

March 17, 2009

Dear Dealer,

Hopefully you have already hear all about the fantastic new incentives available to homeowners through the American Recovery and Reinvestment Act of 2009 which was signed on Feb 17th, but just in case you haven't, here is a summary of information to help you use these excellent tax credits to your advantage.

The tax incentive has been increased to 30% of the installed cost of qualifying equipment, up to a maximum of \$1500. The efficiency requirements were increased, too, and as you will see, York dealers have a tremendous opportunity, because York has more qualifying units than ANY other manufacturer.

Minimum Efficiency Requirements:

Furnace	95% AFUE
A/C split system	16 SEER / 13 EER (raised from 15 / 12.5)
Package A/C	14 SEER / 12 EER
Heat pump split	15 SEER / 12.5 EER / 8.5 HSPF
Package heat pump	14 SEER / 12 EER / 8 HSPF

Tax credit available, in 2009 and 2010 (retroactive to Jan 1, 2009):

30% of installed cost, up to a max of \$1500 (raised from \$500!)

All of York's 33 inch condensing furnaces qualify for the tax credit, and all of our CZH condensing units qualify when matched with the appropriate coil. For a list of qualifying equipment stocked by US Air, go to www.californiahvac.com and click "2009 Tax Certificates and Qualifying Equipment".

Now, we aren't lawyers or tax specialists, but this is such a great opportunity we wanted to get some summary info out to you as soon as possible. Attached is a terrific letter from HARDI that sums things up really well, and a great Frequently Asked Question document from JCI, take a look at these, they will help you understand the requirements and process.

Here are some important things to know: First of all, this is a tax **CREDIT**, not a tax deduction. A tax CREDIT means the amount comes right off the tax bill; for example, if the homeowner owes \$2000 in federal taxes and claims this \$1500 tax credit, the tax bill goes down to \$500. Wow!

Second, the way we interpret this, any single component qualifies for up to \$1500, if the installed cost is high enough. The credit is 30% of the installed cost, so if it costs the

homeowner \$5000 to get a new 95% furnace put in, they can claim a credit of \$1500 for that.

If your written invoice to a customer was for a qualifying furnace and a 13 SEER **non-**qualifying condensing unit, and your invoice had both of those items on the invoice, a tax auditor might ask to see the installation cost of the furnace versus the condensing unit, and only pay for the portion of the cost that was considered to be installation of the furnace.

Third, the opportunity for you, **and** the homeowner, is incredible. There are tax credits, factory rebates, and utility rebates available right now; add them all together and the deal for the homeowner is unbelievable. For example, So Cal Gas is offering a \$200 rebate for 92% or higher furnaces, and PG&E offers \$200 for 92% and \$300 for 94% furnaces. Cities like Anaheim, Burbank, Glendale and Pasadena are offering rebates of \$100-\$140 **PER TON** for high efficiency A/C units. And, as you know, York offers the best factory consumer rebates in the business. Put it all together and you have a sales story that's impossible to resist.

Here's another way to look at it: If you look at the operating cost savings of a 5-ton 16 SEER condensing unit versus a 5-ton 10 SEER condensing unit in Riverside, CA, for example, it is \$917 per year. If you look at the operating cost of a 70% efficient furnace versus a 97% efficient furnace that yearly savings is \$582. So the yearly operating cost savings would be right at \$1,500 a year going with a high efficiency system versus the customer's present system. Now if you look at a person just replacing a compressor which would cost approximately \$1,200 versus putting in a high efficiency heating and air conditioning system which costs \$6,000, the person can actually put money in his pocket, around \$3,000 the first year and at least \$500 a year every year after that if he were to finance the system (no money down) for 8 years at 7.5%.

For a high efficiency 5-ton system, if the customer paid \$6,000 he would receive a \$1,500 tax credit, a \$1,700 rebate from York (qualifying dealers only) and a \$200 rebate from the Gas Company. The payments for this system would be \$830.30 for a full year, that's the money that would outflow; the customer would get \$3,400 in rebates and tax credits. When you take the utility savings of \$1,500, add it to the tax rebate of \$1,500 and to the York rebate of \$1,700 it would actually put \$4,930 in his pocket the first year.

You can run all of these calculations yourself by going to www.californiahvac.com, click on "*HVAC Calculators*", and then click on "*HVAC Operating Cost Analysis*", it takes about 3 minutes to run this, and then click on the "*Loan Monthly Payments*" to find out what the payments would be on the loan. It really is a no-brainer. A person puts almost \$5,000 in his pocket the first year and \$1,500 a year in operating cost savings.

Now you may have a customer that says "I need that tax credit right now, I don't need it next year!". Well, what they can do is go to their employer and tell them that they want to add another dependent and that will reduce the taxes withheld from their paycheck so they have access to the money right away.

We know it's a challenge to keep up with all the utility rebates available, especially if you work in multiple cities, so here's a great link to find all the info (and even download claim forms): go to www.californiahvac.com and click "*Utility Rebates for Your Area*". Also, your US Air sales representative has all of the information on tax credits, tax certificates, utility rebates and York factory consumer rebates, if you need more information. If you don't have a sales rep, please contact Laura Orozco at 626-854-6807 for residential or Bruce Fuhrmann at 626-854-4600 for commercial.

This is a fantastic opportunity for York dealers. York has the least expensive, smallest, easiest to install 95% furnace on the market today. All sizes of the ultra-quiet York CZH condensing units meet the 16 SEER / 13 EER efficiency requirement, when matched with the appropriate coil. This killer combo of York consumer rebates (for qualifying dealers) plus tax credits, plus utility rebates, plus utility savings, generates a great opportunity to persuade a homeowner to replace an older inefficient system, please use this amazing opportunity to make some money, and let us know what we can do to help.

Sincerely,

A handwritten signature in cursive script that reads "John Staples". The signature is written in black ink and is positioned above the printed name.

John Staples