



**10-12 SEER
COUNTDOWN**

January 23, 2006

13 SEER LINE-UP

AFFINITY SERIES

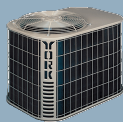


Cooling has never been this stylish

Available in seven colors! Designed for performance, efficiency, reliability and comfort. Innovated design reduces the sound dramatically.

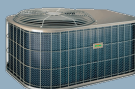
LATITUDE SERIES

Champagne finish



The Latitude series is our entry level replacement and high end new construction offering. Available in both air conditioning and heat pumps.

EVCON SERIES



The Evcon series is great for price sensitive project work.

To: All Upstate Dealers

www.upstatesystems.com

13 seer update

The purpose of this flyer is to communicate the stance of both ourselves and our main supplier York International. Understanding and planning for the new 13 seer minimum efficiency standard is important and necessary as we get closer to January 23, 2006.

Facts:

- Residential 10, 11, 12 seer, single phase equipment built prior to January 23, 2006 may be sold until our inventory is depleted.
- The pricing of 13 seer product is expected to drop in the second half of 2005. Eventually, we expect 13 seer products to be within six percent of current 12 seer models.
- 12 seer product has the highest risk of obsolescence due to 13 seer price decreases.
- York International's last order date for 10-12 seer product is August 31, 2005. Their last ship date is February 28, 2006. All orders for 10-12 seer product are labeled as special orders and are non-cancelable.
- It is possible that some of the product ordered, will not be filled due to supplier phase out of key components.
- A large percentage of products made today, will be replaced with entirely new products in 2006.
- 13 seer product will be approximately 30% larger than 10-12 seer product.

Due to the uncertainties involved, our best strategy is to start our transition into 13 seer products during the second half of 2005. We do not want to carry a surplus, of what many will consider, obsolete products into 2006. Warehouse space will be needed to accommodate the larger 13 seer models.

To recap, Upstate Systems will phase out 10-12 seer product over the next 5-6 months. We expect to carry enough product to get us through the end of February 2006. At that point, we will inventory a full line of Evcon, Latitude and Affinity 13 seer products.

If you feel as though you'll need 10 seer product for 2006, please place your order with your Territory Manager before the August 31, 2005 cut off date.

Thank you for your business and cooperation in the challenging months ahead.