



Donald J. Spence
Chief Executive Officer
Philips Home Healthcare Solutions

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Our Commitment to Customers Remains Foremost

Dear Homecare and Sleep Diagnostic Providers:

As a leader in the sleep and respiratory markets, our mission is to work together with our provider customers in an effort to improve patients' lives. That is why I believe it is critical to openly address the concerns we are hearing from some customers and to correct any misinformation about our business strategy to serve you now that we are part of Philips.

We have a history of more than 30 years as a trusted supplier of sleep and respiratory products and services, and it has been an honor and a privilege to serve you. Our reputation for high standards, ethical business practices and working for the greater good is well known. However, when the integrity of our organization, our associates or our products and services is called into question, we will not sit idly by.

It is unfortunate and troubling that some of our competitors have resorted to dubious practices and have spread misinformation about our business. Today, I am writing to set the record straight and to clear up any confusion.

- **First**, our vision is clear: to be the worldwide leader at anticipating needs and providing valued solutions to the home healthcare market. Your needs are our #1 priority.
- **Second**, some of our competitors would have you believe that we intend to go around our existing customers and sell directly to patients. We have absolutely no plans to do this and we believe our customers are the primary reason for our success over the past 30 years. While it's true that Philips offers consumer products, our core products in sleep and home respiratory are prescribed medical devices that require specialized care to help ensure effective therapy and compliance. We will continue to work to provide solutions to providers and clinicians that expand the home healthcare channel.
- **Third**, there has been confusion surrounding some of our programs which are intended to serve our customers.
 - **Supply Direct** is a drop-ship service designed to help providers grow and manage their business. It enables providers to order and directly ship OSA replacement supplies to their patients' homes through a convenient Web portal. This program was developed for and with the input of our customers to help them focus on patient care, while reducing costs and inventory investments. This creates opportunity for homecare providers and improves patient compliance.
 - **EncoreAnywhere** is another example of how we are working together to meet market needs. The system connects all the various care givers with access to a common view of patient compliance data and information related to their patients' sleep therapy. And it enables our customers to proactively gather, present and share this information efficiently through a secure Web portal. This system is intended to provide a lower cost, more timely and accurate methodology for monitoring patient acceptance to their therapy over manually intensive legacy alternatives. It also provides a lower cost when changing prescriptions in the field.

I hope this answers some of your questions or concerns. We are looking forward to discussing these and any other issues that are relevant to the success of your business. In the meantime, if you want to talk about your business or have any questions regarding our commitment to you, please drop me a line at mail.spence@respironics.com. I want to hear from you.

Sincerely,

Donald J. Spence

