The Energy Policy Act 2005
Philips Energy-Efficient Product Portfolio

The government has launched a massive campaign to conserve energy resources. With the signing of the Energy Policy Act of 2005 (EPAct 2005), business owners are encouraged to make energy-efficiency a priority in their daily operations.

EPAct 2005 Brings Opportunities
The Energy Policy Act of 2005 establishes a new tax deduction for costs incurred for specific energy-efficient commercial building property. The deduction is equal to energy-efficient commercial building property expenditures made by the taxpayer, subject to a cap.
The bill promotes energy-efficiency and conservation by providing attractive tax incentives. Philips is leading the way by providing you with information regarding this opportunity.

Featuring Energy-Efficient Lighting Products
Philips offers a wide range of products that are energy-efficient and can be installed to upgrade your lighting system and potentially earn a tax deduction. Philips energy-efficient products provide longer lamp life, which equates to lower maintenance cost.

CFL Compliant Products
Many of our Compact Fluorescent products have an ENERGY STAR® label, which means they are compliant with the August 9, 2001 version of ENERGY STAR program. By choosing an ENERGY STAR Qualified Philips Marathon® lamp you will be doing your part in helping to promote energy-efficiency.

Philips Energy-Efficient Product Portfolio:
SILHOUETTE™ Series T5
Energy Advantage Long Life T8 (25W, 28W, 30W)
Pulse Start Metal Halide
PL-C featuring ALTO® Lamp Technology
PL-T featuring ALTO® Lamp Technology
Marathon® Compact Fluorescent Lamps
Provides Tax Incentives

The tax deduction provision in EPAct 2005 applies to specific energy-efficient commercial building property that is located in the US and placed in service between January 1, 2006 and December 31, 2007, inclusive.

> A one time whole building tax deduction is the lesser of the cost paid for energy-efficient property or up to $1.80 per square foot.

> A one time partial building tax deduction is available for an upgrade of any one system (lighting, HVAC, and building envelope) and is the lesser of the cost paid for energy-efficient property or up to $0.60 per square foot.

Leading the Way with Lighting

Lighting, on average, consumes a significant amount of the energy use in a typical building. Due to ease and availability of upgrading and the known achievements in potential energy-efficiency, building owners are encouraged to focus first on lighting. EPAct 2005 establishes interim rules for lighting systems effective until the Secretary of the Treasury issues the final regulations defining the energy-savings target for lighting systems.

> The lighting system energy-savings target is lighting power density (LPD), watts per square foot, 25% to 40% lower than the minimum requirements of ASHRAE/IESNA Standard 90.1–2001. One time tax deduction is the lesser of $0.30 per square foot– $0.60 per square foot or costs paid for energy-efficient property.

Calculating the Potential Savings

The chart below is an example of the potential partial tax deductions and energy savings possible through a qualified lighting upgrade in your commercial building(s) or public facilities.

Suppose the redesign of an interior lighting system in a 10,000 square foot office area is upgraded. There is a total number of 100 fixtures in the building. Be sure to count ALL fixtures in your building, including small task lighting units. Based on the building type being upgraded the ASHRAE Standard is 1.3 W/sq. ft. Refer to the ASHRAE/IESNA Standard 90.1–2001 for a complete listing of lighting power densities.

<table>
<thead>
<tr>
<th>System Wattage</th>
<th>Energy Advantage Long Life 25W/T8 System with a 3 Lamp Mark III ES Ballast System</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Wattage</td>
<td>Energy Advantage Long Life 25W/T8 System with an Optanium Electronic Ballast with 0.87 Ballast Factor</td>
</tr>
<tr>
<td>x No. of luminaires</td>
<td>115</td>
</tr>
<tr>
<td>Watts per Square Foot</td>
<td>1.15</td>
</tr>
<tr>
<td>% Exceeding 90.1–2001</td>
<td>12%</td>
</tr>
<tr>
<td>Total Square Foot</td>
<td>10,000</td>
</tr>
<tr>
<td>Space by Space Deduction based on existing system</td>
<td>$0.00 /sq.ft.</td>
</tr>
<tr>
<td>x Total Square Foot</td>
<td>$0.00</td>
</tr>
<tr>
<td>Ineligible for Deduction</td>
<td>Potential Total Tax Deduction</td>
</tr>
</tbody>
</table>

*Assumes this amount is the lesser of the $/sq.ft versus cost incurred for the system.

DISCLAIMERS

The information contained in this example is an estimate based on the “Space-by-Space Method” utilized by ASHRAE 90.1-2001. Please contact a Philips Sales Representative for a more detailed review of your lighting system. Consult your tax professional for further guidance on tax laws.

The calculations shown above are for illustration and educational purposes only.

Visit Philips website at www.philips.com to learn more about EPAct 2005. Your energy-savings, combined with potential maintenance savings and EPAct 2005 tax deduction, illustrate the value a Philips Professional Lighting Solution may bring to your overall operating costs.