/>			
Total			1,247

¹ Economic ownership

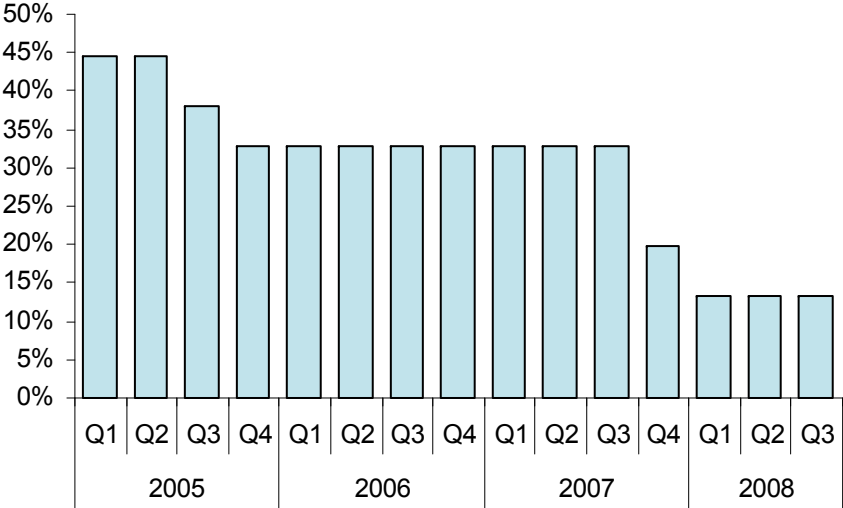
Major investments

Development of major investments

% Holding TSMC



% Holding LG Displays



Overview

€ million

Sales and Comparable growth by sector	2006	2007 per quarter				2007	2008 per quarter		
	Jan.-Dec.	1st	2nd	3rd	4th	Jan.-Dec.	1st	2nd	3rd
Healthcare	6,562	1,431 4%	1,625 4%	1,585 4%	1,997 3%	6,638 4%	1,474 5%	1,800 3%	1,806 5%
Consumer Lifestyle *	13,108	2,816 -2%	2,786 -6%	3,238 10%	4,490 11%	13,330 4%	2,662 0%	2,787 7%	2,639 -8%
Lighting	5,466	1,474 8%	1,464 6%	1,496 2%	1,659 8%	6,093 6%	1,711 3%	1,739 6%	1,785 6%
I&EB	1,379	160	110	102	163	535	79	103	70
GMS	167	49	48	44	56	197	39	34	34
Philips Group	26,682	5,930 3%	6,033 0%	6,465 7%	8,365 8%	26,793 5%	5,965 1%	6,463 6%	6,334 -2%
* of which Television business	6,559	1,293	1,258	1,511	2,208	6,270	1,227	1,359	1,195
EBITA and EBITA% by sector									
	2006	2007 per quarter				2007	2008 per quarter		
	Jan.-Dec.	1st	2nd	3rd	4th	Jan.-Dec.	1st	2nd	3rd
Healthcare	860 13%	119 8%	218 13%	188 12%	348 17%	873 13%	121 8%	195 11%	197 11%
Consumer Lifestyle *	692 5%	141 5%	106 4%	171 5%	430 10%	848 6%	77 3%	83 3%	95 4%
Lighting	608 11%	186 13%	161 11%	190 13%	185 11%	722 12%	200 12%	202 12%	196 11%
I&EB	-75	(31)	(36)	(35)	21	(81)	(68)	(41)	(46)
GMS	-699	(45)	(63)	(70)	(119)	(297)	(65)	(26)	(314)
Philips Group	1,386 5%	370 6%	386 6%	444 7%	865 10%	2,065 8%	265 4%	413 6%	128 2%
* of which Television business	155 2%	(51) -4%	(69) -5%	(43) -3%	95 4%	(68) -1%	(95) -8%	(112) -8%	(73) -6%

