



September 27, 2007

To Our Valued Customers:

During the week of September 17, country delegates met in Montreal to review the progress of the Montreal Protocol. I wanted to take a moment to update you on the outcomes of this meeting and what this may mean for your business.

Delegates made the decision to accelerate the step-down of HCFC usage in developing countries. The vast majority of HCFCs consist of R-22.

For developed countries like the U.S., the impact of their decisions is minimal.

- **The only change for the U.S.** is a reduction in the cap in 2010 from 65% of the baseline to 75% of the baseline. This is because developed countries are ahead of schedule for R-22 phase-out.
- **There should be no issue with R-123 availability** as a result of this change. R-22 availability from 2010 to 2014 may be affected, although recent demand estimates showed room under the prior cap that would support R-22 the reduction. And since R-123 makes up only about 0.2% of all HCFCs, the cap reductions will be borne nearly entirely by R-22 elimination.
- **The phase out date for R-123 was not changed.** These dates are 2020 for use in new equipment and 2030 for production of refrigerant for service.
- **No phase out date or limitations on recovered or reclaimed refrigerant for service.** We anticipate recovered or reclaimed refrigerant will be available at affordable prices well after the 2030 date. Production for R-11, the predecessor to R-123 in centrifugal chillers, was stopped in 1996 and remains readily available with prices today the same as they were at time of phase out.

Your selection of a CenTraVac chillers using R-123 remains a viable choice in the marketplace as the most balanced, environmentally responsible centrifugal chiller solution. It's superior energy efficiency (independently verified, up to 13.5% advantage), near-zero emissions (<0.5%/year confirmed by USGBC), low fluid GWP (76 vs. 1320 for the next-best alternative) and negligible ozone impact are the facts supporting this view. And finally, the US EPA just awarded the Trane CenTraVac chiller with it's Best-of-the-Best Stratospheric Ozone protection award among a field of previous major chiller manufacturers.

Please contact your salesperson if you should have any questions or need additional information.

See below link of recent UNEP agreement. Page 3, section F, point #3 outlines the new dates, with the US falling under the developed, or A2 category. Note that the Montreal Protocol does not differentiate between the HCFC refrigerants (such as R-22 & R-123). The U.S. Clean Air Act accelerated the phase out of R-22 by 10 years, but retained the Montreal Protocol dates for R- 123.

[http://ozone.unep.org/Meeting\\_Documents/mop/19mop/MOP\\_19\\_ReportE.pdf](http://ozone.unep.org/Meeting_Documents/mop/19mop/MOP_19_ReportE.pdf)