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SKYTEAM AND PHILIPS STRENGTHEN RELATIONSHIP THROUGH GLOBAL CONTRACT

SkyTeam's first Global Corporate contract provides Philips worldwide access through eight global airlines and single agreement

LONDON, Oct. 24, 2005 – Today, Royal Philips Electronics of the Netherlands (NYSE: PHG, AEX: PHI) and SkyTeam, the global airline alliance, announced they have reached an agreement on the framework of the first SkyTeam global contract offering the company competitively-priced, customized travel solutions. The news was released in conjunction with SkyTeam's sponsorship of the 2005 Association of Corporate Travel Executives (ACTE) Global Conference in London.

"We have enjoyed a strong working relationship with SkyTeam carriers for many years and we are keen to take our relationship to the next level," said Peter Sijbers, global commodity manager for Philips. "We are looking forward to working with SkyTeam in this new capacity."

Through the contract, eight SkyTeam carriers will provide Philips with access to 25 countries worldwide. With the collaboration of Aeroméxico, Air France, Continental Airlines, CSA Czech Airlines, Delta Air Lines, KLM Royal Dutch Airlines, Korean Air and Northwest Airlines, Philips will benefit from a single point-of-entry, harmonized discounts and a single source of performance reporting.

"Through the global contract, SkyTeam is better able to leverage its worldwide network to provide valued customers, like Philips, with seamless solutions for corporate business travel," said Paul Gregorowitsch, executive vice president, commercial, for KLM Royal Dutch Airlines. "We look forward to strengthening our relationship with Philips and expanding the program to other corporations requiring global access to grow their business."

About Royal Philips Electronics

Royal Philips Electronics of the Netherlands (NYSE: PHG, AEX: PHI) is one of the world's biggest electronics companies and Europe's largest, with sales of EUR 30.3 billion in 2004. With activities in the three interlocking domains of healthcare, lifestyle and technology and 161,100 employees in more than 60 countries, it has market leadership positions in medical diagnostic imaging and patient monitoring, color television sets, electric shavers, lighting and silicon system solutions.

News from Philips is located at www.philips.com/newscenter

About SkyTeam

SkyTeam is the global airline alliance partnering nine members, including Aeroméxico, Air France, Alitalia, Continental Airlines, CSA Czech Airlines, Delta Air Lines, KLM Royal Dutch Airlines, Korean Air and Northwest Airlines. Through one of the world's most extensive hub networks, SkyTeam offers its 343.6 million annual passengers a worldwide system of more than 15,000 daily flights covering all major destinations. Visit SkyTeam on the Web at www.skyteam.com.

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