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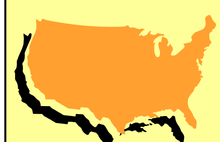
New organizational configuration

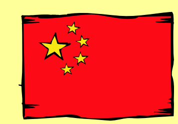
Philips Healthcare
Steve Rusckowski, CEO

Businesses					Geographies		
Imaging Systems	Home Healthcare Solutions	Clinical Care Systems	Healthcare Informatics	Global Customer Services	Sales and Service North America	Sales and Service International	Sales and Service Emerging Markets
Daniel Hartert	John Miclot	Barbara Franciose	Deborah DiSanzo	Greg Sebasky	Brent Shafer	Kevin Haydon	Ronald de Jong
~35%	~15%	~15%	~10%	~25%	~50%	~35%	~15%


PHILIPS RESPIRONICS


iSite





Approx. business sales (as % of consensus 2008 total)

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sense and simplicity

Philips Healthcare Overview

Steve Rusckowski
CEO Philips Healthcare
May 16, 2008

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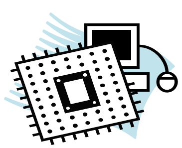
Topics for discussion

- Business Overview
  - Market and Landscape
  - Philips Healthcare differentiation
  - Financial performance
- Strategic Growth Examples
  - Healthcare IT
  - Emerging Markets
- Value Creation through Acquisition

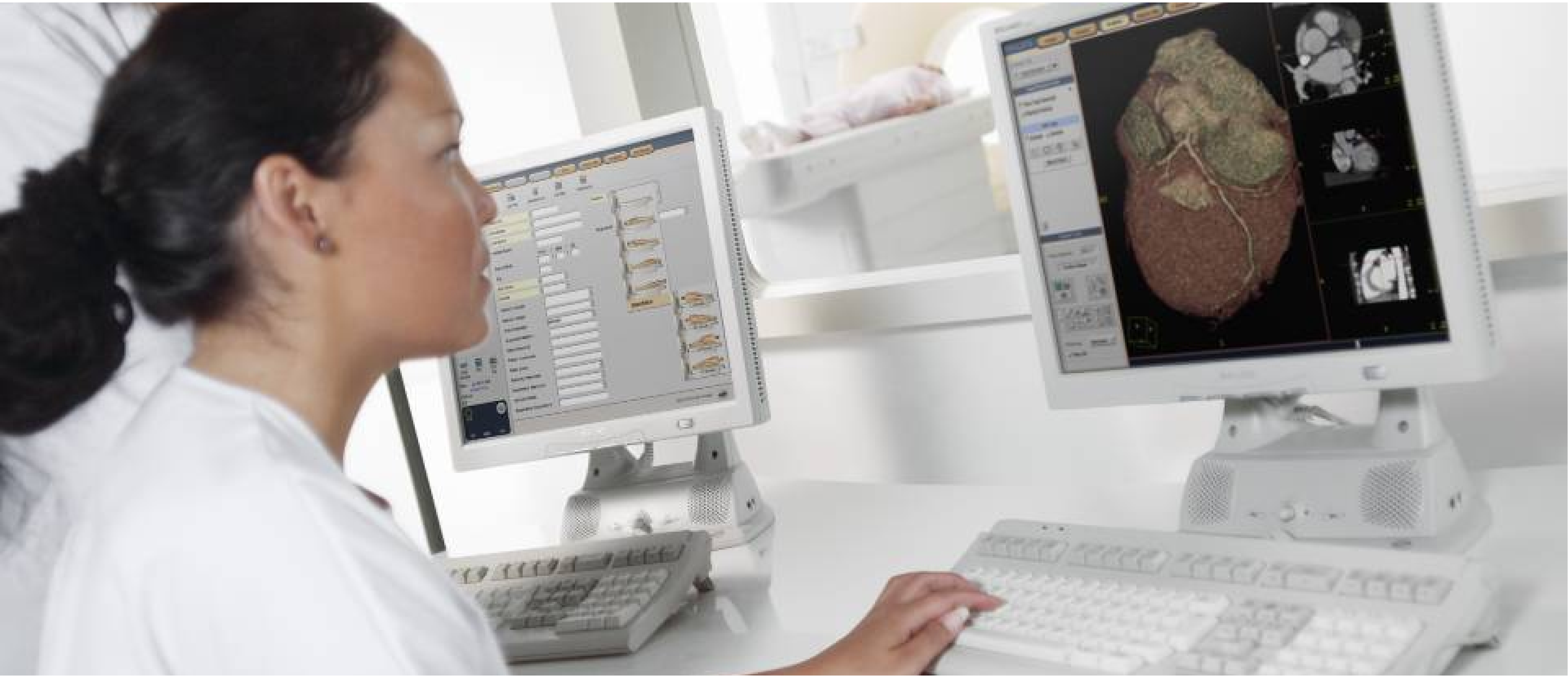
Healthcare market continues to evolve

Trends	Today	2015
Patients/ Clinical 	– Soaring demand – More knowledgeable and demanding patients – Greater choice	– Earlier Diagnosis – Living longer with Chronic disease will become commonplace
Technology and people 	– IT may require larger scale – Diagnostics leading in innovation – Imbalances of workforce (nurses, doctors) and lack of managerial talent	– Life Sciences/ IVD/Molecular Medicine leading to earlier intervention & new therapies – More “open market” approach for driving down cost in the system
Regulation 	– Stronger use of market mechanisms – Room for private providers – Quality Measurements and Incentives	– Move from Utilization Management to prevention and disease management – Outcomes and cost will be drivers of all policy

- Future environment that looks increasingly different from the past
- Significant opportunities in non traditional areas of healthcare

Our Vision:

In a world where complexity grows to touch every aspect of our daily lives, we will lead in bringing sense and simplicity to people



Our Philips Healthcare promise:

People focused. Healthcare simplified

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The Philips Healthcare difference

We start with the needs of the ***patient and their care provider***...

and focus on their specific medical problems through their ***care cycles***…

in all ***care settings*** where care happens…

and apply our ***technology competence*** to improve healthcare quality and reduce cost

- **Imaging**
- **Monitoring**
- **Healthcare Informatics**
- **Targeted Diagnostics**
- **Selective Therapeutics**
- **Related Services**

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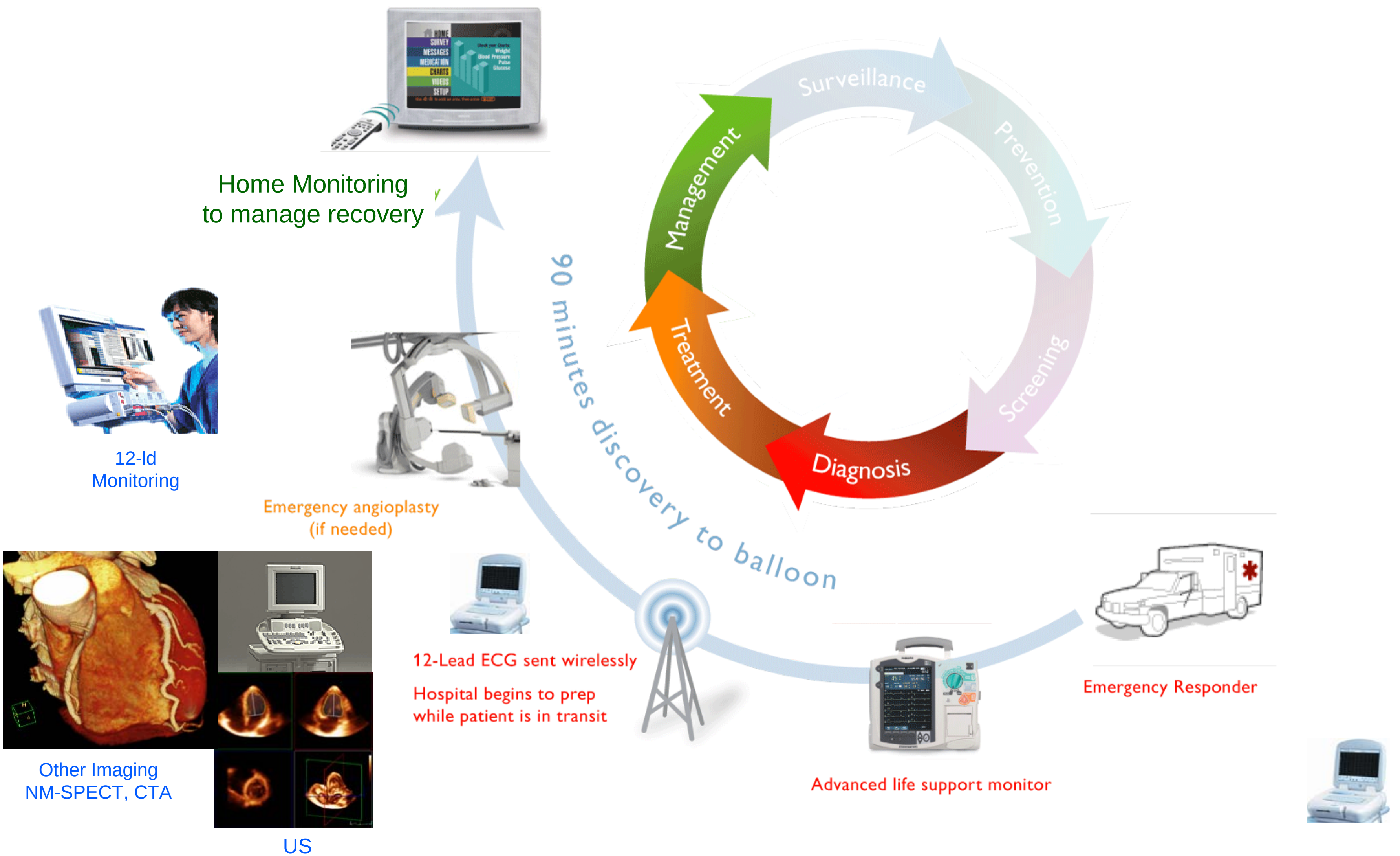
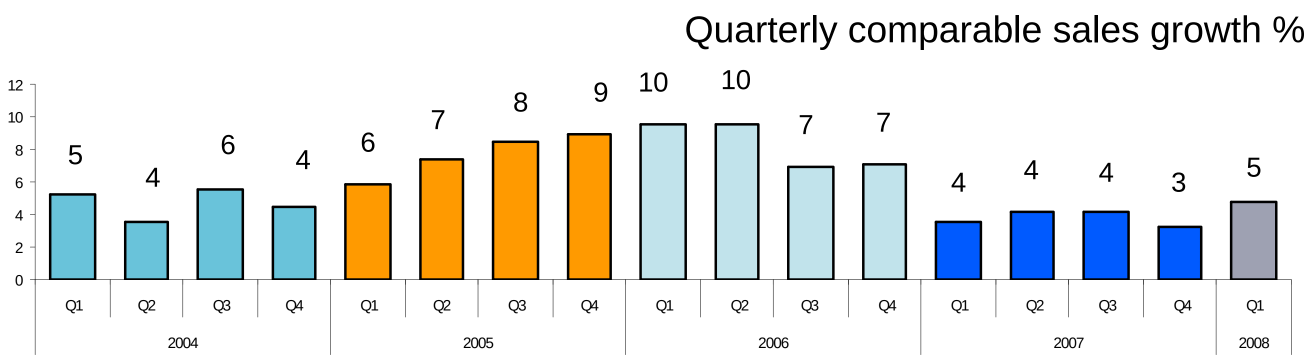
Innovation for Acute Coronary Syndrome – door to balloon time

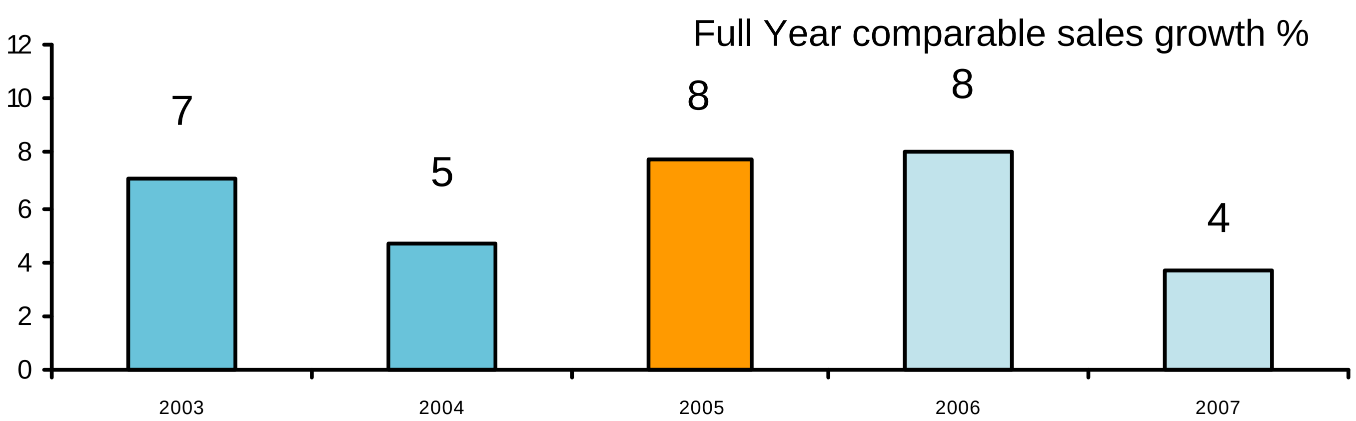


We Continue to Grow Sales…

Quarterly as reported (restated to include HHS & exclude MQ)



Full Year as reported (restated to include HHS & exclude MQ)



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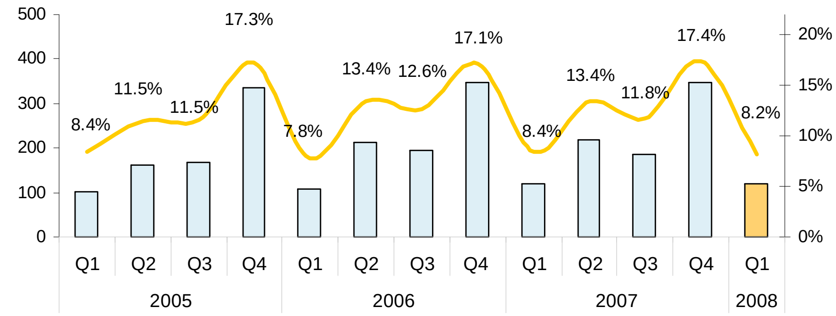
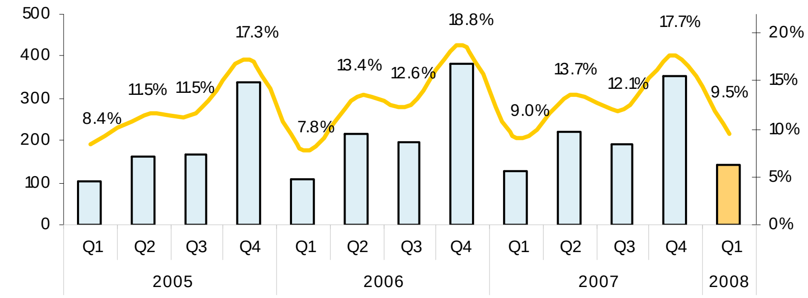
…While also Increasing EBITA (in millions of euros)

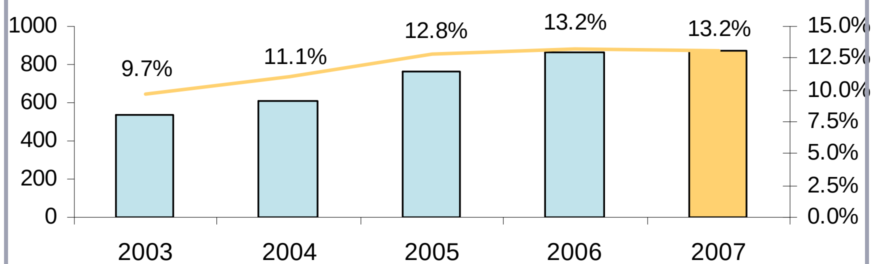
Quarterly as reported (restated to include HHS & exclude MQ)



Quarterly adjusted (see footnotes below)

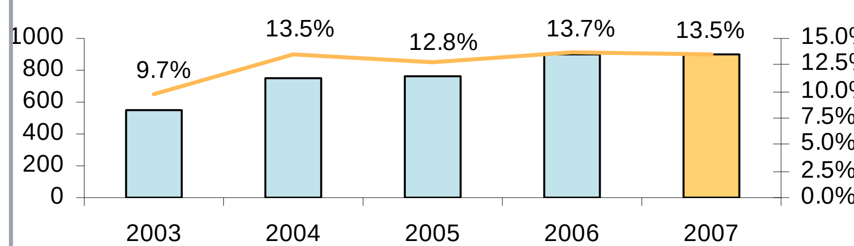


Full Year as reported (restated to include HHS & exclude MQ)



* Including allocation of Corp.& regional overhead cost and CIP cost

Full Year adjusted (see footnotes below)



* Including allocation of Corp.& regional overhead cost and CIP cost

Quarterly adjustments: Q4 2006 excludes Intermagnetics-related acquisition and integration charges of EUR 65m in EBIT of which EUR 36m impacted EBITA. Q1 – Q4 2007 excludes Intermagnetics-related acquisition and integration charges of EUR 8m, EUR 5m, EUR 5m, and EUR 5m respectively.

Full year adjustments: 2003 excludes reported special items of EUR 8m. 2004 excludes the Volumetrics settlement of EUR 133m. 2006 & 2007 exclude Intermagnetics-related acquisition and integration charges of EUR 36m and EUR 23m respectively.

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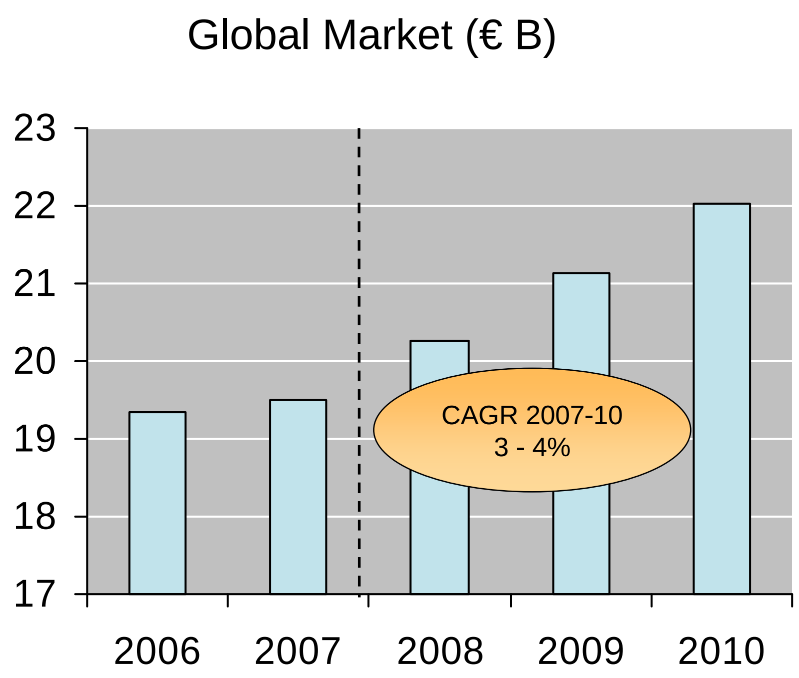
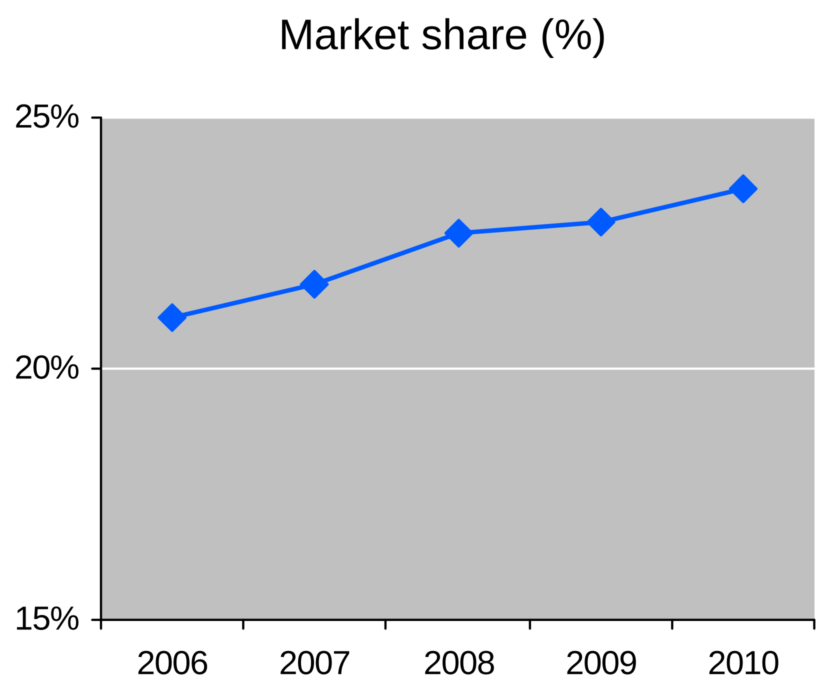
We have and will continue to gain share in a growing market

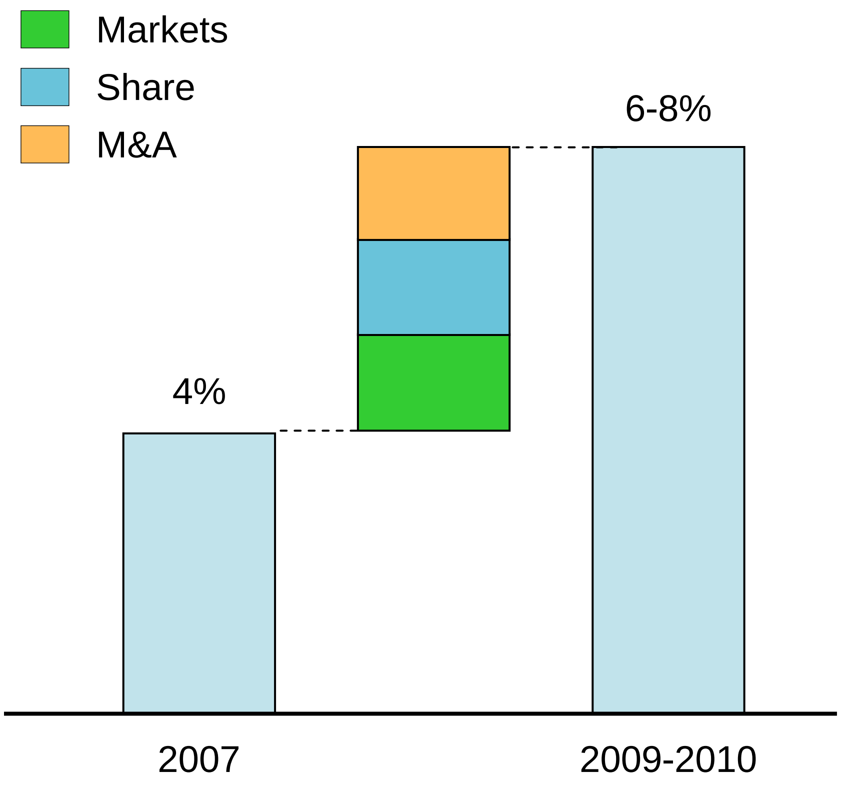




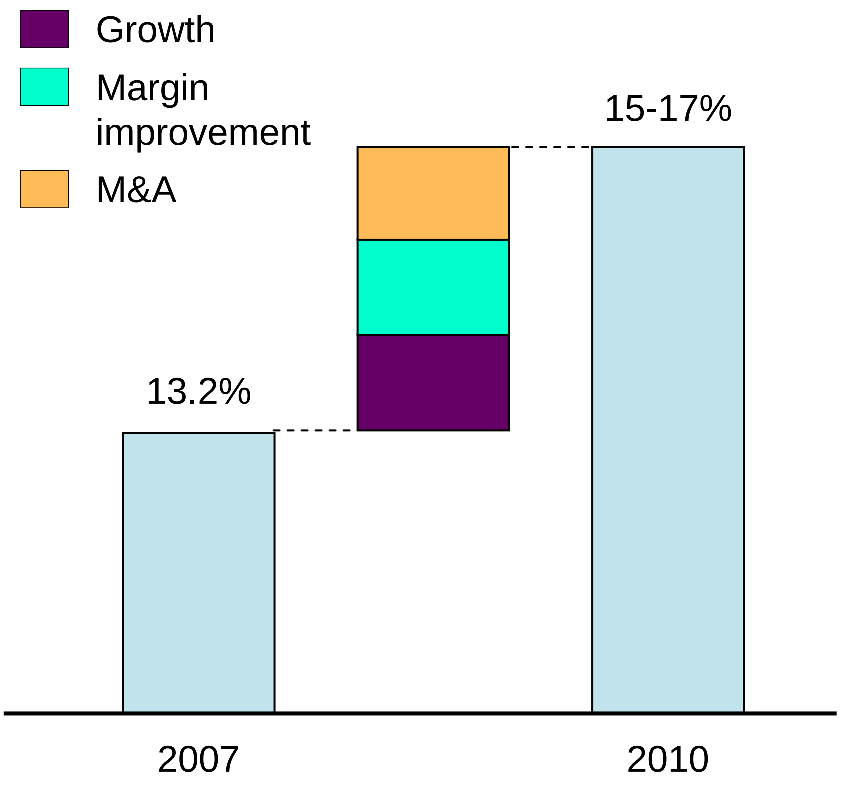
Market in Order Intake, Equipment Only, Imaging Systems, Monitoring, Cardiac Care, HI
Sources: Industry Associations, Proprietary Research, Philips Market Model

We are a major contributor to Vision 2010 – doubling Philips EBITA per share

Accelerating sales growth



Improving % EBITA



To accomplish this, we are focused on 3 areas

Focus Areas	Initiatives
Accelerate Growth	1. Increase presence in emerging markets 2. Expand mid / low-end product offering 3. Increase sales to home healthcare 4. Drive growth in healthcare informatics 5. Leverage patient/care provider brand
Increase Margins	1. Expand low cost country sourcing 2. Improve product reliability costs 3. Increase service productivity / effectiveness 4. Optimize market approach 5. Improve quote to cash
Capitalize on Acquisitions	1. Capture value from existing acquisitions 2. Pursue new acquisitions in strategic areas

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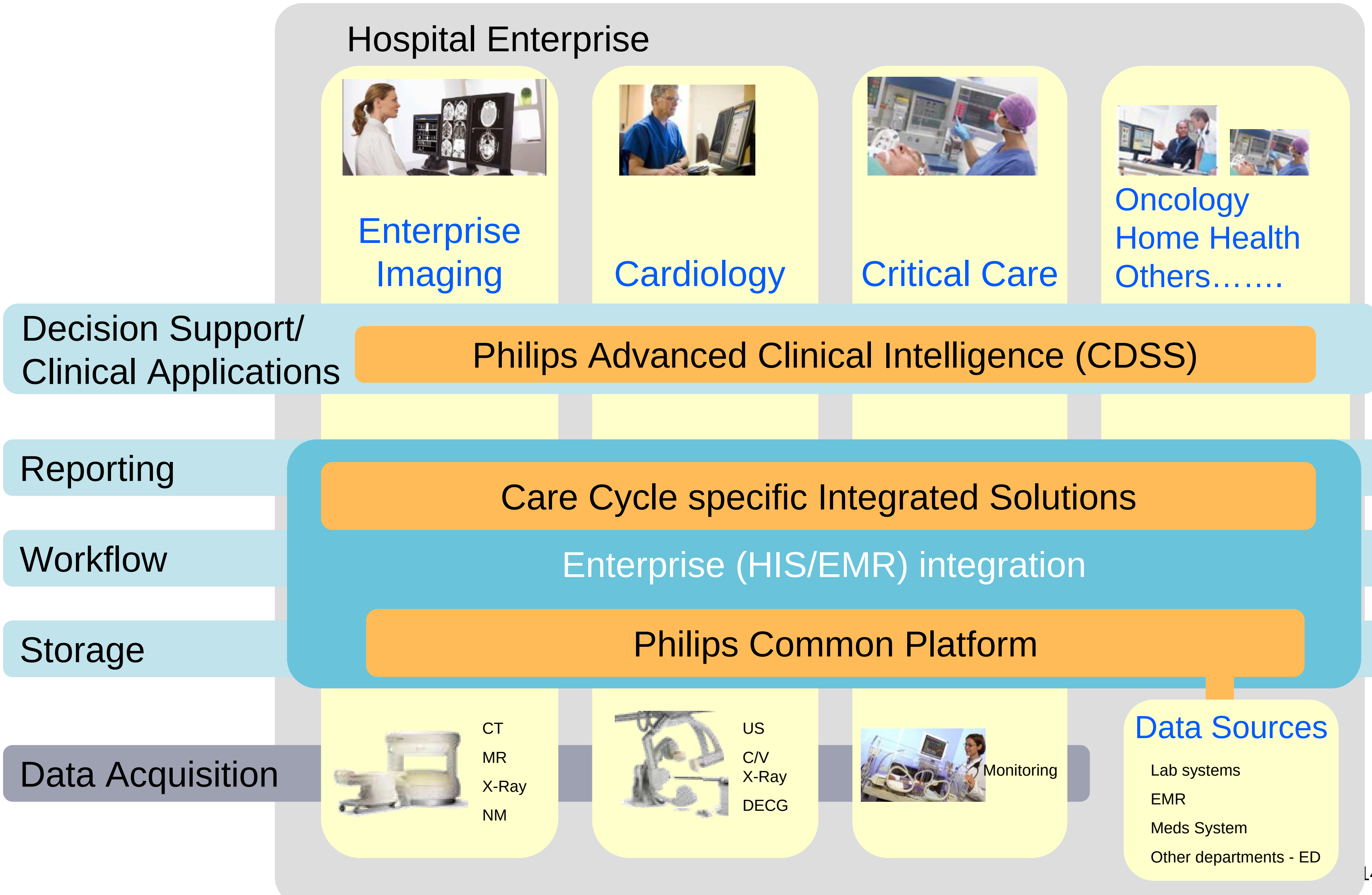
Healthcare informatics Vision 2010-15



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Healthcare evolution in emerging markets…

Economic development and stability

Availability of Funds

Politics

Accessibility

Related value drivers/root causes

Change in healthcare structure
- Top private layer is growing
- Emerging middle class
- Government led programs for BoP
- Introduction of insurance systems

Change in business models
- Large scale public healthcare projects
- Low and mid end solutions
- Turnkey projects
- Risk and profit sharing

Change in clinical applications
- Respiratory diseases
- Tuberculosis
- Oncology
- Cardiology
- HIV

Aggressive Growth

Footprint
- Localize branding (simplicity)
- Define and implement channel/ Go-to-Market strategies
- Create local industrial bases
- Implement localized channels and key account management

Portfolio
- Expand low and mid-end portfolio
- Expand to adjacent areas
- Localize portfolios fast
- Healthcare informatics

Services
- Introduce specific new EM services
- Reshape business models (partnering, risk sharing, etc.)
- Proactive develop large scale projects
- Strengthen our financing approach

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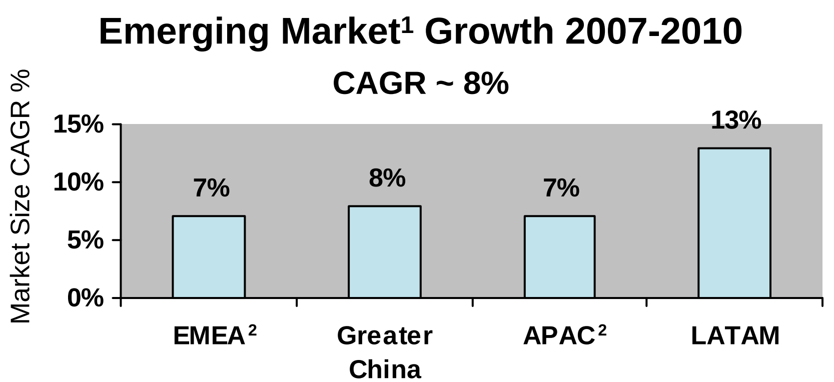
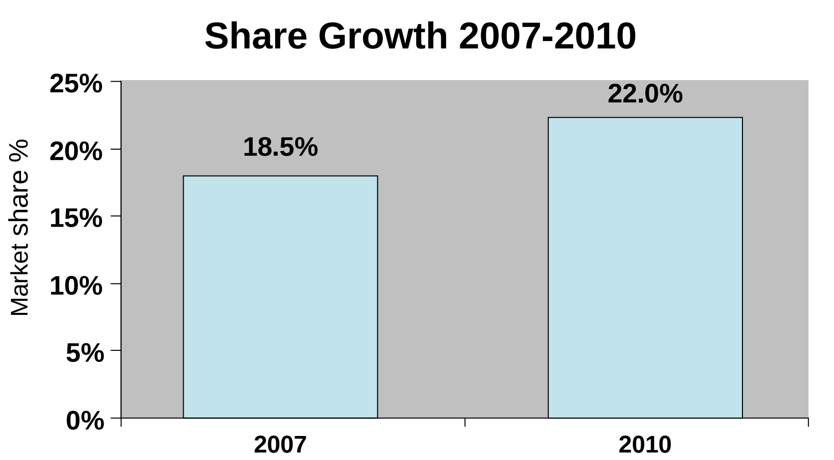
…Offers opportunities for market and share growth



1 Equipment only
2 Emerging markets within EMEA and APAC only



- Enhanced Footprint:
  - Local channels
  - Local industrial value added
- Expanded Portfolio:
  - Through Acquisitions
    Brazil: VMI & Dixtal
    China: Goldway
    Others
  - Through new product development
- Improved Services:
  - Expansion of service coverage
  - New business models

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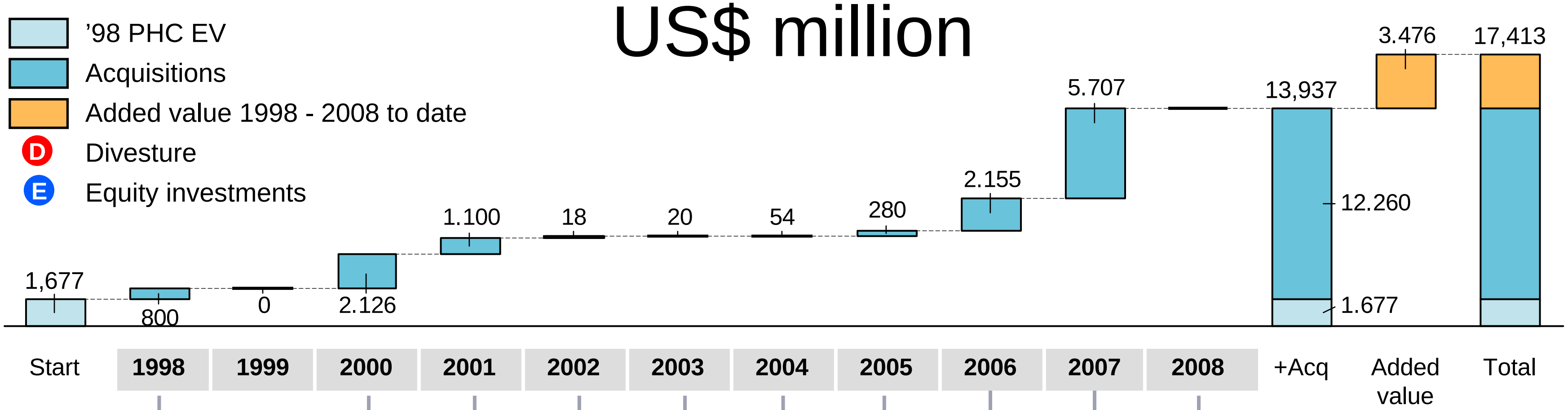
10-year acquisition and added value analysis

US$ million



1998

ATL Ultrasound ***(US$ 800M)***

2000

- *ADAC Laboratories* ***(US$ 426M)***
- *Agilent Technologies* ***(US$ 1,700M)***

2001

Marconi Corporation ***(US$ 1,100M)***

2002

- *Two USA dealer service businesses* ***(US$ 3.6M)***
- *Richardson Tubemaster* ***(US$ 13.9M)***

D *Dosimetry Business* ***(US$ 1.1M)***

- *Metzacom USA* ***(US$ 1.6M)***

2003

R.P. Kincheloe - USA Dealer, PMS ***(US$ 20.2M)***

2004

E *Philips Neusoft Medical Systems* ***(US$ 60M)***

D *SLI Warehouse* ***(US$ 3.8M)***

2005

E *Kereos* ***(ND)***

- *Stentor* ***(US$ 280M)***

2006

E *Traxtal Technologies Inc* ***(ND)²***

- *WITT Biomedical* ***(US$ 165M)***
- *Intermagnetics* ***(US$ 1,300M)***
- *Lifeline* ***(US$ 690M)***

2007

- *XIMIS Inc* ***(ND)***
- *Health Watch* ***(US$ 127M)***
- *All Metro ERS* ***(ND)***
- *VMI-Sistemas Medico* ***(ND)***
- *Raytel* ***(US$ 110M)***
- *Emergin* ***(ND)***
- *Visicu* ***(US$ 430M)***
- *Respironics* ***(US$ 5,040M)***

2008

- *Tomcat* ***(ND)***
- *Shenzhen Goldway* ***(ND)***
- *Dixtal Biomédica e Technologia* ***(ND)***

Note: Visicu and Respironics announced end of 2007, closed beginning of 2008

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In conclusion

- We have established a unique position in a dynamic and growing market
- We have made progress in growing market share, extending our product portfolio and integrating acquisitions
- We are committed to achieving Vision 2010 through growth, margin expansion and acquisitions
- We see exciting growth opportunities ahead
- We have a bright future as one of the top Healthcare companies in the world

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