



## R-22 Phase Out And Significant EPA Developments

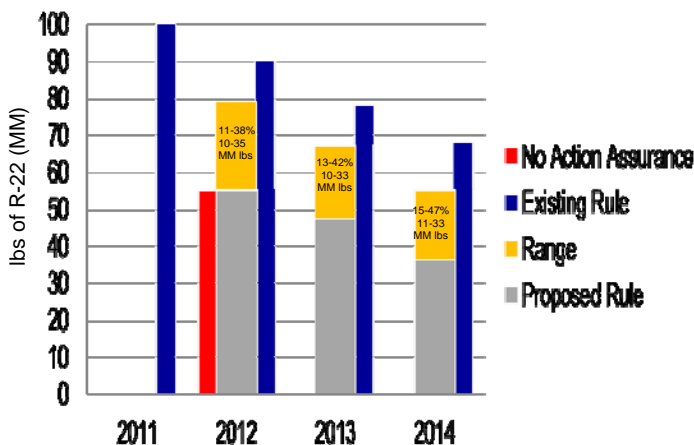
### February 2012

#### What is R-22 Refrigerant?

HCFC-22 (also known as R-22) is currently the most commonly used refrigerant for residential and commercial heat pump and air-conditioning systems.

#### Recent Developments

The EPA has issued “No Action Assurance” letters to importers and producers of Hydrochlorofluorocarbon-22 (HCFC-22) that reduces the amount of HCFC-22 that can be manufactured and/or imported in 2012 by approximately 45% from the amount allowed to be produced and/or imported in 2011.



#### The Facts

The U.S. EPA is proposing to significantly reduce allowances to produce and/or import virgin R-22 ranging from 11-47% per year over the 2012-2014 period, for servicing existing R-22 equipment. Under this proposal, 2012 allowances would be reduced between 55 to 80 million pounds, 2013 allowances would be reduced to between 46 to 69 million pounds and 2014 allowances would be reduced between 36 to 58 million pounds.

#### Hudson Opportunity

The Clean Air Act does not allow any refrigerant to be vented into the atmosphere during installation, service, or retirement of equipment. Therefore, R-22 must be recovered and recycled (for reuse in the same system), reclaimed (reprocessed to the same purity standard as new R-22), or destroyed. After 2020, R-22-based cooling systems will rely solely on recycled or reclaimed refrigerants. It is expected that reclamation and recycling will ensure that existing supplies of R-22 will last longer and be available to service a greater number of systems.

January 1, 2010

The EPA requires the U.S. to reduce its consumption of HCFCs by 75% below the U.S. baseline.

January 4, 2012

EPA publishes Proposed Rule to decrease annual HCFC-22 consumption allocations relative to the EPA's December 2009 final rule by a range of 11-47% for calendar years 2012, 2013 and 2014.

January 25, 2012

EPA issues “No Action Assurance” letters to importers and producers of Hydrochlorofluorocarbon-22 (HCFC-22), reducing the amount of HCFC-22 that can be manufactured and/or imported in 2012 by approximately 45% from the amount allowed to be produced and/or imported in 2011 (between 55-80 million lbs).

Investor Contact: John Nesbett/Jennifer Belodeau  
Institutional Marketing Services  
(203) 972-9200

Company Contact: Brian Coleman  
President & Chief Operating Officer  
(845) 735-6000