Taxation of Dividends

Under the United States federal income tax laws, the gross amount of any dividend paid out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes) is subject to United States federal income taxation. For a noncorporate U.S. holder, dividends paid in taxable years beginning after December 31, 2002 and before January 1, 2011 that constitute qualified dividend income will be taxable at a maximum tax rate of 15% provided that the noncorporate US holder holds the Common Shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meets other holding period requirements. Dividends paid with respect to the Common Shares generally will be qualified dividend income. A US holder must include any Dutch tax withheld from the dividend payment in this gross amount even though it does not in fact receive it. The dividend is taxable to a US holder when it receives the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations. The amount of the dividend distribution that a US holder must include in its income will be the U.S. dollar value of the Euro payments made, determined at the spot Euro/U.S. dollar rate on the date the dividend distribution is includible in its income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date a US holder includes the dividend payment in income to the date a US holder converts the payment into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. Distributions in excess of current and accumulated earnings and profits, as determined for United States federal income tax purposes, will be treated as a non-taxable return of capital to the extent of a US holder’s basis in the Common Shares and thereafter as capital gain.

Subject to certain limitations, the Dutch tax withheld in accordance with the US Tax Treaty and paid over to the Netherlands will be creditable or deductible against a US holder’s United States federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the maximum 15% tax rate. To the extent a refund of the tax withheld is available under Dutch law, or under the US Tax Treaty, the amount of tax withheld that is refundable will not be eligible for credit against United States federal income tax liability. Dividends will be income from sources outside the United States, but dividends paid in taxable years beginning before January 1, 2008 generally will be “passive” or “financial services” income, and dividends paid in taxable years beginning after December 31, 2007 will, depending on a holder’s circumstances, be “passive” or “general” income which, in either case, is treated separately from other types of income for purposes of computing the foreign tax credit allowable to the holder.

Taxation of Capital Gains

A U.S. holder that sells or otherwise disposes of its Common Shares will recognize capital gain or loss for United States federal income tax purposes equal to the difference between the U.S. dollar value of the amount that they realize and its tax basis, determined in U.S. dollars, in its Common Shares. Capital gain of a noncorporate U.S. holder that is recognized on or after May 6, 2003 and in taxable years beginning before January 1, 2011 is generally taxed at a maximum rate of 15% where the holder has a holding period greater than one year. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

PFIC Rules

We do not believe that the Common Shares will be treated as stock of a passive foreign investment company, or PFIC, for United States federal income tax purposes, but this conclusion is a factual determination that is made annually and thus is subject to change. If we are treated as a PFIC, unless a U.S. holder elects to be taxed annually on a mark-to-market basis with respect to the Common Shares, gain realized on the sale or other disposition of the Common Shares would in general not be treated as capital gain. Instead a U.S. holder would be treated as if he or she had realized such gain and certain “excess distributions” ratably over the holding period for the Common Shares and would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, in addition to which an interest charge in respect of the tax attributable to each such year would apply. Any dividends received by a U.S. holder will not be eligible for the special tax rates applicable to qualified dividend income if we are treated as a PFIC with respect to such U.S. holder either in the taxable year of the distribution or the preceding taxable year, but instead will be taxable at rates applicable to ordinary income.

Documents on display

It is possible to read and copy documents referred to in this annual report on Form 20-F that have been filed with the SEC at the SEC’s public reference room located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms and their copy charges. The Company’s SEC filings are also publicly available through the SEC’s website at http://www.sec.gov.

Item 11. Quantitative and qualitative disclosure about market risk

The information required by this Item is incorporated by reference herein on pages 102 through 105 under the heading “Details of Treasury Risks” and page 178 under the heading “Other financial instruments, derivatives and currency risk” of the 2008 Annual Report.

Item 12. Description of securities other than equity securities

Not applicable.

Part II

Item 13. Defaults, dividend arrearages and delinquencies

None.

Item 14. Material modifications to the rights of security holders and use of proceeds

None.

Item 15. Controls and procedures

The Company’s Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by the Annual Report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective as of December 31, 2008.

During the year ended December 31, 2008 there have been no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management’s report on internal control over financial reporting and the report of independent registered public accounting firm on page 124 and 125 of the 2008 Annual Report are incorporated herein by reference.

Item 16A. Audit Committee Financial Expert

The Company does not have an Audit Committee financial expert as defined under the regulations of the US Securities and Exchange Commission serving on its Audit Committee. The information required by this Item is incorporated herein by reference to page 258 of the 2008 Annual Report under the heading “The Audit Committee”.

Item 16B. Code of Ethics

The Company recognizes that its businesses have responsibilities within the communities in which they operate. The Company has a Financial Code of Ethics which applies to the CEO (the principal executive officer) and CFO (the principal financial and principal accounting officer), and to the heads of the Corporate Control, Corporate Treasury, Corporate Fiscal and Corporate Internal Audit departments of the Company. The Company has published its Financial Code of Ethics within the investor section of its website located at www.philips.com. No changes have been made to the Code of Ethics since its adoption and no waivers have been granted there from to the officers mentioned above in 2008.

Item 16C. Principal Accountant Fees and Services

The Company has instituted a comprehensive auditor independence policy that regulates the relation between the Company and its external auditors and is available on the Company’s website (www.philips.com). The policy includes rules for the pre-approval by the Audit Committee of all services to be provided by the external auditor. The policy also describes the prohibited services that may never be provided. Proposed services may be pre-approved at the beginning of the year by the Audit Committee (annual pre-approval) or may be pre-approved during the year by the Audit Committee in respect of a particular engagement (specific pre-approval). The annual pre-approval is based on a detailed, itemized list of services to be provided, designed to ensure that there is no management discretion in determining whether a service has been approved and to ensure the Audit Committee is informed of each service it is pre-approving. Unless pre-approval with respect to a specific service has been given at the beginning of the year, each proposed service requires specific pre-approval during the year. Any annually pre-approved services where the fee for the engagement is expected to exceed pre-approved cost levels or budgeted amounts will also require specific pre-approval. The term of any annual pre-approval is 12 months from the date of the pre-approval unless the Audit Committee states otherwise. During 2008, there were no services provided to the Company by the external auditors which were not pre-approved by the Audit Committee.

Audit Fees

The information required by this Item is incorporated by reference herein on page 120 under the heading “Report of the Audit Committee” of the 2008 Annual Report.

Audit-Related Fees

The information required by this Item is incorporated by reference herein on page 120 under the heading “Report of the Audit Committee” of the 2008 Annual Report. The percentage of services provided is 17.3% of the total fees.

Tax Fees

The information required by this Item is incorporated by reference herein on page 120 under the heading “Report of the Audit Committee” of the 2008 Annual Report. The percentage of services provided is 4.7% of the total fees.

All Other Fees

The information required by this Item is incorporated by reference herein on page 120 under the heading “Report of the Audit Committee” of the 2008 Annual Report. The percentage of services provided is 9.8% of the total fees.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

In the following table, the information is specified with respect to purchases made by Philips of its own shares.

Period	Total number of shares purchased	Average price paid per share in EUR	Total number of shares purchased as part of publicly announced programs	Maximum EUR amount of shares that may yet be purchased under the programs
January 2008	21,249,577	26.33	21,249,577	4,440,511,897
February 2008	8,022,187	26.37	8,022,187	4,228,927,853
March 2008	8,089,591	25.23	8,089,591	4,024,860,941
April 2008	22,128,914	24.21	22,128,914	3,489,070,959
May 2008	10,976,955	24.61	10,976,753	3,218,965,228
June 2008	14,107,046	23.60	14,107,046	2,885,986,397
July 2008	14,629,435	20.99	14,629,364	2,578,930,706
August 2008	7,300,266	22.13	7,300,266	2,417,383,513
September 2008	16,226,706	21.07	16,226,706	2,075,455,381
October 2008	15,325,807	16.71	15,325,807	1,819,422,014
November 2008	8,396,883	14.06	8,396,883	1,701,348,352
December 2008	—	—	—	—
Total	146,453,367		146,453,094	

Pursuant to the authorization given at the Company’s Annual General Meeting of Shareholders referred to below to purchase shares in the Company, the Company has purchased shares for (i) capital reduction purposes and (ii) delivery under convertible personnel debentures, restricted share programs, employee stock purchase plans and stock options in order to avoid dilution from new issuances. When shares are delivered, they are removed from treasury stock. In 2008, Philips acquired a total of 146,453,367 shares. A total of 49,429,913 shares were held in treasury by the Company at December 31, 2008 (2007: 77,933,509 shares). As of that date, a total of 65,511,757 rights to acquire shares (under convertible personnel debentures, restricted share programs, employee stock purchase plans and stock options) were outstanding (2007: 61,317,540).

For information on the share repurchase programs, reference is made to the section on share repurchase programs in “Investor information” on page 269 of the 2008 Annual Report and is incorporated herein by reference.

The 2008 General Meeting of Shareholders has resolved to authorize the Board of Management, subject to the approval of the Supervisory Board, to acquire shares in the Company within the limits of the articles of association and within a certain price range until September 27, 2009. In view of the Company’s plans to repurchase and cancel up to approximately EUR 5 billion worth of its own shares as announced on December 19, 2007, the 2008 General Meeting of Shareholders has resolved to renew this authorization, each time the cancellation of a tranche of shares has become effective. The renewed authorization allows the Board of Management to purchase additional shares in the Company up to 10% of the number of shares issued by the Company at the time the relevant tranche of shares has been cancelled. All repurchases of shares under any renewed authorization are subject to the same terms of the original authorization referred to above and any renewed authorization shall expire on September 27, 2009.

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Item 16F. Change in Registrant’s Certifying Accountant

Not Applicable

Item 16G. Corporate Governance

Dutch corporate governance provisions

Philips is a listed company organised under Dutch law and as such subject to the Dutch corporate governance code of December 9, 2003 (the “Code”). The overall corporate governance structure of Philips is incorporated by reference herein on pages 254 through 261 under the heading “Corporate Governance” of the 2008 Annual Report.

Board structure

Philips has a two-tier corporate structure consisting of a Board of Management consisting of executive directors under the supervision of a Supervisory Board consisting exclusively of nonexecutive directors. Members of the Board of Management and other officers and employees cannot simultaneously act as member of the Supervisory Board. The Supervisory Board must approve specified decisions of the Board of Management.

Independence of members of our Supervisory Board

Under the Code all members of the Supervisory with the exception of not more than one person, must be independent. The present members of our Supervisory Board are all independent within the meaning of the Code. The definitions of independence under the Code, however, differ in their details from the definitions of independence under the NYSE listing standards. In some cases the Dutch requirements are stricter and in other cases the NYSE listing standards are the stricter of the two.

Committees of our Supervisory Board

Philips has established an Audit Committee, a Remuneration Committee and a Corporate Governance and Nomination & Selection Committee, consisting of members of the Supervisory Board only. The role of each committee is to advise the Supervisory Board and to prepare the decision-making of the Supervisory Board. In principle, the (entire) Supervisory Board remains responsible for its decisions even if they were prepared by one of the Supervisory Board’s committees.

Equity compensation plans

Philips complies with Dutch legal requirements regarding shareholder approval of equity compensation plans. Although Philips is only subject to a requirement to seek shareholder approval for equity compensation-plans for its members of the Board of Management, the General Meeting of Shareholders of Philips adopted in 2003 a Long-Term Incentive Plan consisting of a mix of restricted shares and stock options for members of the Board of Management, the Group Management Committee, Philips Executives and other key employees.

Code of business conduct

All Philips employees are subject to the Philips General Business Principles. Furthermore, all Philips employees performing an accounting or financial function have to comply with our Financial Code of Ethics. Waivers granted to Senior (Financial) Officers (as defined in our Financial Code of Ethics) will be disclosed

Part III

Item 17. Financial statements

Philips is furnishing the Financial Statements pursuant to the instructions of Item 18 of Form 20-F.

Item 18. Financial statements

The following portions of the Company’s 2008 Annual Report as set forth on pages 124 through 179 are incorporated herein by reference and constitute the Company’s response to this Item:

“Consolidated statements of income of the Philips Group for the years ended December 31”
“Consolidated balance sheets of the Philips Group as of December 31”
“Consolidated statements of cash flows of the Philips Group for the years ended December 31”
“Consolidated statements of changes in stockholders’ equity of the Philips Group”
“Information by sectors and main country”
“Significant accounting policies”
“Notes to the US GAAP consolidated financial statements of the Philips Group”
“Report of independent registered public accounting firm”

Schedules:

Schedules are omitted as they are either not required or the required information is included in the consolidated financial statements.

Item 19. Exhibits

Index of exhibits

Exhibit 1	English translation of the Articles of Association of the Company.
Exhibit 2 (b) (1)	The total amount of long-term debt securities of the Company and its subsidiaries authorized under any one instrument does not exceed 10% of the total assets of Philips and its subsidiaries on a consolidated basis. Philips agrees to furnish copies of any or all such instruments to the Securities and Exchange Commission upon request.
Exhibit 4	Employment contracts of the members of the Board of Management (incorporated by reference to Exhibit 4 of the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2003) (File No. 001-05146-01).
Exhibit 4 (a)	Employment contract between the Company and G.J. Kleisterlee (incorporated by reference to Exhibit 4(a) of the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2007, File No. 001-05146-01).
Exhibit 4 (b)	Employment contract between the Company and P-J. Sivignon (incorporated by reference to Exhibit 4(b) of the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2004, file No. 001-05146-01).
Exhibit 4 (c)	Employment contract between the Company and G. Dutiné (incorporated by reference to Exhibit 4(c) of the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2007, File No. 001-05146-01).
Exhibit 4 (d)	Employment contract between the Company and R.S. Provoost (incorporated by reference to Exhibit 4(d) of the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2006, File No. 001-05146-01).
Exhibit 4 (e)	Employment contract between the Company and A. Ragnetti (incorporated by reference to Exhibit 4(e) of the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2006, File No. 001-05146-01).
Exhibit 4 (f)	Employment contract between the Company and S. Rusckowski (incorporated by reference to Exhibit 4(g) of the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2007, File No. 001-05146-01).
Exhibit 8	List of Significant Subsidiaries.
Exhibit 12 (a)	Certification of G.J. Kleisterlee filed pursuant to 17 CFR 240. 13a-14(a).
Exhibit 12 (b)	Certification of P-J. Sivignon filed pursuant to 17 CFR 240. 13a-14(a).
Exhibit 13 (a)	Certification of G.J. Kleisterlee furnished pursuant to 17 CFR 240. 13a-14(b).
Exhibit 13 (b)	Certification of P-J. Sivignon furnished pursuant to 17 CFR 240. 13a-14(b).
Exhibit 15 (a)	Consent of independent registered public accounting firm.
Exhibit 15 (b)	The Annual Report to Shareholders for 2008 (except for the omitted portions thereof identified in the following sentence) is furnished hereby as an exhibit to the Securities and Exchange Commission for information only. The Annual Report to Shareholders is not filed except for such specific portions that are expressly incorporated by reference in this Report on Form 20-F. Furthermore, the Sustainability performance on pages 180 through 191 of the Annual Report to Shareholders 2008, the International Financial Reporting Standards (IFRS) information, including the financial statements and related notes on pages 192 through 243 of the Annual Report to Shareholders 2008, and the unconsolidated Company financial statements, including the notes thereto, also prepared on the basis of IFRS, on pages 244 through 249 of the Annual Report to Shareholders, have been omitted from the version of such Report being furnished as an exhibit to this Report on Form 20-F. The IFRS information, Sustainability performance and Company financial statements have been omitted because Philips' primary consolidated accounts were prepared in accordance with accounting principles generally accepted in the United States and Philips is not required to include in this Report on Form 20-F the IFRS information, Sustainability performance and Company financial statements.
Exhibit 15 (c)	Description of industry terms.

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

KONINKLIJKE PHILIPS ELECTRONICS N.V.
(Registrant)

/s/ G.J. Kleisterlee	/s/ P-J. Sivignon
G.J. Kleisterlee (President, Chairman of the Board of Management and the Group Management Committee)	P-J. Sivignon (Executive Vice-President, Chief Financial Officer, member of the Board of Management and the Group Management Committee)

Date: February 23, 2009

Exhibits

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