

Can we change the SHR ratio?

Carrier's current ratio ranges from 73 – 77% sensible cooling.

This applies to all residential product manufactured by Carrier.

We can meet new needs

- Through an unprecedented **\$.25 billion** investment, Carrier provided a complete line of products optimized around 13 SEER.
- This capital expenditure was for all residential equipment manufactured.**

At what cost?

- Florida is a unique environment that requires special humidity consideration. We are however only a portion of the total national usage.
- R&D costs could only be spread across a small portion of the total volume.
- A totally new design would take 2-3 years to complete.

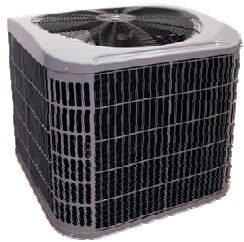
Other R&D factors

- We are still developing product to complete our 13 SEER platform.
- All manufacturers are currently investing time and dollars to meet the upcoming elimination of R-22 (FREON) equipment in 2010.

Can we proceed?

- A new design at this time is not feasible. (engineering time)
- The builders or home buyers can not absorb the cost in this current economy. Home sales are already down 30-35% in Florida.

What about SEER?



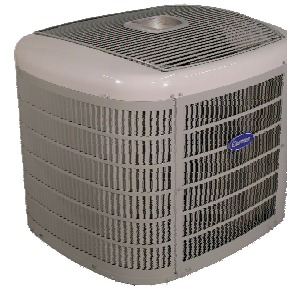
Base – RNC 13 SEER



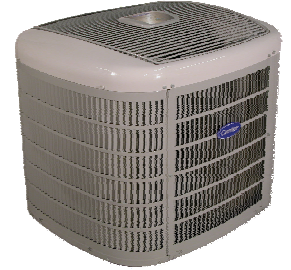
Base – RNC 14 SEER



Mid-Tier



Deluxe



Two Speed

Replacement Market

How else can we help?

- Get more builders to offer upgrades to the new home buyer.
- Cost effective for the home buyer. (trade in value)
- Increases efficiency and comfort in the home.
- Variable speed
 - controls humidity. (number one selling upgrade)
- Builder/consumer education
- It works today!