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 as 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 Treaty and paid over to the Netherlands will be creditable or deductible against a US holder 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.

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 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.

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.

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 104 through 111 under the heading “Details of Financial Risks” and page 185 under the heading “Other financial instruments, derivatives and currency risk” of the 2007 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(b) and 15d-15(b) 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, 2007.

During the year ended December 31, 2007 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 128 and 129 of the 2007 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 from pages 254 through 255 of the 2007 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 therefrom to the officers mentioned above in 2007.

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 2007, 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 pages 124 through 125 under the heading "Report of the Audit Committee" of the 2007 Annual Report.

Audit-Related Fees

The information required by this Item is incorporated by reference herein on pages 124 through 125 under the heading "Report of the Audit Committee" of the 2007 Annual Report. The percentage of services provided is 16% of the aggregated fees.

Tax Fees

The information required by this Item is incorporated by reference herein on pages 124 through 125 under the heading "Report of the Audit Committee" of the 2007 Annual Report. The percentage of services provided is 5% of the aggregated fees.

All Other Fees

The information required by this Item is incorporated by reference herein on pages 124 through 125 under the heading "Report of the Audit Committee" of the 2007 Annual Report. The percentage of services provided is 9% of the aggregated 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 2007	12,100,000	28.86	100,000	1,627,199,000
February 2007	5,379	29.60		1,627,199,000
March 2007	5,132	27.63		1,627,199,000
April 2007	1,291,788	31.01	1,288,000	1,587,395,201
May 2007	3,503	30.18		1,587,395,201
June 2007	14,328,651	31.60	14,324,080	1,136,291,559
July 2007	10,068,453	32.40	10,066,278	811,226,557
August 2007				811,226,557
September 2007	15,300,139	30.27		811,226,557
October 2007	2,212	29.60		811,226,557
November 2007	70	28.89		811,226,557
December 2007	35,540	30.19	35,540	810,153,604
Total	53,140,867	30.73	25,813,898	

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 2007, Philips acquired a total of 53,140,867 shares. A total of 77,933,509 shares were held in treasury by the Company at December 31, 2007 (2006: 35,933,526 shares). As of that date, a total of 61,317,540 rights to acquire shares (under convertible personnel debentures, restricted share programs, employee stock purchase plans and stock options) were outstanding (2006: 65,456,296).

For information on the share repurchase programs, reference is made to the section on share repurchase programs in "Other information" on page 58 of the 2007 Annual Report and is incorporated herein by reference.

The General Meeting of Shareholders, at their meeting of March 29, 2007 authorized the Board of Management, subject to the approval of the Supervisory Board, for a period until September 29, 2008, within the limits of the law and the Articles of Association, to acquire for valuable consideration, on the Amsterdam Stock Exchange or otherwise, shares in the Company, provided the Company does not hold more than 10% of its issued share capital.

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 2007 Annual Report as set forth on pages 128 through 186 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 countries"
"Significant accounting policies"
"Notes to the Group financial statements"
"Report of independent registered public accounting firm"
"Management's report on internal control over financial reporting pursuant to Section 404 of the US Sarbanes-Oxley Act"

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 (incorporated by reference to Exhibit 1 of the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2006, File No. 001-05146-01).
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.
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.
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 T.W.H.P. van Deursen (incorporated by reference to Exhibit 4(f) 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 (g)	Employment contract between the Company and S. Rusckowski.
Exhibit 4 (h)	Stock Purchase Agreement among Koninklijke Philips Electronics N.V., Philips Semiconductors International B.V. and Kaslion Acquisition B.V. (incorporated by reference to Exhibit 4(h) of the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2006, 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)	Consent of Timothy Wyant, Ph.D.
Exhibit 15 (c)	Consent of ARPC
Exhibit 15 (d)	The Annual Report to Shareholders for 2007 (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 International Financial Reporting Standards (IFRS) information, including the financial statements and related notes on pages 188 through 239 of the Annual Report to Shareholders 2007, and the unconsolidated Company financial statements, including the notes thereto, also prepared on the basis of IFRS, on pages 240 through 245 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 and Company statements have been omitted because Philips' primary consolidated accounts are 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 and Company statements.
Exhibit 15 (e)	Description of industry terms.

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 and Chief Financial Officer)

Date: February 18, 2008

Exhibits

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