

**PRODUCT
BULLETIN**

RPB09-121

Routing Schedule

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TO: NORDYNE Residential Distributors

From: Matt Lattanzi

Date: April 27, 2009

Re: Federal Tax Credit Status Update

As discussed in Product Bulletin RPB09-106, this bulletin is the eighth in a series of communications outlining NORDYNE’s progress on achieving the new tax credit performance requirements. The below tables indicate current performance relative to the tax credit requirements, and we will communicate updates to this information weekly until our goals have been met. A “Green” check indicates satisfactory performance and a “red” X indicates that additional work is required.

Notable Changes For The Last Several Weeks:

- The 2 ton Dual Fuel (DF6SE) and the 3 ton Gas Pack (R4GE) have passed in our lab with larger fans. We will be launching new SKUs for availability in May. Please begin ramping down inventory of existing SKUs.
- The 4 ton (FS4BF) has passed in our lab for furnace applications with a new compressor. We will be launching a new SKU for availability in May.
- NORDYNE expects to launch some of the small package heat pumps ahead of our planned schedule. Currently, we expect to begin production of the 2 and 3 ton sizes April and the 4 ton in May.
- The R4GE (4 ton) has passed in the NORDYNE labs with a larger fan and a height increase. Please begin ramping down inventory of the existing SKU(s).
- **The 5 ton P5RE and Q5RE have passed testing in the NORDYNE labs. Expected availability is August 09.**
- **The *S4BF-036KA for furnace applications now rates with a new C6BA-X37-C coil. Ratings are available on the AHRI website. A separate bulletin announcing coil pricing and availability will be sent later this week.**
- **The 4 ton *T4BF-048KA has passed lab testing for furnace applications with a new TXV. The expected availability is 3-to-4 weeks.**
- **The IRS and AHRI are having discussions on the Advance Main Air Fan relative to tax credit eligibility. Initial feedback indicates that the fan will be itemized out and will not make the entire furnace tax credit eligible.**

Split System Heat Pumps: Performance Requirements: 15 SEER, 12.5 EER, 8.5 HSPF

Model	Current Performance (SEER/EER/HSPF)	
	Air Handler	Furnace
*T4BF-024KA	✓	✓
*T4BF-036KA	✓	✓
*T4BF-048KA	✓	X – see below
*T4BF-060KA	✓	✓
*T4BE-018K	✓	✓
*T4BE-024K	✓	✓
*T4BE-030K	✓	✓
*T4BE-036K	✓	✓
*T4BE-042K	✓	✓
*T4BE-048K	Utilize BF	Utilize BF – see below
*T4BE-060K	Utilize BF	Utilize BF

NORDYNE’s split system heat pumps meet the tax credit requirements across all sizes with the exception of the 4 ton matched with a furnace. This model has passed our lab testing with a new TXV. Expected availability is 3-4 weeks. “Expected Availability” is defined as product available to ship from NORDYNE to distribution. The *T4BE series of equipment (1.5 thru 3.5 tons) when matched with NORDYNE’s indoor products achieve the tax credit performance requirements, and we recommend utilizing the BF series of equipment for the 4 and 5 ton applications.

iQ Drive Split System Air Conditioners: Performance Requirements: 16 SEER, 13 EER

Model	Current Performance (SEER/EER)	
	Air Handler	Furnace w/C6 Coil
*S4BI-024K	✓	✓
*S4BI-036K	✓	✓
*S4BI-048K	✓	X

NORDYNE has verified the performance testing on the 4 ton iQ Drive air conditioner with an air handler and provided an updated rating to AHRI. All existing inventory will enjoy this re-rate. All options to achieve an acceptable rating with the furnace have been exhausted; therefore, this application will not be tax credit capable in the foreseeable future except when paired with a 95% AFUE gas furnace.

The iQ Drive heat pumps and new controller will launch at the end of May 2009. The launch of the heat pump equipment in May will include new evaporator coils and air handlers as stated in RPB09-104. Please begin to ramp down your inventory of the current evaporator coils, air handlers, and controllers.

Split System Air Conditioners: Performance Requirements: 16 SEER, 13 EER

NORDYNE is pleased to suggest an alternative approach to satisfy the tax credit requirements for split system air conditioners. In addition to utilizing split system air conditioners, we are pleased to provide the *T4BE heat pump (1.5 through 3.5 tons) and the *T4BF heat pump (4 & 5 tons) as viable solutions for achieving the tax credit instead of using split system air conditioning systems. This will provide the contractor with the ability to not only sell and promote the tax credits but also provide the consumer with a superior product in heating either with an air handler or a dual fuel system. The consumer will realize the benefits of the tax credit and enjoy better energy efficiency during the heating season. In previous bulletins, NORDYNE indicated the possibility of utilizing out-sourced coils for these applications. After thoroughly investigating, NORDYNE determined this strategy not to be desirable.

Model	Current Performance (SEER/EER)	
	Air Handler	Furnace w/C6 Coil
*S4BF-024KA	✓	✓
*S4BF-036KA	✗	✓
*S4BF-048KA	✗	✗
*S4BF-060KA	✗	✗

The 3 ton (FS4BF) now qualifies – AHRI ratings are currently available, and the 4 ton (FS4BF) has passed in our lab for furnace applications with a new compressor. We will be launching a new SKU for availability in May. Please begin ramping down inventory of the existing SKU.

As indicated below, NORDYNE is working on solutions with the *S4BFs in air handler applications. Design options, expected availability, and inventory recommendations for each model with air handlers are indicated below. **The “Expected Availability” assumes positive results from the “Design Options” being evaluated.** For the *S4BF-060 application, NORDYNE recommends utilizing the heat pump solution outlined above.

Model w/air handler	Design Option(s)	Expected Availability	Inventory Recommendations
*S4BF-024KA	Meets tax credit performance requirements with air handler		
*S4BF-036KA	4 ton air handler	4-5 weeks	Reduce B4VM 3 ton inventory levels
*S4BF-048KA	Reduced compressor size or new condenser fan	2-3 weeks	Reduce condenser inventory

Gas Furnaces: Performance Requirements: 95% AFUE

Product Category	Performance
2-Stage, Upflow, Fixed Speed	✓
2-Stage, Upflow, Variable Speed	✓
2-Stage, Downflow, Fixed Speed	✓
2-Stage, Downflow, Variable Speed	✓
iQ Drive Fully Modulating, Upflow	✓

NORDYNE is in a very strong position with gas furnaces relative to the new tax credits - please use this competitive advantage to drive additional furnace sales. Remember,

in many markets, the best approach to tax credit eligibility will be using the 95% AFUE furnaces as the driver paired with any efficiency level of split system air conditioner.

Package Equipment: Performance Requirements: 14 SEER, 12 EER, 8.0 HSPF

Size	R4GE Gas Pack	R6GD Gas Pack	DF6SE Dual Fuel	P5RE AC	Q5RE HP
2	✓	X	X	June 09	April 09
2.5	n/a	✓	n/a	n/a	n/a
3	X	✓	X	June 09	April 09
3.5	n/a	X	n/a	n/a	n/a
4	X	n/a	X	June 09	May 09
5	X	n/a	X	Aug 09	Aug 09

To satisfy packaged air conditioners and packaged heat pumps, NORDYNE will be launching a new line of P5RE and Q5RE models (small foot print, round duct connections) in May/June 2009. The 5 ton heat pump will likely require our large footprint (rectangular duct connections).

For gas packs, the 2 ton R4GE currently qualifies. NORDYNE has verified the performance testing on 2.5 and 3.0 ton R6GD and provided an updated rating to AHRI. The 3 ton (R4GE) has passed in our lab with a larger fan. NORDYNE will be launching a new SKU for availability in May. Please begin ramping down inventory of the existing SKU. The 4 and 5 ton gas packs will require significant design changes including larger condenser fans, taller cabinets, etc. The expected availability of these sizes is yet to be determined.

The 2 ton dual fuel has passed in our lab with a larger fan. NORDYNE will be launching a new SKU for availability in May. Please begin ramping down inventory of the existing SKU. Design options for the other size dual-fuel systems are currently being evaluated and will be discussed in future communications.

Thank you for your patience as we meet this industry challenge and, most importantly, thank you for your business.

Matt Lattanzi
Director of Product and Brand Management
NORDYNE