

EUROPEAN

PHILIPS

FORUM

AGREEMENT NOVEMBER 16, 2006

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Agreement on the European Philips Forum

This agreement is the revised Agreement on the European Philips Forum of May 23, 1996, amended on February 19, 2001 and is effective as of November 16, 2006 between:

Representatives of employees of Philips Group companies from within the Territory (as defined hereafter)

and

Koninklijke Philips Electronics N.V. ("Royal Philips") of Eindhoven, The Netherlands

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Article 1
Definitions

1. "Committee" shall mean the committee of the Forum as described in Article 5.4;
2. "Consultation" means the exchange of views and establishment of a dialogue between Employees' Representatives and the Management;
3. "Directive" shall mean the EU-Directive 94/45/EC of 22 September 1994 and 97/74/EC of 15 December 1997 on transnational information and consultation of employees;
4. "Employees' Representatives" means persons nominated and / or elected in accordance with Article 3;
5. "Forum" shall mean the European Philips Forum as described in this Agreement, comprising the Employees' Representatives and the Management;
6. "Management" shall mean one or more persons nominated by Royal Philips to represent the European management of the Philips Group in all contacts with the Employees' Representatives in the Forum;
7. "Philips Group" means all legal entities controlled, directly or indirectly, by Royal Philips, for as long as such control exists;
8. "Rules of Procedure" means the rules drafted by the Committee in accordance with Article 5.7, which are attached as Exhibit B;
9. "Seat Allocation Key" means the key for allocation of seats for Employees' Representatives in the Forum as set out in the Exhibit to this Agreement;
10. "Territory" means the member states of the European Union, plus Switzerland and Norway.

Article 2
Participants

1. Participants in the meetings of the Forum will be Employees' Representatives, the Management and such persons as may be invited by the Management or, in accordance with Article 6, the Committee, in connection with specific agenda points.

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Employees' Representatives

1. The Employees' Representatives who are to participate in the Forum meetings shall be nominated and/or elected in accordance with applicable legislation and customs in the country, which they represent, also taking into account local circumstances, and aiming at a fair representation of the employees of the Philips Group companies in the pertaining country. Employees' Representatives will be nominated and/or elected in accordance with the applicable legislation and practices in their own countries. However, taking into account these legislation and practices, the Employees' Representatives shall aim to be member of the Forum for a period of at least 4 years. The Employees' Representative is expected to be a true representative of all employees in the country concerned. In the Rules of Procedure a specification or profile on an Employees' Representative is given.
2. The names of the Employees' Representatives so nominated and/or elected shall be notified in writing by the management of the Philips organisations in the pertaining country to the Forum Secretariat at least two months prior to the scheduled meetings. The number of Employees' Representatives so nominated and/or elected shall be sufficient to fill as many seats as are allocated to the pertaining country in accordance with the Seat Allocation Key.
3. The parties hereto acknowledge that a certain degree of continuity in the group of Employees' Representatives is necessary in order for the Forum to function in the most efficient and effective way. To provide for this continuity Employees' Representatives, in the event of their envisaged absence, will be replaced by a deputy representative nominated or elected in accordance with applicable laws and regulations. The deputies will be nominated and/or elected at the same time and for the same period as the Employees' Representatives.
4. Only Employees' Representatives, who are at the date of the pertaining Forum meeting an employee of a Philips Group company within the country, which they represent, will be entitled to attend that Forum meeting.

Article 4
Subject matters of Information and Consultation

1. Subject matters of information and Consultation in the Forum shall be all such matters, which are in the reasonable opinion of the Employees' Representatives or the Management of a transnational nature (i.e. more than one country of the Territory involved) of the Philips Group companies within the Territory. Such matters shall in particular relate to:
 - Important developments in the field of business activities and employment, including

collective redundancies;

- The financial and economic situation of the Philips Group;
- The legal and organizational structure of the Philips Group, including changes therein;
- Major investments, mergers, divestitures and transfer of production; and
- Introduction of new working and manufacturing processes.

2. The procedures of information and Consultation as laid down in this Agreement will not prejudice rights of Employees' Representatives with respect to matters which are or can reasonably be expected to become the subject of Consultation or information procedures within a specific country, which matters shall remain within the exclusive responsibility of those Employees' Representatives in accordance with applicable laws and practices. It being understood, however, that such Consultation and information procedures with Employees' Representatives in accordance with applicable local laws and practices will not prejudice rights of the Forum under this Agreement.

TCl www.euro-br.eu Article 5 Organizational matters

1. Per year the Forum shall meet around March and around early October and shall be chaired by the Management.
2. The chairman of the Committee, as provided in paragraph 4 of this article, shall have the function of vice-chairman of the meetings of the Forum.
3. Within the time span of two days from the start or end of the Forum meeting, the Employees' Representatives shall have the opportunity to conduct a preparatory and evaluation meeting.
4. The Forum shall install a Committee, which shall consist of at least 5 Employees' Representatives, which can be extended to 7 Employees' Representatives. At least 5 different countries of the Territory shall be represented. In the Committee 2 members will participate on behalf of the Management. The Employees' Representatives will elect the chairman of the Committee and Employees' secretary. The Committee shall draw up the agenda for the Forum meetings. All Employees' Representatives may suggest subjects for the agenda up to one month prior to each meeting. The agenda, plus all materials and documents relevant thereto, will be sent to all Employees' Representatives not later than two weeks prior to each meeting. The Committee shall also be entrusted with organizational matters concerning the Forum meetings such as the compliance with the Rules of Procedure.
5. The Employees' Representatives in the Committee, including the chairman of the Committee and the Employees' secretary will be (re-)elected by the Employees' Representatives at the beginning or renewal of the term of the Agreement, but at least every 5 years.
6. In case of exceptional circumstances which have a significant impact on the interests of employees in several countries within the Territory, the Employees' Representatives of the Committee shall be informed and, if the Employees' Representatives of the Committee so requests, consulted as representative of the Employees' Representatives of the Forum by the Management at a time which is still meaningful, also involving a member or representative of the management of the relevant part of the Philips Group concerned. In such cases the Employees' Representatives of the Committee may, in so far as it reasonably deems necessary, involve the

Employees' Representatives from countries affected which are not a member of the Committee and, upon the approval from the Management, which the Employees' Representatives of the Committee may request on a case-by-case basis, with representatives of employees of Philips Group companies from European countries outside the Territory. In the event of the Employees' Representatives of the Committee being informed but not consulted, the Employees' Representatives of the Committee may recommend to the Management to call an extraordinary meeting of the Forum.

7. Subject to the approval of the Forum, the Committee shall draft and maintain the Rules of Procedure of the European Philips Forum regulating, inter alia, the mode of convening its meetings, attached hereto as Exhibit B. For reference purposes the Internal Rules and Regulations of the Employees' Representatives, drafted under the responsibility of the Employees' Representatives, are attached hereto as Exhibit C. In case of deviation between the provisions of the Exhibits and the Agreement, the latter shall prevail.
8. English is the company language of the Philips Group and therefore also the language of the Forum. The English language will be used in as well as between the meetings of the Forum and Committee in writing and verbal communication. For the optimal functioning of the Forum it is therefore of the utmost importance that Employees' Representatives are able to communicate in the English language without external assistance at all times. Employees' Representatives who join the Forum without sufficient competencies to communicate adequately in English shall use their best efforts to learn/improve their English soonest. This is best achieved by all Employees' Representatives committing themselves to learning English. Employee Representatives who do not have a good enough standard of English will agree to undertake English language training. This training will be provided by the company and will be tailored to the individual needs of the employee representative and will be reviewed by local management and the Committee to ensure that it is achieving its purpose. During the period where an employee representative is learning the English language as agreed, professional interpreting facilities will be provided to enable the employee representative to communicate at EPF meetings and training sessions, if required. The requirements for such facilities will be agreed by the Committee on a case-by-case basis.
9. The costs connected with the implementation of the Forum and execution of this Agreement shall be for the account of Royal Philips. The related costs of travel shall be for the account of the Philips company, which is the employer of the pertaining employee. Days spent travelling to or participating in Forum meetings shall count as normal working days according to the local practices in each Employees' Representatives' country.
10. In order to support Employees' Representatives to represent their country in the Forum, the Employees' Representatives and their deputies will discuss the agenda plus all materials and documents relevant thereto with their country management and the local employees' representatives in their country, prior to the relevant Forum meeting. After the Forum meeting the outcome of the meeting and impact for the country will be discussed between Employees' Representatives and their deputies and their country management. Country management shall ensure the dissemination of the outcome of the Forum meeting to the Philips employees in that country, subject to the confidentiality provisions of Article 7. Subject to the provisions of paragraph 4 of this Article, the Management shall provide the information and materials provided to the Forum to the management of the Philips organization in each country of the Territory.
11. The Employees' Representatives of the Committee may establish, upon prior consultation of the

Management, working groups covering specific issues that belong to the scope of activities of the Forum.

Article 6
Training and experts

1. In order to enhance the professionalism and contribution of the Employees' Representatives and the Forum as a whole, Employees' Representatives may participate in training programs as proposed by the members of the Committee and agreed on a case-by-case basis by the Management. The training will be 2 days per year, one full day per each Forum meeting.
2. Should the Employees' Representatives of the Committee or the majority of the Employees' Representatives in the Forum in connection with specific items on the agenda of the Forum deem expert advice necessary, the Committee or the majority of the Employees' Representatives may retain an expert for such item. Philips' internal expertise should be used as much as possible. If useful for the discussion about such item in a Forum meeting, the expert may be invited by the Committee or the majority of the Employees' Representatives to attend the relevant part of the Forum meeting. Prior to inviting such expert, the Employees' Representatives shall inform the Management with the reason to engage such expert in combination with a quote of the costs related to such engagement, whereupon the expert will be invited, unless the Management is of the opinion that the cost related to engaging the expert are not reasonable, in which case the Management and Employees' Representatives of the Committee shall forthwith use their best efforts to find a suitable solution.

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Article 7
Confidentiality

1. With respect to the provision of certain information, Management may impose a requirement of treating the information indicated confidential if there are reasonable grounds to do so by issuing a statement prior to the information in question being disclosed, indicating the grounds for imposing the requirement, what written or verbal information is covered and for how long confidentiality obligations will apply.

Article 8
Protection

1. Royal Philips shall ensure that Employees' Representatives shall have the benefit of protection against negative consequences of their activity as participants in the Forum in accordance with legal provisions in their country of employment concerning protection of employees' representatives.

Article 9
Effectiveness; term; termination

1. This Agreement is effective from the date on which it has been signed by both the Employees' Representatives and Royal Philips and shall remain in effect unless terminated by mutual consent,

or as provided in the second paragraph of this Article.

2. This Agreement shall automatically expire after termination of a period of 5 years from the last signature hereof. Prior to the expiration the Employees' Representatives and the Management shall discuss the possible extension of the Agreement, including any changes thereto. If the Management and the Employees' Representatives are unable to reach agreement prior to the expiration of the Agreement, the terms and conditions of the Agreement will remain in full force and effect until both parties have reached agreement. Preceding the expiration the Committee will review the Agreement and advise the Forum and Management to renew for an additional period of 5 years or to renegotiate the Agreement.

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Article 10

Legal status

1. This Agreement is an agreement as meant in Article 13 of the EU-Directive and in any corresponding provision of Dutch law.

Signed on behalf of
Koninklijke Philips Electronics NV.

Signed on behalf of the Employees'
Representatives of the countries
represented in the European Philips Forum

R.H.E.M. Sleijffers

[Committee Members]

EXHIBIT A

Seat Allocation Key

Employees per country	number of seats in Forum
1 - 5000	1
5001 - 10000	2
10001 - 20000	3
>>20000	4

Situation as at November 1, 2006:

1. Netherlands	:	3
2. Germany	:	2
3. Poland	:	2
4. France	:	1
5. United Kingdom	:	1
6. Belgium	:	1
7. Austria	:	1
8. Spain	:	1
9. Italy	:	1
10. Portugal	:	1
11. Switzerland	:	1
12. Sweden	:	1
13. Norway	:	1
14. Denmark	:	1
15. Finland	:	1
16. Greece	:	1
17. Ireland	:	1
18. Hungary	:	1
19. Czech Republic	:	1

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For the purpose of establishing how many Forum seats are allocated to each country, the laws, rules and practices in each country concerned for employee representation purposes shall be decisive.

Calculated from the effective date of this Agreement every two years the number of seats will be evaluated against the Seat Allocation Key and adapted accordingly when needed.

EXHIBIT B**RULES OF PROCEDURES OF THE EUROPEAN PHILIPS FORUM****Rule 1**
Tasks and Roles of the Committee

The tasks/roles for the Committee are the following:

1. Responsible for running the daily business;
2. Acting as the operating body between Employees' Representatives and Management;
3. Carrying out the tasks assigned to it pursuant to the Agreement;
4. Control the execution of the actions listed on the action list;
5. Communication centre of the Forum (including public relations);
6. Organizer of meetings and training;
7. Mediator;
8. Contact point for communication outside Philips (trade unions, press);
9. Responsibility for the future strategic direction and continuity of the Forum work.

Rule 2
Communication

1. Committee members will make use of the e-mail in order to intensify the communication.
2. The secretary of the Forum will send out an introduction package for new members. Committee members are responsible for further welcoming new members (telephone calls etc). In first instance this is the responsibility of the chairman.

Rule 3
Forum work

1. More attention should be given to the strategic direction and the continuity of the Forum work. This should be done on a continuous basis, but could also be an issue for training.
2. The Committee will try to involve members more in the Forum work. This could take the form of "buddying".

Rule 4
Meetings

1. At all meetings an action list will be made. The chairman of the Committee has the responsibility to check whether actions have been followed up. Of course this responsibility

can be delegated to other Committee members.

2. Every year the Committee will have an extended meeting to discuss in a frank and open way the Forum and Committee work.
3. The meetings of the Forum shall in principle take place in the Netherlands. To the extent the Committee has identified sound business relevance, the meeting of the Forum may meet outside the Netherlands. Committee will decide on a case-by-case basis on the location of such meeting, taking into account potential impact on the business activities on the site, costs, added value, etc.
4. Upon the Committee's approval a summary of the meeting minutes will be distributed 2 weeks after the meeting. The Employees' secretary will draw up the minutes of the meetings of the Forum within one month after the meeting. The minutes of the meeting will be released after the Committee's approval.
5. The Committee shall, at its request and on a case-by-case basis, in all organizational matters concerning the Forum meetings be assisted and supported by secretarial facilities provided by the Management. The secretariat shall in agreement with the Committee draw up a report of each meeting and shall circulate this to the Employees' Representatives.

Rule 5 **Visibility of the Forum**

Both Management and EPF Representatives should give attention to the visibility of the EPF to ensure that it is a well-known institution across Philips sites in Europe. For examples, both Management and EPF Representatives will aim to provide written articles in in-house magazines throughout the Territory from time to time. Ideally, the text of these articles should be agreed between EPF Representatives and management.

Management will ensure that management of the Product Divisions are aware of the EPF existence and the need for them to provide timely information on major changes, as described in article 4 in their own Product Divisions. EPF Representatives will ensure that EPF Minutes and Summaries are disseminated as widely as possible in their countries. Management will also ensure that country management translates these documents into local languages where this is necessary. It is also the role of the EPF Representatives to build networks in their own countries with local employee representatives like Works Councils and Trades Union, as well as with their own local and Country Management.

Rule 6 **Information and Consultation; Grey Areas**

Article 5.6 of the Agreement governs information and Consultation in case of exceptional circumstances. In the event circumstances do not qualify for the procedure of Article 5.6, but are of such nature that the Committee is in its reasonable opinion in doubt whether:

- an intended decision with a transnational scope has sufficient impact to justify the procedure described in article 5.6 of the agreement, or
 - an intended decision is transnational or not,
 (such situations hereinafter jointly referred to as a “grey area” situation”) then the following procedure will apply:

- a) Management will provide the Forum with relevant information to assess the situation.
- b) A Management Representative on the Committee will as soon as possible, but not later than two weeks after the information has been sent, contact the chairman of the Employees’ Representatives to indicate if in his opinion a grey area situation has occurred. The Committee will discuss in telephone conferences whether or not article 5.6 should be applied. If reasonably required the Committee will receive more detailed information.
- c) In exceptional circumstances the members of the Committee also have the right to bring grey area situations to the attention of the Management Representatives in the Committee. In this case the same procedure as described under paragraph 2 will be followed.
- d) Directly following the discussion in the Committee, all Forum members will be informed about the outcome and how the issue at hand will be dealt with.
- e) In case of differences of opinion between the Management Representatives and the Employees’ Representative in the Committee, the Forum agreement and national law will apply.

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Rule 7 **Profile Employees’ Representative Forum**

In order to support the nomination or election procedure of the Employees’ Representatives as referred to in the Agreement, the following profile for an Employees’ Representative (as well as an deputy) is given and shall be endorsed by all members of the Forum. The potential Employees’ Representative:

- a) is a key player in the local/national Works Council or other local internal employee representative body;
- b) has the trust and support of Philips employees it represents;
- c) is capable of developing an insight into the Philips strategy;
- d) is capable of thinking cross border and developing a transnational view, inside and outside the company;
- e) has access to a broad network of other Philips Employees’ Representatives and managers;
- f) is willing and able to challenge senior management in discussions;
- g) is willing and able to invest sufficient time in the Forum work;
- h) is willing and able to co-operate and communicate with other Employees’ Representatives during the year;
- i) is able to communicate (both verbal and in writing) in English or has a strong desire to develop these language skills;
- j) has or develops a pro-active attitude.

EXHIBIT C**EPF EMPLOYEE REPS: INTERNAL RULES AND REGULATIONS****1. Definitions**

In these Regulations:

- 'EPF' means the European Philips Forum as established by the Agreement;
- 'Agreement' means the agreement concerning the establishment of the EPF dated 1996 and subsequently renewed several times;
- 'Central Management' means the Management of Philips as defined in the Agreement;
- 'Committee' means the Committee of the EPF as established by the Agreement;

2. Designation or election of the employee members of the EPF

At the beginning of each five-year term, the new composition of the EPF will be announced within one month to the Central Management as well as to the workforce.

3. The filling of interim vacancies

- 3.1 In the event of an interim vacancy in the EPF, the business or businesses in the member state where the resigning member is, or was, employed will fill the vacancy in accordance with the provisions of Article 3.1 of the Agreement.
- 3.2 The designation or election will take place as soon as possible, but in any case within two months after the vacancy arose. The vacancy, as well as the outcome of the election, will be announced to Central Management and the whole workforce in that country

4. Committee and Tasks

- 4.1 The Committee consists of five permanent employee representatives: a Chairman, a Secretary and three other members. These five members of the Committee will originate from at least five different member states.
- 4.2 The Committee may be enlarged with two additional employee representatives. The Committee (including management representatives) will decide on the necessity of this.
- 4.3 The employee representatives of the Committee will be elected according to the rules laid down in article 6 of these regulations. The employee representatives will first elect a chairman and a secretary. After that three ordinary members will be elected.
- 4.4 The employee representatives of the Committee will act as the contact for the Central Management between EPF meetings.

- 4.5 The employee representatives of the Committee will co-ordinate and prepare the internal meetings of the employee representatives of the EPF.
- 4.6 The Committee, including the management representatives, will prepare the agenda of EPF meetings, the content of the summary and the minutes of the EPF meetings. All the employee representatives can make agenda proposals for the EPF meetings. These proposals have to be sent to the Committee at the latest one month before the EPF meeting takes place. The Committee will set the priorities.
- 4.7 The Committee is responsible for conducting the correspondence and administering the documents intended for, or issued, between EPF meetings.

5. Employee Representatives' Meetings

- 5.1 The employee representatives will meet before and after the EPF meetings, as stipulated in Article 5.3 of the Agreement.
- 5.2 A regular employee representative meeting may be held and valid resolutions passed only if a majority of the employee representatives and a majority of the countries represented in the EPF are present.
- 5.3 The employee representatives of the Committee, by means of a written notice will convene the meetings. Such convening notice will be given at least 30 days before the day of the meeting, except in the case of extraordinary meetings as referred to in article 5.6 of the Agreement.
- 5.4 The employee representatives of the Committee is responsible for setting the agenda and making the minutes of the employee representatives meetings. The agenda will be put forward to the employee representatives, Central Management and the workforce.
- 5.5 The chairman of the employee representatives will chair the employee representatives meetings. If he/she is absent, the employee representatives elect one representative to chair the meeting.

6. Decision Making

- 6.1 The employee representatives will decide by a simple majority of the votes cast. Blank votes will be regarded as not having been cast.
- 6.2 Votes on business matters will be taken by a show of hands, unless one of the members present requires a secret ballot.
Votes on persons will be taken by a secret ballot.
- 6.3 If in an election of persons, none of the candidates receives a simple majority of votes at the first ballot, a second vote will be taken between the two candidates who received the largest number of votes at the first ballot. The person who receives the largest number of votes at this second ballot will be elected.

- 6.4 In the event of a tied vote, a revote may be taken. If the vote remains tied the vote of the chairman will be decisive.
- 6.5 If one of the employee representatives is absent, a deputy member will replace him/her. The deputies at such occasions act as full members. The deputies of the Committee members do not take over the Committee function if they are present. If no deputies are available, an employee representative may give another employee representative a proxy to vote on their behalf if they are absent, in case of a vote on persons. Such proxy will not be counted in determining the number of members present and the number of Member States represented as stipulated in article 5.2 of these regulations. In case of a vote on proposals no proxy can be given.

7. Information to Employees (Representatives)

- 7.1 The employee representatives will agree, in mutual consultation, on the manner in which information will be provided to representatives or employees of the businesses and on the content of such information. Such agreement will not be binding on the employee representatives. The employee representatives have the right to provide the information in a way that suits the local practice. The provisions of Article 5.10 of the Agreement however will apply accordingly.
- 7.2 The employee representatives will consult with local management on the facilities for the provision of information in their own countries.

8. Working Groups

- 8.1 The employee representatives may set up working groups, according to article 5.11 of the agreement.
- 8.2 The employee representatives will decide on the subjects to be dealt with by the working groups, their assignments and the duration for which the working groups will be set up.
- 8.3 The employee representatives will decide on the number of members of a working group.
- 8.4 The working group may call in the assistance of external or internal advisors, with due observance of the provisions of Article 6.2 of the Agreement.

9. Final Provisions

- 9.1 These Internal Rules and Regulations, based on article 5.7 of the EPF agreement, which may not contain any provisions that conflict with the text of the Agreement, may be amended and supplemented by resolution of the employee representatives. Such a resolution will require a majority of at least two thirds of the votes cast. Blank votes will be regarded as not having been cast.
- 9.2 At least two thirds of the members will be present at any meeting at which resolutions on the Internal Rules and Regulations are adopted.
- 9.3 The Central Management will be consulted about any amendments and/or supplements before they will be adopted.

- 9.4 The employee representatives will immediately present the Central Management with a copy of the amended and/or supplemented Internal Rules and Regulations.
- 9.5 Any disputes between the employee representatives and Central Management on the adoption or application of these Internal Rules and Regulations may be submitted to the relevant Dutch court.
- 9.6 These Internal Rules and Regulations were adopted by the employee representatives on November 16th November 2006.