

PHILIPS

sense and simplicity

Home Healthcare Solutions

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Agenda

- Respironics Hospital
- Home Healthcare
- Respironics Home
- Philips Home Remote Monitoring
- Home Healthcare Vision

Philips Journey towards Home Healthcare Leadership through Respironics

- The acquisition of Respironics is a significant milestone on the path to building a Home Healthcare Franchise
- We believe that Home Healthcare will be a large market in the future and the investments that we are making will clearly separate us from our competitors
- Respironics significantly broadens Philips' home healthcare platform. Philips' global distribution reach is likely to accelerate Respironics' sales volume, while enabling cost savings for both sleep and hospital businesses. The ventilation and Children's Medical businesses of Respironics complement Philips' hospital based solutions business for acute and critical care

Broad Range of Hospital Ventilation Solutions

- Noninvasive
- Invasive
- Respiratory Monitoring



Critical Care

Key Differentiator is Noninvasive Ventilation

Noninvasive Ventilation



Invasive Ventilation



Growing Trend in Noninvasive Ventilation

- Approximately 20-25% of patients are noninvasively ventilated
- Demand for noninvasive vents and interfaces growing double-digit per year
- Underutilized
- Market share leader in stand-alone ventilation with 80% of market
- Strategy – develop further adoption of noninvasive technique



Children's Medical Ventures

- Strong brand name
- Strong channels
 - Neonatal Intensive Care Unit
 - Homecare
- Innovative solutions promote best developmental outcomes
- Positive growth profile
- Long-term future growth strategy
- Growth products provide firm foundation



Home Healthcare Solutions

Vision, Mission, Scope

Vision

- To be the worldwide leader at anticipating needs and providing valued solutions to the home healthcare market

Mission

We will improve quality of life for chronically ill people and at-risk seniors through better diagnosis, treatment, monitoring, and management of their conditions

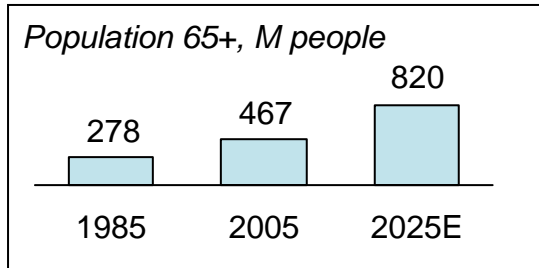
Scope

- Outside traditional hospital environment
- Products and technology enabled services
- Remote (clinical) diagnosis, treatment, monitoring, and patient management
- Consumer, care-providers, insurance and government as payers

The Future of Healthcare

Key drivers

Aging population



Lifestyle patterns

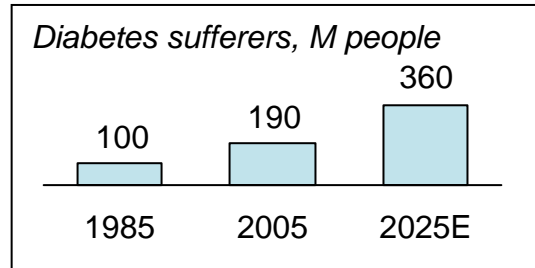
- Less physical activity
- More time spent indoors
- Fast food and convenience
- Social isolation
- Sugar/alcohol/tobacco addiction

Environmental changes

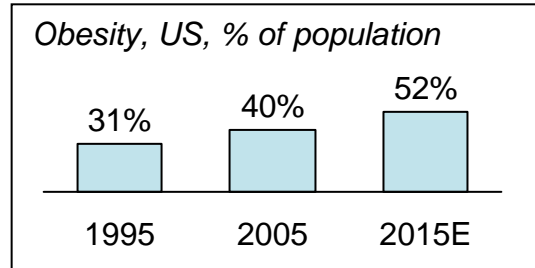
- Increasing exposure to air pollution
- Urbanization
- Decrease of manual work

Key consequences

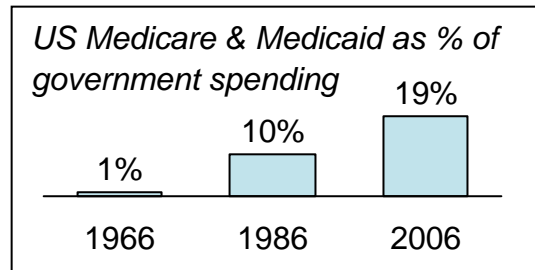
Increasing chronic diseases



Increasing welfare conditions



Escalating healthcare costs

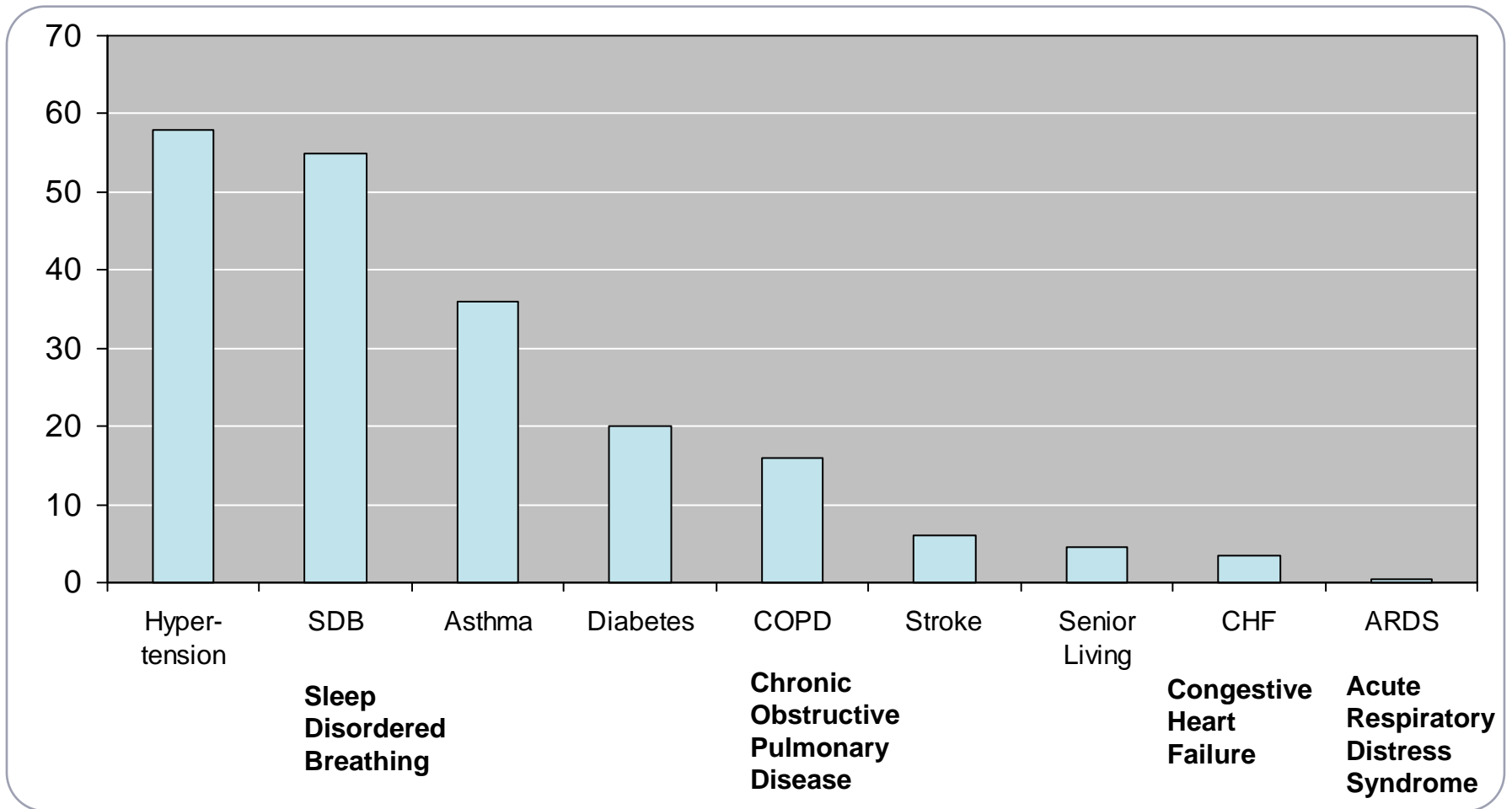


Healthcare responses

Improve patients' health status and reduce healthcare costs by:

- Early detection and intervention to prevent the onset of chronic diseases and conditions
- Improved understanding of co-morbidities among patients and clinicians
- Increased focus on home healthcare to reduce cost of hospitalization

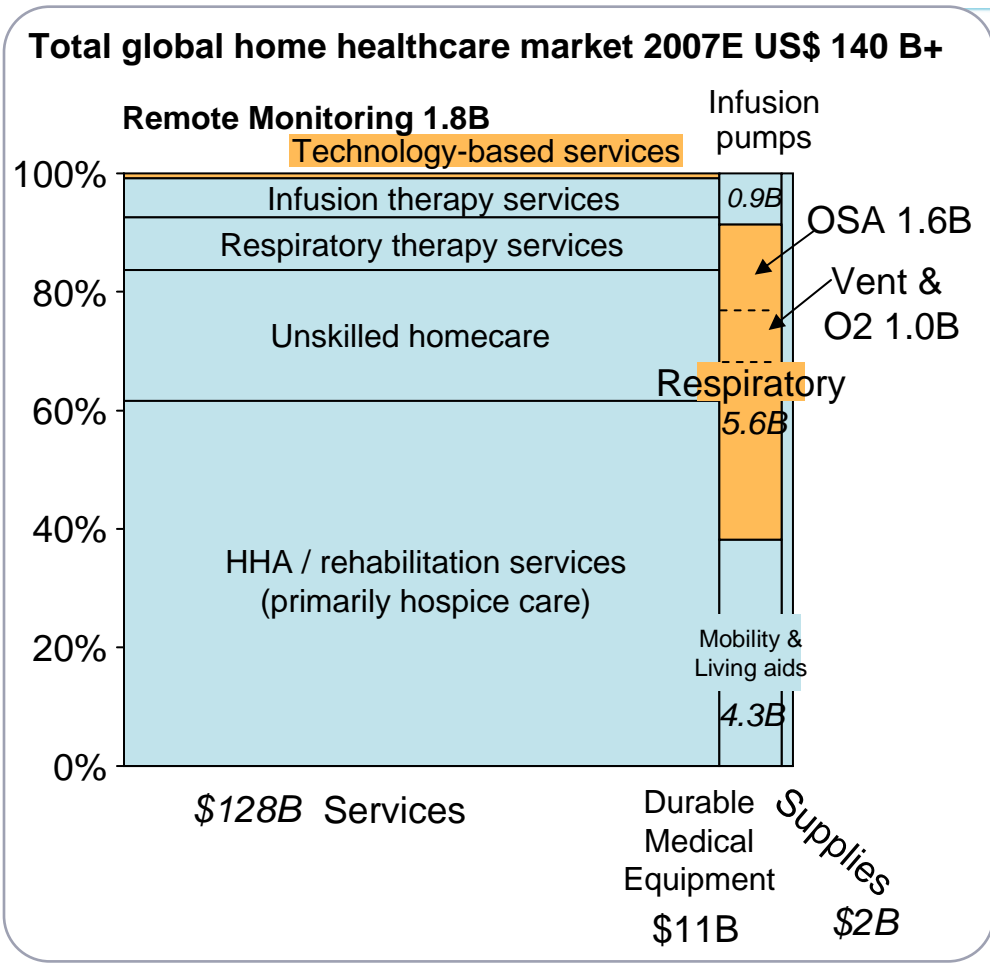
US Patient Disease State Population – Millions



- CHF - <http://www.emedicine.com/emerg/TOPIC108.HTM>
- Diabetes - <http://diabetes.niddk.nih.gov/dm/pubs/statistics/#7>
- Stroke - <http://www.medscape.com/viewarticle/557204>

Home healthcare is a vast space covering many different segments

HHS Market Position



Sleep / Revenues: \$700m

- OSA Therapy
- Patient Interface
- Diagnostics



Home Monitoring / Revenues: \$300m

- Lifeline
- Cardiac Monitoring



Home Respiratory / Revenues: \$150m

- Oxygen
- Home Ventilation
- COPD



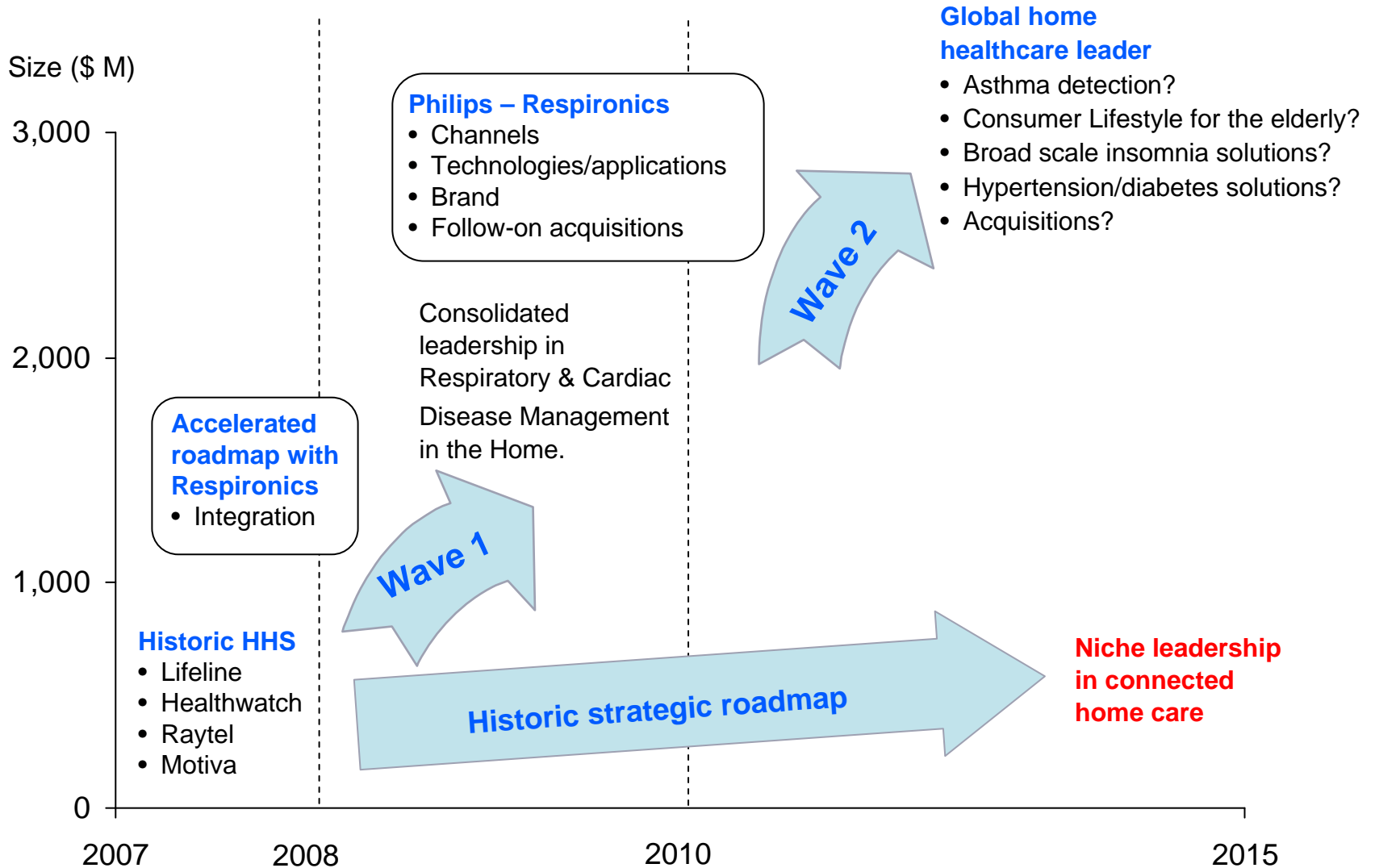
Respiratory Drug Delivery / Revenues: \$70m

- Asthma
- Pharma Solutions
- COPD



Note: Services market is service-provider revenues; equipment and supplies markets are manufacturer revenues; overview excl. blood glucose meters (\$5B)

Accelerating our HHS strategic vision...



Value Creators

Growth – Long Term

- Revenues: Mid-teens

Optimize Value Creators

- Consistent performance
- Rapid market penetration
- Revenue synergies between business units

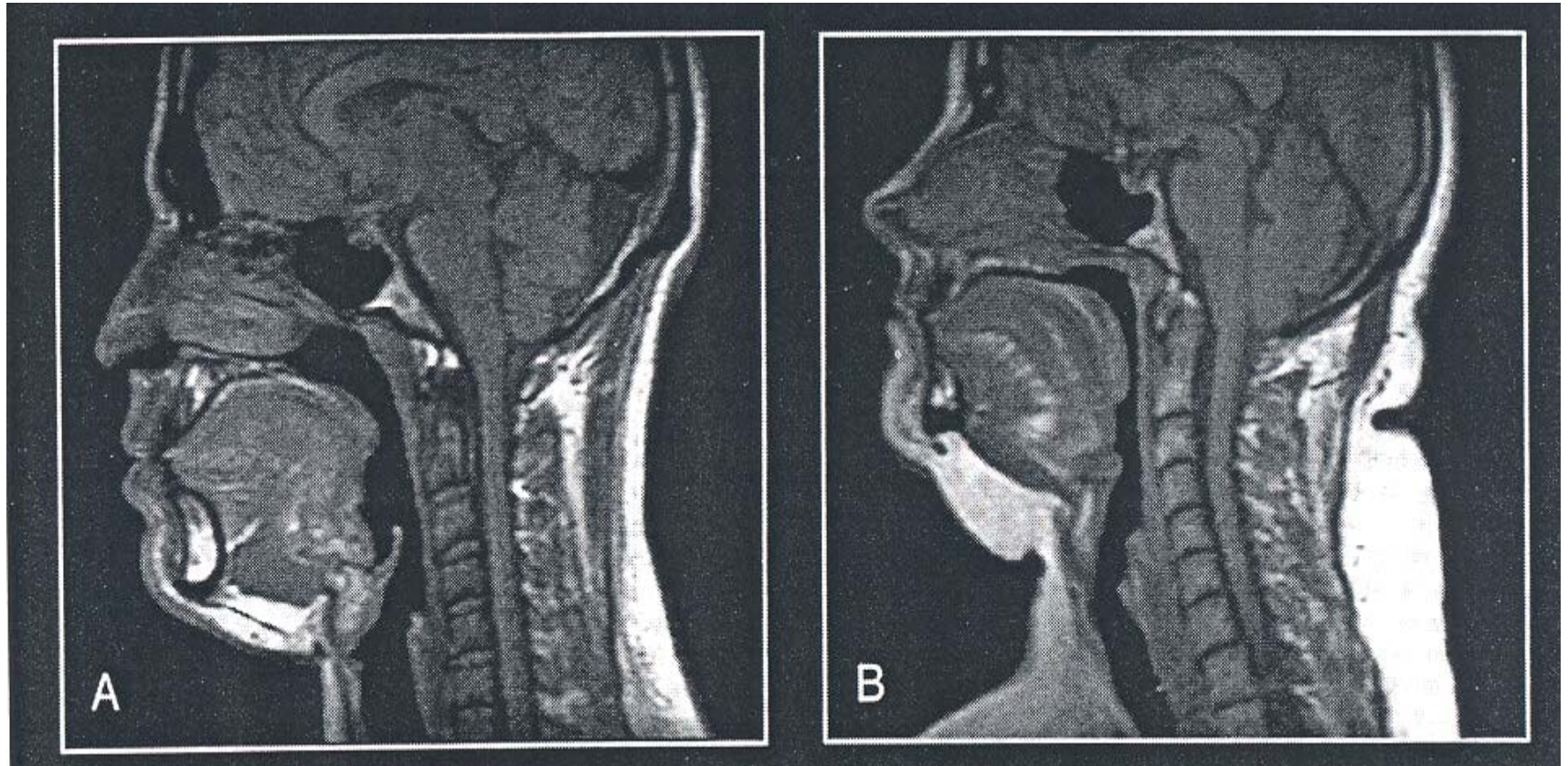


Market Needs Approach

- Anticipate the needs of the market
- Provide a range of solutions to fill current and emerging needs
- Sense alternative ways to fill a need
- Develop or acquire new and different solutions for emerging needs



Upper Airway Anatomy (Richard Schwab)



Normal

OSA Patient

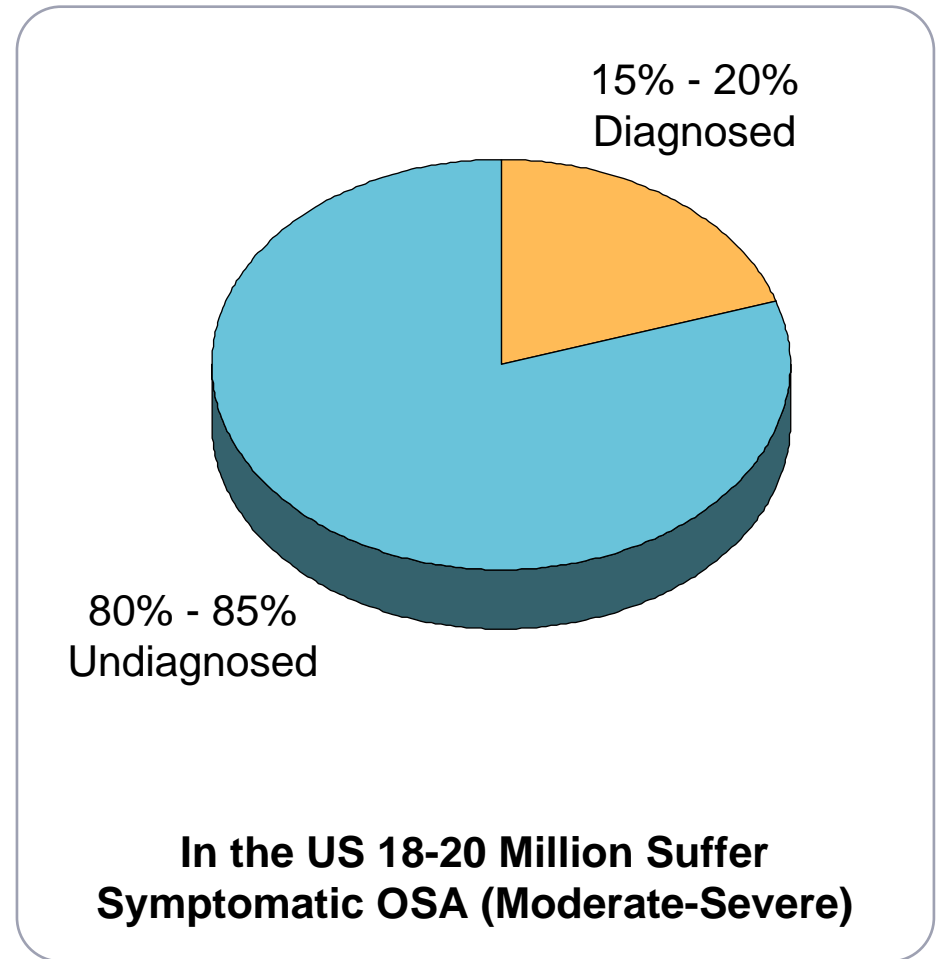
Neurocognitive Dysfunction / Comorbidities

- Daytime sleepiness
- Poor Job Performance
- Decreased Quality of Life
- Hypertension / CHF
- Stroke Risk
- Type 2 Diabetes Control



Sleep Disordered Breathing

- Maintain market leadership through early penetration
- Under penetrated / Growth market (\$1.8 billion 5 year CAGR 17.5%)
- Significant co-morbidities
 - Hypertension
 - Diabetes
 - Stroke
 - Heart Failure
- Growing awareness



Key Differentiators

- Sales channel strength
- Sleep Diagnostics & Therapeutics market presence
- Technology leadership / Intellectual property
- Solution selling



US Sleep Sales Force

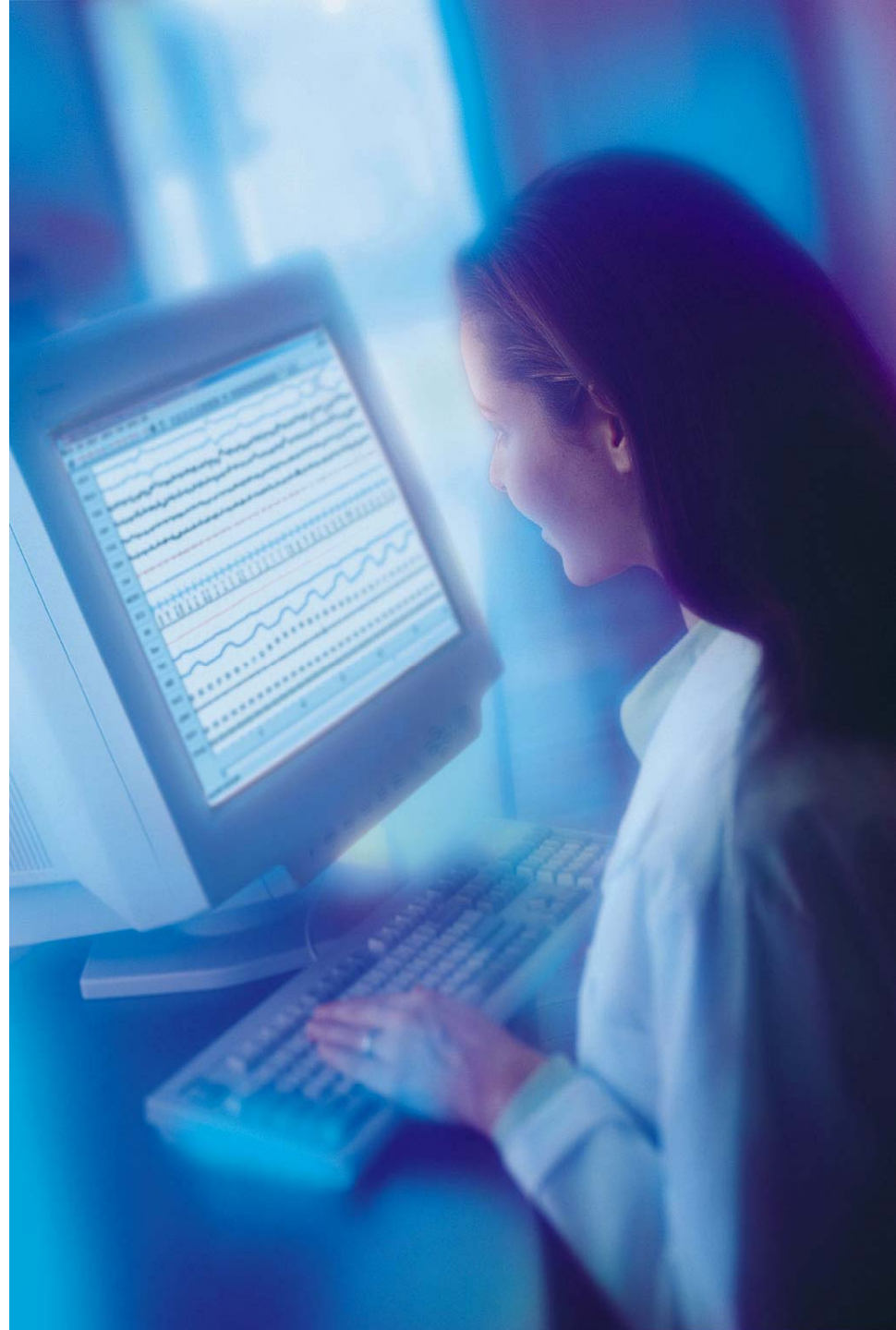
- Sleep Lab focus
- Homecare Provider focus
- National Accounts
- Sleep Diagnostics
- 190 sales professionals
- Direct in key international markets

Well established international distribution infrastructure positioned for continued high growth

- Established presence in more than 130 countries
- Direct presence in 13 countries
 - Europe
 - Japan
 - Australia
- Rapid Growth (2002 – 2007)
 - 28% CAGR
 - Grown from 23% to 33% of total sales

Sleep Diagnostic System

- Alice[®] 5 advanced systems for the diagnosis of sleep disorders
- Portable diagnostics - CMS
- Clinical thought leader relationships
- Clinical pathway / reimbursement

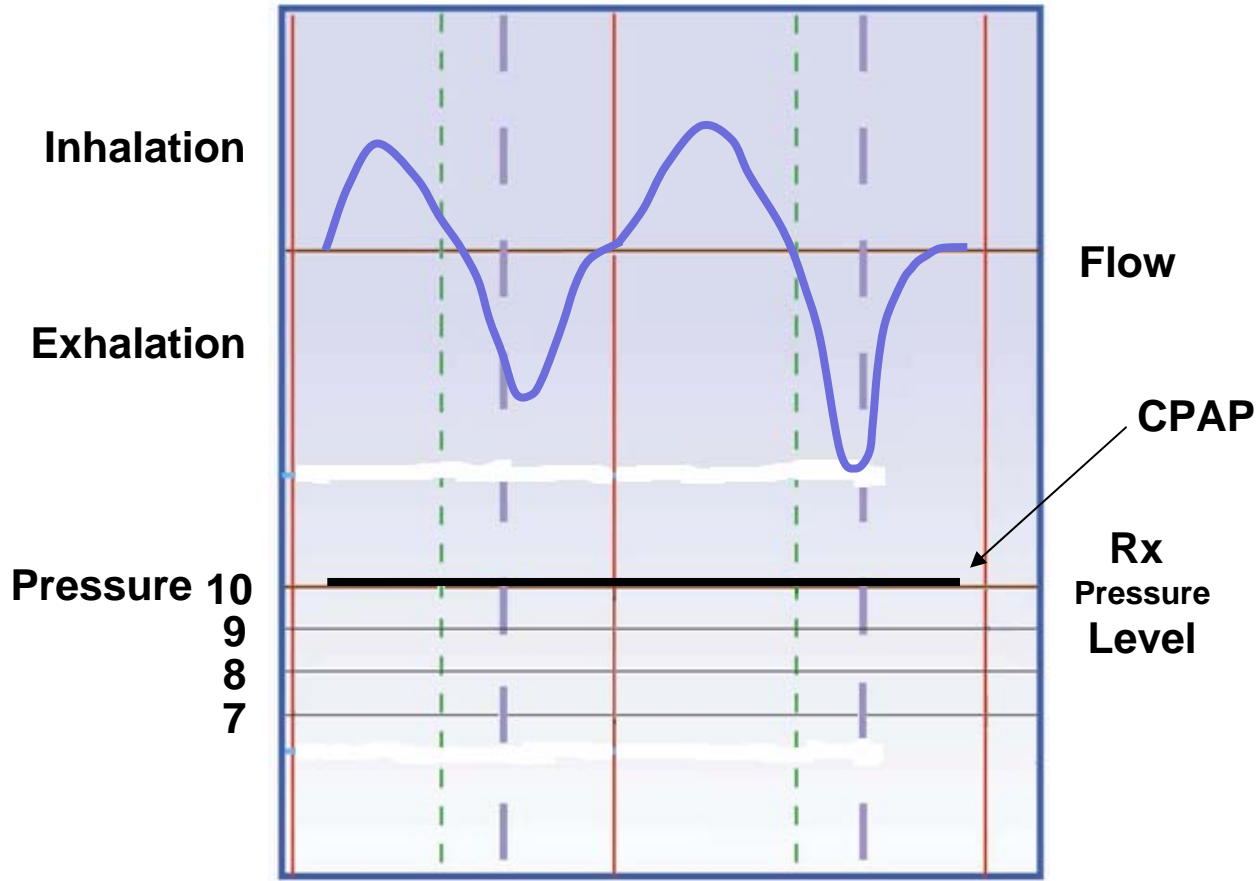


Sleep Therapy

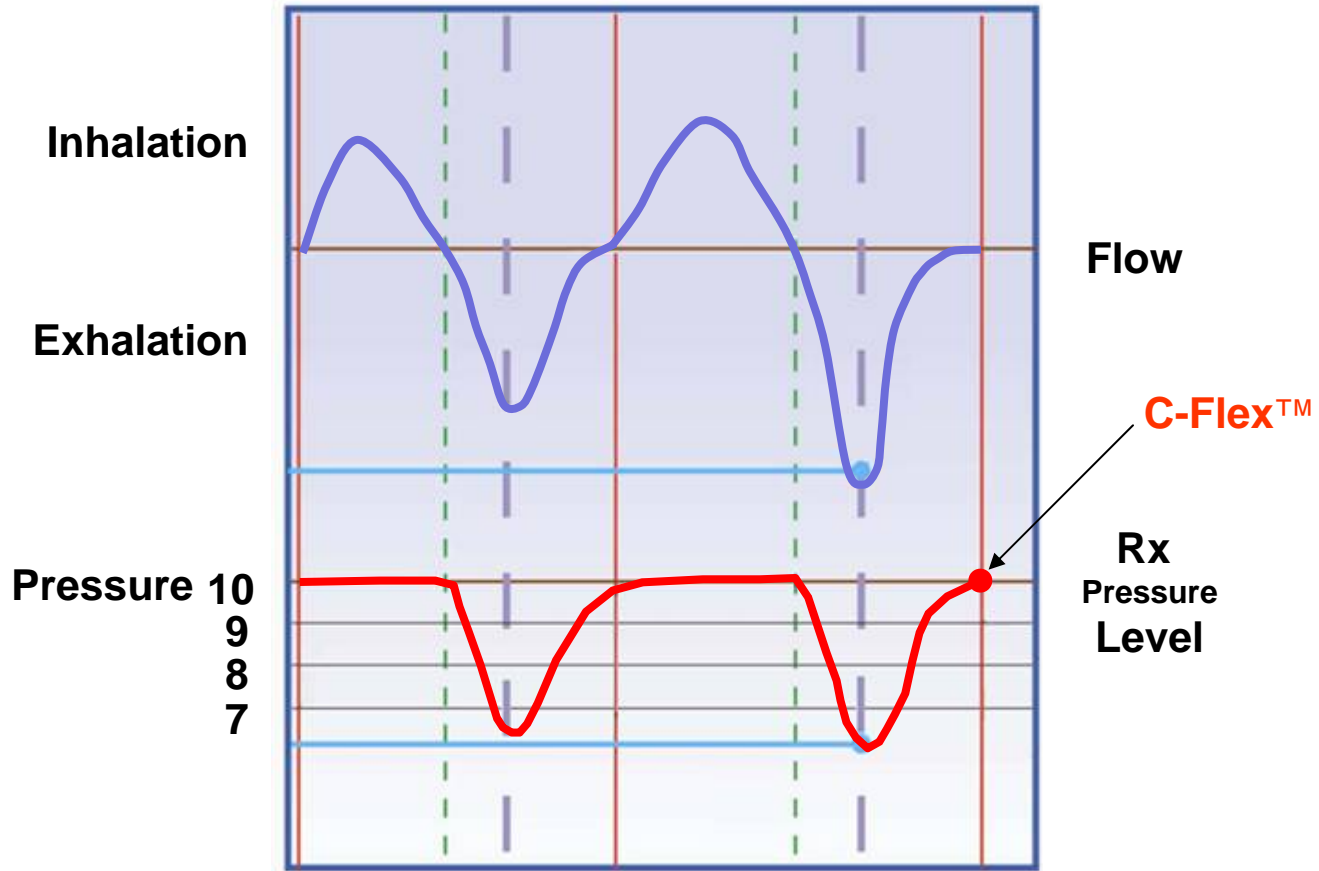
- REMstar® M Series – smaller sleeker product
- Encore® for clinical monitoring to assist with patient care
- Full product range to support our various customers' needs
- Flex™ technology



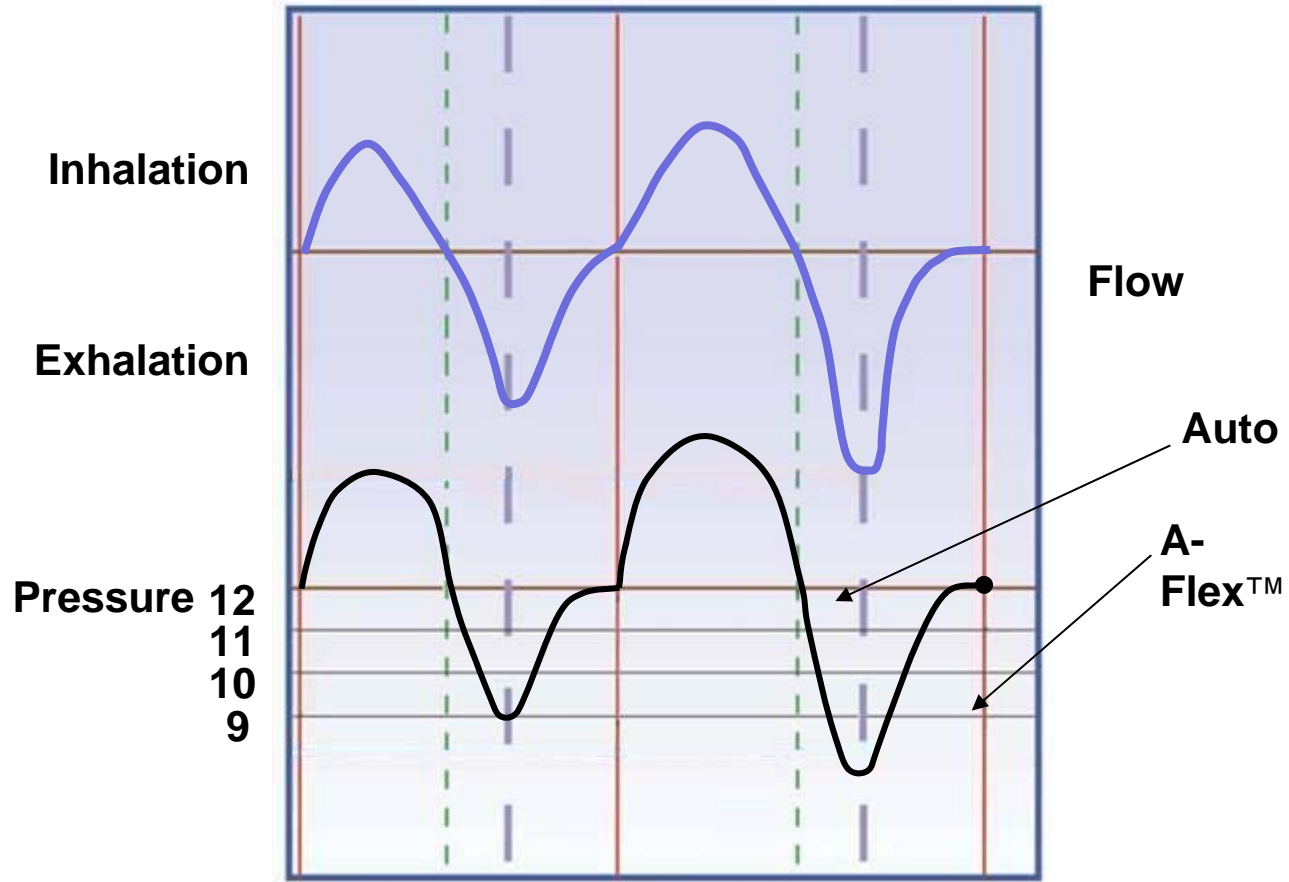
CPAP Waveform



C-Flex Waveform



A-Flex Waveform



Flex™ Technology

Clinically Proven For Comfortable CPAP Therapy

- C-Flex™ patients used therapy an average of 1 hour and 42 minutes longer per night than patients on traditional CPAP
- C-Flex™ patients were 3.8 times more likely to use their therapy approximately 6 hours a night
- A-Flex™ – next major innovation for compliance

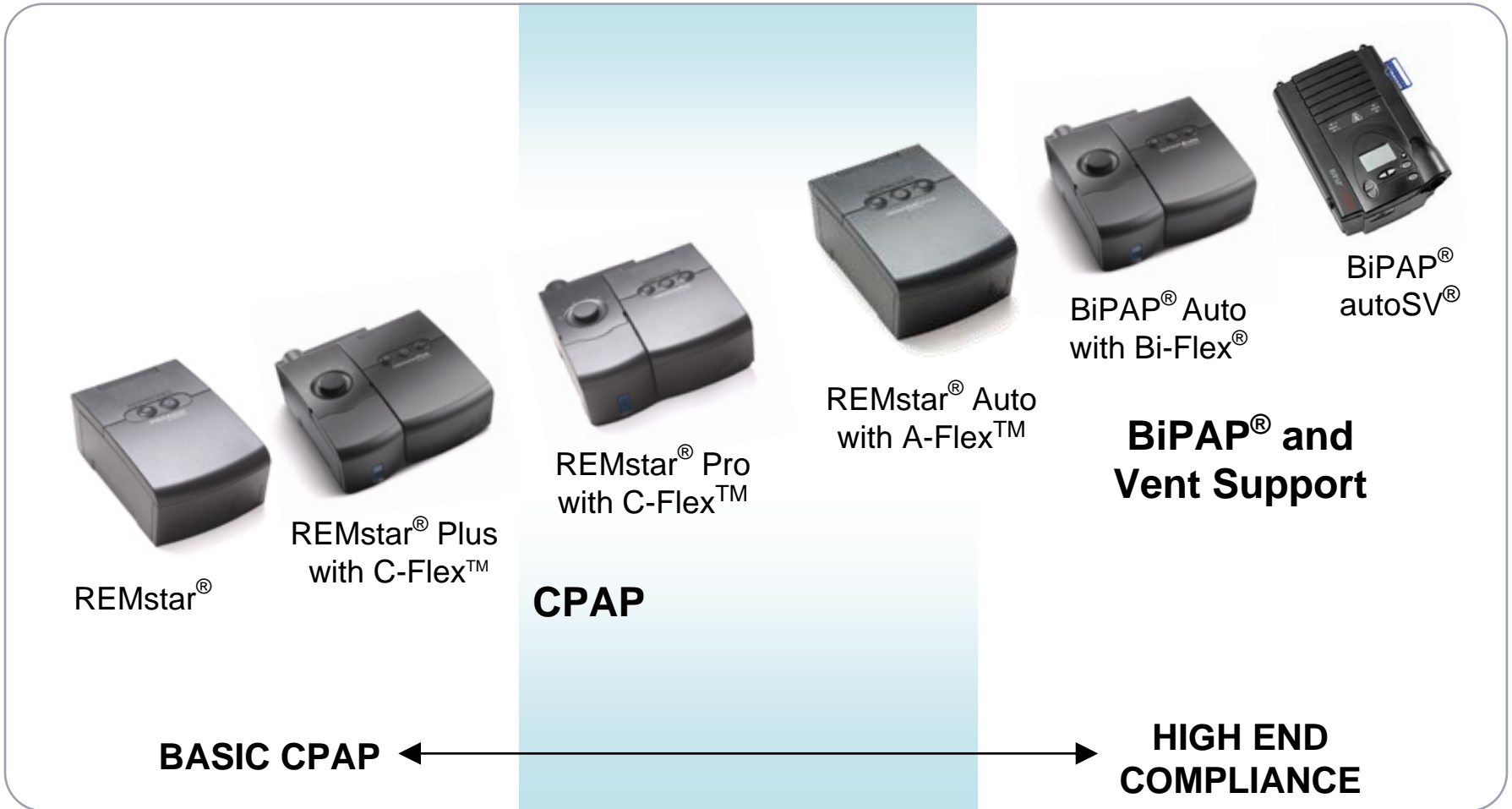


BiPAP[®] autoSV[™]

- Proven product
- Launched in all markets
- Targeted toward patients with complex apnea



REMstar Product Range



Strong Patient Interface Lineup

Nasal Mask



ComfortGel™



ComfortSelect™



ComfortFusion™

Pillows



OptiLife™



ComfortLite™ 2

Full Face Mask



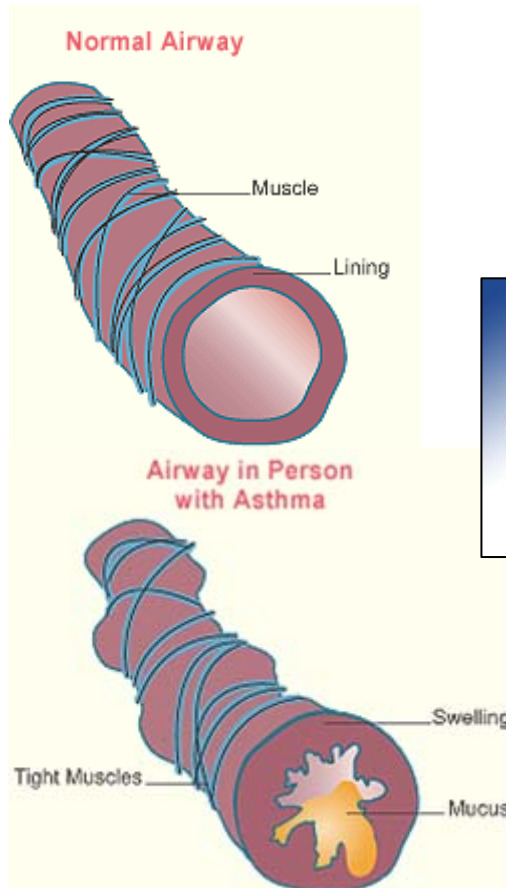
ComfortFull™ 2



ComfortGel™ Full

Disease States – Asthma

Respiratory Drug Delivery



Diagnosis

- Spirometry
- Exhaled Breath Markers – Exhaled Nitric Oxide growth opportunity for RDD, explore early exacerbation detection



Treatment Devices

- Metered Dose Inhalers, Dry Powder Inhalers, Spacers and Ultrasonic/Compressor Nebulizers for the delivery of medications
- Partnering pharma solutions with electronic dosing devices provides enhanced patient solutions

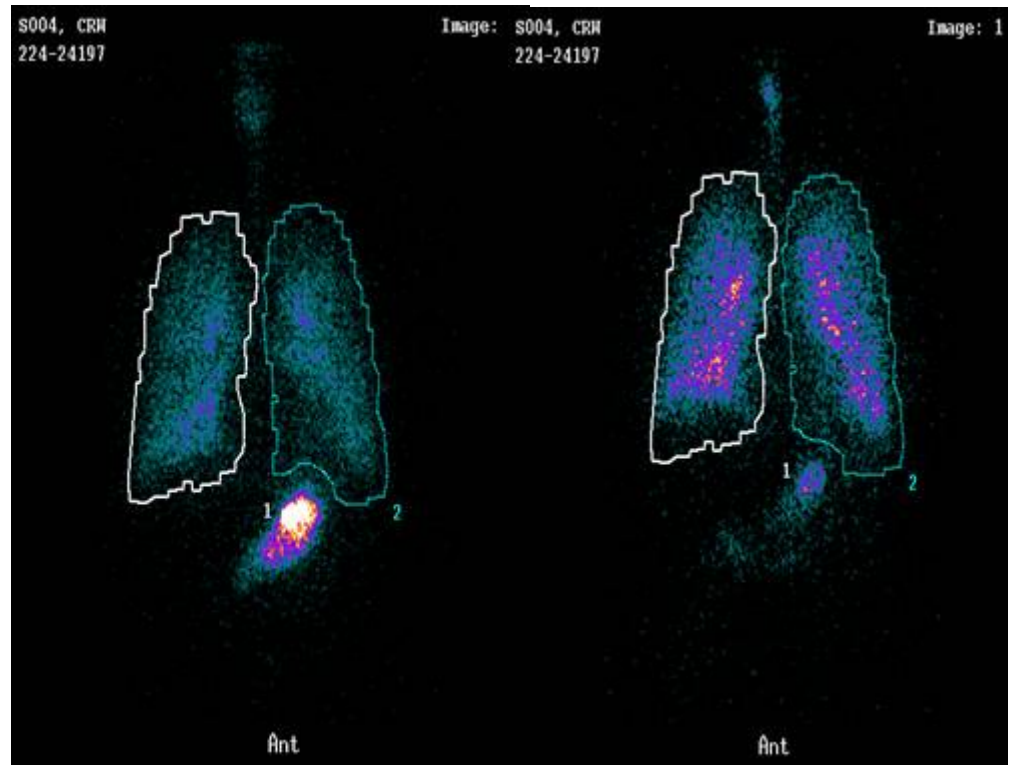
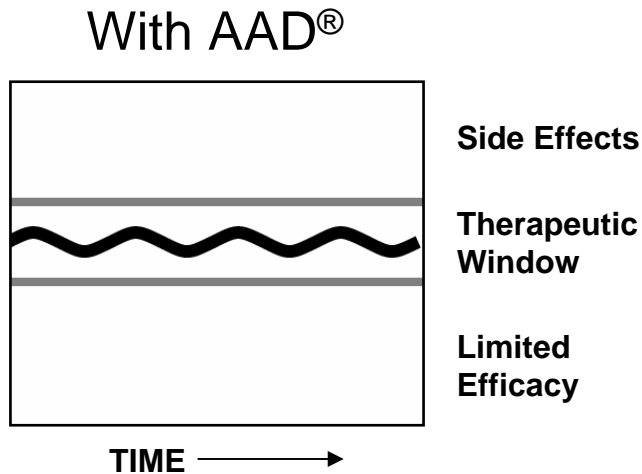


Monitoring Devices Peak Flow Meters



Precision Dosing of I-neb[®]

- Under penetrated opportunity to deliver drugs with a narrow therapeutic index
- Proprietary AAD[®] technology



Home Respiratory Care (COPD)

- Supports the respiratory-impaired patient in the home - ambulation
- Opportunity for long-term growth
- Expansion in home ventilation and oxygen
- New product introductions



Remote Monitoring

- Lifeline® – Medical Alert Services
- Raytel - Cardiac Monitoring
- Telemonitoring Services
- Motiva – Emerging screen telemonitoring services
- 2007 sales of USD 225 million*
- 15% organic growth over 2006
- Number of subscribers of Medical Alert services is now in excess of 715,000
- The growth is based on:
 - increase in the subscriber base through market development
 - increase in average monthly revenue income per subscriber

Lifeline

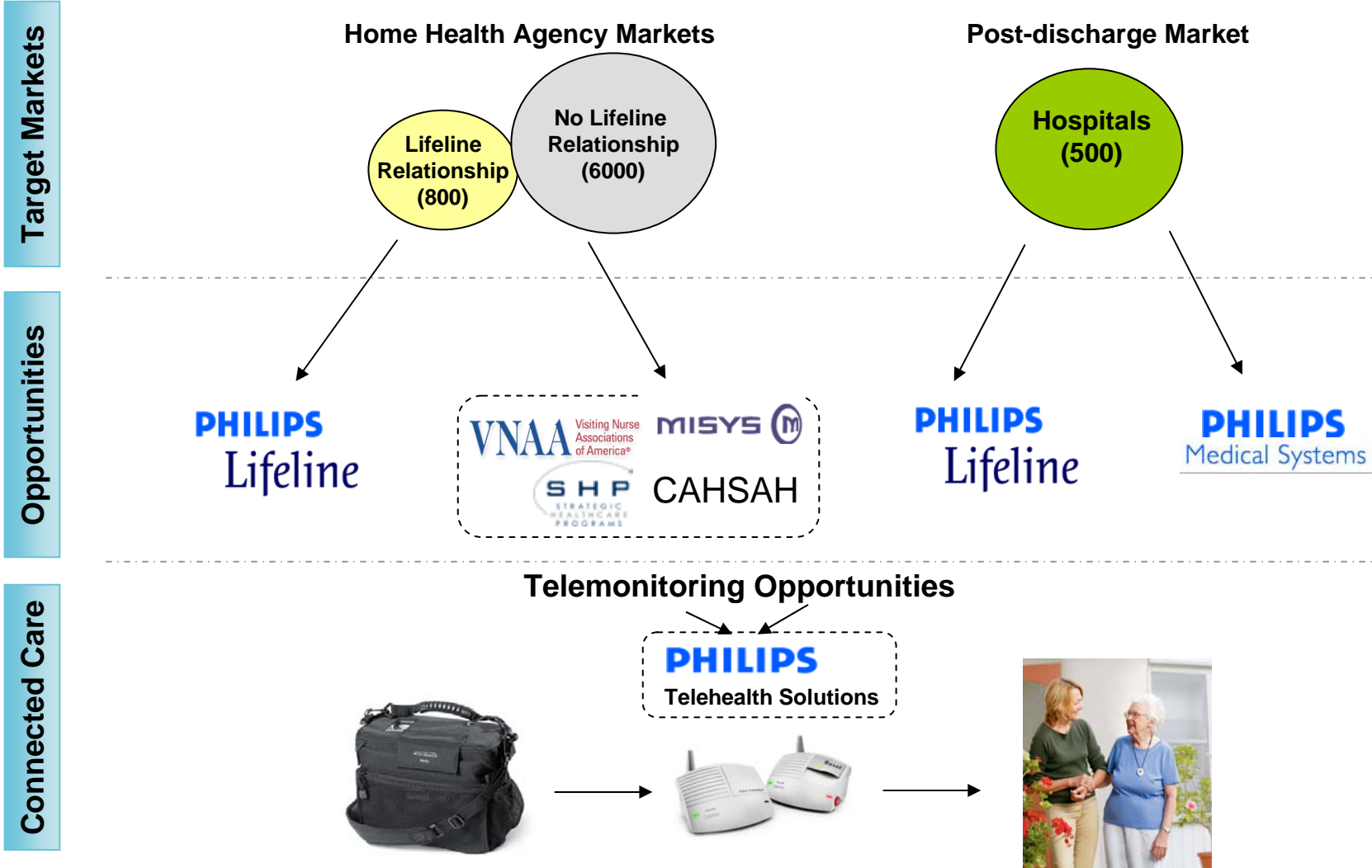


RAYTEL
CARDIAC SERVICES

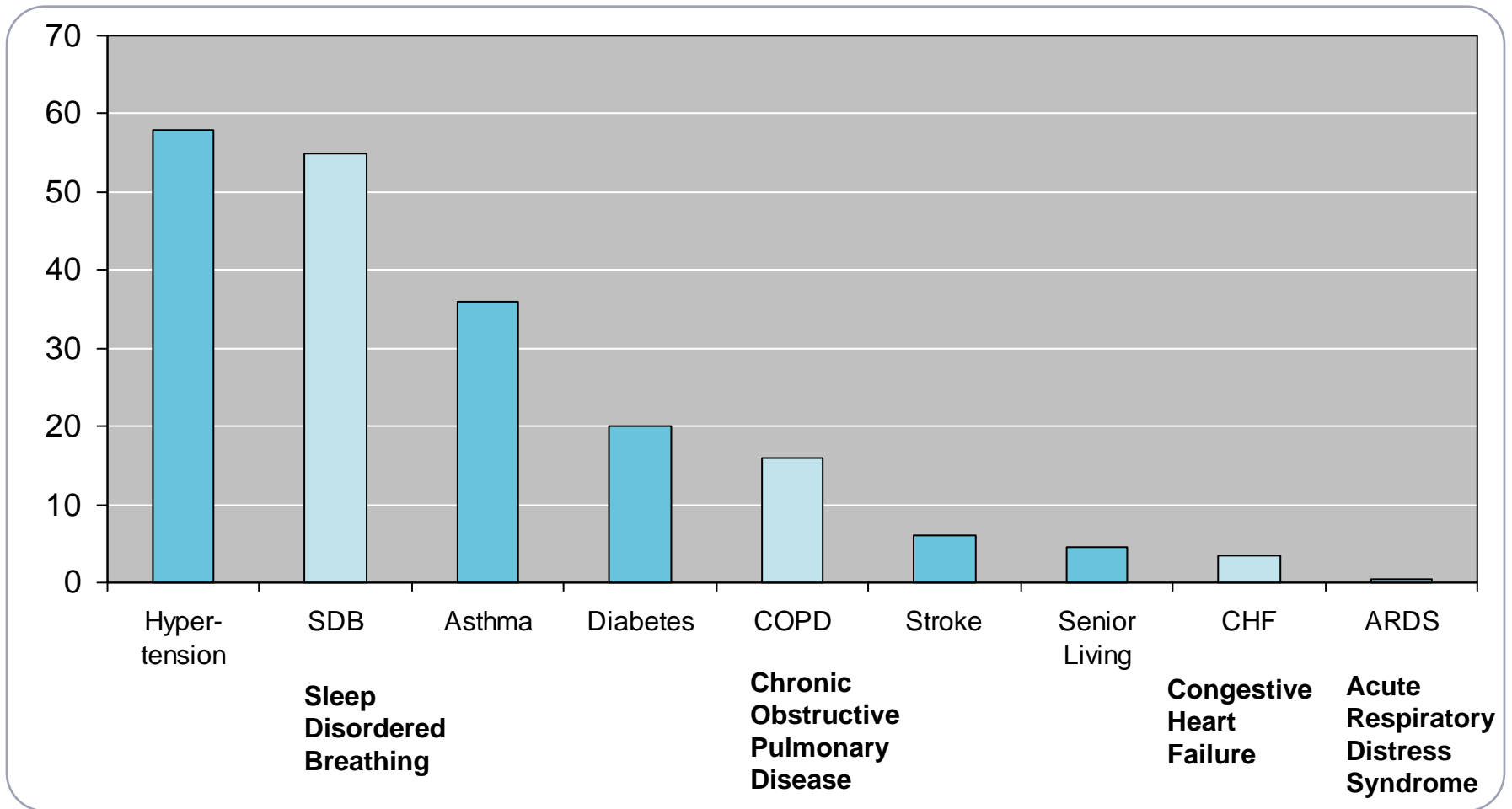


* Including Health Watch for 8 months of operations

Remote Monitoring - Lifeline

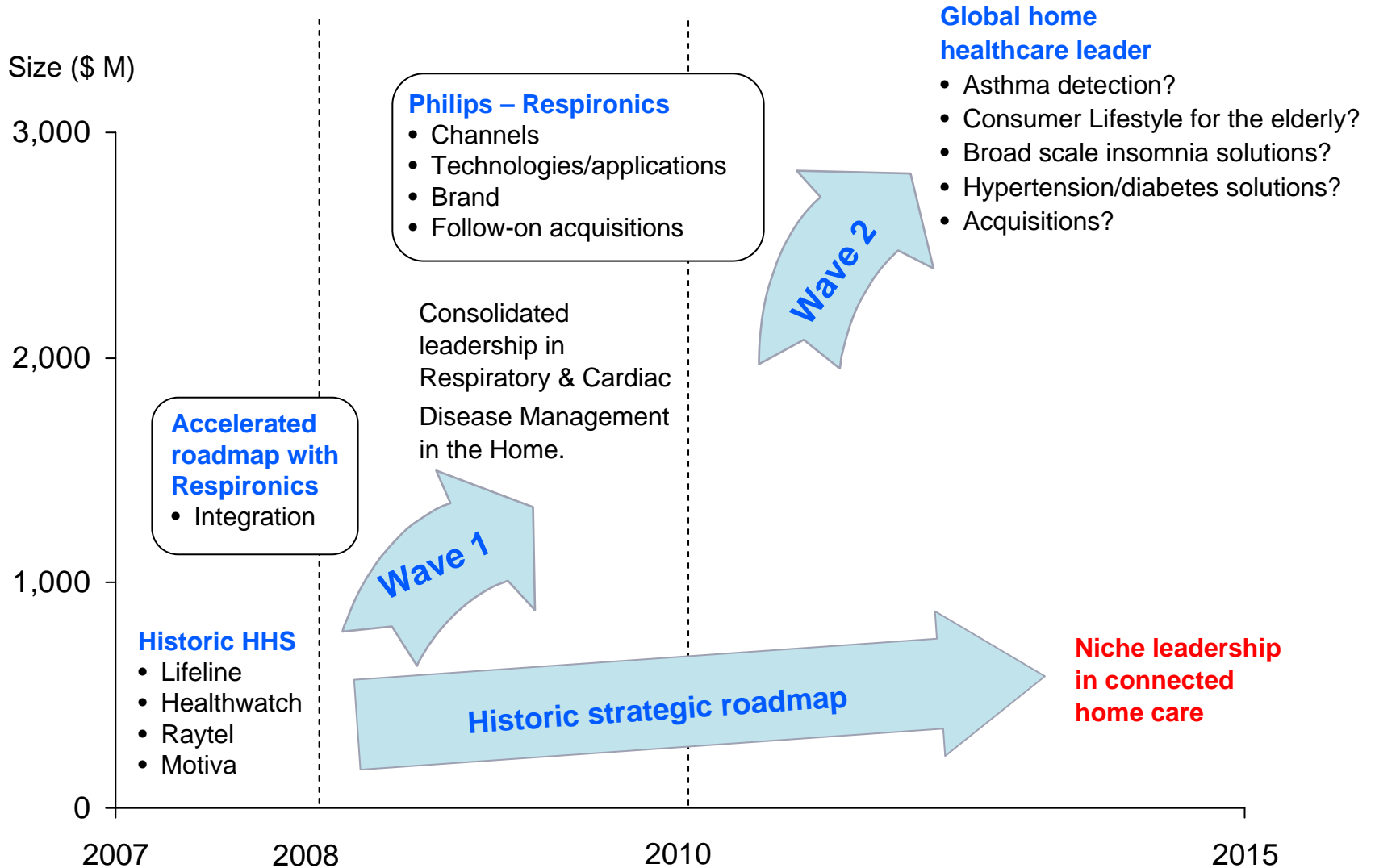


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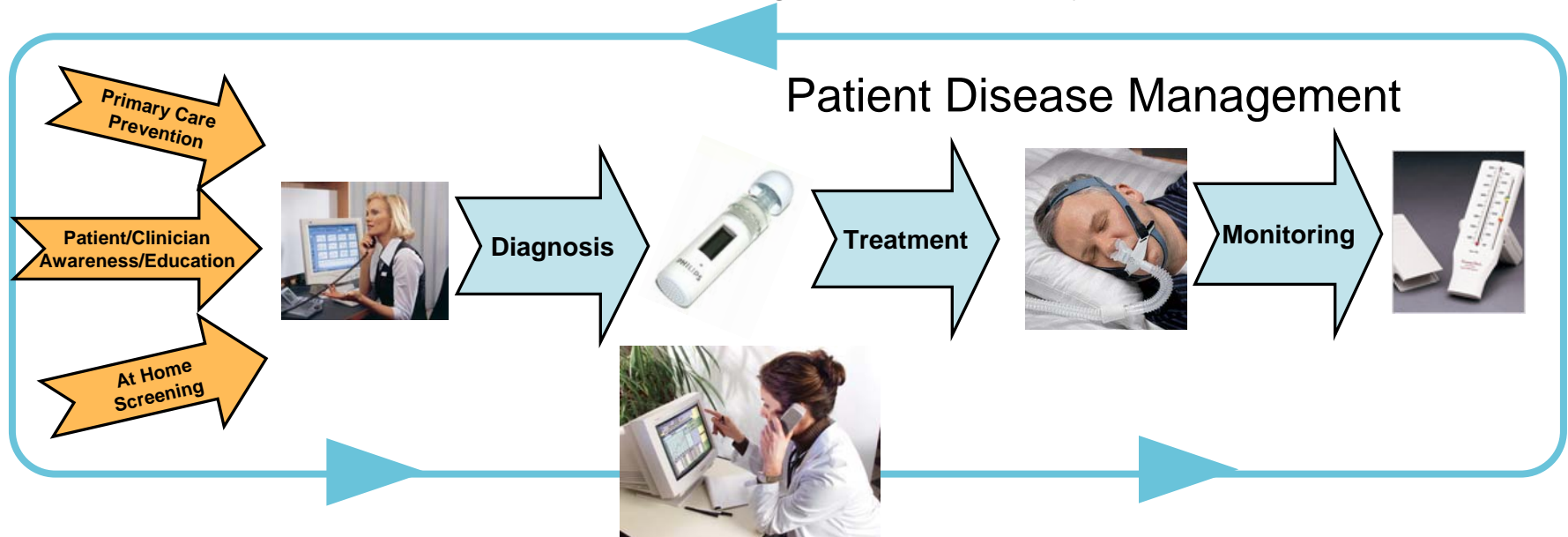
Accelerating our HHS strategic vision...



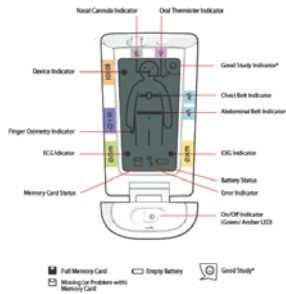
Developing the Care Cycle Market Opportunity

Transforming Home Healthcare of Today into the Solutions of Tomorrow

- Outside traditional hospital environment
- Products and technology enabled services
- Remote (clinical) diagnosis, treatment, monitoring, and patient management
- Consumer, care-providers, insurance and government as payers



Solid R&D Pipeline



Broaden the Scope – Wave 2

Sleep Well Ventures

- U.S. Problem Sleeper Population: 135M Adults
- Solution Seekers
- Pill Likers
- Solution Avoiders
- Pill Dislikers



Wave 2 - Global Home Health Care Leader

Example: Broader Sleep Solutions

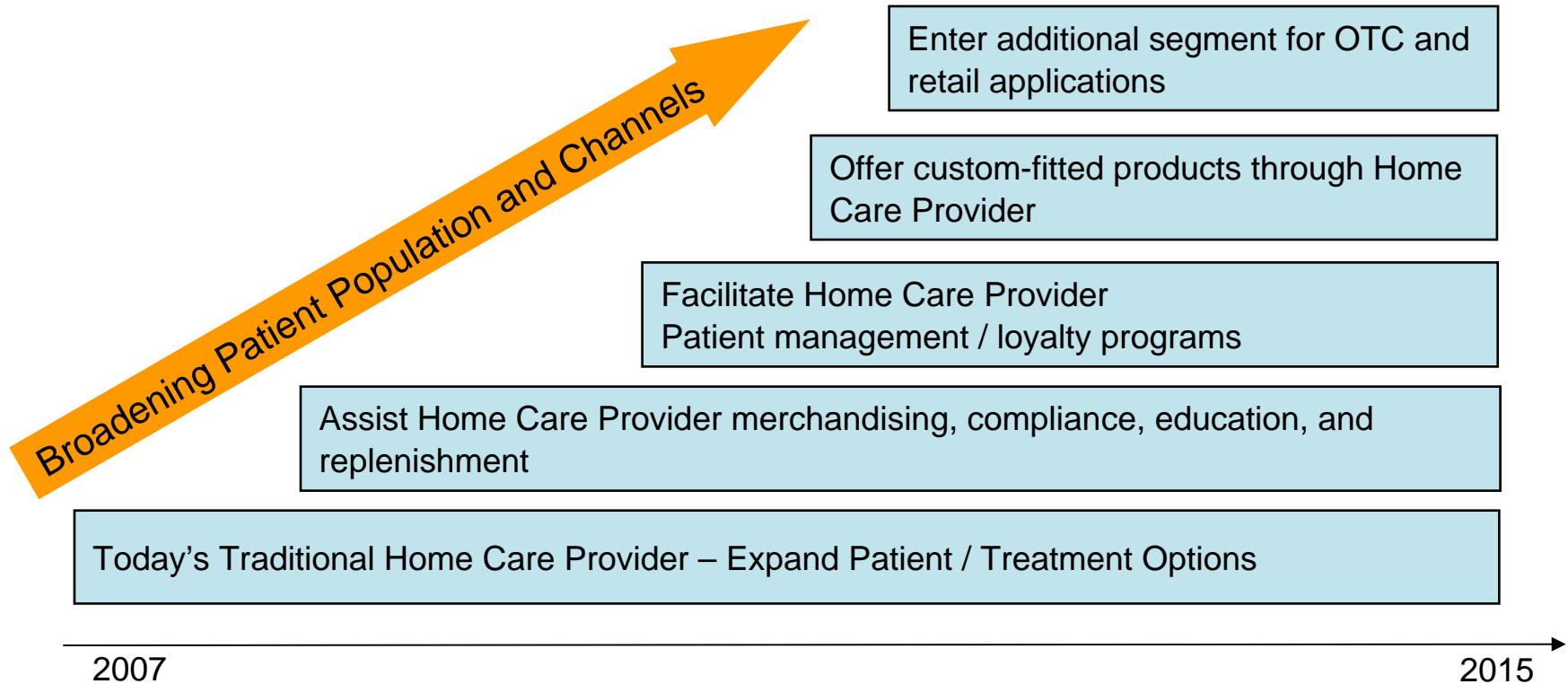
U.S. Problem Sleeper Population: 135M Adults



Non-Respiratory Sleep (NRS)						
	Insomnia	Circadian Rhythm	Insufficient Sleep	Sleep Disturbance	*SELECT* Therapies	
Well ↑	Enhance Sleep	Optimize Available Sleep	Optimize Body Clock Mood, Energy & Performance	Sleep Satiation Retire Sleep Debt		Optimize REM Sleep (Dreams)
	Problem Sleep	Transient Insomnia	Jet Lag Variable S/W Schedule	Temporary Sleep Loss		Nightmares Hot Flashes Enuresis
↓ Sick	Sleep Disorder	Primary (Psychophysiological) Insomnia	Circadian Rhythm Sleep Disorders	Chronic Sleep Deprivation		Parasomnias PLM Restless Legs
BROAD Screening – Diagnostic – Monitoring – Management Tools						

- Medical devices can compliment/supplement pharmaceutical treatment

Wave 2 - HHS Expanding Patient Population and Channels in Home Healthcare



Summary

- Market leader in underpenetrated and growing markets of sleep, respiratory, and remote monitoring markets
- Important great new products launching now
- Rich development pipeline
- Global channel coverage
- Consistent track record
- Positioned to capitalize on benefits of acquisition and leverage Philips' complementary strengths
- We are very excited about the future