Goodman Global Inc
Form DEFM14A
December 07, 2007
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to Section 240.14a-12

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

GOODMAN GLOBAL, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Common Stock, par value $0.01 per share of Goodman Global, Inc. (the Common Stock).

(2) Aggregate number of securities to which transaction applies:

68,938,590 shares of Common Stock; 5,207,319 options to purchase Common Stock; and restricted stock units with respect to 16,668 shares of Common Stock.

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

The maximum aggregate value was determined based upon the sum of (A) 68,938,590 shares of Common Stock multiplied by $25.60 per share; (B) options to purchase 5,207,319 shares of Common Stock multiplied by $17.35 (which is the difference between $25.60 and the weighted average exercise price of $8.25 per share); and (C) restricted stock units with respect to 16,668 shares of Common Stock multiplied by $25.60 per share. In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying 0.0000307 by the sum of the preceding sentence.

(4) Proposed maximum aggregate value of transaction:

$1,855,601,589

(5) Total fee paid:

$56,966.97

x Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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SPECIAL MEETING OF STOCKHOLDERS

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Stockholder:

The board of directors of Goodman Global, Inc. has approved a merger pursuant to which Goodman will be acquired by Chill Holdings, Inc., an entity controlled by private equity funds sponsored by Hellman & Friedman LLC.

If the merger is completed, holders of Goodman common stock will receive $25.60 in cash per share of Goodman common stock they own. The merger consideration will be paid without interest and reduced by any applicable tax withholding.

The board of directors of Goodman has, after careful consideration and based on a number of factors unanimously determined that the merger agreement and the merger are in the best interests of the holders of Goodman common stock and declared the merger agreement and the merger advisable. The board of directors of Goodman unanimously recommends that holders of Goodman s common stock vote **FOR** the adoption of the merger agreement.

Holders of Goodman common stock will vote on the adoption of the merger agreement at a special meeting. The special meeting to consider and vote upon the proposal to adopt the merger agreement will be held on January 11, 2008 at 9:00 a.m., local time, at the InterContinental Houston Hotel, 2222 W. Loop South, Houston, Texas 77027.

The proxy statement attached to this letter provides you with information about the special meeting, the merger and the merger agreement. We encourage you to read the entire proxy statement carefully.

Your vote is very important. You should know that certain of our stockholders who collectively held, as of December 6, 2007, the record date for the special meeting, more than a majority of Goodman s outstanding capital stock entitled to vote at the special meeting have entered into voting agreements pursuant to which they have agreed, among other things, to vote all of their shares of Goodman common stock in favor of the adoption of the merger agreement and the transactions contemplated by the merger agreement. The votes collectively held by these stockholders are sufficient to adopt the merger agreement and the transactions contemplated thereby. Whether or not you plan to attend the special meeting, if you are a holder of Goodman common stock, please take the time to vote by completing, signing, dating and mailing the enclosed proxy card to us. If your shares of Goodman common stock are held in street name, you must instruct your broker or bank how to vote your shares.

Charles A. Carroll
President and Chief
Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved of the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

The proxy statement is dated December 7, 2007, and is first being mailed to holders of Goodman common stock on or about December 11, 2007.

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GOODMAN GLOBAL, INC.

5151 San Felipe, Suite 500

Houston, Texas 77056

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON JANUARY 11, 2008

To the Stockholders of Goodman Global, Inc.:

A special meeting of stockholders of Goodman Global, Inc., a Delaware corporation, will be held on January 11, 2008 at 9:00 a.m., local time, at the InterContinental Houston Hotel, 2222 W. Loop South, Houston, Texas 77027, for the following purposes:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of October 21, 2007, among Chill Holdings, Inc., a Delaware corporation controlled by private equity funds sponsored by Hellman & Friedman LLC, Chill Acquisition, Inc., a Delaware corporation and a wholly-owned subsidiary of Chill Holdings, Inc., and Goodman, pursuant to which each outstanding share of Goodman common stock will be converted into the right to receive $25.60 in cash without interest, less any applicable tax withholding; and

2. To transact any other business that may properly come before the special meeting or any adjournment or postponement of the special meeting.

The board of directors of Goodman has fixed the close of business on December 6, 2007 as the record date for the determination of holders of common stock entitled to notice of, and to vote at, the special meeting and any adjournment or postponement thereof. At the close of business on the record date, Goodman had 68,938,590 shares of common stock outstanding and entitled to vote. Holders of Goodman s common stock are entitled to appraisal rights under the General Corporation Law of the State of Delaware in connection with the merger if they meet certain conditions. See The Merger Appraisal Rights.

YOUR VOTE IS IMPORTANT

If you fail to return your Goodman proxy card, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the Goodman special meeting but will effectively be counted as a vote against adoption of the merger agreement. The affirmative vote of the holders of a majority of the outstanding shares of Goodman common stock is required to adopt the merger agreement. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy and thus ensure that your shares will be represented at the special meeting if you are unable to attend. If you sign, date and mail your proxy card without indicating how you wish to vote, your proxy will be counted as a vote FOR adoption of the merger agreement. If you do attend the special meeting and wish to vote in person, you may withdraw your proxy and vote in person. You should know that certain of our stockholders who collectively held, as of December 6, 2007, the record date for the special meeting, more than a majority of Goodman s outstanding capital stock entitled to vote at the special meeting have entered into voting agreements pursuant to which they have agreed, among other things, to vote all of their shares of Goodman common stock in favor of the adoption of the merger agreement and the transactions contemplated by the merger agreement. The votes collectively held by these stockholders are sufficient to adopt the merger agreement and the transactions contemplated thereby.

By order of the Board of Directors,

Ben D. Campbell
Executive Vice President,
Secretary and General Counsel

Houston, Texas, December 7, 2007

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QUESTIONS AND ANSWERS ABOUT THE MERGER

AND OUR SPECIAL MEETING

The following questions and answers address briefly some questions you may have regarding the special meeting and the proposed merger. These questions and answers may not address all questions that may be important to you as a holder of common stock of Goodman Global, Inc. For important additional information please refer to the more detailed discussion contained elsewhere in this proxy statement, the appendices to this proxy statement and the documents referred to in this proxy statement. See Where You Can Find More Information.

In this proxy statement, the terms Goodman , Company , we , our , ours and us refer to Goodman Global, Inc. and its subsidiaries, unless otherwise indicated by the context.

Q: What is the proposed transaction?

A: The proposed transaction is the acquisition of Goodman by Chill Holdings, Inc., a Delaware corporation (Parent) formed and controlled by private equity funds sponsored by Hellman & Friedman LLC (H&F), pursuant to an Agreement and Plan of Merger, dated as of October 21, 2007 (the merger agreement), among Goodman, Parent and Chill Acquisition, Inc., a Delaware corporation and wholly-owned subsidiary of Parent (Merger Sub). Once the merger agreement has been adopted by Goodman s common stockholders and the other closing conditions under the merger agreement have been satisfied or waived, Merger Sub will merge with and into Goodman (the merger). Goodman will be the surviving corporation in the merger (the surviving corporation) and will become a wholly-owned subsidiary of Parent.

Q: What will I receive in the merger for my Goodman common stock?

A: Upon consummation of the merger, for each share of Goodman common stock you own, you will receive $25.60 in cash without interest, less applicable withholding tax, if any. We refer to such amount in this proxy statement as the merger consideration. After the merger is consummated, you will not own any shares or other equity interest in the surviving corporation or Goodman. If you properly elect to exercise dissenters rights, you will not receive the merger consideration. See Appraisal Rights.

Q: When do you expect the merger to be completed?

A: We are working to complete the merger as quickly as possible. The merger cannot be completed until all closing conditions have been satisfied or waived and Parent completes its financing for the merger. Although we currently expect the merger to be completed in the first quarter of 2008, we cannot predict the exact timing of the effective time of the merger or whether the merger will be consummated because the merger is subject to conditions which are not within our control, such as expiration of waiting periods or grants of approvals under competition laws in the United States and possibly certain other jurisdictions. The merger agreement may be terminated by either party if the merger is not consummated by March 31, 2008, subject to a brief extension in limited circumstances where Parent has begun, but not completed, the marketing efforts for its debt financing prior to March 31, 2008. Please see The Merger Agreement and Voting Agreements Termination of the Merger Agreement. The entire time period may be required to satisfy all closing conditions.

Q: What conditions are required to be fulfilled to complete the merger?

A: We and Parent are not required to complete the merger if certain specified conditions are not satisfied or waived. These conditions include, among others (1) adoption of the merger agreement by the holders of our common stock at the special meeting, (2) absence of any injunction prohibiting consummation of the merger, (3) receipt of regulatory approvals or expiration of required waiting periods, (4) the accuracy of the representations and warranties of each of the parties to the merger agreement, subject to the materiality standards set forth in the merger agreement, (5) compliance by us with our obligations under the merger agreement in all material respects, including certain covenants that restrict our ability to conduct our

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business and (6) the realization by us and our subsidiaries, on a consolidated basis, of a minimum $255 million in EBITDA (as defined in the merger agreement) for the fiscal year ended December 31, 2007. There can be no assurance that these or the other conditions to consummation of the merger will be satisfied or waived. For a more complete summary of conditions that must be satisfied or waived prior to the effective time of the merger, see The Merger Agreement and Voting Agreements Conditions to the Merger. Consummation of the merger is not subject to a condition that Parent receive its financing; however, if Parent s financing commitments are terminated or not fulfilled and Parent is unable to find alternative financing arrangements, Parent may not be able to consummate the merger. In that circumstance, Parent is permitted to terminate the merger agreement and pay us a termination fee of $75 million plus $5 million of expenses. For a more complete summary of the termination fees and reimbursement of expenses provisions in the merger agreement, see The Merger Agreement and Voting Agreements Termination Fees and Expenses.

Q: What if the proposed merger is not completed?

A: It is possible that the proposed merger will not be completed. The merger will not be completed if all closing conditions are not satisfied or waived. If the merger is not completed, Goodman will remain an independent public company, and shares of Goodman s common stock will continue to be listed and traded on the NYSE. Under specified circumstances, if the merger is not completed we may be required to pay Parent a termination fee, or Parent may be required to pay to us a termination fee and reimburse our expenses as described under the caption The Merger Agreement and Voting Agreements Termination Fees and Expenses.

Q: Where and when is the special meeting?

A: The special meeting will take place at the InterContinental Houston Hotel, 2222 W. Loop South, Houston, Texas 77027, on January 11, 2008, at 9:00 a.m., local time.

Q: Who is eligible to vote?

A: All holders of record of our common stock on the close of business on December 6, 2007 will be eligible to vote.

Q: What will happen in the merger to stock options and restricted stock awards that have been granted to employees, officers and directors of Goodman?

A: The merger agreement provides that all outstanding stock options issued pursuant to Goodman s equity plans, whether or not vested, will, as of the effective time of the merger, become fully vested and thereafter represent the right to receive an amount in cash, without interest, equal to the product of the number of shares of our common stock subject to each option as of the effective time of the merger multiplied by the excess, if any, of the merger consideration over the exercise price per share of common stock subject to such option (other than in the case of certain options held by members of our senior management who have agreed to exchange a portion of their vested options for new vested options in Parent). The merger agreement also provides that the restrictions applicable to each outstanding share of our restricted stock will lapse and, at the effective time of the merger, each share of our restricted stock outstanding will become fully vested and convert into the right to receive the merger consideration.

Q: What are the interests of the members of Goodman s Board of Directors and executive officers in the merger?

A: Members of our board of directors and our executive officers have interests in the merger that are different from yours, including the accelerated vesting of all unvested stock options and restricted stock awards, as well as other interests described in this proxy statement. We encourage you to review the section entitled The Merger Interests of Certain Persons in the Merger for a full discussion of their interests.

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Q: What do I need to do now?

A: We urge you to read this proxy statement carefully, including its appendices, and to consider how the merger affects you. Then mail your completed, dated and signed proxy card in the enclosed return envelope as soon as possible so that your shares can be voted at the special meeting of our common stockholders.

Q: What vote is needed to adopt the merger agreement?

A: The affirmative vote of holders representing at least a majority of the outstanding shares of our common stock is required to adopt the merger agreement. An entity controlled by Apollo Management V, L.P., referred to as Apollo, and the trusts for the benefit of members of the Goodman family have entered into voting agreements with Parent, pursuant to which they have agreed to vote the shares of our common stock that they own on the record date for the special meeting in favor of approval of the merger and the adoption and approval of the merger agreement. On the record date for the special meeting, these stockholders beneficially owned shares of our common stock representing in the aggregate approximately 53.6% of our outstanding common stock entitled to vote at the special meeting. The obligations under the voting agreements terminate upon the earliest to occur of the following: (1) the effective time of the merger, (2) the termination of the merger agreement in accordance with its terms, and (3) March 31, 2008 or such later date as the termination date of the merger agreement may be extended in accordance with its terms. See The Merger Agreement and Voting Agreements.

Q: How does the Goodman board of directors recommend that I vote?

A: Our board of directors, after careful consideration and based on a number of factors has unanimously determined that the merger agreement and the merger are in the best interests of holders of Goodman common stock, declared that the merger agreement and the merger are advisable and unanimously recommends that you vote **FOR** adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger.

Q: What happens if I do not return a proxy card?

A: If you fail to return your proxy card and do not vote in person at the special meeting, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the special meeting. In addition, because adoption of the merger agreement requires the affirmative vote of holders representing a majority of Goodman outstanding shares of common stock, the failure to return your proxy card or vote in person at the special meeting will have the same effect as voting against the adoption of the merger agreement.

Q: May I vote in person?

A: Yes. If you are the record holder of your shares, you may attend the special meeting and vote your shares of common stock in person, rather than signing and returning your proxy card. If your shares are held in street name, you must get a proxy from your broker or bank in order to attend the special meeting and vote your shares in person. Even if you plan to attend the special meeting, we encourage you to sign and deliver a proxy card, which will not prevent you from attending the meeting and voting your shares in person.

Q: May I change my vote after I have submitted my signed proxy card?

A:

Yes. You may change your vote at any time before your proxy card is voted at the special meeting. You can do this in one of three ways. First, you can send a written, dated notice to the Secretary of Goodman stating that you would like to revoke your proxy. Second, you can complete, date and submit a new proxy card. Third, you can attend the meeting and vote in person. Your attendance alone will not revoke your proxy. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your instructions.

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Q: What does it mean if I get more than one proxy card or vote instruction card?

A: If your shares are registered differently or are in more than one account, you will receive more than one card. Please complete and return all of the proxy cards or vote instruction cards you receive (or submit your proxy by telephone or the Internet, if available to you) to ensure that all of your shares of our common stock are voted.

Q: If my broker holds my shares in street name, will my broker vote my shares for me?

A: Your broker will not be able to vote your shares without instructions from you. You should instruct your broker to vote your shares, following the procedures provided by your broker. Without instructions, your shares will not be voted. Because adoption of the merger agreement requires the affirmative vote of holders representing a majority of Goodman s outstanding shares of common stock, failure to instruct your broker will have the same effect as a vote against adoption of the merger agreement.

Q: What is a quorum?

A: A quorum of the holders of the outstanding shares of our common stock must be present for the special meeting to be held. A quorum is present if the holders of a majority of the outstanding shares of our common stock entitled to vote are present at the meeting, either in person or represented by proxy. Abstentions and broker non-votes are counted as present for the purpose of determining whether a quorum is present. A broker non-vote occurs on an item when a broker is not permitted to vote on that item without instructions from the beneficial owner of the shares and no instructions are given.

Q: How are votes counted?

A: For the proposal relating to the adoption of the merger agreement, you may vote FOR, AGAINST or ABSTAIN. Abstentions and broker non-votes will count for the purpose of determining whether a quorum is present, but, because holders of Goodman common stock holding at least a majority of Goodman common stock outstanding on the record date must vote FOR the adoption of the merger agreement, an abstention or broker non-vote has the same effect as if you vote AGAINST the adoption of the merger agreement.

Q: Who will bear the cost of this solicitation?

A: We will pay the cost of this solicitation, which will be made primarily by mail. Proxies also may be solicited in person, or by telephone, facsimile or similar means, by our directors, officers or employees without additional compensation. We will, on request, reimburse holders of common stock who are brokers, banks or other nominees for their reasonable expenses in sending proxy materials to the beneficial owners of the shares they hold of record.

Q: Should I send in my Goodman stock certificates with my proxy card?

A: No. After the merger is completed, you will receive written instructions for delivering your common stock certificates and exchanging your shares of our common stock for the merger consideration.

Q: Am I entitled to appraisal or dissenters rights?

A: Yes. If the merger is completed, holders of our common stock who do not vote in favor of adoption of the merger agreement and who otherwise comply with the requirements of Delaware law are entitled to appraisal rights under the General Corporation Law of the State of Delaware if they meet certain conditions. See The Merger Appraisal Rights.

Q: Will I owe taxes as a result of the merger?

A: The merger will be a taxable transaction for U.S. federal income tax purposes (and also may be taxed under applicable foreign, state and local tax laws). In general, for U.S. federal income tax purposes, U.S. holders will recognize gain or loss equal to the difference between (1) the amount of cash you receive in the merger for your shares of Goodman common stock and (2) the tax basis of your shares of Goodman common stock. Please refer to the section entitled The Merger Material United States Federal Income Tax Consequences of the Merger for a more detailed explanation of the tax consequences of the merger. You should consult your tax advisor on the specific tax consequences of the merger to you.

Q: Who can help answer my questions?

A: If you would like additional copies, without charge, of this proxy statement or if you have questions about the merger, including the procedures for voting your shares, you should contact Richard Bajenski, our investor relations contact, at the address or telephone number below. If your broker or bank holds your shares, you should also call your broker or bank for additional information.

Richard Bajenski

5151 San Felipe, Suite 500

Houston, Texas 77056

(713) 263-5059

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SUMMARY

This summary highlights selected information from this proxy statement and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the merger agreement and transactions contemplated by the merger agreement, you should read carefully this entire proxy statement and the documents we refer to herein. The merger agreement is attached as Appendix A to this proxy statement. We encourage you to read the merger agreement in its entirety as it is the legal document that governs the merger.

The Parties (see page 11)

Goodman Global, Inc.

Goodman Global, Inc. is the second largest domestic manufacturer of heating, ventilation and air conditioning products for residential and light commercial use based on unit sales. Our activities include engineering, manufacturing, assembling, marketing and distributing an extensive line of heating, ventilation, and air conditioning, referred to as HVAC, and related products. Our products are predominantly marketed under the Goodman® and Amana® brand names. We sell our products through a North American distribution network with more than 850 total distribution points, comprised of approximately 150 company-operated distribution locations and over 700 independent distributor locations. Our company-operated distribution centers are located in key states such as Texas, California, Arizona, Nevada and Florida. Goodman had 2006 sales of approximately $1.79 billion.

Chill Holdings, Inc.

Chill Holdings, Inc. (referred to as Parent), an entity controlled by private equity funds sponsored by Hellman & Friedman LLC, referred to as H&F, was formed on October 12, 2007 for the sole purpose of acquiring Goodman. H&F is a leading private equity investment firm with offices in San Francisco, New York and London. H&F focuses on investing in superior business franchises and serving as a value-added partner to management in select industries, including business services, asset management, information services, media, energy and healthcare. Since its founding in 1984, H&F has raised and, through its affiliated funds, managed over $16 billion of committed capital.

Chill Acquisition, Inc.

Chill Acquisition, Inc., referred to as Merger Sub, was formed on October 15, 2007 for the sole purpose of merging with and into Goodman. Merger Sub has no operations and is a wholly-owned subsidiary of Parent.

The Merger (see page 15)

Parent has agreed to acquire Goodman pursuant to the merger agreement described in this proxy statement. Under the terms of the merger agreement, Merger Sub will be merged with and into Goodman, with Goodman continuing its existence as the surviving corporation and a wholly-owned subsidiary of Parent after the merger. The merger agreement is attached to this proxy statement as Appendix A and is incorporated herein by reference. We encourage you to read the merger agreement in its entirety because it is the legal document that governs the merger.

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Merger Consideration (see page 15)

If the merger is completed, for each share of Goodman common stock you own, you will receive $25.60 in cash, less any applicable tax withholding. We refer to this amount in this proxy statement as the merger consideration.

After the merger is completed, you will have the right to receive the merger consideration (unless you elect to exercise appraisal rights as described below) but you will no longer have any rights as a Goodman stockholder. You will receive the merger consideration with respect to your shares of common stock after exchanging your Goodman common stock certificates in accordance with the instructions contained in a letter of transmittal to be sent to you shortly after completion of the merger. Do not send your stock certificates with your proxy. You should retain them until the effective time of the merger after which you will receive a transmittal letter and instructions where to send your certificates.

Treatment of Stock Options and Restricted Stock Awards (see page 49)

We are permitted and intend to take such actions as are necessary to cause all stock options to purchase shares of Goodman common stock under the 2004 Stock Option Plan and the 2006 Incentive Award Plan of the Company that are outstanding and unexercised at the effective time of the merger, whether or not exercisable, as of the effective time of the merger to become fully vested and converted into the right to receive an amount in cash at the effective time of the merger equal to the product of the number of shares of our common stock subject to each option as of the effective time of the merger multiplied by the excess, if any, of the merger consideration over the exercise price per share of common stock under such option, less any amounts required to be withheld or deducted under applicable tax laws (other than in the case of certain options held by members of our senior management who have agreed to exchange a portion of their vested Goodman options for new vested options in Parent). In addition, pursuant to the merger agreement, immediately prior to the effective time of the merger, each outstanding share of our restricted stock under the 2006 Incentive Award Plan will vest in full and be converted into the right to receive the merger consideration at the effective time of the merger, less any amounts required to be withheld or deducted under applicable tax laws.

Market Price and Dividend Data (see page 67)

Our common stock is listed on the New York Stock Exchange under the symbol GGL. On October 19, 2007, the last full trading day prior to the public announcement of the entry into the merger agreement, our common stock closed at $21.84 per share. On December 6, 2007, the last practicable trading day prior to the date of this proxy statement, our common stock closed at $24.01.

Recommendation of the Board of Directors (see page 21)

Our board of directors has unanimously:

- determined that the merger agreement and the merger are advisable and fair to and in the best interests of the holders of Goodman common stock;
- approved the merger agreement and merger; and
- recommended that holders of our common stock vote FOR the adoption of the merger agreement.

The board of directors, acting with the advice and assistance of its independent legal and financial advisors, evaluated and negotiated the terms and conditions of the merger agreement with Parent and Merger Sub. In reaching its decision, our board of directors considered a variety of business, financial and market factors and consulted with our management team, as well. See Recommendation of the Board of Directors and Their Reasons for the Merger.

Opinions of Financial Advisors (see pages 25 and 31)

Opinions of Goldman, Sachs & Co. and J.P. Morgan Securities Inc.

Each of Goldman, Sachs & Co. and J.P. Morgan Securities Inc. separately acted as our financial advisors in connection with the merger, and each delivered its respective opinion to our board of directors that, as of October 21, 2007 and based upon and subject to the factors and assumptions set forth in such opinion, the $25.60 per share in cash to be received by the holders of our common stock pursuant to the merger agreement was fair from a financial point of view to such holders. The opinions delivered by each of Goldman Sachs and JPMorgan are limited solely to the fairness, from a financial point of view to the holders of our common stock of the $25.60 per share in cash to be received by such holders pursuant to the merger agreement.

The full text of the written opinions of Goldman Sachs and JPMorgan, each dated October 21, 2007, each of which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the respective opinion, are attached as Appendices D and E, respectively, and are incorporated by reference in their entirety into this proxy statement. We urge you to read these opinions carefully and in their entirety. Our financial advisors provided their opinions for the information and assistance of our board of directors in connection with its consideration of the Agreement and Plan of Merger, dated as of October 21, 2007. Neither the Goldman Sachs nor the JPMorgan opinion is a recommendation as to how any holder of our common stock should vote with respect to the merger or any other matter. Pursuant to separate engagement letters in each case, we have agreed to pay Goldman Sachs a transaction fee of approximately $11,500,000 and JPMorgan a transaction fee of approximately $11,500,000, in each case payable upon completion of the merger.

The Special Meeting of Goodman Common Stockholders (see page 12)

Time, Date and Place. A special meeting of our common stockholders will be held on January 11, 2008, at the InterContinental Houston Hotel, 2222 W. Loop South, Houston, Texas 77027 at 9:00 a.m., local time.

Purpose. You will be asked to consider and vote upon a proposal to adopt the merger agreement. The merger agreement provides that Merger Sub will be merged with and into Goodman, and each outstanding share of our common stock (other than shares held by stockholders, if any, who properly exercise their appraisal rights under Delaware law) will be converted into the right to receive the merger consideration.

The persons named in the accompanying proxy card will also have discretionary authority to vote upon other business, if any, that properly comes before the special meeting and any adjournment of the special meeting.

Stockholders Entitled to Vote. You are entitled to vote at the special meeting if you owned shares of our common stock at the close of business on December 6, 2007, the record date for the special meeting. You may cast one vote at the special meeting for each share of our common stock you owned at the close of business on the record date. On the record date, there were 68,938,590 shares of our common stock outstanding and entitled to be voted at the special meeting.

Required Vote. The adoption of the merger agreement requires the affirmative vote of a majority of the shares of our common stock outstanding at the close of business on the record date. Abstaining will have the same effect as a vote against the proposal to adopt the merger agreement but will be counted in determining whether a quorum is present at the special meeting.

An entity controlled by Apollo and trusts for the benefit of members of the Goodman family have entered into voting agreements with Parent, pursuant to which they have agreed to vote the shares of our common stock that they own on the record date in favor of approval of the merger and the adoption and approval of the merger agreement. Stockholders who are parties to the voting agreements beneficially owned shares of common stock representing in the aggregate approximately 53.6% of our outstanding common stock entitled to vote at the

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special meeting on the record date, which is a sufficient amount to approve the adoption of the merger agreement and approve the merger. The obligations under the voting agreements terminate in certain circumstances, including if the merger agreement is terminated in accordance with its terms.

Your vote is very important. You are encouraged to vote as soon as possible by returning the enclosed proxy card. If you do not indicate how your shares of Goodman common stock should be voted, the shares represented by your properly completed proxy will be voted as the Goodman board of directors recommends, which in the case of the proposal to adopt the merger agreement means FOR the proposal.

Share Ownership of Directors and Officers (see page 68)

On the record date for the special meeting, and based on information available to the Company, the directors and officers of Goodman and their affiliates beneficially owned approximately 43,112,079 shares of Goodman common stock, collectively representing approximately 62.5% of the shares of common stock outstanding and entitled to vote at the special meeting. Of these shares, approximately 36,940,966 (or 53.6% of the outstanding shares of Goodman common stock) are subject to voting agreements requiring them to vote in favor of the adoption of the merger agreement. The directors of Goodman have each indicated that they expect to vote for the proposal to adopt the merger agreement.

Interests of Certain Persons in the Merger (see page 35)

When considering the recommendation by our board of directors in favor of the adoption of the merger agreement, you should be aware that members of our board of directors and our executive officers have interests in the merger that are different from, or in addition to, yours, including, among others:

- the right to payment by us of reasonable and customary legal fees of our executive officers in connection with the merger;

- certain indemnification arrangements and insurance policies for our directors and officers will be continued for six years by the surviving corporation if the merger is completed;

- certain directors hold restricted stock awards that will be accelerated and will vest immediately prior to consummation of the merger;

- all stock options outstanding at the effective time of the merger, whether or not vested and including those held by our executive officers and directors will be cancelled and converted into the right to receive cash equal to the excess, if any, of the merger consideration over the exercise price per share under such stock option, less any applicable withholding taxes (other than in the case of certain options held by members of our senior management who have agreed to exchange a portion of their Goodman options for new equity in Parent);

- certain of our current executive officers have been offered continued employment with the surviving corporation after the effective time of the merger in substantially similar employment positions with the surviving corporation and will enter into new employment agreements and equity compensation arrangements pursuant to which it is anticipated that our executive officers, as well as certain other members of senior management, will be granted new options over Parent stock, in the aggregate not to exceed 5% of the fully-diluted common equity of Parent;

- certain members of senior management have agreed to invest a portion of their existing equity in the Company into new equity interests in Parent at the same price per share as H&F is paying under the merger agreement;

additional members of senior management, including our named executive officers, will be provided with the opportunity to invest additional shares of our common stock or additional options over our common stock into Parent equity and/or to purchase additional shares of Parent equity, in each case at the same price per share as H&F is paying under the merger agreement;

- our executive officers as well as certain other employees will be eligible for a transaction bonus of 75% of their current base salary and an equity rollover incentive payment of 100% of their current base salary in exchange for their agreement to roll over certain of our equity into new Parent equity; and

- we will approve amendments to the employment or severance agreements, as applicable, of certain executive officers, which provide severance benefits in the event of the executive officer s termination of employment without cause or resignation for good reason.

Material United States Federal Income Tax Consequences (see page 44)

If you are a U.S. holder of our common stock, the merger will be a taxable transaction to you under U.S. federal income tax laws. For U.S. federal income tax purposes, your receipt of cash in exchange for your shares of our common stock generally will cause you to recognize a gain or loss measured by the difference, if any, between the cash you receive in the merger and your adjusted tax basis in your shares. Such gain or loss will be capital gain or loss if you held your shares as capital assets, and will be long term capital gain or loss if you have held your shares for more than one year as of the date of the merger. If you are a U.S. holder of compensatory stock options or unvested or unissued restricted stock awards (for which you did not make a timely election under section 83(b) of the Internal Revenue Code of 1986, as amended (the Code)) with respect to Goodman common stock, in each case granted in connection with the performance of services to Goodman, you will recognize ordinary income equal to the amount of the cash payment, if any, that you receive upon vesting and/or cancellation of such compensatory stock options or restricted stock awards, as applicable. If you are a non-U.S. holder of our common stock, the merger generally will not be a taxable transaction to you under U.S. federal income tax laws unless you have certain connections to the United States. Please refer to the section entitled The Merger Material United States Federal Income Tax Consequences of the Merger for a more detailed explanation of the tax consequences of the merger. You should consult your own tax advisor for a full understanding of how the merger will affect your taxes.

Tax matters can be complicated, and the tax consequences of the merger to you will depend on the facts of your own situation. You should consult your own tax advisor to fully understand the tax consequences of the merger to you.

Regulatory Matters (see page 46)

In connection with the merger we and Parent have each agreed to, among other things, promptly make our respective antitrust filings and any other required antitrust submissions under the Hart-Scott-Rodino Act (the HSR Act), and to use our reasonable best efforts to take promptly all actions necessary to complete the merger and the other transactions contemplated by the merger agreement.

United States

Under the HSR Act, the merger may not be completed until notifications have been given to the Antitrust Division of the United States Department of Justice and the Federal Trade Commission and the required waiting period has expired or been terminated. Goodman and Parent each made the required HSR Act filing on November 7, 2007. On November 19, 2007, we were notified by the Federal Trade Commission that our request for early termination of the waiting period under the HSR Act was granted.

Florida Office of Insurance Regulation

The merger also requires notice and an application to, and approval from, the Florida Office of Insurance Regulation. Receipt of this approval is not a condition to closing under the merger agreement.

Procedure for Receiving Merger Consideration (see page 50)

Immediately prior to the effective time of the merger, a paying agent will mail a letter of transmittal and instructions to you. The letter of transmittal and instructions will tell you how to surrender your common stock certificates or book-entry shares in exchange for the merger consideration. **Please do not return your stock certificates with the enclosed proxy card, and you should not forward your stock certificates to the paying agent without a letter of transmittal.**

No Solicitation of Transactions; Limitations on Changes in Recommendation (see page 56)

The merger agreement restricts our ability to solicit, engage in or encourage discussions or negotiations with third parties regarding specified alternative transactions involving the Company and its subsidiaries, and our ability to provide information about the Company to third parties. Notwithstanding these restrictions, under limited circumstances specified in the merger agreement in order to permit our board of directors to comply with its fiduciary duties, our board may, among other things, respond to an alternative acquisition proposal or terminate the merger agreement and enter into an agreement with respect to a superior proposal after paying a termination fee.

Conditions to Completion of the Merger (see page 62)

The obligations of the parties to complete the merger are subject to the satisfaction or waiver of the following conditions:

- approval of the merger agreement by our shareholders;
- the absence of laws, governmental judgments or orders having the effect of enjoining or prohibiting the consummation of the merger;
- the expiration or termination of the waiting period under the HSR Act and the antitrust laws of any other applicable jurisdiction;
- the accuracy of the representations and warranties of each of the parties to the merger agreement, subject to the materiality standards set forth in the merger agreement;
- performance by each of the parties of all of their obligations in all material respects under the merger agreement; and
- realization by the Company and its subsidiaries, on a consolidated basis, of not less than $255 million in EBITDA, as defined in the merger agreement, for the fiscal year ended December 31, 2007.

Termination of the Merger Agreement (see page 63)

The merger agreement may be terminated and the merger may be abandoned at any time prior to the effective time of the merger:

- by mutual written consent of Goodman and Parent;
- by either Goodman or Parent on notice to the other:
  - if the effective time of the merger has not occurred on or before March 31, 2008, or in the event that the marketing period for Parent s financing begins, but does not end, by March 31, 2008, one business day after the last day of the marketing period;

if a final, non-appealable injunction prohibits the merger;

if the holders of our common stock do not adopt the merger agreement at the special meeting or an adjournment thereof; or

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there is a breach by the non-terminating party of any representation, warranty, covenant or other agreement in the merger agreement such that the terminating party s closing conditions would not be satisfied, which breach cannot be cured by the end date, and the party seeking termination gives the non-terminating party 30 days prior written notice.

by Goodman on notice to Parent:

if all the conditions to Parent s obligations to complete the merger have been satisfied on the final day of the marketing period for Parent s financing and Parent and Merger Sub have not received the proceeds of Parent s debt financing or equity financing; or

if, before the approval of the merger agreement by the holders of our common stock, our board of directors approves or recommends a superior proposal and we have paid the required termination fee to Parent.

by Parent on notice to the Company:

if our board of directors makes or resolves to make a withdrawal, modification or qualification to its recommendation that our common stockholders approve and adopt the merger agreement and the merger;

if our board of directors fails to recommend against a tender offer or exchange offer constituting an alternative proposal in any publicly disclosed position taken pursuant to Rules 14d-9 and 14e-2 under the Exchange Act except as permitted under the merger agreement; or

if our board of directors recommends or approves any alternative proposal.

If the merger agreement is terminated, the merger will not occur.

Fees and Expenses; Remedies (see page 64)

Under the merger agreement we have agreed to pay Parent a termination fee of $55.7 million if:

prior to obtaining stockholder approval for the merger agreement, we terminate the merger agreement because our board of directors approves or recommends a superior proposal;

Parent terminates the merger agreement because our board of directors (1) changes or resolves to change its recommendation that our common stockholders approve and adopt the merger agreement and the merger, (2) fails to recommend against a tender or exchange offer constituting an alternative proposal, except as permitted under the merger agreement, or (3) recommends to our stockholders or approves any alternative proposal; or

the merger agreement is terminated by either party due to the failure to obtain the approval of our stockholders of the merger or due to the end date of the merger agreement being reached without completion of the merger, or by Parent due to our material breach under the circumstances described in the merger agreement, and in each case an alternative proposal was pending before the event giving rise to the right of termination, and within 9 months following termination we enter into or complete a transaction constituting an alternative proposal.

Our payment of the termination fee described above in accordance with the merger agreement to Parent will be Parent s sole and exclusive remedy against us for failure to consummate the merger except in the case of willful breach or fraud. In the event of our willful breach or fraud, Parent, in addition to the termination fee provided under the merger agreement and to seeking specific performance of the merger agreement, may seek damages from us up to a maximum amount of $139.2 million (including the termination fee).

Parent has agreed to pay us a termination fee of $75 million plus $5 million in reimbursement of expenses incurred by us if we terminate the merger agreement and elect to receive such termination payments in circumstances where all the conditions to Parent s obligations to complete the merger were satisfied on the final day of the marketing period for Parent s debt financing and Parent and Merger Sub have not received the proceeds from the debt financing or equity financing. If we elect to receive such termination payments, payment of such termination payments is our sole and exclusive remedy against Parent for the failure to consummate the merger. Alternatively, in lieu of these termination payments, we may elect to sue for damages arising out of Parent s willful breach of the merger agreement or fraud in an amount not to exceed $139.2 million, in the aggregate.

In addition to Parent s other remedies, Parent is entitled to specific performance with respect to the obligations of the Company. The Company is not entitled to seek specific performance with respect to the obligations of Parent and Merger Sub, including an injunction to prevent breaches of the merger agreement by Parent and Merger Sub.

Except as described above, each party to the merger agreement will pay its own expenses related to entering into and carrying out the merger agreement.

Financing (see page 61)

Equity Financing. Parent has received an equity commitment letter from the Equity Investors (as defined in this proxy statement) pursuant to which, and subject to the conditions contained therein, the Equity Investors have committed to make a capital contribution of up to $1.256 billion to Parent in connection with the completion of the merger.

Debt Financing. Parent received senior secured debt financing commitments on October 21, 2007 from Barclays Bank PLC, Calyon New York Branch, General Electric Capital Corporation, GE Capital Markets, Inc. and GSO Capital Partners LP, on behalf of one or more funds managed by it, and senior subordinated debt financing commitments on October 21, 2007 from GSO Capital Funding, LLC and Farallon Funding L.L.C. Pursuant to the debt financing commitments, and subject to their terms and conditions, such financial institutions have committed to provide debt financing in an aggregate amount of up to $1.6 billion.

Voting Agreements (see page 65)

Simultaneously with the execution and delivery of the merger agreement, an Apollo-affiliated stockholder and trusts for the benefit of members of the Goodman family entered into voting agreements with Parent, pursuant to which they have agreed to appear at the meeting of stockholders or cause their votes to be counted as present at the meeting for purposes of establishing a quorum and to vote the shares of our common stock that they own on the record date in favor of approval of the merger and the adoption and approval of the merger agreement. The entities entering into these voting agreements with Parent also agreed, among other things, not to solicit, knowingly encourage or negotiate any alternative proposal involving Goodman, unless Goodman is permitted to engage, and is engaging, in discussions or negotiations regarding an alternative proposal pursuant to the merger agreement. Stockholders who are parties to the voting agreements beneficially owned an aggregate of approximately 53.6% of our outstanding common stock as of the record date. The obligations under the voting agreements terminate in certain circumstances, including in the event the merger agreement is terminated in accordance with its terms. See The Merger Agreement and Voting Agreements The Voting Agreements.

Limited Guarantee (see page 35)

In connection with the Merger Agreement, Hellman & Friedman Capital Partners VI, L.P., a private equity fund sponsored by H&F, entered into a limited guarantee for the benefit of the Company, pursuant to which Hellman & Friedman Capital Partners VI, L.P., agreed to guarantee the obligations of Parent for any termination fee payable or damages owed by Parent to the Company under the merger agreement up to a maximum amount of $139.2 million. The Company s recourse against the guarantor and its related parties is limited to $139.2 million and the limited guarantee is the sole recourse against such parties.

Appraisal Rights (see page 41)

Subject to compliance with the procedures set forth in Section 262 of the General Corporation Law of the State of Delaware, referred to as the DGCL, holders of our common stock will be entitled to appraisal rights in connection with the merger, whereby such stockholders may receive the fair value of their shares in cash, exclusive of any element of value arising from the expectation or accomplishment of the merger. Shares of our common stock held of record by a holder who does not vote in favor of the adoption of the merger agreement and who has delivered a written demand for appraisal of such shares in accordance with the requirements of Section 262 of the DGCL will not be converted into the right to receive the merger consideration, unless and until the dissenting holder fails to perfect or effectively withdraws his or her right to appraisal and payment under Delaware law. Failure to take any of the steps required under Section 262 of the DGCL on a timely basis may result in a loss of appraisal rights. These procedures are described in this proxy statement. The provisions of Delaware law that grant appraisal rights and govern such procedures are attached as Appendix F.

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FORWARD-LOOKING INFORMATION

Certain information set forth in this proxy statement contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements include statements concerning the expected consummation and timing of the merger and other information related to the merger, our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions or dispositions and other information that is not historical information. In some cases, forward-looking statements can be identified by terminology such as believes, expects, may, will, should, anticipates or intends or the negative of such other comparable terminology, or by discussions of strategy. We may also make additional forward-looking statements from time to time. All such subsequent forward-looking statements, whether written or oral, by us or on our behalf, are also expressly qualified by these cautionary statements.

All forward-looking statements are based upon our current expectations and various assumptions. Our expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them, but there can be no assurance that management s expectations, beliefs and projections will result or be achieved. All forward-looking statements apply only as of the date made. We undertake no obligation to publicly update or revise forward-looking statements which may be made to reflect events or circumstances after the date made or to reflect the occurrence of unanticipated events. We believe the following factors would cause actual results to differ materially from those discussed in the forward-looking statements:

- the failure to satisfy the conditions to consummate the merger;
- the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement;
- the failure of the merger to close for any other reason;
- the outcome of legal proceedings that may be instituted against us and others in connection with the merger agreement;
- the amount of the costs, fees, expenses and charges related to the merger;
- the failure to obtain the necessary debt financing arrangements set forth in commitment letters received in connection with the merger;
- risks that the proposed transaction disrupts current plans and operations and the potential difficulties in employee retention as a result of the merger;
- the effect of the announcement of the merger on our business and customer relationships, operating results and business generally, including our ability to retain key employees; and
- the impact of the substantial indebtedness incurred to finance the consummation of the merger.

For additional discussion of these and other factors, risks and uncertainties, see our reports and documents filed with the SEC (see Where You Can Find Additional Information).

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THE PARTIES TO THE MERGER

Goodman Global, Inc.

Goodman Global, Inc. is the second largest domestic manufacturer of heating, ventilation and air conditioning products for residential and light commercial use based on unit sales. Our activities include engineering, manufacturing, assembling, marketing and distributing an extensive line of HVAC and related products. Our products are predominantly marketed under the Goodman® and Amana® brand names. We sell our products through a North American distribution network with more than 850 total distribution points, comprised of approximately 150 company-operated distribution locations and over 700 independent distributor locations. Our company-operated distribution centers are located in key states such as Texas, California, Arizona, Nevada and Florida. Goodman had 2006 sales of approximately $1.79 billion.

We are a corporation incorporated under the laws of the State of Delaware. Our executive offices are located at, and our mailing address is, 5151 San Felipe, Suite 500, Houston, Texas 77056, and our telephone number at that address is (713) 861-2500.

Chill Holdings, Inc.

Chill Holdings, Inc. (referred to as Parent), an entity controlled by private equity funds sponsored by H&F, was formed on October 12, 2007 for the sole purpose of acquiring Goodman. H&F is a leading private equity investment firm with offices in San Francisco, New York and London. H&F focuses on investing in superior business franchises and serving as a value-added partner to management in select industries including business services, asset management, information services, media, energy and healthcare. Since its founding in 1984, H&F has raised and, through its affiliated funds, managed over $16 billion of committed capital.

Parent is a corporation incorporated under the laws of the State of Delaware. The executive offices are located at, and the mailing address is, c/o Hellman & Friedman LLC, One Maritime Plaza, 12th Floor, San Francisco, California 94111, and the telephone number at that address is (415) 788-5111.

Chill Acquisition, Inc.

Chill Acquisition, Inc., referred to as Merger Sub, was formed on October 15, 2007 for the sole purpose of merging with and into Goodman. Merger Sub has no operations and is a wholly-owned subsidiary of Parent.

Merger Sub is a corporation incorporated under the laws of the State of Delaware. The executive offices are located at, and the mailing address is, c/o Hellman & Friedman LLC, One Maritime Plaza, 12th Floor, San Francisco, CA 94111, and the telephone number at that address is (415) 788-5111.

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THE SPECIAL MEETING

We are furnishing this proxy statement to holders of our common stock as part of the solicitation of proxies by our board of directors for use at the special meeting.

Date, Time and Place

We will hold the special meeting at the InterContinental Houston Hotel, 2222 W. Loop South, Houston, Texas 77027 at 9:00 a.m., local time, on January 11, 2008 or any postponement or adjournment thereof.

Purpose of Special Meeting

At the special meeting, we will ask holders of our common stock to consider and vote upon a proposal to adopt the merger agreement. Our board of directors, after careful consideration and based on a number of factors has unanimously determined that the merger agreement and the merger are advisable and fair to and in the best interests of our common stockholders. Our board of directors unanimously recommends that our common stockholders vote FOR the adoption of the merger agreement.

Shareholders Entitled to Vote

Only holders of record of our common stock at the close of business on December 6, 2007, the record date, are entitled to notice of and to vote at the special meeting. On the record date, 68,938,590 shares of our common stock were issued and outstanding. We had 63 holders of record as of the close of business on December 6, 2007.

Required Vote; Quorum

The adoption of the merger agreement requires the affirmative vote of the holders representing a majority of the shares of our common stock outstanding on the record date. Therefore, if a holder of our common stock abstains from voting on this proposal or is not present, either in person or represented by proxy, at the special meeting, the abstention or absence will effectively count as a vote against the adoption of the merger agreement. In addition, broker non-votes will effectively count as a vote against the adoption of the merger agreement.

A quorum will be present at the special meeting if a majority of the shares of our common stock issued and outstanding and entitled to vote on the record date are present, either in person or represented by proxy. Any shares of our common stock held in treasury by us or by any of our subsidiaries are not considered to be outstanding for purposes of determining a quorum. Abstentions and broker non-votes are counted as present for the purpose of determining whether a quorum is present. Once a share is represented at the special meeting, it will be counted for the purpose of determining a quorum at the special meeting. No notice need be given if the time and place of any adjournment meeting are announced at the meeting at which adjournment is taken. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally adjourned. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote thereat. In the event that a quorum is not present at the special meeting, it is expected that the meeting will be adjourned to solicit additional proxies. Holders of record of our common stock on the record date are entitled to one vote per share at the special meeting on the proposal to adopt the merger agreement.

Simultaneously with the execution and delivery of the merger agreement, entities controlled by Apollo and the Goodman family entered into voting agreements with Parent, pursuant to which they agreed to appear at the meeting of stockholders or cause their votes to be counted as present at the meeting for purposes of establishing a quorum and vote the shares of our common stock that they own on the record date in favor of approval of the

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merger and the adoption and approval of the merger agreement. Stockholders who are parties to the voting agreement beneficially owned shares of common stock representing in the aggregate approximately 53.6% of our outstanding common stock entitled to vote at the special meeting on the record date, which is a sufficient amount to have a quorum present to approve the adoption of the merger agreement and to approve the merger. See The Merger Agreement and Voting Agreements The Voting Agreements.

Voting of Proxies

All shares represented by properly executed proxies received in time for the special meeting will be voted at the special meeting in the manner specified by the holders. All proxies must be filed with the Secretary of the Company before or at the beginning of each meeting in order to be counted in any vote at the meeting. Properly executed proxies that do not contain voting instructions will be voted **FOR** the adoption of the merger agreement.

Only shares affirmatively voted for the adoption of the merger agreement, including properly executed proxies that do not contain voting instructions, will be counted as favorable votes for that proposal. If a holder of our common stock abstains from voting or does not properly execute a proxy, it will effectively count as a vote against the adoption of the merger agreement. Brokers who hold shares of our common stock in street name for customers who are the beneficial owners of such shares may not give a proxy to vote those customers shares in the absence of specific instructions from those customers. These broker non-votes will effectively count as votes against the adoption of the merger agreement.

The persons named as proxies by a common stockholder may propose and vote for one or more adjournments of the special meeting, including adjournments to permit further solicitations of proxies.

We agreed in the merger agreement that, without the consent of Parent, we would not bring any matter (other than procedural matters) before the special meeting other than the proposals to adopt the merger agreement. If, however, our board of directors properly presents other matters, the persons named as proxies will vote in accordance with their judgment as to matters that they believe to be in the best interests of the stockholders.

You should not send any stock certificates with your proxy. A letter of transmittal with instructions for the surrender of common stock certificates will be mailed to you as soon as practicable after completion of the merger.

Revocability of Proxies

A holder of our common stock may revoke a proxy at any time prior to its exercise by:

- filing with our secretary at our principal executive offices a duly executed revocation of proxy;
- submitting a duly executed proxy to our secretary bearing a later date; or
- appearing at the special meeting and voting in person; however, attendance at the special meeting will not in and of itself constitute revocation of a proxy.

If you have instructed your broker to vote your shares, you must follow directions received from your broker to change these instructions.

Shares Held in Street Name

If your shares of Goodman common stock are held in an account at a bank, broker or other nominee and you wish to vote, you must return your voting instructions to the bank, broker or other nominee.

If you own shares of Goodman common stock through a bank, broker or other nominee and attend the Goodman special meeting, you should bring a letter from your bank, broker or other nominee identifying you as the beneficial owner of such shares of Goodman common stock and authorizing you to vote.

Your broker will NOT vote your shares of Goodman common stock held in street name unless you instruct your broker how to vote. Such failure to vote will have the same effect as a vote AGAINST adoption of the merger agreement. You should therefore provide your bank, broker or other nominee with instructions as to how to vote your shares of Goodman common stock.

Adjournments or Postponements

Although it is not currently expected, the special meeting may be adjourned or postponed for the purpose of soliciting additional proxies in favor of adoption of the merger agreement. Any adjournment may be made without notice by announcement at the special meeting of the new date, time and place of the special meeting; provided that, if the adjournment is for more than 30 days, or if after the adjournment our board of directors fixes a new record date for the meeting, a notice of the adjourned meeting must be given to each common stockholder entitled to vote at the meeting. Whether or not a quorum exists, holders of a majority of the shares of our common stock present, either in person or represented by proxy, at the special meeting and entitled to vote thereat may adjourn the special meeting. Any properly executed proxy received by Goodman that is voted for the merger proposal or that has no voting instructions will be voted in favor of an adjournment in these circumstances. However, no proxy that is voted against the proposal to adopt the merger agreement will be voted in favor of adjournment of the special meeting for purposes of soliciting additional proxies. Any adjournment of the special meeting for the purpose of soliciting additional proxies will allow our stockholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting as adjourned.

Solicitation of Proxies

All costs of solicitation of proxies will be borne by us. The directors and officers and employees of Goodman may, without additional compensation, solicit proxies for common stockholders by mail, telephone, facsimile or in person.

You should send in your proxy by mail without delay. We will also reimburse brokers and other custodians, nominees and fiduciaries for their expenses in sending these materials to you and getting your voting instructions.

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THE MERGER

The following discussion summarizes the material terms of the proposed merger. While we believe that the description covers the material terms of the merger and the related transactions, this summary may not contain all of the information that is important to you. You should read this entire proxy statement and the merger agreement attached hereto as Appendix A carefully for a more complete understanding of the merger.

Background of the Merger

Goodman s board of directors has regularly considered various strategic alternatives to enhance shareholder value. On April 24, 2007, as part of a succession planning discussion during a regularly scheduled meeting of Goodman s board of directors, Charles A. Carroll, Goodman s President and Chief Executive Officer, indicated to the board that he was considering retiring as Chief Executive Officer within the coming year, possibly by early 2008. Due to, among other things, Mr. Carroll s stated intention to retire, and consistent with the board s ongoing evaluation of Goodman s business, industry and strategic direction (including the state of the HVAC market), the board again reviewed its various strategic alternatives, including, among others, continued operation on a standalone basis under a new chief executive officer after Mr. Carroll s departure, potential business combinations, stock repurchases and other potential transactions that could result in a change of control of Goodman. Thereafter, Laurence M. Berg, a member of the board, at the direction of the board and on its behalf, contacted representatives of each of Goldman, Sachs & Co., referred to as Goldman Sachs, and J.P. Morgan Securities Inc., referred to as JPMorgan, to discuss the Company potentially engaging them to assist the board in exploring the options available to Goodman.

On May 24, 2007, a meeting of selected members of the board of directors of Goodman was held. Also in attendance were certain representatives of each of Goldman Sachs and JPMorgan. At the request of the board, representatives of Goldman Sachs and JPMorgan separately discussed with the board members present a potential sale of the Company. After the Company s consideration of its potential strategic alternatives, including a sale of the Company, strategic acquisitions, stock repurchases and continued operation on a standalone basis, it was determined that a potential sale of the Company provided the Company s stockholders with a promising opportunity to achieve a favorable value for their investment relative to the other available options. The executive committee of the board, along with Steven Martinez, another member of the board, all led by Mr. Berg, were to oversee the potential sale process and related negotiations, if any, on behalf of the board and the Company.

Throughout May 2007, Mr. Berg and Mr. Carroll contacted the other board members regarding a potential sale process. In particular, Mr. Berg and Mr. Carroll also contacted members of the board, including each independent director, directly to solicit their views regarding a potential sale of the Company.

In late May and early June 2007, members of the board and senior management, with the assistance of representatives of Goldman Sachs and JPMorgan, made preparations for a process to explore potentially selling the Company. At the same time, the Company, with input from representatives of Goldman Sachs and JPMorgan, formulated a list of prospective buyers to be contacted. On June 1, 2007, members of the board held a meeting to discuss timing and process issues concerning a potential sale of the Company. Members of senior management and representatives of Goldman Sachs, JPMorgan and O Melveny & Myers LLP, outside counsel to the Company, referred to as O Melveny, attended the meeting.

At the Company s direction, in early June 2007, representatives of Goldman Sachs and JPMorgan contacted 38 prospective buyers, including both financial sponsors, strategic buyers and merger candidates. Early in the week of June 11, 2007, an initial summary of the Goodman investment opportunity and a proposed confidentiality and standstill agreement were sent to those prospective buyers initially contacted who indicated interest. Nineteen of the prospective buyers who received such packages subsequently executed and returned confidentiality and standstill agreements to representatives of the Company. All prospective buyers who returned executed confidentiality and standstill agreements were provided with additional information about the Company.

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As a next step, and at the Company s direction, selected parties who executed confidentiality and standstill agreements were invited by representatives of Goldman Sachs and JPMorgan to attend a short presentation by members of Company management during the weeks of June 18 and June 25, 2007 in JPMorgan s office in New York City or Goldman Sachs office in Houston. Potential strategic buyers, and each financial sponsor that was anticipated to have significant interest in the Company, in each case selected by the Company in consultation with Goldman Sachs and JPMorgan, were invited to attend these presentations. In total, six potential buyers attended these presentations.

On June 18, 2007, the independent directors and other directors held a telephonic conference to review and discuss developments in the potential sale process. Goldman Sachs and JPMorgan were requested by the Company to make available a debt financing package to each of the potential buyers, a practice which is commonly referred to as stapled financing. At the conclusion of this conference, it was determined by the Company to continue with the potential sale process as discussed and on the timetable presented. Subsequently, the Company entered into a separate engagement letter with each of Goldman Sachs and JPMorgan to retain each as a financial advisor to the Company for purposes of the potential sale process.

On behalf of the Company, representatives of Goldman Sachs and JPMorgan distributed initial bid process letters to remaining potential buyers. These letters specified that preliminary acquisition proposals were to be submitted to Goldman Sachs and JPMorgan by July 13, 2007. A total of seven preliminary bids were received by that date, with one of the seven considered to be non-competitive from a valuation perspective. At the Company s direction, the six remaining prospective buyers were invited into the second round of the potential sale process on July 16, 2007.

From July 18 through July 20, 2007, the Company s senior management conducted presentations about the Company for four of the six remaining prospective buyers at O Melveny s New York office. The following week, similar presentations were held in Houston, Texas for the two other prospective buyers.

From and after July 19, 2007, the remaining prospective buyers received access to an electronic data room, which contained business and legal due diligence materials and other information regarding the Company.

On July 19, 2007, a Reuters news service reporter contacted Goodman about a rumor, which Reuters purported to have separately corroborated, that the Company was for sale and had engaged Goldman Sachs to assist with an auction. That same day, Reuters published an article regarding the Company and noted a potential sale process, and the trading price of the Company s stock began to increase. As a result, and to prevent unwarranted speculation in the Company s stock, Goodman issued a press release on July 20, 2007, announcing that it was reviewing potential strategies to enhance shareholder value, and that it had engaged Goldman Sachs and JPMorgan to assist the board of directors and management in identifying and evaluating various options.

The board of directors next met on July 24, 2007 at a regularly scheduled meeting. At the meeting, the board discussed at length its earnings and financial results for the second quarter of 2007 and the Company s operations and prospects on a standalone basis. The board was then provided with an update of the potential sale process, including a briefing on the process conducted to date and the preliminary bids key terms. At the same meeting, O Melveny reviewed the board s fiduciary duties in connection with the strategic review being conducted by the board.

On July 31, 2007, representatives of Goldman Sachs and JPMorgan, on behalf of the Company, provided the form merger agreement prepared by O Melveny to the five remaining potential buyers still participating in the potential sale process (one of the former six prospective buyers had indicated to representatives of JPMorgan that it would not be continuing in the potential sale process). On August 1, 2007, also on behalf of the Company, representatives of Goldman Sachs and JPMorgan provided letters describing the required second round bid process to each of the five remaining prospective buyers. These letters requested that, among other things, prospective buyers submit final bids with committed financing to representatives of Goldman Sachs and JPMorgan no later than August 15, 2007.

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On August 6, 2007, at the conclusion of a regularly scheduled meeting of the audit committee, the Company s independent directors were updated on the status of the potential sale process and the envisioned timing and further steps.

On August 14, 2007, a new prospective buyer, referred to as Sponsor A, was provided with an information presentation about the Company by senior management of the Company. Sponsor A was not part of the thirty-eight prospective buyers originally contacted by representatives of Goldman Sachs and JPMorgan, but had been brought into the potential sale process in July 2007 upon the Company s approval following Sponsor A s request of Goldman Sachs to be included in the sale process.

There were no bids received as of the August 15, 2007 deadline. On or before the August 15 deadline, all five prospective buyers indicated orally to representatives of either Goldman Sachs or JPMorgan that they were not in a position to submit a firm proposal for the acquisition of the Company at such time, due to, among other reasons, the then-current state of the debt capital markets and valuation issues. Both Goldman Sachs and JPMorgan had informed the Company and the prospective buyers before the deadline that they would be unable to provide stapled financing at previously indicated levels in light of changed debt market conditions. Two potential buyers separately indicated orally to representatives of Goldman Sachs that, while they were not then in a position to bid for the entire Company, they would be interested in exploring alternative transaction structures, such as the purchase of all of the Goodman shares held by an affiliate of Apollo Management V, L.P., referred to as Apollo, the Company s largest stockholder, in a privately negotiated transaction. Goldman Sachs informed Mr. Berg that there were two separate indications of interest in the acquisition of Apollo s stake in Goodman. Mr. Berg subsequently informed the Company and representatives of Goldman Sachs that Apollo was not interested in disposing of its shares other than as part of a sale of the entire Company in which all stockholders, and not solely Apollo, would realize value.

Throughout the remainder of August and into September 2007, two of the former five prospective buyers, one of which was a private equity fund sponsored by Hellman & Friedman LLC, referred to as H&F, and the other of which was a combined team of two financial sponsors, referred to as Sponsor A and Sponsor B, continued to conduct business and legal due diligence on Goodman. Each of these prospective buyers also indicated to representatives of either Goldman Sachs or JPMorgan that they were continuing to work with prospective lending sources in order to obtain financing commitments that would support an offer for 100% of Goodman. Subsequently, Goldman Sachs indicated to the board and the prospective buyers that it would be willing to provide a portion of the debt financing required for a potential acquisition of Goodman under certain terms and conditions.

The Goodman board was kept apprised of the status of the potential sale process throughout the remainder of August and early September 2007 through email and telephonic updates, including telephonic discussions among the independent directors and Mr. Carroll.

Senior management of the Company, with assistance from representatives of Goldman Sachs and JPMorgan, conducted additional presentations regarding the Company to prospective lending sources to H&F on September 12, 2007 in Houston. On October 3, 2007, a management presentation similar to that conducted on September 12 was held for prospective lenders to the Sponsor A/Sponsor B team.

On October 5, 2007, both remaining potential buyers, H&F and the Sponsor A/Sponsor B team, were provided with a final process letter by representatives of Goldman Sachs on behalf of the Company. This letter directed these remaining prospective buyers to submit definitive written proposals for the acquisition of 100% of Goodman no later than October 12, 2007.

On October 10, 2007, with the board s permission, representatives from each of H&F and Sponsor A separately met with members of the Company s senior management team to discuss respective views on the Company s operational directions and to discuss generally such potential buyers views on typical post-closing management employment and equity arrangements for similar transactions conducted by such prospective buyers.

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On October 12, 2007, H&F submitted a proposal to acquire 100% of Goodman s stock at $25.00 per share, along with a mark-up of the proposed merger agreement, an equity commitment letter, a limited guarantee by an affiliated investment fund of H&F, a proposed voting agreement with the Apollo-affiliated stockholder and the Goodman family trusts and senior and mezzanine debt financing commitment letters.

On the morning of October 13, 2007, Sponsor A submitted a proposal to acquire 100% of Goodman, also at $25.00 per share, and also provided a mark-up of the proposed merger agreement and a debt financing commitment letter. Sponsor A s proposal was independent and did not include Sponsor B, whom Sponsor A had previously indicated to representatives of Goldman Sachs would not be in a position to submit a definitive proposal with Sponsor A.

Mr. Berg convened telephone conferences on October 13, 2007 to discuss the relative strengths and weaknesses of each of the H&F and the Sponsor A proposals. The executive committee of the board and Mr. Martinez, members of senior management and representatives from Goldman Sachs and O Melveny participated in the telephone conferences.

Since the offered price per share of each bid was equal at such time, the participants initially focused on the relative financing terms and each proposal s other terms. The board noted in H&F s proposal, among other things, a condition to closing that the Company have generated not less than $260 million in earnings before interest, taxes, depreciation and amortization, referred to as EBITDA, for the twelve month period prior to closing on a rolling basis, a significant amount of conditionality in the debt and equity commitment letters and issues with respect to other material terms of the proposed merger agreement. Additionally, H&F was seeking a one-week exclusivity period as a condition for proceeding.

The board members on the call next considered the Sponsor A proposal. In particular, the board members noted, among other things, the lack of an equity commitment letter by Sponsor A, weak and highly conditional debt financing commitment letters and weakness in other material terms of the proposed merger agreement.

With no distinction in price, and with each of the two proposals viewed as having material weaknesses, the board members on the call directed representatives of Goldman Sachs to revert to each of the two prospective buyers and attempt to increase the offered price per share. The board members on the call also directed Goldman Sachs to convey the Company s concerns with, among other things, the conditions contained in the proposed equity and debt financing commitments and that each proposal contained, in the Company s view, excessive optionality by allowing the prospective buyer to terminate the merger agreement subject only to payment of a low termination fee.

On Sunday, October 14, 2007, the executive committee of the board and Mr. Martinez convened a telephonic meeting. Members of senior management and representatives from Goldman Sachs and O Melveny also participated. Representatives of Goldman Sachs reviewed the responses of the two prospective buyers to the Company s concerns. Representatives of Goldman Sachs noted that H&F indicated that it was prepared to increase its per-share purchase price to $25.25, and to make other improvements favorable to the Company to several of the merger agreement terms previously proposed and to H&F s debt and equity commitments. H&F stated it was not able to remove the minimum EBITDA condition from its financing commitment, but believed its lending sources might be willing to lower the required amount.

Representatives of Goldman Sachs noted that Sponsor A indicated that it was prepared to increase its per-share price to $25.50, which Sponsor A indicated was its best and final price. Representatives of Goldman Sachs also noted that Sponsor A indicated that its debt financing commitment was then being revised and would evidence improvement from the Company s perspective once complete. Sponsor A was also prepared to make improvements favorable to the Company to several other merger agreement terms. Goldman Sachs noted, however, that Sponsor A still was unable to present equity commitment letters for the full equity portion of its offered purchase price.

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The executive committee of the board and Mr. Martinez directed Goldman Sachs again to revert to each of H&F and Sponsor A and request that the purchase price be increased. Additionally, Goldman Sachs was directed to advise each prospective buyer to show improvement on key conditions to their respective financing commitments and to make concessions on the key merger agreement terms identified to them. Goldman Sachs was also directed by the executive committee of the board and Mr. Martinez to inform Sponsor A that in order for Sponsor A s proposal to be viewed as a competitive proposal, Sponsor A needed to deliver an equity commitment letter, on terms acceptable by the board, that would account for all of Sponsor A s proposed equity financing.

On Monday, October 15, 2007, the executive committee of the board and Mr. Martinez held a telephone conference to discuss the H&F and Sponsor A responses to the Company s follow-on requests described above. Representatives of Goldman Sachs and O Melveny also were present on the call. Representatives of Goldman Sachs reported that, after further negotiations between H&F and Goldman Sachs, H&F was willing to increase its offer price to $25.60 per share and had agreed to further improve several merger agreement terms from the Company s perspective. Representatives of Goldman Sachs also reported that Sponsor A had offered to increase its price to $25.75 per share, but that Sponsor A remained unable to provide adequate assurance of funding for its proposed equity commitment, and its debt commitment terms remained more conditional than those proposed by H&F. Goldman Sachs stated to the members of the board that there was a strong possibility that if the Company were to continue to extend the process in order to explore the Sponsor A proposal, there was a real and substantial risk that H&F would withdraw its proposal. In light of the relative per share purchase prices, the content and conditionality of the debt and equity financing commitments from each prospective buyer, and based on other factors described herein, the board determined to pursue discussions with H&F, although the Company refused to sign an exclusivity arrangement with H&F. At the same time, Goldman Sachs was directed by the board to continue discussions with Sponsor A to try to improve its proposal such that it would be competitive.

On Tuesday, October 16, 2007, Mr. Berg and representatives of Goldman Sachs and O Melveny met with representatives from H&F and Simpson Thacher & Bartlett LLP, outside counsel to H&F, referred to as Simpson, to negotiate the proposed merger agreement s remaining terms and other ancillary agreements. Also on this date, with the permission of the board, members of senior management received proposed term sheets regarding their potential post-closing employment and equity arrangements from H&F.

The board of directors of Goodman convened telephonically on the evening of October 16, 2007 to receive an update on negotiations with H&F. At that meeting, the board again reviewed the bidding process to date and reviewed the latest terms of the H&F proposal and the Sponsor A proposal. Goldman Sachs advised the board that Sponsor A could provide commitments for only $200 million to $300 million of the $1.25 billion in total equity financing that Sponsor A s proposal required (after repeated requests by Goldman Sachs that Sponsor A present the Company with evidence reasonably acceptable to the Company s board of its ability to provide the required equity financing contemplated by its proposal). Based on the foregoing, and after consultation with its legal and other advisors, and upon consideration of certain other factors relating to the H&F proposal and the Sponsor A proposal, the board determined, among other things, to continue discussions with H&F.

During the course of the day on October 17, 2007, representatives of the Company and H&F met to negotiate the terms of H&F s proposed acquisition of the Company. Also on October 17, 2007, an H&F representative met individually with members of senior management of the Company to discuss proposed terms of post-closing employment and equity arrangements with these senior managers. Between October 17 and October 20, 2007, H&F, members of senior management and their respective legal counsels negotiated the terms of senior management s employment and equity arrangements following the closing of the merger.

The board re-convened on October 17, 2007. The meeting began with an update on the status of the proposed transaction with H&F as a result of continued negotiations that day. The board then reviewed the material changes to the deal terms since the previous day s meeting.

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During the course of the week, there were continued discussions between Mr. Berg, representatives of Goldman Sachs and Sponsor A, but Sponsor A remained unable to adequately account for its required equity financing for an acquisition of the Company.

The Company and its representatives continued negotiations with H&F and its representatives throughout October 18, 19 and 20. On October 20, 2007, O Melveny and Simpson (and, with respect to the Goodman family voting agreement, the Goodman family s outside counsel) continued to negotiate and finalize a definitive merger agreement and related documents, including the limited guarantee of H&F and the voting agreements to be entered into by Apollo and the trusts for the benefit of the Goodman family.

The board convened again on the afternoon of October 20, 2007, with all but one director present, and with members of senior management of the Company and representatives of Goldman Sachs, JPMorgan and O Melveny in attendance. A representative of O Melveny provided the board with an update on the proposed terms of the transaction with H&F and reviewed key changes thereto since the last board meeting.

At the invitation of the Company, representatives of Goldman Sachs, in its capacity as financial advisor to the Company, made a presentation to the board regarding Goldman Sachs financial analyses of the proposed merger with H&F. A representative of Goldman Sachs then provided its oral opinion to the board, subsequently confirmed in writing, to the effect that, based on and subject to the considerations, limitations, qualifications and assumptions made therein, as of October 21, 2007, the $25.60 per share in cash to be received by the holders of Goodman s common stock pursuant to the merger agreement was fair from a financial point of view to such holders.

JPMorgan, also in its capacity as financial advisor to the Company, provided its analysis of the fairness of the transaction from a financial perspective to the Company s stockholders. A JPMorgan representative reviewed the background materials supporting the fairness opinion with the board and delivered an oral opinion, confirmed by a subsequent written opinion dated October 21, 2007, that the merger with H&F as then contemplated would be fair to the Company and its stockholders from a financial perspective.

A representative of O Melveny noted to the board that members of senior management, including Mr. Carroll, had agreed to individual term sheets with H&F with respect to the key attributes of their post-closing employment and related arrangements. In particular, Mr. Carroll had agreed, among other things, to remain as interim chief executive officer after the merger closing until a suitable replacement was identified, but in no event later than June 30, 2008. A representative of O Melveny then reviewed the duties of the board in the context of the proposed transaction.

After considering all of the foregoing and such other factors as the board deemed to be relevant, including, without limitation:

- the greater certainty represented by the H&F proposal relative to the Sponsor A proposal;

- the revised price of the H&F proposal, which represented a premium of approximately 17% over the closing price of the Company s common stock of $21.84 on October 19, 2007, and approximately 29% over the average closing price of the Company s common stock during the twelve-month period prior to October 19, 2007;

- a variety of business, financial and market factors;

- the board s belief that no other proposals were forthcoming, supported by the fact that no other proposals (other than Sponsor A s) had emerged after the public disclosure of the board s strategic review on July 20, 2007;

- the fact that Goodman, with the assistance of Goldman Sachs and JPMorgan, had conducted an extensive sale process; and

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each of the factors described below in Recommendation of the Board of Directors and Their Reasons for the Merger ;

the board unanimously approved the proposed transaction with Parent and the merger agreement, declared such merger to be advisable, fair to and in the best interests of the stockholders of the Company, and recommended that the Goodman stockholders approve the merger and the merger agreement.

After the board meeting was adjourned, the parties and their respective legal advisors worked to finalize the merger agreement and the related transaction documents. The definitive merger agreement with Parent was executed by representatives of Goodman, Parent and Merger Sub on October 21, 2007. Parent also entered into separate voting agreements with certain stockholders, including the Apollo-affiliated stockholder and the trusts for the benefit of the Goodman family. Parent further delivered its equity and debt financing commitment letters and its limited guarantee to the Company.

On October 22, 2007, prior to the opening of business in New York City, Goodman issued a press release announcing that it had entered into a definitive merger agreement and setting forth certain principal terms thereof.

Recommendation of the Board of Directors and Their Reasons for the Merger

After careful consideration, our board of directors has unanimously determined that the merger and the merger agreement are advisable and fair to and in the best interests of our stockholders. **ACCORDINGLY, THE BOARD OF DIRECTORS OF GOODMAN UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR ADOPTION OF THE MERGER AGREEMENT.**

In reaching this decision, the Goodman board of directors consulted with Goodman s management and its financial and legal advisors and considered a variety of factors, including the material factors described above and below. The board was also informed of and considered the differing interests of certain members of management and/or the board, as further described below in Interests of Certain Persons in the Merger. In light of the number and wide variety of factors considered in connection with its evaluation of the transaction, the Goodman board of directors did not consider it practicable to, and did not attempt to, quantify or otherwise assign relative weights to the specific factors that it considered in reaching its determination. The Goodman board of directors viewed its position as being based on all of the information available and the factors presented to and considered by it. In addition, individual directors may have given different weight to different factors. This explanation of the reasons for the proposed merger and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under Cautionary Statement Concerning Forward-Looking Statements.

The board of directors, acting with the advice and assistance of its independent legal and financial advisors, evaluated and negotiated the merger proposal, including the terms and conditions of the merger agreement with Parent and Merger Sub. The board of directors unanimously determined (1) that the merger agreement and the transactions contemplated thereby, including the merger, are advisable, fair to and in the best interests of our stockholders, (2) approved the merger agreement and the transactions contemplated thereby, including the merger and (3) recommend the adoption by our stockholders of the merger agreement.

In the course of reaching its determination, the board of directors considered the following substantive factors and potential benefits of the merger, each of which the board of directors believed supported its decision:

its belief, after a thorough, independent review, that the merger was more favorable to our stockholders than the potential value that might result from other alternatives available, including remaining an independent company, especially in light of the anticipated departure of our current President and Chief Executive Officer, Charles Carroll, and present uncertainties in the HVAC industry;

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the current and historical market prices of our common stock, including the market price of our common stock relative to those of other industry participants and general market indices, the fact that the cash merger price of $25.60 per share represented a premium of approximately 17.2% to the closing share price on October 19, 2007, the last day of trading prior to the date of the press release announcing the merger, approximately 29% to the average closing price of our common stock during the 12-month period prior to October 19, 2007 and the fact that, during the period from April 5, 2006 to October 19, 2007, our common stock closed at or above $25.00 only three times and never closed at or above $25.60;

the extensive sale process conducted by us with the assistance of management and our advisors and the board s belief that no other bids were likely to be forthcoming;

the information contained in the financial presentation of Goldman Sachs, including the opinion of Goldman Sachs, attached as Appendix D (see Opinions of Financial Advisors Opinion of Goldman, Sachs & Co.);

the information contained in the financial presentation of JPMorgan, including the opinion of JPMorgan, attached as Appendix E (see Opinions of Financial Advisors Opinion of J.P. Morgan Securities Inc.,);

the efforts made by the board of directors and its advisors to negotiate and execute a favorable merger agreement including appreciable increases in the proposed sale price and other key terms of the merger agreement;

the financial and other terms and conditions of the merger agreement as reviewed by the board of directors, including the fact that the merger would not be subject to a financing condition, and the fact that they were the product of arm s-length negotiation between the parties;

the fact that the merger consideration is all cash, so that the transaction allows our stockholders to realize a fair value upon closing, in cash, for their investment and provides such stockholders certainty of value for their shares;

the fact that, subject to compliance with the terms and conditions of the merger agreement, the board of directors is permitted to change its recommendation or terminate the merger agreement, prior to the adoption of the merger agreement by our stockholders, in order to approve an alternative transaction proposed by a third party that is a superior proposal as defined in the merger agreement, upon the payment to Parent of a $55.7 million termination fee;

the availability of appraisal rights to holders of our common stock who comply with all of the required procedures under Delaware law, which allows such holders to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery;

the level of effort that Parent must use under the merger agreement to obtain the proceeds of the financing on the terms and conditions described in the commitment letters or, if such financing is not available, to seek alternative financing;

the nature of Parent s financing commitments received with respect to the merger, including the identity of the institutions providing such commitments, the limited conditions to the obligations of such institutions to fund such commitments and the duration of such commitments;

the commitment made by Parent to honor all employment agreements, retention agreements and severance agreements in accordance with their terms as in effect at the effective time of the merger. For a period of one year from the effective time of the merger, Parent has agreed to provide cash compensation (including base salary, base wages and annual incentive compensation opportunities), subject to agreed upon thresholds, and employee benefits provided under current employee benefit plans to each of our current and former employees, other than employees covered by collective

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bargaining agreements, which, in the aggregate, are no less favorable than those made available by us immediately prior to the merger. Parent also agreed to maintain our severance plans in place for at least one year from the effective time of the merger; and

the fact that we would not have to establish damages in the event of a failure of the merger to be consummated under certain circumstances to obtain the $75 million termination fee (and $5 million expense reimbursement) payable by Parent.

The board of directors also considered a variety of risks and other potentially negative factors concerning the merger agreement and the merger, including the following:

the risk of deterioration of our business in the interim period, whether or not the merger closes, and the possibility that we would find it difficult to continue as a stand-alone entity if the merger does not close;

the risks and costs to us if the merger does not close, including the diversion of management and employee attention, potential employee attrition and the potential effect on our business and our relationships with customers;

the risk of a deterioration in the financial markets over the period of time necessary to obtain the required regulatory and other approvals and the possibility that Parent will be unable to obtain the necessary financing, including obtaining the debt financing proceeds from its lenders;

the risk that we will not have EBITDA (as defined in the indenture governing Goodman Global Holdings, Inc. s senior unsecured fixed rate notes) of $255.0 million or more for the fiscal year ended December 31, 2007, in which event Parent would be allowed to refuse to consummate the merger and in which case we would not receive any termination fee from Parent;

that, under certain circumstances, we are obligated to pay a termination fee of $55.7 million to Parent;

the fact that the H&F guaranty is our sole recourse for the payment of the termination fee or any damages we may incur in connection with this transaction;

the fact that our damages for willful breach or fraud are capped at $139.2 million and we cannot seek specific performance to cause Parent to complete the merger if Parent fails to close;

our stockholders will not participate in any future earnings or growth of the company and will not benefit from any appreciation in value of the company, including any appreciation in value that could be realized as a result of improvements to our operations;

the restrictions on the conduct of our business prior to the completion of the merger, requiring us to conduct our business generally only in the ordinary course, subject to specific limitations, which may delay or prevent us from undertaking business opportunities that may arise pending completion of the merger; and

the fact that an all cash transaction would be taxable to our stockholders that are U.S. persons for U.S. federal income tax purposes.

The foregoing discussion summarizes the material factors considered by the board of directors in its consideration of the merger. After considering these factors, the board of directors concluded that the positive factors relating to the merger agreement and the merger outweighed the potential negative factors. In view of the wide variety of factors considered by the board of directors, and the complexity of these matters, the board of directors did not find it practicable to quantify or otherwise assign relative weights to the foregoing factors. In addition, individual members of the board of directors may have assigned different weights to various factors. The board of directors recommended the merger agreement and the merger based upon the totality of the information presented to and considered by it.

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Certain Financial Projections

Projected Financial Information

We do not as a matter of course make public projections as to future performance or earnings. However, certain prospective financial information prepared by our management team was made available to our board of directors, to Goldman Sachs and JPMorgan, to H&F and its advisors and financing sources in connection with H&F s consideration of the merger and to other parties who had executed non disclosure agreements in connection with their consideration of a transaction with the Company. We have included the material portions of this prospective financial information below in order to give our stockholders access to this information as well. The prospective financial information set forth below was prepared for purposes of the board s consideration and evaluation of the merger, to facilitate Goldman Sachs and JPMorgan s financial analyses in connection with the merger and to facilitate the due diligence review of H&F and its advisors and financing sources and other parties who had expressed interest in a transaction with the Company who had executed non-disclosure agreements. The inclusion of the prospective financial information below should not be regarded as an indication that our management team, our board of directors, Goldman Sachs, JPMorgan, H&F or any other recipient of this information considered, or now considers, it to be predictive of actual future results.

Our management team advised our board of directors, Goldman Sachs, JPMorgan, H&F and the other recipients of the prospective financial information that its internal financial forecasts, upon which the following prospective financial information was based, were subjective in many respects. The prospective financial information set forth below reflects numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, all of which are difficult to predict and beyond the Company s control. The prospective financial information set forth below also reflects numerous estimates and assumptions related to our business that are inherently subject to significant economic, political and competitive uncertainties, all of which are difficult to predict and many of which are beyond the Company s control. As a result, although the prospective financial information set forth below was prepared in good faith based on assumptions believed to be reasonable at the time the information was prepared, there can be no assurance that the assumptions made in preparing such information will prove accurate or that the projected results reflected therein will be realized.

The prospective financial information set forth below was prepared for the Company s internal use, for use by Goldman Sachs and JPMorgan in preparing their financial analyses in connection with the merger and for use by H&F and other potential purchasers of the Company and not with a view toward public disclosure or toward complying with U.S. generally accepted accounting principles (GAAP), the published guidelines of the SEC regarding projections or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. Our independent registered public accounting firm has not examined or compiled any of the prospective financial information set forth below, expressed any conclusion or provided any form of assurance with respect to such information and, accordingly, assumes no responsibility for such information. The prospective financial information set forth below does not take into account any circumstances or events occurring since the date such information was prepared or that may occur in the future, and, in particular, does not take into account or give effect to the merger or the proposed financing of the merger any revised prospects of our business, changes in general business or economic conditions or any other transaction or event that has occurred since the date on which such information was prepared or which may occur in the future. Prospective financial information of this type is based on estimates and assumptions that are inherently subject to factors such as industry performance, general business, economic, regulatory, market and financial conditions, as well as changes to the business, financial condition or results of operation of the Company, including the factors described under Forward Looking Information beginning on page 10. Since the prospective financial information set forth below covers multiple years, such information by its nature is subject to greater uncertainty with each successive year.

We have made publicly available our actual results for the first three quarters of the 2007 fiscal year ended December 31, 2007. You should review our Quarterly Report on Form 10-Q for the quarter ended September 30, 2007 to obtain this information. See Where You Can Find More Information beginning on page 70. You are cautioned not to place undue reliance on the specific portions of the prospective financial information set forth below. No one has made or makes any representation to any stockholder regarding the information included in the prospective financial information set forth below.

For the foregoing reasons, as well as the bases and assumptions on which the prospective financial information set forth below was compiled, the inclusion of the prospective financial information in this proxy statement should not be regarded as an indication that such information will be predictive of actual future results or events, and it should not be relied on as such. Except as required by applicable securities laws, ***we have not updated nor do we intend to update or otherwise revise the prospective financial information set forth below,*** including, without limitation, to reflect circumstances existing after the date such information was prepared or to reflect the occurrence of future events, including, without limitation, changes in general economic or industry conditions, even in the event that any or all of the assumptions underlying the prospective financial information are shown to be in error.

The prospective financial information for fiscal years 2008 through 2010 provided to our board of directors, Goldman Sachs, JPMorgan, H&F and its advisors and financing sources and other parties who expressed interest in a transaction with the Company included the following estimates of the Company s future financial performance:

Amounts in millions	**2008F**	**2009F**	**2010F**
Sales	$ 2,085	$ 2,233	$ 2,411
EBITDA (Non-GAAP)(1)	308	356	394
Depreciation and Amortization	40	43	43
Capital Expenditures	25	25	25

(1) Defined as earnings before interest, taxes, depreciation and amortization, and calculated as net income plus interest, taxes, depreciation and amortization. The Company s management believes that the presentation of this non-GAAP financial measure will enable stockholders to better understand the Company s underlying operational and financial performance.

Opinions of Financial Advisors

Opinion of Goldman, Sachs & Co.

Goldman Sachs rendered its opinion to our board of directors that, as of October 21, 2007 and based upon and subject to the factors and assumptions set forth therein, the $25.60 per share in cash to be received by the holders of our common stock pursuant to the merger agreement was fair from a financial point of view to such holders.

The full text of the written opinion of Goldman Sachs, dated October 21, 2007, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Appendix D. Goldman Sachs provided its opinion for the information and assistance of the Company s board of directors in connection with its consideration of the merger. The Goldman Sachs opinion is not a recommendation as to how any holder of the Company s common stock should vote with respect to the merger or any other matter. The Goldman Sachs opinion has been approved by a fairness committee of Goldman Sachs.

In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

- the merger agreement;
- the Registration Statement on Form S-1 of the Company, dated April 5, 2006;
- the annual report to stockholders and Annual Report on Form 10-K of the Company for the year ended December 31, 2006;

- certain interim reports to stockholders and Quarterly Reports on Form 10-Q of the Company;
- certain other communications from the Company to its stockholders;
- certain publicly available research analyst reports for the Company; and
- certain internal financial analyses and forecasts for the Company prepared by its management.

Goldman Sachs also held discussions with members of the senior management of the Company regarding their assessment of the past and current business operations, financial condition and future prospects of the Company, including their views on the risks and uncertainties of achieving management s internal forecasts. In addition, Goldman Sachs reviewed the reported price and trading activity for our common stock, compared certain financial and stock market information for the Company with similar information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations in the heating, ventilation, and air conditioning industry specifically and in other industries generally and performed such other studies and analyses, and considered such other factors, as it considered appropriate.

For purposes of rendering the opinion described above, Goldman Sachs relied upon and assumed, without assuming any responsibility for independent verification, the accuracy and completeness of all of the financial, legal, regulatory, accounting, tax and other information provided to, discussed with or reviewed by it. In addition, Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of the Company or any of its subsidiaries, nor was any evaluation or appraisal of the assets or liabilities of the Company or any of its subsidiaries furnished to Goldman Sachs. Goldman Sachs opinion does not address any legal, regulatory, tax or accounting matters, nor does it address the underlying business decision of the Company to engage in the merger or the relative merits of the merger as compared to any strategic alternatives that may be available to the Company. Goldman Sachs opinion was necessarily based on economic, monetary, market and other conditions, as in effect on, and the information made available to it as of the date of the opinion and Goldman Sachs assumed no responsibility for updating, revising or reaffirming its opinion based on circumstances, developments or events occurring after the date of its opinion.

The following is a summary of the material financial analyses delivered by Goldman Sachs to the board of directors of the Company in connection with rendering the opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by Goldman Sachs, nor does the order of analyses described represent relative importance or weight given to those analyses by Goldman Sachs. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before October 19, 2007 and is not necessarily indicative of current market conditions.

Historical Stock Trading Analysis. Goldman Sachs reviewed the historical trading prices and volumes for our common stock for the 1-year period ended October 19, 2007. In addition, Goldman Sachs analyzed the consideration to be received by holders of our common stock pursuant to the merger agreement in relation to the latest twelve months high, low and average market prices, the closing market price as of October 19, 2007, the undisturbed market price on July 18, 2007, the day before there was speculation in the market regarding the Company s exploration of strategic alternatives, the initial public offering price on April 5, 2006, and the latest six-month average market price of the Company common stock.

This analysis indicated that the price per share to be paid to our stockholders pursuant to the merger agreement represented:

- a premium of 1.2% based on the latest twelve months high market price of $25.29 per share;

- a premium of 88.2% based on the latest twelve months low market price of $13.60 per share;
- a premium of 29.0% based on the latest twelve months average market price of $19.84 per share;
- a premium of 17.2% based on the closing market price on October 19, 2007 of $21.84 per share;
- a premium of 15.4% based on the undisturbed market price on July 18, 2007 of $22.19 per share;
- a premium of 42.2% based on the initial public offering price on April 5, 2006 of $18.00 per share; and
- a premium of 15.3% based on the latest six months average market price of $22.20 per share.

Selected Companies Analysis. Goldman Sachs reviewed and compared certain financial information for the Company to corresponding financial information, ratios and public market multiples for the following publicly traded corporations in the heating, ventilation, and air conditioning industry:

- United Technologies Corporation;
- Watsco, Inc.;
- American Standard Companies, Inc.;
- Lennox International Inc.; and
- Johnson Controls, Inc.

Although none of the selected companies is directly comparable to the Company, the companies included were chosen because they are publicly traded companies with operations that for purposes of analysis may be considered similar to certain operations of the Company.

Goldman Sachs also calculated and compared various financial multiples and ratios for the Company and the selected companies based on the proposed merger price of $25.60 per share, closing share prices and other publicly available historical financial data as of October 19, 2007, and projections from the Institutional Brokers Estimate System (IBES) and Wall Street research. With respect to the Company and the selected companies, Goldman Sachs calculated:

- enterprise value, which is the market value of fully diluted common equity plus the estimated book value of debt less cash, as a multiple of estimated earnings before interest, tax, depreciation and amortization, referred to herein as EBITDA, for calendar years 2007 and 2008.

The results of these analyses are summarized as follows:

	Selected Companies			Goodman
Enterprise Value as a multiple of:	**Range**	**Median**	**Goodman**	**(at $25.60 per share)**
2007E EBITDA	6.8x-10.8x	9.7x	9.0x	9.5x
2008E EBITDA	5.9x-9.6x	8.1x	8.2x	8.7x

Goldman Sachs also calculated the Company s and the selected companies estimated calendar years 2007 and 2008 price/earnings ratios. The following table presents the results of this analysis:

	Selected Companies			Goodman
Price/Earnings Ratio:	**Range**	**Median**	**Goodman**	**(at $25.60 per share)**
2007E	12.5x-18.3x	17.9x	15.1x	17.7x
2008E	10.5x-15.7x	13.5x	12.7x	14.8x

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Illustrative Discounted Cash Flow Analysis. Goldman Sachs performed an illustrative discounted cash flow analysis on the Company using projections for the Company prepared by our management. Goldman Sachs calculated indications of net present value of free cash flows for the Company for the years 2007 through 2010 using discount rates ranging from 10.0% to 12.5%. Goldman Sachs also calculated illustrative terminal values for the Company in the year 2010 based on multiples ranging from 6.0x EBITDA to 10.0x EBITDA. These illustrative terminal values were then discounted to calculate implied indications of present values using discount rates ranging from 10.0% to 12.5%. Goldman Sachs also calculated illustrative terminal value indications for the Company as of year-end 2010 based on perpetuity growth rates of free cash flows beyond 2010 ranging from 0.0% to 4.0% and discounting these illustrative terminal values to calculate indications of present values using discount rates ranging from 10.0% to 12.5%. The following table presents the results of this analysis:

	Illustrative Per Share Value Indications
Based on Terminal Multiple of 2010E EBITDA	$22.90-$40.87
Based on Perpetuity Growth Rates of Free Cash Flows Beyond 2010	$17.36-$39.56

Using the same projections prepared by our management, an assumed discount rate of 11% and the same terminal multiple methodology described above based on an assumed 8.0x terminal multiple of 2010E EBITDA, Goldman Sachs performed an illustrative discounted cash flow sensitivity analysis to determine the range of illustrative present values per share of our common stock based on a range of adjustments to annual sales growth rates of (4.0%) to 0.0% and a range of adjustments to annual EBIT margins of (4.0%) to 0.0%, in each case as compared to our management s projections. This analysis resulted in a range of illustrative value indications of $19.41 to $31.85 per share.

Using the same projections prepared by our management, an assumed discount rate of 11% and the same perpetuity growth methodology described above based on an assumed perpetuity growth rate of 2.0%, Goldman Sachs also performed an illustrative discounted cash flow sensitivity analysis to determine the range of illustrative present values per share of our common stock based on a range of adjustments to annual sales growth rates of (4.0%) to 0.0% and a range of adjustments to annual EBIT margins of (4.0%) to 0.0%, in each case as compared to our management s projections. This analysis resulted in a range of illustrative value indications of $14.20 to $25.45 per share.

Selected Transactions Analysis. Goldman Sachs analyzed certain information relating to the following selected private market transactions in the heating, ventilation, and air conditioning industry since 1999:

Selected Precedent Transactions (Target / Acquirer)

International Comfort Products Corporation / United Technologies Corporation;

Nortek Inc. / Kelso & Company;

Buderus / The Bosch Group;

Nortek Inc. / Thomas H. Lee Partners L.P.;

Goodman Global, Inc. / Apollo Management, L.P.;

York International / Johnson Controls, Inc.; and

O.Y.L. Industries / Daikin Industries, Ltd.

For each of the selected transactions, Goldman Sachs calculated the enterprise value divided by last twelve months, or LTM, EBITDA. While none of the companies that participated in the selected transactions used as a comparison above are directly comparable to the Company, the companies that participated in the selected transactions are companies with operations that, for the purposes of analysis, may be considered similar to certain of the Company s results, market size and product profile.

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The following table presents the results of this analysis:

Enterprise Value as a Multiple of:	Selected Transactions Range	Selected Transactions Median	Proposed Transaction
LTM EBITDA	6.1x-16.1x	8.7x	9.8x*

* *Based on LTM EBITDA for period ended 9/30/07.*

Illustrative Leveraged Buyout Analysis. Goldman Sachs performed an illustrative leveraged buyout analysis for the Company using publicly available historical financial information and projections provided by our management. In performing the illustrative leveraged buyout analysis, Goldman Sachs assumed a hypothetical financial buyer purchase price per share of our common stock of $25.60 and leverage equal to 5.5x LTM EBITDA. This analysis was based on a range of illustrative three year forward exit EBITDA multiples of 6.0x to 10.0x for the assumed exit at the end of 2010, which reflect illustrative implied prices at which a hypothetical financial buyer might exit its investment through a sale transaction, and resulted in illustrative internal rate of equity returns to a hypothetical financial buyer ranging from 3.1% to 33.3%.

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman Sachs opinion. In arriving at its fairness determination, Goldman Sachs considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Goldman Sachs made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction used in the above analyses as a comparison is directly comparable to the Company or the contemplated transaction.

Goldman Sachs prepared these analyses for purposes of Goldman Sachs providing its opinion to the Company s board of directors as to the fairness from a financial point of view to the holders of our common stock of the $25.60 per share in cash to be received by such holders. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of the Company, Goldman Sachs or any other person assumes responsibility if future results are materially different from those forecast.

The $25.60 per share in cash to be received by the holders of our common stock was determined through arms -length negotiations between the Company and H&F and was approved by our board of directors. Goldman Sachs provided advice to the Company during these negotiations. Goldman Sachs did not, however, recommend any specific amount of consideration to the Company or its board of directors or that any specific amount of consideration constituted the only appropriate consideration for the merger.

As described above, Goldman Sachs s opinion to the Company s board of directors was one of many factors taken into consideration by the Company s board of directors in making its determination to approve the merger agreement. The foregoing summary does not purport to be a complete description of the analyses performed by Goldman Sachs in connection with the fairness opinion and is qualified in its entirety by reference to the written opinion of Goldman Sachs attached as Appendix D.

Goldman, Sachs & Co. and its affiliates are engaged in investment banking and financial advisory services, securities trading, investment management, principal investment, financial planning, benefits counseling, risk management, hedging, financing, brokerage activities and other financial and non-financial activities and services for various persons and entities. In the ordinary course of these activities and services, Goldman, Sachs & Co. and its affiliates may at any time make or hold long or short positions and investments, as well as actively trade or effect transactions, in the equity, debt and other securities (or related derivative securities) and financial instruments (including bank loans and other obligations) of the Company, portfolio companies of Apollo, a significant shareholder of the Company, H&F, an affiliate of Parent, and any of their respective affiliates or any currency or commodity that may be involved in the merger for their own account and for the accounts of their customers. Goldman Sachs acted as financial advisor to the Company in connection with, and participated in certain of the negotiations leading to the merger. At the request of the Company, an affiliate of Goldman Sachs offered financing to the potential bidders for the Company in connection with their proposed acquisition of the Company. In addition, Goldman Sachs has provided certain investment banking and other financial services to the Company and its affiliates from time to time, including having acted as financial advisor to the Company in connection with its sale to Apollo in December 2004; and as a joint bookrunner in connection with the initial public offering of 23,529,411 shares of our common stock in April 2006. Goldman Sachs also has provided and is currently providing certain investment banking and other financial services to H&F and its affiliates and portfolio companies from time to time, including having acted as financial advisor to Texas Genco Holdings, Inc., a portfolio company of H&F, with respect to its sale to NRG Energy Inc. in September 2005; as lead manager with respect to a repricing of the Second Lien bank loan (aggregate principal amount $160,000,000) previously extended to Mitchell International, an affiliate of H&F (Mitchell), in October 2005; as financial advisor to a consortium that included H&F in connection with its acquisition of LPL Financial Services Corp. (LPL), including acting as lead manager of a bank loan (aggregate principal amount $950,000,000) and the offering of 10.75% senior subordinated notes (aggregate principal amount $330,000,000) in connection with the financing of such acquisition, in December 2005; as lead manager in connection with the issuance of cumulative preferred stock of Arch Capital Group Limited (aggregate principal amount $200,000,000), an affiliate of H&F, in January 2006; as financial advisor to Hellman & Friedman Europe Limited, an affiliate of H&F, in connection with its acquisition of Gartmore Investment Management PLC, including acting as manager with respect to a bank loan (aggregate principal amount $585,000,000) extended in connection with the financing of such acquisition, in May 2006; as sole bookrunner of a term loan (aggregate principal amount $740,000,000) and a revolving credit facility (aggregate principal amount $100,000,000) provided to LPL in December 2006; as financial advisor to H&F with respect to its sale of Mitchell in February 2007; and as joint manager with respect to a term loan (aggregate principal amount $660,000,000), a senior subordinated bridge loan (aggregate principal amount $330,000,000), a senior subordinated bridge loan (aggregate principal amount $100,000,000), and bank debt in connection with the financing of the acquisition of Catalina Marketing Corp. by H&F in October 2007. Goldman Sachs has also provided and is currently providing extensive investment banking and other financial services to Apollo and its affiliates and portfolio companies, including having acted as co-manager in connection with the issuance of preferred shares of Hexion Specialty Chemicals, Inc., a portfolio company of Apollo (aggregate principal amount $346,500,000), in May 2005; as joint global coordinator and joint book runner in connection with the initial public offering of 104,950,000 common units of AP Alternative Assets L.P., an affiliate of Apollo, in June 2006; as lead arranger with respect to an offering of senior and senior subordinated notes (aggregate principal amount 530,000,000) in connection with the financing of the acquisition of the logistics division of TNT NV by Apollo in August 2006; as joint book runner with respect to the offering of holding company senior unsecured notes by General Nutrition Centers, Inc. (aggregate principal amount $425,000,000), a portfolio company of Apollo (GNC), in November 2006; as financial advisor to GNC in connection with its sale in February 2007; as financial advisor and joint lead manager with respect to an offering of senior secured notes (aggregate principal amount £470,000,000) and the offering of senior notes (aggregate principal amount £270,000,000) in connection with the financing of the acquisition of Countrywide PLC by Apollo in May 2007; and as financial advisor and joint lead manager with respect to an offering of senior notes (aggregate principal amount $750,000,000) in connection with the financing of the acquisition of Noranda Aluminum Inc. by Apollo in April 2007. Goldman Sachs also may provide investment banking and other financial services to the Company, H&F, Apollo and their respective affiliates and portfolio companies in the future. In connection with the above-described services Goldman Sachs has received, and may receive, compensation. Affiliates of Goldman, Sachs & Co. have co-invested with H&F, Apollo and their respective affiliates from time to time and may do so in the future.

The board of directors of the Company selected Goldman Sachs as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the merger. Pursuant to a letter agreement, dated June 6, 2007, the Company engaged Goldman Sachs to act as its financial advisor in connection with the merger. Pursuant to the terms of this engagement letter, the Company has agreed to pay Goldman Sachs a transaction fee of approximately $11,500,000, all of which is payable upon consummation of the merger. In addition, the Company has agreed to reimburse Goldman Sachs for its expenses, including attorneys fees and disbursements, and to indemnify Goldman Sachs and related persons against various liabilities, including certain liabilities under the federal securities laws.

Opinion of J.P. Morgan Securities Inc.

Pursuant to an engagement letter dated June 11, 2007, the Company retained JPMorgan as its financial advisor in connection with the Merger, and to deliver a fairness opinion in connection with the Merger.

At the meeting of the Board of Directors of the Company on October 20, 2007, JPMorgan rendered its oral opinion to the Board of Directors of the Company that, as of such date and based upon and subject to the factors and assumptions set forth in its opinion, the consideration to be paid to the Company s common stockholders in the Merger was fair, from a financial point of view, to such stockholders. JPMorgan has confirmed its October 20, 2007 oral opinion by delivering its written opinion to the Board of Directors of the Company, dated October 21, 2007, that, as of such date, the consideration to be paid to the Company s common stockholders in the Merger was fair, from a financial point of view, to such stockholders. No limitations were imposed by the Company s Board of Directors upon JPMorgan with respect to the investigations made or procedures followed by it in rendering its opinions.

The full text of the written opinion of JPMorgan dated October 21, 2007, which sets forth the assumptions made, matters considered and limits on the review undertaken, is attached as Appendix E to this Proxy Statement and is incorporated herein by reference. The Company s stockholders are urged to read the opinion in its entirety. JPMorgan s written opinion is addressed to the Board of Directors of the Company, directed only to the consideration to be paid to the Company s common stockholders in the Merger and does not constitute a recommendation to any stockholder of the Company as to how such stockholder should vote at the Company Special Meeting. The summary of the opinion of JPMorgan set forth in this Proxy Statement is qualified in its entirety by reference to the full text of such opinion.

In arriving at its opinions, JPMorgan, among other things:

- reviewed the Merger Agreement;
- reviewed certain publicly available business and financial information concerning the Company and the industries in which it operates;
- compared the proposed financial terms of the Merger with the publicly available financial terms of certain transactions involving companies JPMorgan deemed relevant and the consideration received for such companies;
- compared the financial and operating performance of the Company with publicly available information concerning certain other companies JPMorgan deemed relevant and reviewed the current and historical market prices of the Company Common Stock and certain publicly traded securities of such other companies;
- reviewed certain internal financial analyses and forecasts prepared or reviewed and approved by the management of the Company relating to its business;
- performed such other financial studies and analyses and considered such other information as JPMorgan deemed appropriate for the purposes of its opinion; and

JPMorgan also held discussions with certain members of the management of the Company with respect to certain aspects of the Merger, and the past and current business operations of the Company, the financial condition and future prospects and operations of the Company, and certain other matters JPMorgan believed necessary or appropriate to its inquiry.

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JPMorgan relied upon and assumed, without assuming responsibility or liability for independent verification, the accuracy and completeness of all information that was publicly available or was furnished to or discussed with JPMorgan by the Company or otherwise reviewed by or for JPMorgan. JPMorgan did not conduct or was not provided with any valuation or appraisal of any assets or liabilities, nor did JPMorgan evaluate the solvency of the Company or Parent under any state or federal laws relating to bankruptcy, insolvency or similar matters.

JPMorgan s financial analyses which form the basis of its opinion were performed in reliance upon the projections provided to JPMorgan or reviewed and approved by management of the Company (including the cash flow assumptions reflected in the terminal year of the discounted cash flow analyses). In relying on financial analyses and forecasts provided to it, JPMorgan assumed that they were reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of the Company to which such analyses or forecasts relate. JPMorgan expressed no view as to such analyses or forecasts or the assumptions on which they were based. JPMorgan also assumed that the Merger and other transactions contemplated by the Merger Agreement will be consummated as described in the Merger Agreement. JPMorgan also assumed that the representations and warranties made by the Company and Parent in the Merger Agreement and the related agreements are and will be true and correct in all ways material to its analysis. JPMorgan relied as to all legal matters relevant to the rendering of its opinion upon the advice of counsel. JPMorgan further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Merger will be obtained without any adverse effect on the Company.

The projections furnished to JPMorgan for the Company were prepared or reviewed and approved by the management of the Company. The Company does not publicly disclose internal management projections of the type provided to JPMorgan in connection with JPMorgan s analysis of the Merger, and such projections were not prepared with a view toward public disclosure. These projections were based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of management, including, without limitation, factors related to general economic and competitive conditions and prevailing interest rates. Accordingly, actual results could vary significantly from those set forth in such projections.

JPMorgan s opinion is based on economic, market and other conditions as in effect on, and the information made available to JPMorgan as of, the date of such opinion. Subsequent developments may affect JPMorgan s opinion, and JPMorgan does not have any obligation to update, revise, or reaffirm such opinion. JPMorgan s opinion is limited to the fairness, from a financial point of view, of the consideration paid to the Company s common stockholders in the Merger, and JPMorgan has expressed no opinion as to the fairness of the Merger to, or any consideration received in connection therewith by, the holders of any other class of securities, creditors or other constituencies of the Company or the underlying decision by the Company to engage in the Merger. JPMorgan expressed no opinion as to the price at which the Company s Common Stock will trade at any future time, whether before or after the closing of the Merger.

In accordance with customary investment banking practice, JPMorgan employed generally accepted valuation methods in reaching its opinion. The following is a summary of the material financial analyses utilized by JPMorgan in connection with providing its opinion.

Public Trading Multiples. Using publicly available information, JPMorgan compared selected financial data of the Company with similar data for selected publicly traded companies engaged in businesses which JPMorgan judged to be analogous to the Company. The companies selected by JPMorgan were:

- American Standard Companies, Inc.;
- Lennox International, Inc.; and
- Watsco, Inc.

These companies were selected, among other reasons, because of their operational and overall business similarities with the Company s business.

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In all instances, multiples were based on closing stock prices on October 19, 2007, and the balance sheet as of the latest publicly announced quarter.

In conducting this analysis, JPMorgan computed the multiple of firm value of the selected companies, which was based on the market value of such company s equity as at October 19, 2007, plus such company s net debt, to estimated 2007 and 2008 sales and earnings before interest, tax, depreciation and amortization (EBITDA). JPMorgan also computed the estimated price to earnings ratio (P/E ratio) for each selected company for 2007 and 2008. The following table is a summary of JPMorgan s calculations:

HVAC companies	FV/2007E Sales	FV/2008E Sales	FV/2007E EBITDA	FV/2008E EBITDA	2007E P/E	2008E P/E
American Standard*	0.99x	0.94x	8.6x	8.0x	18.0x	13.5x
Lennox	0.57x	0.54x	6.8x	5.9x	12.5x	10.5x
Watsco	0.71x	0.62x	9.7x	8.1x	14.9x	12.8x

* Pro forma for sale of Bath & Kitchen and Q3 share repurchase

Based on the multiples of firm value computed as set out above and taking into account differences in the Company s business and such other factors as JPMorgan deemed appropriate, JPMorgan derived a range of multiples of firm value to estimated 2008 sales, EBITDA, and P/E ratio for the Company. These multiples were then applied to estimates provided by the management of the Company and analysts consensus estimates of 2008 sales, EBITDA, and P/E ratio resulting in implied equity values for the Company of between $8.20 to $19.50, $16.30 to $24.60, and $19.10 to $24.55 per share, respectively, for management estimates, and $7.95 to $19.00, $14.80 to $22.60, and $18.10 to $23.30 per share, respectively, for analysts consensus estimates.

Selected Transaction Analysis. Using publicly available information, JPMorgan examined the following selected transactions involving heating, ventilation, and air conditioning, which were deemed by JPMorgan to be similar to the Merger. Specifically, JPMorgan reviewed the following transactions:

Date Announced	Target	Acquirer
June 1999	International Comfort Products Corporation	United Technologies Corporation
April 2002	Nortek, Inc.	Kelso & Company
January 2003	Buderus AG	The Bosch Group
July 2004	Nortek, Inc.	Thomas H Lee Partners L.P.
November 2004	Goodman Global, Inc.	Apollo Investment Company
August 2005	York International Corporation	Johnson Controls, Inc.
May 2006	O.Y.L. Industries Berhad	Daikin Industries, Ltd.

For each of the selected transactions, JPMorgan calculated and, to the extent information was publicly available, compared the transaction s firm value as a multiple of the company s last 12 months sales and as a multiple of the company s last 12 months EBITDA, taking into account transaction synergies, as applicable. JPMorgan then calculated the company s equity value per share.

JPMorgan applied a range of multiples derived from such analysis to the Company s last 12 months sales and last 12 months EBITDA, and arrived at an estimated range of equity values for the Company s Common Stock of between $9.35 to $27.30 per share and $20.80 to $24.25 per share, respectively.

Discounted Cash Flow Analysis. JPMorgan conducted a discounted cash flow analysis for the purpose of determining the implied fully diluted equity value per share for the Company s Common Stock. JPMorgan calculated the unlevered free cash flows that the Company is expected to generate during fiscal years 2007 through 2016 based upon financial projections prepared or reviewed and approved by the management of the Company through the years ended 2016. JPMorgan also calculated a range of terminal asset values of the Company (based on cash flow assumptions reviewed and approved by the management of the Company) at the end of the 10-year period ending 2016 by applying a perpetual growth rate ranging from 1% to 3% of the unlevered free cash flow of the Company during the final year of the 10-year period. The unlevered free cash flows and the range of terminal asset values were then discounted to present values using a range of discount rates from 10% to 11%, which were chosen by JPMorgan based upon an analysis of the weighted average cost of capital of the Company. The present value of the unlevered free cash flows and the range of terminal asset values were then adjusted for the Company s estimated excess cash, option exercise proceeds and total debt. This analysis indicated a range of implied equity values of between $23.45 and $31.15 per share of the Company s Common Stock.

Other Information. JPMorgan reviewed the Company s stock performance since its initial public offering in April 2006. JPMorgan then compared the Company s stock performance to that of selected publicly traded companies engaged in businesses which JPMorgan judged to be analogous to the Company (including American Standard Companies, Inc., Lennox International, Inc., and Watsco, Inc.) and the S&P 500 over that same time period. The return on the Company s stock since its initial public offering was 21%, compared to -2% and 14% for its peer companies and the S&P 500, respectively. JPMorgan also noted that the Company s returns since July 19, 2007 (the date of disclosure in the press that the Company was considering strategic alternatives) was -2%, as compared to returns of -19%, -11%, and -27% for American Standard Companies, Inc., Lennox International, Inc., and Watsco, Inc, respectively, and a return of -3% for the S&P 500. JPMorgan also noted that historical stock trading analyses are not valuation methodologies but were presented merely for informational purposes.

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented by JPMorgan. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. JPMorgan believes that the foregoing summary and its analyses must be considered as a whole and that selecting portions of the foregoing summary and these analyses, without considering all of its analyses as a whole, could create an incomplete view of the processes underlying the analyses and its opinion. In arriving at its opinion, JPMorgan did not attribute any particular weight to any analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor (positive or negative), considered in isolation, supported or failed to support its opinion. Rather, JPMorgan considered the totality of the factors and analyses performed in determining its opinion. Analyses based upon forecasts of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties and their advisors. Accordingly, forecasts and analyses used or made by JPMorgan are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. Moreover, JPMorgan s analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold. None of the selected companies reviewed as described in the above summary is identical to the Company, and none of the selected transactions reviewed was identical to the Merger. However, the companies selected were chosen because they are publicly traded companies with operations and businesses that, for purposes of JPMorgan s analysis, may be considered similar to those of the Company. The transactions selected were similarly chosen because their participants, size and other factors, for purposes of JPMorgan s analysis, may be considered similar to the Merger. The analyses necessarily involve complex considerations and judgments concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the companies compared to the Company and the transactions compared to the Merger.

As a part of its investment banking business, JPMorgan and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, and valuations for estate, corporate and other purposes. JPMorgan was selected to advise the Company with respect to the Merger and to deliver an opinion to the Company s Board of Directors with respect to the Merger on the basis of such experience and its familiarity with the Company.

For services rendered in connection with the Merger and the delivery of its opinion, the Company has agreed to pay JPMorgan a fee of approximately $11.5 million, which will become payable only if the Merger is

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consummated. In addition, the Company has agreed to reimburse JPMorgan for its expenses incurred in connection with its services, including the fees and disbursements of counsel, and will indemnify JPMorgan against certain liabilities, including liabilities arising under the Federal securities laws.

JPMorgan and its affiliates have performed in the past, and may continue to perform, investment banking and other services from time to time for the Company, including acting as (i) joint bookrunner on the Company s equity offering in April 2006, and (ii) as Agent on certain of the Company s existing credit facilities. JPMorgan and its affiliates have also performed in the past, and may continue to perform, certain services for affiliates of Hellman & Friedman LLC and Apollo Global Management, including certain investment funds managed by them and portfolio companies in which they have investments, all for customary compensation, including acting as joint bookrunner on Apollo Global Management s equity offering in August 2007. In addition, JPMorgan and its affiliates maintain banking and other business relationships with the Company and its affiliates, for which it receives customary fees. In the ordinary course of their businesses, JPMorgan and its affiliates may actively trade the debt and equity securities of the Company for their own accounts or for the accounts of customers and, accordingly, they may at any time hold long or short positions in such securities.

Limited Guarantee

Pursuant to a limited guarantee, Hellman & Friedman Capital Partners VI, L.P., a private equity fund sponsored by H&F has agreed to guarantee the due and punctual observance, performance and discharge of the obligations of Parent under the merger agreement with respect to:

- any payment obligations of Parent with respect to the termination fee of $75 million plus $5 million for reimbursement of expenses of the Company;

- any damages for which Parent is liable as a result of any fraud or willful breach by Parent or Merger Sub of their respective representations, warranties, covenants or agreements set forth in the merger agreement, not to exceed $139.2 million in the aggregate; and

- any payment obligations of Parent with respect to payments to the Company for expenses incurred in connection with Parent debt financing and the tender offer, not to exceed $139.2 million in the aggregate.

The company s recourse against the guarantor and its related parties is limited to $139.2 million and the limited guarantee is the sole recourse against such parties. The limited guarantee will terminate upon the earliest of: consummation of the merger, receipt in full by the Company or its affiliates of the termination fee plus reimbursement of expenses of the Company by Parent, termination of the merger agreement in accordance with its terms that do not give rise to the payment of a termination fee to the Company by Parent, and the one year anniversary of any other termination of the merger agreement in accordance with its terms (except for any claim for payment presented by the Company on or prior to such one year anniversary). However, if the Company or any of its affiliates assert a claim other than as permitted under the limited guarantee, including a claim or claims in excess of $139.2 million, the limited guarantee will immediately terminate and become null and void by its terms.

Interests of Certain Persons in the Merger

Indemnification and Insurance

The merger agreement provides that:

- all rights to indemnification and advancement of expenses of current or former directors or officers of Goodman shall survive the merger;

- Parent will maintain for 6 years from the effective time of the merger, the indemnification and advancement of expenses provisions of our and our subsidiaries organization documents in effect

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immediately prior to the merger, or in any indemnification arrangements between the Company or our subsidiaries with any directors or officers in effect immediately prior to the merger with respect to actions arising from their pre-effective time of the merger services and will not amend or modify such provisions in a manner that would adversely effect the rights of the individuals covered; and

the surviving corporation shall, to the fullest extent permitted under applicable law, indemnify and hold harmless (and advance funds in respect of each of the foregoing) each current director and officer of the Company or any of our subsidiaries against any costs or expenses (including advancing attorneys fees and expenses in advance of the final disposition of any claim arising out of, relating to or in connection with any action or omission occurring or alleged to have occurred, whether before or after the effective time of the merger, with respect to such person s actions or omissions taken in their capacity as a director or officer.

In addition, the merger agreement provides that the surviving corporation will maintain in effect, for a period of 6 years from the effective time of the merger, directors and officers liability insurance with respect to matters arising prior to the merger on terms at least as favorable as the current coverage and that the surviving corporation may satisfy this obligations by purchasing an acceptable tail policy under the Company s existing directors and officers liability insurance.

Accelerated Vesting of Stock Options and Restricted Stock Awards

Stock Options. As of the record date, there were 3,626,500 shares of our common stock subject to stock options granted under our equity plans to our current named executive officers and directors. The merger agreement provides that all stock options to purchase shares of Goodman common stock under the 2004 Stock Option Plan and the 2006 Incentive Award Plan that are outstanding and unexercised at the effective time of the merger, whether or not vested or exercisable as of the effective time of the merger, will be cancelled and converted into the right to receive an amount in cash, less applicable tax withholding and without interest, equal to the product of (x) the number of shares of our common stock subject to each option as of the effective time of the merger multiplied by (y) the excess, if any, of the merger consideration over the exercise price per share of common stock under such option (other than in the case of certain members of senior management who will have the benefit of full acceleration of all unvested stock options but who have agreed to exchange a portion of their vested Goodman options for vested options in Parent).

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The following table summarizes the unvested and vested options we anticipate will be held by our directors and named executive officers as of the first quarter of 2008, and the consideration that each of them will receive pursuant to the merger agreement in connection with the acceleration of vesting and cancellation of their options. The numbers of unvested and vested options refer to the anticipated status of such outstanding options (pursuant to the terms of our equity plans and the related agreements thereunder) as of the first quarter of 2008, which is when we expect the merger to be consummated. The unvested portion of all options, other than that portion of the options outstanding under our 2004 Stock Option Plan (the 2004 Plan) that vests based on the Company s attainment of 2008 performance targets, automatically (and without any required action of the board of directors) accelerates and becomes vested under the terms of the option agreement pursuant to which the options were granted in the event of a change of control of Goodman, which includes the consummation of the merger. With respect to those options under the 2004 Plan that would have vested only upon attainment of 2008 performance targets, the board of directors has exercised its discretion to cause those options to accelerate and become vested immediately prior to the effective time of the merger. In addition, the board of directors has exercised its discretion under the 2006 Incentive Award Plan to cause all the options and restricted stock awards granted thereunder that would otherwise be unvested at the effective time of the merger to accelerate and become vested immediately prior to the effective time of the merger.

	No. of Shares Underlying Options(1)	Weighted Average Exercise Price of Options	Resulting Consideration
Directors:			
Charles A. Carroll	*See Table Immediately Below*		
David Bechhofer		N/A	N/A
Jeffrey D. Benjamin		N/A	N/A
Laurence M. Berg	30,321	$ 5.28	$ 616,123
Anthony M. Civale	30,321	5.28	616,123
John B. Goodman	30,321	5.28	616,123
John J. Hannan		N/A	N/A
Steven Martinez	30,321	5.28	616,123
David W. Oskin		N/A	N/A
James H. Schultz		N/A	N/A
Michael D. Weiner		N/A	N/A

(1) All options held by directors other than Charles A. Carroll are vested.

	No. of Shares Underlying Vested and Unvested Options	Weighted Average Exercise Price of Vested and Unvested Options	Resulting Consideration from Unvested Options (assuming the merger closes in the first quarter of 2008)(1)	Resulting Consideration from Vested Options (assuming the merger closes in the first quarter of 2008)(2)	Resulting Consideration
Named Executive Officer:					
Charles A. Carroll	1,626,097	$ 7.42	$ 7,559,484	$ 22,006,387	$ 29,565,871
Lawrence M. Blackburn	937,398	7.36	4,382,358	12,715,950	17,098,308
Ben D. Campbell	362,250	7.53	1,701,929	4,822,985	6,524,915
Donald R. King	362,250	7.53	1,701,929	4,822,985	6,524,915
William L. Topper	217,221	6.97	1,036,267	2,680,458	3,716,725

(1) The amounts set forth in this Resulting Consideration column are calculated based on the actual exercise prices underlying the related options, not the weighted average exercise price per share.

(2) The amounts set forth in this Resulting Consideration column are calculated based on the actual exercise prices underlying the related options, not the weighted average exercise price per share.

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Restricted Stock. We issued to our current directors 16,668 shares of our common stock pursuant to awards of restricted stock granted under the 2006 Incentive Award Plan, of which only 5,556 shares (held by Messrs. Bechhofer and Benjamin) remain unvested. No restricted stock awards are held by any of our named executive officers. Pursuant to the merger agreement, the forfeiture restrictions applicable to each share of restricted stock under the 2006 Incentive Award Plan will lapse immediately prior to the effective time of the merger and, at the effective time of the merger, will become fully vested and be converted into the right to receive the merger consideration.

The following table summarizes the restricted stock awards we anticipate will be held by our directors as of the first quarter of 2008, and the consideration that each of them will receive pursuant to the merger agreement in connection with such share awards:

	No. of Shares of Restricted Stock(1)	Resulting Consideration
Directors:		
David Bechhofer	2,778	$ 71,116.80
Jeffrey D. Benjamin	2,778	71,116.80
Laurence M. Berg		
Anthony M. Civale		
John B. Goodman		
John J. Hannan	2,778	71,116.80
Steven Martinez		
David W. Oskin	2,778	71,116.80
James H. Schultz	2,778	71,116.80
Michael D. Weiner	2,778	71,116.80

(1) All shares of restricted stock are vested except for the shares held by Messrs. Bechhofer and Benjamin.

Transaction Bonus and Equity Rollover Incentive

Upon the consummation of the merger, certain members of senior management will receive transaction bonuses equal to 75% of their current base salary, totaling not more than $3,202,110 in the aggregate. The transaction bonuses payable to our named executive officers are set forth in the table below. In addition, certain members of senior management will be given a rollover incentive bonus payment equal to 100% of their current base salary, totaling not more than $4,269,480 in the aggregate. The rollover incentive bonuses payable to our named executive officers are also set forth in the table below.

	Transaction Bonus Paid Upon Consummation of the Merger	Equity Rollover Incentive Paid Upon Consummation of the Merger
Executive Officers:		
Charles A. Carroll	$ 805,425	$ 1,073,900
Lawrence M. Blackburn	335,100	446,800
Ben D. Campbell	271,013	361,350
Donald R. King	244,875	326,500
William L. Topper	278,378	371,170

Employment and Severance Agreements

The employment agreement of our chief financial officer Lawrence M. Blackburn and the severance agreements of our senior officers will be amended prior to the effective time of the merger. For each of these officers, these amendments will (1) add involuntary relocation as a basis for the executive to terminate employment for good reason, (2) provide for a term of four years from the consummation of a change of

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control of the Company, and (3) provide that severance payments will be made in installments over two years in the case of Mr. Blackburn and one year in the case of the other executive officers. In addition, we will also pay reasonable and customary legal fees for senior management in connection with the merger.

Eleven members of senior management, including our named executive officers, have entered into individual letter agreements with Parent. Each letter agreement with each of Lawrence M. Blackburn, Ben D. Campbell, Donald R. King, and William L. Topper provides that at the effective time of the merger, the executive officer will enter into an employment agreement with the Company for a term of four years from the effective time of the merger, subject to automatic one-year renewals thereafter. The letter agreement for Charles A. Carroll provides that at the effective time of the merger, he will enter into an employment agreement with the Company to serve as the chief executive officer for a term that will begin as of the effective time of the merger and end on the earlier of (1) the date a suitable replacement chief executive officer of the Company is found and (2) June 30, 2008. However, Mr. Carroll will not serve as chief executive officer of the Company following the effective time of the merger if a suitable replacement chief executive officer is found before the effective time of the merger. In addition, Mr. Carroll will serve as the chairman of the board of directors during his term of employment and will continue to serve in that capacity after the expiration of his term of employment unless otherwise agreed.

Pursuant to the terms and conditions set forth in the term sheet accompanying each letter agreement, each new employment agreement, when executed, will provide for compensation for the executive officer that will include terms similar to his current employment or severance arrangements, including salary, annual bonus opportunity and severance benefits, and each named executive officer s position at the Company following the effective time of the merger will be substantially the same as his position immediately prior to the effective time of the merger. With the exception of the new employment agreement for Mr. Carroll, each of the new employment agreements to be entered into with members of senior management, including our named executive officers, will be for an initial four-year term, subject to annual renewal thereafter unless appropriate notice is given by either party of its or his intention not to renew the agreement. The agreements will provide for payment of base salary at the current rate in effect at the effective time of the merger, subject to annual review for increases. Each of the new employment agreements will provide for the opportunity to earn an annual cash bonus in the event that the Company meets or exceeds agreed upon EBITDA targets pursuant to a bonus program similar to our current performance bonus program for our executives and other members of senior management. The agreements will further provide for a grant of time-based and performance-based stock options to be made following the consummation of the merger. Each of the new employment agreements will provide for the payment of severance benefits in the event that the executive s employment is terminated without cause or the executive resigns for good reason (as each such term will be defined therein). Each of Mr. Carroll and Mr. Blackburn will be entitled to a severance benefit under such circumstances equal to 200% of their base salary and target bonus, payable over a two-year period following termination of employment, and a pro-rata bonus for the year of termination based on year to date financial performance, payable when bonuses are generally paid, while all other executives will be entitled to a severance payment equal to 100% of their base salary and target bonus, payable over a two-year period following termination of employment, and a pro-rata bonus for the year of termination based on year to date financial performance, payable when bonuses are generally paid. Payment of severance will be subject to the executive s continued compliance with the terms of applicable confidentiality, non-competition, non-solicitation and non-hire covenants. All prior employment or severance agreements between each of the named executive officers and the Company, including the modified agreements referred to above will be superseded by the new employment agreements.

Equity Contribution Agreements

Certain members of senior management, including our named executive officers, have entered into equity contribution agreements with Parent. Each equity contribution agreement provides that at the effective time of the merger, the executive will contribute to Parent a portion of the shares of Company common stock he then holds in exchange for shares of Parent common stock at the same price per share as H&F is paying under the merger agreement. The number of shares contributed will be an amount equal to a specific value described in each executive s respective equity contribution agreement. The aggregate value of our stock to be contributed by all members of senior management, including our named executive officers, pursuant to the equity contribution agreements is $36,348,000. In the event that the executive does not hold a sufficient number of shares of Company common stock at the effective time of the merger to contribute the specific value described in the equity contribution agreement, he will then contribute a sufficient number of vested options to purchase shares of Company common stock in exchange for vested options over Parent stock so that the total value of the shares of Company common stock and vested options to purchase shares of Company common stock contributed to Parent will be equal to the value the executive agreed to contribute in his equity contribution agreement.

Additional members of senior management, including our named executive officers, will also be provided with the opportunity to invest or roll additional shares of our common stock or additional options over our common stock in exchange for new Parent equity and/or to purchase additional shares of Parent equity, in each case at the same price per share as H&F is paying under the merger agreement. Each member of senior management who contributes his existing equity for new equity in Parent or invests in additional equity in Parent will be required to become a party to a management stockholders agreement, the terms of which are summarized in the section entitled New Equity Compensation Arrangements below.

Continuation of Goodman s Employee Benefits

Parent has agreed that from the effective time until one year thereafter, Parent will provide, or will cause to be provided, to each current and former employee of Goodman and its subsidiaries, other than such employees covered by collective bargaining agreements, cash compensation (including, without limitation, base salary, base wages, and annual incentive compensation) and employee benefits provided under Goodman s employee benefit plans (excluding equity-based awards and equity-based incentives) which, in the aggregate, are no less favorable than those provided by Goodman and its subsidiaries to such officers and employees immediately prior to the effective time of the merger. Parent also agreed, for at least one year from the effective time, not to terminate or otherwise amend, nor permit to be terminated or otherwise amended, our severance arrangements in a manner adverse to any officer or employee of Goodman or any of its subsidiaries covered by such arrangements immediately prior to the effective time of the merger.

New Equity Compensation Arrangements

Parent intends to establish an equity-based compensation plan for senior employees of the surviving corporation after the merger pursuant to which such employees, including our executive officers, will be eligible to receive, in the aggregate, options and/or other equity-based awards representing up to 5% of the fully diluted common equity of Parent at the closing of the merger.

Parent and eleven members of senior management have agreed that new options will be granted under the new equity plan to each such individual after the effective time of the merger representing, in the aggregate, approximately 8.3 million options, or 3.14% of the fully diluted common equity of Parent at the closing of the merger. Of the new option grants to be issued to executives (except Mr. Carroll) following the closing, (1) 60% will be time-based options which will vest at a rate of 25% per year on each of the first four anniversaries of closing and (2) 40% will be performance-based options which will vest at a rate of 20% per year for each year in which the surviving corporation achieves certain EBITDA targets, in each case subject to the optionholder s continued employment. Mr. Carroll will be granted two tranches of time-based options. Of the first tranche, one-third will vest on each of June 30, 2008, 2009 and 2010, subject to Mr. Carroll s continued provision of services as Chief Executive Officer, Chairman of the Board or non-executive employee. With respect to the second tranche of options, subject to Mr. Carroll s continued service as Chairman, the options will vest at a rate of 25% per year on each of the first four anniversaries of the closing. In addition, all of the new options anticipated to be granted under the new equity incentive plan will vest in full upon the consummation of any subsequent change of control transaction.

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Shares in Parent obtained upon the exercise of all new options will be subject to the terms and conditions of a management stockholders agreement. Shares will generally be non-transferable until the later of (1) the sixth month anniversary of an initial public offering or (2) the expiration of an underwriter s lockup. Parent will have call rights to repurchase shares following the termination of an executive s employment for any reason. The executives will have the right to require Parent to purchase their respective shares (a) upon termination of employment due to death or disability and (b) for all executives except Mr. Carroll, upon termination without cause or resignation for good reason if such termination occurs during the one year period following the hiring of the successor to the current chief executive officer. The shares will be subject to tag-along rights, drag-along rights and rights of first refusal. In addition, the executives will be granted piggyback registration rights with respect to such shares

Litigation Related to the Merger

We are aware of two purported class action lawsuits related to the merger filed in the District Court of Harris County, Texas against the Company, each of the Company s directors and H&F. The lawsuits *Call4U, Ltd. v. Charles A. Carroll, et al.*, Cause No. 2007-66888 (filed Oct, 26, 2007) and *Pipefitters Local No. 636 Defined Benefit Plan v. Goodman Global, Inc., et al.*, Cause No. 2007-68765 (filed Nov. 8, 2007) allege a claim for breach of fiduciary duties by the Company s directors, alleging, among other things, that the consideration to be paid to the stockholders of the Company in the merger is unfair and inadequate, and not the result of a full and adequate sale process. The complaints each seek, among other relief, class certification, an injunction preventing completion of the merger, attorneys fees and expenses, and such other relief as the court might find just and proper.

Appraisal Rights

Holders of record of shares of our common stock who do not vote in favor of the adoption of the merger agreement and who properly demand appraisal of their shares will be entitled to appraisal rights in connection with the merger under Section 262 of the General Corporation Law of the State of Delaware (Section 262).

The following discussion is not a complete statement of the law pertaining to appraisal rights under Section 262 and is qualified in its entirety by the full text of Section 262, which is attached to this proxy statement as Appendix F. The following summary does not constitute any legal or other advice, nor does it constitute a recommendation that stockholders exercise their appraisal rights under Section 262. All references in Section 262 and in this summary to a stockholder or holders of shares of our common stock are to the record holder or holders of the shares of our common stock as to which appraisal rights are asserted. A person having a beneficial interest in shares of our common stock held of record in the name of another person, such as a broker, fiduciary, depositary or other nominee, must act promptly to cause the record holder to follow the steps summarized below properly and in a timely manner to perfect appraisal rights.

Under Section 262, a record holder of shares of our common stock who makes the demand described below with respect to such shares, who continuously is the record holder of such shares through the effective time of the merger, who does not vote in favor of the adoption of the merger agreement and who otherwise follows the procedures set forth in Section 262 will be entitled to have his or her shares appraised by the Delaware Court of Chancery and to receive payment in cash of the fair value of the shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest, if any, as determined by the court.

Under Section 262, where a merger is to be submitted for approval at a meeting of stockholders, as in the case of the adoption of the merger agreement by our stockholders, the corporation, not less than 20 days prior to the meeting, must notify each of its stockholders entitled to appraisal rights that appraisal rights are available and include in the notice a copy of Section 262. This proxy statement constitutes the notice, and the full text of

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Section 262 is attached to this proxy statement as Appendix F. Any holder of our common stock who wishes to exercise appraisal rights, or who wishes to preserve such holder s right to do so, should review the following discussion and Appendix F carefully, because failure to timely and properly comply with the procedures specified will result in the loss of appraisal rights. Moreover, because of the complexity of the procedures for exercising the right to seek appraisal of shares of our common stock, we believe that if you are considering exercising such rights, you should seek the advice of legal counsel.

Any stockholder wishing to exercise appraisal rights must deliver to us, before the vote on the adoption of the merger agreement at the special meeting on January 11, 2008, a written demand for the appraisal of the stockholder s shares, and a holder of shares of our common stock must not vote in favor of the adoption of the merger agreement. A holder of shares of our common stock wishing to exercise appraisal rights must hold of record the shares on the date the written demand for appraisal is made and must continue to hold the shares of record through the effective time of the merger, since appraisal rights will be lost if the shares are transferred prior to the effective time of the merger. A proxy which is properly executed and does not contain voting instructions will, unless revoked, be voted in favor of the adoption of the merger agreement. Therefore, a stockholder who votes by proxy and who wishes to exercise appraisal rights must vote against the adoption of the merger agreement or abstain from voting on the adoption of the merger agreement. Neither voting against the adoption of the merger agreement (in person or by proxy) nor abstaining from voting or failing to vote on the proposal to adopt the merger will in and of itself constitute a written demand for appraisal satisfying the requirements of Section 262. The written demand for appraisal must be in addition to and separate from any proxy or vote. The demand must reasonably inform us of the identity of the record holder as well as the intention of the holder to demand an appraisal of the fair value of the shares held by the holder. A stockholder s failure to make the written demand prior to the taking of the vote on the approval and adoption of the merger agreement at the special meeting of stockholders will constitute a waiver of appraisal rights.

Only a holder of record of shares of our common stock is entitled to assert appraisal rights for the shares registered in that holder s name. A demand for appraisal in respect of shares of our common stock should be executed by or on behalf of the holder of record, and must state that the person intends thereby to demand appraisal of the holder s shares in connection with the merger. If the shares are owned of record by a person other than the beneficial owner, including a broker, fiduciary (such as a trustee, guardian or custodian), depositary or other nominee, execution of the demand should be by or for the record owner, and if the shares are owned of record by more than one person, as in a joint tenancy and tenancy in common, the demand should be executed by or on behalf of all joint owners. An authorized agent, including an agent for two or more joint owners, may execute a demand for appraisal on behalf of a holder of record; however, the agent must identify the record owner or owners and expressly disclose that, in executing the demand, the agent is acting as agent for the record owner or owners. A record holder such as a broker who holds shares as nominee for several beneficial owners may exercise appraisal rights with respect to the shares held for one or more beneficial owners while not exercising the rights with respect to the shares held for other beneficial owners; in such case, however, the written demand should set forth the number of shares as to which appraisal is sought, and where no number of shares is expressly mentioned the demand will be presumed to cover all shares of our common stock held in the name of the record owner. Stockholders who hold their shares in brokerage accounts or other nominee forms and who wish to exercise appraisal rights are urged to consult with their brokers to determine the appropriate procedures for the making of a demand for appraisal by such a nominee.

All written demands for appraisal pursuant to Section 262 should be sent or delivered to Goodman at 5151 San Felipe, Suite 500, Houston, Texas 77056, Attention: Secretary.

Within ten days after the effective time of the merger, the surviving corporation must notify each holder of our common stock who has complied with Section 262, and who has not voted in favor of the adoption of the merger agreement, that the merger has become effective. Within 120 days after the effective time of the merger, but not thereafter, the surviving corporation or any holder of our common stock who has so complied with Section 262 and is entitled to appraisal rights under Section 262 may file a petition in the Delaware Court of

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Chancery with a copy served on the surviving corporation demanding a determination of the fair value of the shares held by all dissenting holders. If a petition for appraisal is not timely filed, then the right to an appraisal for all dissenting stockholders will cease. The surviving corporation is under no obligation to and has no present intention to file a petition, and holders should not assume that the surviving corporation will file a petition or that the surviving corporation will initiate any negotiations with respect to the fair value of such shares. Accordingly, the holders of our common stock who desire to have their shares appraised should initiate all necessary action to perfect their appraisal rights in respect of shares of our common stock within the time and in the manner prescribed in Section 262.

Within 120 days after the effective time of the merger, any holder of our common stock who has complied with the requirements for exercise of appraisal rights will be entitled, upon written request, to receive from the surviving corporation a statement setting forth the aggregate number of shares not voted in favor of the adoption of the merger agreement and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. The statement must be mailed within ten days after a written request therefor has been received by the surviving corporation or within ten days after the expiration of the period for delivery of demands for appraisal, whichever is later.

Under the merger agreement, we have agreed to provide Parent prompt notice of any demands for appraisal received by it. Parent will have the right to participate in all negotiations and proceedings with respect to demands for appraisal under the Section 262. We will not make any payments with respect to, or settle or offer to settle, any demand for appraisal without the written consent (not to be unreasonably withheld) of Parent.

If a petition for an appraisal is timely filed by a holder of shares of our common stock and a copy thereof is served upon the surviving corporation, the surviving corporation will then be obligated within 20 days to file with the Delaware Register in Chancery a duly verified list containing the names and addresses of all stockholders who have demanded an appraisal of their shares and with whom agreements as to the value of their shares have not been reached. After notice to the stockholders as required by the court, the Delaware Court of Chancery is empowered to conduct a hearing on the petition to determine those stockholders who have complied with Section 262 and who have become entitled to appraisal rights thereunder. The Delaware Court of Chancery may require the stockholders who demanded payment for their shares to submit their stock certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any stockholder fails to comply with the direction, the Court of Chancery may dismiss the proceedings as to the stockholder.

After determining the holders of our common stock entitled to appraisal, the Delaware Court of Chancery will determine the fair value of their shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest, if any, to be paid upon the amount determined to be the fair value. In determining fair value and, if applicable, a fair rate of interest, the Delaware Court of Chancery will take into account all relevant factors. In *Weinberger v. UOP, Inc*., the Delaware Supreme Court discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court should be considered and that [f]air price obviously requires consideration of all relevant factors involving the value of a company. The Delaware Supreme Court stated that, in making this determination of fair value, the court must consider market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other facts that could be ascertained as of the date of the merger that throw any light on future prospects of the merged corporation. Section 262 provides that fair value is to be exclusive of any element of value arising from the accomplishment or expectation of the merger. In *Cede & Co. v. Technicolor, Inc.*, the Delaware Supreme Court stated that such exclusion is a narrow exclusion [that] does not encompass known elements of value, but which rather applies only to the speculative elements of value arising from such accomplishment or expectation. In *Weinberger*, the Delaware Supreme Court also stated that elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered.

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Stockholders considering seeking appraisal should be aware that the fair value of their shares as so determined could be more than, the same as or less than the merger consideration they would receive pursuant to the merger if they did not seek appraisal of their shares and that an investment banking opinion as to the fairness from a financial point of view of the consideration to be received in a merger is not necessarily an opinion as to fair value under Section 262. Although we believe that the merger consideration is fair, no representation is made as to the outcome of the appraisal of fair value as determined by the Delaware Court of Chancery, and stockholders should recognize that such an appraisal could result in a determination of a value higher or lower than, or the same as, the merger consideration. The surviving corporation may reserve the right to assert, in any appraisal proceeding, that for purposes of Section 262, the fair value of a share of our common stock is less than the merger consideration. The Delaware Court of Chancery will also determine the amount of interest, if any, to be paid upon the amounts to be received by persons whose shares of our common stock have been appraised. The costs of the action may be determined by the court and taxed upon the parties as the court deems equitable under the circumstances. However, costs do not include attorneys and expert witness fees. Each dissenting stockholder is responsible for his or her attorneys and expert witness expenses, although upon application of a dissenting stockholder or the surviving corporation, the Delaware Court of Chancery may also order that all or a portion of the expenses incurred by a stockholder in connection with an appraisal, including, without limitation, reasonable attorneys fees and the fees and expenses of experts utilized in the appraisal proceeding, be charged pro rata against the value of all the shares entitled to be appraised.

Any holder of shares of our common stock who has duly demanded an appraisal in compliance with Section 262 will not, after the effective time of the merger, be entitled to vote the shares subject to the demand for any purpose or be entitled to the payment of dividends or other distributions on those shares (except dividends or other distributions payable to holders of record of our common stock as of a record date prior to the effective time of the merger).

If any stockholder who demands appraisal of shares of our common stock under Section 262 fails to perfect, or successfully withdraws or loses, such holder s right to appraisal, the stockholder s shares of our common stock will be deemed to have been converted at the effective time of the merger into the right to receive the merger consideration. A stockholder will fail to perfect, or effectively lose or withdraw, the holder s right to appraisal if no petition for appraisal is filed within 120 days after the effective time of the merger, or if the stockholder delivers to the surviving corporation a written withdrawal of the holder s demand for appraisal and an acceptance of the merger, except that any attempt to withdraw made more than 60 days after the effective time of the merger will require the written approval of the surviving corporation, and once a petition for appraisal is filed, the appraisal proceeding may not be dismissed as to any holder absent approval by the Delaware Court of Chancery, which approval may be conditioned upon the terms the Delaware Court of Chancery deems just.

Failure to comply with all of the procedures set forth in Section 262 will result in the loss of a stockholder s statutory appraisal rights. Consequently, any stockholder wishing to exercise appraisal rights is urged to consult legal counsel before attempting to exercise those rights.

Material United States Federal Income Tax Consequences of the Merger

General. The following describes the material U.S. federal income tax consequences of the merger that are generally applicable to U.S. holders of Goodman common stock. However, this discussion does not address all aspects of taxation that may be relevant to particular U.S. holders in light of their personal investment or tax circumstances or to persons who are subject to special treatment under the U.S. federal income tax laws. In particular, this discussion deals only with holders that hold shares of Goodman common stock as capital assets within the meaning of Section 1221 of the Code. In addition, this discussion does not address the tax treatment of special classes of U.S. holders, such as banks, insurance companies, regulated investment companies, tax-exempt entities, financial institutions, broker-dealers, partnerships or other pass-through entities for U.S. federal income tax purposes, mutual funds, controlled foreign corporations, passive foreign investment companies, persons, if any, holding Goodman common stock as qualified small business stock, persons holding Goodman common stock as part of a hedging, straddle, conversion or other integrated transaction, U.S. expatriates, persons whose functional currency is not the U.S. dollar, or persons subject to the alternative minimum tax. This discussion may not be applicable to stockholders who acquired Goodman common stock pursuant to the exercise of options or otherwise as compensation. Furthermore, this discussion does not address any aspect of state, local or foreign tax considerations. We intend this discussion to provide only a general summary of the material U.S. federal income tax consequences of the merger. We do not intend it to be a complete analysis or description of all potential U.S. federal income tax consequences of the merger. **We urge you to consult your own tax advisor as to the specific tax consequences of the merger, including the applicable federal, state, local and foreign tax consequences to you of the merger.**

As used in this proxy statement, a U.S. holder means a beneficial owner of Goodman common stock who is for U.S. federal income tax purposes:

- a citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation or other entity classified as a corporation for U.S. federal income tax purposes created or organized in the United States or under the law of the United States or any state within the United States or the District of Columbia;
- an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust whose administration is subject to the primary supervision of a U.S. court and that has one or more U.S. persons who have the authority to control all substantial decisions of the trust.

A Non-U.S. holder is a person (other than a partnership) that is not a U.S. holder.

If a partnership holds Goodman common stock, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. Partners of partnerships that hold stock are urged to consult their own tax advisors about the U.S. federal income tax consequences of the merger.

This discussion is based on the Code, applicable Department of Treasury regulations, judicial authority, and administrative rulings and practice, all as of the date of this proxy statement. Future legislative, judicial, or administrative changes or interpretations may adversely affect the accuracy of the statements and conclusions described in this proxy statement. Any changes or interpretations could be applied retroactively and could affect the tax consequences of the merger to U.S. holders.

Consequences of the Merger to Goodman Stockholders. The receipt of cash in exchange for Goodman common stock in the merger or as a result of the exercise of appraisal rights will be a taxable transaction for U.S. federal income tax purposes. In general, a U.S. holder will recognize capital gain or loss equal to the difference between the amount of cash received and the U.S. holder s adjusted tax basis in the Goodman common stock exchanged in the merger. Gain or loss will be calculated separately for each block of shares, with each block of shares consisting of shares acquired at the same cost in a single transaction. Such gain or loss will be long-term capital gain or loss if the U.S. holder held the Goodman common stock for more than one year as of the effective time of the merger. Certain limitations apply to the deductibility of capital losses by U.S. holders.

Federal Income Tax Backup Withholding and Information Reporting. A U.S. holder may be subject to backup withholding at the rate of 28% with respect to a payment of cash in the merger unless the U.S. holder:

- is a corporation or comes within certain other exempt categories (including financial institutions and tax-exempt organizations and non-U.S. holders) and, when required, demonstrates this fact; or provides a correct taxpayer identification number and certifies, under penalties of perjury, that the U.S. holder is not subject to backup withholding, and otherwise complies with applicable requirements of the backup withholding rules.

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To prevent backup withholding and possible penalties, each U.S. holder should complete and sign the substitute Form W-9 included in the letter of transmittal which will be sent to U.S. holders if the merger is completed. Any amount withheld under these rules may be credited against the U.S. holder s U.S. federal income tax liability, provided the required information is furnished to the Internal Revenue Service (IRS) in a timely manner. U.S. holders of Goodman common stock will be subject to information reporting on the cash received in the merger or upon the exercise of appraisal rights in connection with the merger unless such U.S. holder is an exempt recipient, such as a domestic corporation.

Consequences of the Merger to Goodman Stockholders that Are Not U.S. Holders. Non-U.S. holders generally will not be subject to U.S. federal income tax on any gain realized on the receipt of cash in the merger or upon the exercise of appraisal rights in connection with the merger unless:

- the gain is effectively connected with a U.S. trade or business of the Non-U.S. holder (and if an applicable income tax treaty so provides, is also attributable to a permanent establishment or a fixed base in the United States maintained by such Non-U.S. holder), in which case the Non-U.S. holder generally will be taxed at the graduated U.S. federal income tax rates applicable to United States persons (as defined under the Code) and, if the Non-U.S. holder is a foreign corporation, the additional 30% branch profits tax (or such lower rate as may be specified by an applicable income tax treaty) may apply;

- the Non-U.S. holder is a nonresident alien individual who is present in the United States for 183 days or more in the taxable year of the merger and certain other conditions are met, in which case the Non-U.S. holder may be subject to a 30% tax on the net gain realized in connection with the merger, which may be offset by U.S. source capital losses of the Non-U.S. holder, if any; or

- the Company is or has been during the five-year period ending on the date of the merger, a United States real property holding corporation for U.S. federal income tax purposes and the Non-U.S. holder owned more than 5% of the Goodman common stock at any time during that period.

We believe we are not and have not been a United States real property holding corporation for U.S. federal income tax purposes.

Non-U.S. holders will be subject to information reporting and may be subject to backup withholding at the rates provided in the Code (currently at a rate of 28%) on the cash received in the merger or upon the exercise of appraisal rights in connection with the merger, unless the Non-U.S. holder certifies under penalties of perjury that it is not a U.S. person under the Code (and the payor does not have actual knowledge or reason to know otherwise) or such holder otherwise establishes an exemption. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against a Non-U.S. holder s U.S. federal income tax liability, if any, provided that such Non-U.S. holder furnishes the required information to the IRS in a timely manner.

We strongly urge each holder of Goodman common stock to consult his, her or its own tax advisor as to the specific tax consequences of the merger, including the applicability and effect of U.S. federal, state, local and foreign income and other tax laws, in view of the holder s particular circumstances.

Regulatory Matters

United States

Under the Hart-Scott-Rodino Act (the HSR Act), the merger may not be completed until notifications have been given to the Antitrust Division of the United States Department of Justice and the Federal Trade Commission and the required waiting period has expired or been terminated. Goodman and Parent each made the required HSR Act filing on November 7, 2007. On November 19, 2007, we were notified by the Federal Trade Commission that our request for early termination of the waiting period under the HSR Act was granted.

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Florida Office of Insurance Regulation

The merger also requires notice and an application to, and approval from, the Florida Office of Insurance Regulation due to the indirect change of control of AsureCare Corporation, a Florida licensed service warranty association and indirect subsidiary of the Company, that will occur if the merger is consummated. The requisite notice was submitted on October 25, 2007, and application was made on November 19, 2007. While the receipt of approval from the Florida Office of Insurance Regulation is not a condition to closing of the merger pursuant to the merger agreement, the merger agreement provides that the marketing period for Parent s debt financing will not commence until the earlier of receipt of such approval or February 8, 2008, in order to allow sufficient time for this approval to be obtained.

Certain Actions

In connection with the merger, we and Parent have each agreed to:

- promptly make our respective antitrust filings and any other required antitrust submissions under the HSR Act;

- use reasonable best efforts to cooperate with each other in determining whether any other filings or approvals are required from any third parties or other governmental entities under any other regulatory law and timely make such filings and seek such approvals;

- use reasonable best efforts to offer to and to take all actions to consummate the transactions contemplated by the merger agreement, including taking all action as reasonably may be necessary to resolve any objections by any antirust authority to the merger, including (i) selling, divesting or disposing of assets or businesses and (ii) committing to limiting our ability after the merger to retain businesses, product lines or assets, in each case as may be required to avoid the entry of or to dissolve any injunction, temporary restraining order or other order or suit which would prevent or materially delay the merger;

- keep each other apprised of the status of the matters related to the merger, including promptly furnishing each other with copies of notices or other communications with any third party and/or governmental entities (which may be redacted to comply with contractual arrangements entered into prior to the merger agreement and limited to address reasonable privilege or confidentiality concerns);

- permit counsel for each party a reasonable opportunity to review, in advance and consider in good faith the views of the other party in connection with, any written communication proposed to be made to any antitrust authority;

- not participate in any substantive meeting or discussion, in person or by telephone, with any governmental entity, unless the party consults the other party in advance and, to the extent not prohibited by the antitrust authority, gives the other party the opportunity to attend and participate; and

- (i) cooperate in all respects with each other and use reasonable best efforts to contest and resist any administrative or judicial action or proceeding (including any proceeding by a private party) challenging the transactions contemplated by the merger and (ii) have vacated any decree, judgment, injunction or other order (temporary, preliminary or permanent) that is in effect and that prohibits the consummation of the merger.

While there can be no assurance that the merger will not be challenged by a governmental authority or private party on antitrust grounds, based on a review of information provided by Parent relating to the businesses in which it and its affiliates are engaged, we believe that the merger can be effected in compliance with federal, state and foreign antitrust laws and within the time period contemplated by the merger agreement.

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THE MERGER AGREEMENT AND VOTING AGREEMENTS

The following summarizes material provisions of the merger agreement and voting agreements, copies of which are attached to this proxy statement as Appendices A - C and incorporated by reference into this document. This summary does not purport to be complete and may not contain all of the information about the merger agreement and voting agreements that is important to you. We encourage you to read carefully the merger agreement and voting agreements in their entirety because the rights and obligations of the parties are governed by the express terms of the merger agreement and voting agreements and not by this summary or any other information contained in this proxy statement.

As a stockholder, you are not a third party beneficiary of the merger agreement and therefore you may not directly enforce any of its terms or conditions. The parties representations, warranties and covenants were made as of specific dates and only for purposes of the merger agreement and are subject to important exceptions and limitations, including a contractual standard of materiality different from that generally relevant to investors. In addition, the representations and warranties may have been included in the merger agreement for the purpose of allocating risk between Goodman and Parent, rather than to establish matters as facts. Certain of the representations, warranties and covenants in the merger agreement are qualified by information Goodman filed with the SEC prior to the date of the merger agreement, as well as by a disclosure letter of Goodman delivered to Parent prior to signing the merger agreement. The disclosure letter has not been made public because, among other reasons, it includes confidential or proprietary information.

You should also be aware that none of the representations or warranties has any legal effect among the parties to the merger agreement after the effective time of the merger, nor will the parties to the merger agreement be able to assert the inaccuracy of the representations and warranties as a basis for refusing to close the transaction unless all such inaccuracies, individually or as a whole, would have a material adverse effect on the party that made the representations and warranties.

Furthermore, you should not rely on the covenants in the merger agreement as actual limitations on the business of Goodman, because Goodman may take certain actions that are either expressly permitted in the confidential disclosure letter to the merger agreement or as otherwise consented to by Parent, which may be given without prior notice to the public.

Effective Time

The effective time of the merger will occur at the time that we file a certificate of merger with the office of the Secretary of State of the State of Delaware on the closing date of the merger or as soon as practicable thereafter.

The closing date will occur on the later of (1) the date that is two business days after all of the conditions to the merger set forth in the merger agreement have been satisfied or waived (except such conditions that, by their nature can only be satisfied at closing, but subject to the satisfaction or waiver of such conditions) as described below under The Merger Agreement and Voting Agreements Conditions to the Merger and (2) the earlier of (x) a date during the marketing period for Parent s financing specified by Parent no less than three business days notice to the Company (which date may be conditioned on the simultaneous completion of a high yield debt financing) and (y) the final day of the marketing period for Parent s financing, or such other date as Parent and the Company may agree.

As used in the merger agreement, marketing period means, subject to specified exceptions, the first period of 30 consecutive calendar days throughout which (1) Parent has the financial information that Company is required to provide to Parent pursuant to the merger agreement and (2) the conditions to closing of the merger have been satisfied; except, that (A) if the marketing period has not ended on or prior to December 22, 2007, the marketing period will begin no earlier than January 7, 2008; (B) if, prior to the completion of the marketing

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period, Ernst & Young LLP withdraws its audit opinion with respect to any financial statement contained in the Company s SEC reports, the marketing period will not be deemed to have started; (C) that in no event will the marketing period end earlier than five (5) business days after delivery of a certificate setting forth the Company s EBITDA for the twelve-month period ended December 31, 2007; (D) in no event will the marketing period begin prior to the earlier of the receipt of the approval of the merger from the Florida Office of Insurance Regulation and February 8, 2008; and (E) that the marketing period will end on any earlier date on which the debt financing is completed.

Structure

At the effective time of the merger, Merger Sub will merge with and into us. The separate existence of Merger Sub will cease and Goodman will survive the merger and continue to exist after the merger as a wholly-owned subsidiary of Parent. All of Goodman s and Merger Sub s properties, assets, rights, privileges, powers and franchises, and all of their debts, liabilities and duties, will become those of the surviving corporation. Following completion of the merger:

Goodman common stock will no longer be quoted on the New York Stock Exchange;

Goodman will be deregistered under the Exchange Act; and

will no longer be publicly traded.

As a result of the foregoing, Goodman will be a privately held corporation and Goodman s current stockholders will cease to have any ownership interest in Goodman or rights as holders of Goodman common stock. Therefore, the current Goodman stockholders will not participate in any future earnings or growth of Goodman and will not benefit from any appreciation in value of Goodman.

Treatment of Common Stock, Stock Options and Restricted Stock

Company Common Stock

At the effective time of the merger, each share of our common stock (other than shares of our common stock owned by the Company or any subsidiary and other than shares of our common stock as to which appraisal rights have been demanded and perfected and not withdrawn or otherwise lost under Delaware law) issued and outstanding immediately prior to the effective time of the merger will automatically be canceled and will cease to exist and will be converted into the right to receive the merger consideration.

After the effective time of the merger, except with respect to shares as to which appraisal rights have been demanded and perfected and not withdrawn or otherwise lost under Delaware law, each of our outstanding stock certificates or book-entry shares representing shares of common stock converted in the merger will represent only the right to receive the merger consideration without any interest. The merger consideration paid on each book-entry share or upon surrender of each certificate will be paid in full satisfaction of all rights pertaining to the shares of our common stock represented by that book-entry share or certificate.

Company Stock Options

We are permitted and intend to take such actions as are necessary to cause all stock options to purchase shares of Goodman common stock under the 2004 Stock Option Plan and the 2006 Incentive Award Plan of the Company that are outstanding and unexercised at the effective time of the merger, whether or not exercisable, as of the effective time of the merger to become fully vested and converted into the right to receive an amount in cash at the effective time of the merger equal to the product of (x) the number of shares of our common stock subject to each option as of the effective time of the merger multiplied by (y) the excess, if any, of the merger consideration over the exercise price per share of common stock subject to such option, less any amounts required to be withheld or deducted under applicable tax laws (other than any such option that is subject to an alternative arrangement specifically agreed to by Parent and the option holder).

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Restricted Shares

Immediately prior to the effective time of the merger, each outstanding share of our restricted stock under the 2006 Incentive Award Plan, other than any such restricted share that is subject to an alternative arrangement specifically agreed to by Parent and the restricted share holder, will vest in full and be converted into the right to receive the merger consideration at the effective time of the merger, less any amounts required to be withheld or deducted under applicable tax laws.

Exchange and Payment Procedures

On or prior to the date of the filing of the certificate of merger with the Secretary of State of the State of Delaware, Parent will deposit, or will cause to be deposited, in trust an amount of cash sufficient to pay the merger consideration to each holder of shares of our common stock (including previously-restricted shares) that are outstanding prior to the effective time of the merger and each option holder with a U.S. bank or trust company (the paying agent) reasonably acceptable to us. As soon as practicable after the effective time of the merger, the paying agent will mail a letter of transmittal and instructions to you. The letter of transmittal and instructions will tell you how to surrender your common stock certificates or shares you may hold represented by book entry in exchange for payment of the merger consideration, less any amounts required to be withheld or deducted under applicable tax laws.

Please do not return your common stock certificates with the enclosed proxy card, and you should not forward your stock certificates to the paying agent without a letter of transmittal.

You will not be entitled to receive the merger consideration until you surrender your stock certificate or certificates (or book-entry shares) to the paying agent, together with a duly completed and validly executed letter of transmittal and any other documents as may be required by the letter of transmittal or paying agent. The merger consideration may be paid to a person other than the person in whose name the corresponding certificate is registered if the certificate is properly endorsed or is otherwise in the proper form for transfer. In addition, the person who surrenders such certificate must either pay any transfer or other applicable taxes or establish to the satisfaction of the surviving corporation that such taxes have been paid or are not applicable.

No interest will be paid or will accrue on the cash payable upon surrender of the certificates (or book-entry shares). The paying agent will be entitled to deduct and withhold, and pay to the appropriate taxing authorities, any applicable taxes from the merger consideration. Any sum which is withheld and paid to a taxing authority by the paying agent will be deemed to have been paid to the person with regard to whom it is withheld.

At the effective time of the merger, our stock transfer books will be closed, and there will be no further registration of transfers of shares of our common stock that were outstanding prior to the merger. If, after the effective time of the merger, certificates (or book-entry shares) are presented to the surviving corporation for transfer, they will be canceled and exchanged for the merger consideration.

None of the Company, Parent, the surviving corporation or paying agent will be liable to any person for any cash properly delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

The paying agent shall invest all cash deposited with it by Parent as reasonably directed by Parent in direct short-term obligations of, or short-term obligations fully guaranteed as to principal and interest by, the U.S. government. Any interest and other income resulting from such investments shall be paid to the surviving corporation.

Any portion of the merger consideration deposited with the paying agent (including the proceeds of any investments thereof) that remains undistributed to the holders of our common stock one year after the date of the effective time of the merger will be delivered, upon demand, to the surviving corporation. Holders of our common stock who have not received the merger consideration prior to the delivery of such funds to the surviving corporation may only look to the surviving corporation for the payment of the merger consideration.

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If you have lost a certificate, or if it has been stolen or destroyed, then before you will be entitled to receive the merger consideration, you will have to provide an affidavit of that fact, and, if required by the paying agent or reasonably requested by the surviving corporation, post a bond in a customary amount sufficient to protect the paying agent and the surviving corporation against any claim that may be made against it with respect to that certificate.

Representations and Warranties

We make various representations and warranties in the merger agreement that are subject, in some cases, to specified exceptions and qualifications. Our representations and warranties relate to, among other things:

- our and our subsidiaries due organization, valid existence, good standing, power and authority and qualification to do business;
- our certificate of incorporation and bylaws and the similar organizational documents of each of our subsidiaries;
- our capitalization, including in particular the number of shares of our common stock, preferred stock, and common stock reserved for issuance pursuant to stock options, that are in each case authorized, issued and outstanding;
- our corporate power and authority to enter into the merger agreement and, subject to receipt of approval of the Company s stockholders, to consummate the transactions contemplated by the merger agreement;
- the absence of violations of, or conflicts with, our and our subsidiaries governing documents, applicable law or certain agreements as a result of entering into the merger agreement and consummating the merger;
- the required approval of a governmental entity in connection with the transactions contemplated by the merger agreement;
- that our entry into the merger agreement and the closing of the merger will not cause a default under any material obligation or loss of any material benefits under any loan, guarantee of indebtedness, agreement, contract, right or license or result in the creation of any liens or claims upon any of our assets or Subsidiaries;
- the timeliness and compliance with SEC requirements of our SEC filings since April 11, 2006 through the date of the merger agreement, including the fair presentation in all material respects, and the compliance with GAAP and SEC requirements, of the financial statements contained therein;
- the absence of a material change to the Company s accounting methods or principles that would be required to be disclosed in the Company s financial statements since December 31, 2006 through the date of the merger agreement;
- the absence of undisclosed liabilities;
- the absence of defaults or violations under applicable laws;

permits and compliance with applicable legal requirements;

environmental matters;

matters relating to our and our subsidiaries employee benefit plans;

the absence of a Company Material Adverse Effect and certain other changes or events related to us or our subsidiaries since June 30, 2007 through the date of the merger agreement;

legal proceedings and governmental orders;

the accuracy and compliance as to form with applicable securities laws of this proxy statement;

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- tax matters;
- employment and labor matters affecting us or our subsidiaries;
- intellectual property;
- real property;
- fairness opinions of our financial advisors;
- material contracts and performance of obligations thereunder;
- our and our subsidiaries insurance policies;
- the required vote of holders of our common stock in connection with the required approval and adoption of the merger agreement;
- the absence of undisclosed broker s fees;
- the inapplicability of anti-takeover statutes to the merger; and
- facts and circumstances relating to the approval of the transactions contemplated by the merger agreement by the Florida Office of Insurance Regulation.

For the purposes of the merger agreement, a Company Material Adverse Effect means facts, circumstances, events or changes that are, or are reasonably expected to become, materially adverse to the business, financial condition or results of operations of Goodman and its subsidiaries, taken as a whole.

A Company Material Adverse Effect will not have occurred, however, as a result of facts, circumstance, events or changes:

- generally affecting the HVAC industry in the United States or the economy or the financial, commodities or securities markets in the United States or elsewhere in the world, including regulatory and political conditions or developments (including any outbreak or escalation of hostilities or acts of war or terrorism) or changes in foreign currency markets, in each case, not affecting the Company or its subsidiaries in a materially disproportionate manner relative to other participants in the HVAC industry;
- resulting from the announcement of the merger agreement or pendency of the merger;
- resulting from any derivative or shareholder litigation arising from allegations of a breach of fiduciary duty or other violation of applicable law relating to the merger agreement or the transactions contemplated by the merger agreement; or

resulting from changes in applicable law, GAAP or accounting standards occurring after the date of the merger agreement.

You should be aware that these representations and warranties are made by Goodman to Parent and Merger Sub, may be subject to important limitations and qualifications set forth in the merger agreement and the related company disclosure letter and do not purport to be accurate as of the date of this proxy statement. See Where You Can Find More Information.

The merger agreement also contains various representations and warranties made by Parent and Merger Sub that are subject, in some cases, to specified exceptions and qualifications. The representations and warranties relate to, among other things:

- their due organization, valid existence, good standing, power and authority and qualification to do business;
- their corporate power and authority to enter into the merger agreement and to consummate the transactions contemplated by the merger agreement;

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- the absence of violations of or conflicts with their governing documents, applicable law or certain agreements as a result of entering into the merger agreement and consummating the merger;
- the required consents and approvals of a governmental entity in connection with the transactions contemplated by the merger agreement;
- legal proceedings and governmental orders;
- the accuracy of information supplied for this proxy statement;
- the access of Parent and Merger Sub to available funds to pay the merger consideration;
- the capitalization of Merger Sub, including in particular the number of shares of its common stock that is authorized, issued and outstanding;
- the activities of Merger Sub prior to the date of the merger agreement;
- that no vote is required by the stockholder of Parent in order for Parent to complete the transaction contemplated by the merger agreement;
- the absence of broker s fees;
- non-ownership of our common stock since January 1, 2007;
- certain employment matters following the consummation of the merger;
- no additional representation or warranties are being made by the Company or any person other than as provided in the merger agreement;
- facts and circumstances relating to the approval of the merger by the Florida Office of Insurance Regulation; and
- the solvency of the surviving corporation following the consummation of the merger.

Many of the representations and warranties made by Parent and Merger Sub are qualified by a materiality standard or a Parent Material Adverse Effect standard.

For the purposes of the merger agreement, a Parent Material Adverse Effect with respect to Parent and Merger Sub means anything that, individually or in the aggregate, would prevent or materially delay or materially impair the ability of Parent or Merger Sub to consummate the merger and the other transactions contemplated by the merger agreement.

The representations and warranties of each of the parties to the merger agreement will expire upon the effective time of the merger.

Conduct of Our Business Pending the Merger

Under the merger agreement, we have agreed that, subject to exceptions specified in the merger agreement or the related disclosure schedules and, in each case, unless Parent gives its prior written consent (which cannot be unreasonably withheld), from the date of the merger agreement until the effective time of the merger we and our subsidiaries:

- will conduct our business in, and shall not take any action except in, the ordinary course;
- will use commercially reasonable efforts to preserve intact our present business organizations and to preserve our relationships with significant distributors and suppliers;
- will use commercially reasonable efforts to maintain substantially comparable insurance coverage;
- will not authorize or pay any dividends or distributions with respect to any of our or our subsidiaries capital stock;

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will not split, combine or reclassify, or issue any other securities in respect of, any of our or our subsidiaries capital stock;

will not:

increase the compensation or other benefits payable or provided to employees, except increases in the ordinary course of business consistent with past practice for employees who are not officers for purposes of Section 16 of the Exchange Act;

enter into any employment, change of control, severance, retention or other similar agreement or arrangement with any employee, except (a) to the extent necessary to replace an agreement with a departing employee who is not an officer for purposes of Section 16 of the Exchange Act, consistent with prevailing market practices, or (b) for severance agreements entered into with employees in the ordinary course of business in connection with terminations of employment and providing for amounts below certain thresholds; or

except as permitted in the second bullet above, establish, adopt, enter into or amend (other than any ordinary course administrative or ministerial matters) any existing employee benefit plan (or any plan, agreement or arrangement that would have been an employee benefit plan if it were in existence as of the date of the merger agreement), collective bargaining agreement, plan, agreement, trust, fund, policy or arrangement for the benefit of any employees or their beneficiaries, or increase the benefit pool, contribution rate or funding obligation or other obligations or liabilities under any plan, agreement or arrangement;

will not enter into or make any loans or advances to any officers, directors, employees, agents or consultants (other than advances in the ordinary course of business consistent with past practice for business expenses in accordance with existing Company policies) or make any change in existing borrowing or lending arrangements for or on behalf of such persons, except as required under existing employee benefit plans;

will not change financial accounting policies or procedures or any methods of reporting income, deductions or other items for financial accounting purposes, except as required by GAAP, rules or policies of the SEC or applicable law;

will not adopt any amendment to our certificate of incorporation that requires approval by the Company s stockholders or material bylaws or similar applicable charter documents;

except for transactions among the Company and our wholly-owned subsidiaries, or solely among our wholly-owned subsidiaries, will not:

issue, sell, pledge, dispose of or encumber or authorize the issuance, sale, pledge, disposition or encumbrance of, any shares of our capital stock or our subsidiaries capital stock or any securities convertible into or exchangeable for any such shares, or any rights, warrants or options to acquire or with respect to any such shares of capital stock, convertible or exchangeable securities;

take any action to cause to be exercisable any otherwise unexercisable stock option under any existing stock option plan (except as otherwise provided by the merger agreement or the express terms of any unexercisable options outstanding on the date thereof);

grant or issue any equity-based compensation awards, whether settled in stock, cash, or otherwise, other than: (a) issuances of any shares of our capital stock in respect of the exercise of any stock options and settlement of any restricted shares outstanding on the date of the merger agreement; and (b) the sale of shares of our capital stock pursuant to the exercise of options to purchase shares of our capital stock if necessary to effect an optionee s direction upon exercise or for withholding of taxes;

will not, directly or indirectly, purchase, redeem or otherwise acquire any shares of our capital stock or any rights, warrants or options to acquire any such shares, other than the acquisition of shares of our capital stock upon:

the exercise of stock options using such shares for the payment of the exercise price; or

the exercise of stock options if shares of our capital stock are used to satisfy obligations with respect to withholding taxes;

will not:

incur, assume, guarantee, prepay or otherwise become liable for any indebtedness for borrowed money (directly, contingently or otherwise);

other than letters of credit or similar arrangements issued to or for the benefit of suppliers and manufacturers in the ordinary course of business and borrowings in the ordinary course of business under the Company s existing revolving credit facility;

issue, sell or amend any debt securities or warrants or other rights to acquire any debt securities of the Company or any of our subsidiaries, guarantee any debt securities of another person, enter into any keep well or other agreement to maintain any financial statement condition of another person or enter into any arrangement having the economic effect of any of the foregoing;

make any loans, advances or capital contributions to, or investment in, any other person, other than the Company or any of our wholly owned subsidiaries; or

become a party to any hedging, derivatives or similar contract or arrangement that expires on or after December 31, 2008;

except for transactions among the Company and our wholly owned subsidiaries, or solely among our wholly owned subsidiaries, will not sell, lease, license, transfer, exchange or swap, mortgage or otherwise encumber (including securitizations), or subject to any lien (other than permitted liens) or otherwise dispose of any material portion of the Company s material properties or tangible or intangible assets, including the capital stock of our subsidiaries, other than (1) sales and non-exclusive licenses of products and services of the Company and our subsidiaries in the ordinary course of business consistent with past practice, (2) dispositions in the ordinary course of business of assets no longer used or useful at the time of such disposition, and (3) pursuant to existing agreements in effect prior to the execution of the merger agreement;

will not acquire or license (including by merger, consolidation or acquisition of stock or assets or any other business combination) or enter into any binding memorandum of understanding, letter of intent or other agreement, arrangement or understanding to acquire or license (1) any business organization or any division thereof or equity interests therein or a substantial portion of the assets thereof or (2) any assets or other rights except in the ordinary course of business consistent with past practice;

will not (1) make or rescind any material express or deemed tax election, (2) change any method of tax accounting, (3) file any amended tax return with respect to a material tax amount, (4) agree to an extension or waiver of the statute of limitations with respect to the assessment or determination of any material taxes, (5) enter into any closing agreement with respect to any material taxes, or (6) surrender any right to claim a material tax refund;

will not make capital expenditures in excess of $15,000,000 in the aggregate prior to March 31, 2008;

will not modify, amend, terminate or waive any material rights under any material contract if the Company or our subsidiaries would otherwise be prohibited by the merger agreement from entering into the same modification, amendment, termination or waiver;

will not enter into any new contract (1) that would be a material contract for purposes of the merger agreement if entered into prior to the date of the merger agreement unless such contract both (a) is entered into in the ordinary course of business and (b) is not included within certain definitions of a material contract; or (2) that contains a change-in-control provision in favor of the other party thereto connection with the transactions contemplated by the merger agreement;

will not enter into any new line of business material to the Company and our subsidiaries, taken as a whole;

will not settle or compromise any pending or threatened claim which (1) is material to the Company and our subsidiaries taken as a whole, (2) requires payment to or by the Company or any subsidiary (exclusive of attorney s fees, including success fees) in excess of $2,500,000 in any single instance or in excess of $10,000,000 in the aggregate, (3) is by securities holders of the Company and relates to the transactions contemplated by the merger agreement, or (4) imposes material restrictions on the activities of the Company or our subsidiaries; and

will not agree, in writing or otherwise, to take any of the foregoing actions.

Under the merger agreement, Parent has agreed that from the date of the merger agreement until the effective time of the merger, it will not, and its subsidiaries will not, take or agree to take any action (including entering into agreements with respect to acquisitions, mergers and consolidations or business combinations) which would reasonably be expected to result in, individually or in the aggregate, a Parent Material Adverse Effect.

Nothing in the merger agreement provides Parent the right to control our operations prior to the effective time of the merger.

Investigation

Subject to certain restrictions, we have agreed that we will give Parent and its representatives reasonable access, during normal business hours upon reasonable advance notice, to the employees, properties, contracts, commitments, books and records of the Company and each of our subsidiaries and any report, schedule or other document filed or received by the Company or any of our subsidiaries pursuant to applicable law. The Company and Parent have previously entered into a confidentiality agreement dated June 19, 2007, as amended, which continues in full force and effect until the effective time of the merger or termination of the confidentiality agreement in accordance with its terms.

No Solicitation

We have agreed that we will not, and our subsidiaries will not, and we and our subsidiaries will cause our respective representatives (including financial advisors, attorneys, consultants and accountants) not to, directly or indirectly:

solicit, initiate, propose or knowingly encourage or take any other action to knowingly facilitate any inquiry, discussion, offer or request that constitutes, or may be reasonably expected to lead to, an alternative proposal or the making, submission or announcement of any alternative proposal;

participate or otherwise engage in any negotiations or discussions regarding an alternative proposal with, or furnish any nonpublic information to, or afford access to the property, books or records of the Company or our subsidiaries to, any person that has made or, to the Company s knowledge, is considering making an alternative proposal, except to notify such person of this no solicitation provision, or grant any waiver or release under any standstill agreement;

approve, endorse or recommend any alternative proposal; or

enter into any letter of intent or agreement in principle or any agreement or arrangement providing for any alternative proposal, other than a permitted confidentiality agreement.

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For the purposes of the merger agreement, a permitted confidentiality agreement is any confidentiality agreement that contains terms no less favorable in any material respect to the Company than those contained in the confidentiality agreement previously entered into between an affiliate of Parent and Goodman.

For purposes of the merger agreement, an alternative proposal is any proposal or offer made by any person or group, as defined under Section 13(d) of the Exchange Act, for any transaction or proposed transaction or series of related transactions involving:

- a merger, reorganization, share exchange, consolidation, business combination, recapitalization, or similar transaction involving the Company or any of our significant subsidiaries, in each case involving the ownership of 20% of such entity or a transaction where the holders of shares of our capital stock prior to such transaction would own (in substantially the same proportion as prior to the transaction) less than 80% of the shares of capital stock or voting stock of the resulting corporation;

- the acquisition by any person or group of 20% or more of the consolidated assets of the Company and our subsidiaries, taken as a whole (including the outstanding assets and equity securities of our subsidiaries); or

- any direct or indirect acquisition of beneficial ownership by any person or group of 20% or more of the outstanding capital stock of the Company or any of our significant subsidiaries or 20% or more of the voting power represented by the outstanding voting securities of the Company or any of our significant subsidiaries.

We have also agreed, among other things, to advise Parent within 24 hours of our receipt of any alternative proposal or of any inquiries, proposals or offers received by, any request for information from, or any negotiation sought to be initiated or continued with, us concerning an alternative proposal or that would be reasonably be expected to lead to an alternative proposal, including providing Parent (within such 24 hour period) the identity of the party making the alternative proposal and the material terms of such proposal, and to keep Parent informed on a prompt basis of the status, terms and substance of any discussions or negotiations of any such alternative proposal.

Notwithstanding the foregoing restrictions, at any time prior to the approval and adoption of the merger agreement by the holders of our common stock, we may furnish nonpublic information to the third party making such alternative proposal, subject to specified conditions, and engage in discussions or negotiations with the third party regarding an alternative proposal, if the Company receives an alternative proposal that constitutes a superior proposal or our board of directors determines in good faith could reasonably be expected to result in a superior proposal, and, in each case, our board of directors concludes in good faith, after consultation with its outside legal and financial advisors, that failure of the board of directors to take action regarding such proposal would be reasonably likely to be inconsistent with its fiduciary obligations to the Company s stockholders under applicable law.

For purposes of the merger agreement, a superior proposal is any alternative proposal made by any person or group (other than a proposal or offer by Parent or any of its subsidiaries) for any transaction or series of related transactions involving:

- a merger, reorganization, share exchange, consolidation, business combination, recapitalization, or similar transaction involving the Company or any of our significant subsidiaries, in each case involving the ownership of 50% of the outstanding capital stock of such entity or all or substantially all of the assets of the Company and our subsidiaries, taken as a whole;

- the acquisition by any person or group of 50% or more of the consolidated assets of the Company and our subsidiaries, taken as a whole (including the outstanding assets and equity securities of our subsidiaries);

- any direct or indirect acquisition of beneficial ownership by any person or group of 50% or more of the outstanding capital stock of the Company or any of our significant subsidiaries or 50% or more of the voting power represented by the outstanding voting stock of the Company or any of our significant subsidiaries; and

on terms our board of directors determines in good faith, after consultation with the Company s financial and legal advisors, would if consummated, result in a transaction that is:

more favorable to the Company and its stockholders from a financial point of view than the merger (considering any adjustment to the terms and conditions proposed by Parent in response to the proposal), taking into account all of the terms and conditions of such proposal and the merger agreement, including any termination and reverse termination fees, expense reimbursement or similar provisions; and

is reasonably capable of being consummated in a timely manner on the terms proposed, taking into account all financial (including the financing terms of such proposal), regulatory, legal and other aspects of the proposal.

In addition, in response to a superior proposal that has not been withdrawn, prior to the approval and adoption of the merger agreement by the holders of our common stock, our board of directors may withdraw, modify or qualify its recommendation of the merger or approve or recommend a superior proposal if the board of directors has concluded in good faith, after consultation with the Company s outside legal and financial advisors, either that failure to effect a withdrawal, modification or qualification to its recommendation or approve or recommend a superior proposal would be reasonably likely to be inconsistent with its fiduciary obligations to the Company s stockholders under applicable law, and prior to taking such action:

we have given Parent three business days prior written notice advising that we intend to take such action and describing the material terms and conditions of such superior proposal;

we take other required actions to negotiate in good faith with Parent and Merger Sub in an effort to improve the terms and conditions of merger agreement so that such alternative proposal ceases to constitute a superior proposal; and

we have complied in all material respects with our obligations under this no solicitation provision.

Our board of directors is not prohibited from making a withdrawal, modification or qualification to its recommendation to the extent that (x) the change of recommendation does not arise out of or relate to an alternative proposal and (y) the board of directors determines in good faith, after consultation with the Company s outside legal counsel, that the failure to effect a change of recommendation would be reasonably likely to be inconsistent with its fiduciary obligations to the Company s stockholders under applicable law.

In addition, the Company and our board of directors are permitted to disclose to our stockholders a position contemplated by Rules 14d-9 and 14e-2(a) under the Exchange Act; provided, however, such disclosures (other than a stop, look and listen communication or similar communication of the type contemplated by Rule 14d-9(f) under the Exchange Act or a negative recommendation of the tender offer) will be deemed a withdrawal, modification or qualification to the recommendation of our board of directors. Our board of directors may not recommend that the stockholders of the Company tender their shares of our capital stock in connection with such tender offer or exchange offer or change its recommendation without having first satisfied the requirements of this no solicitation provision.

Stockholders Meeting

We have agreed to call, give notice of, convene and hold a meeting of our common stockholders as promptly as reasonably practicable after the mailing of this proxy statement, and to use all reasonable best efforts to solicit from holders of our common stock proxies in favor of adopting the merger agreement and the transactions contemplated by the merger agreement. In addition, we agreed that, unless our board of directors effects a change in recommendation in accordance with the merger agreement, our board of directors would recommend that our common stockholders vote in favor of the approval and adoption of the merger agreement. Our obligations to establish a record date for, duly call, give notice of, convene and hold the stockholders meeting are not affected by a withdrawal, modification or qualification of our board of directors

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recommendation unless the merger agreement has been terminated. Without the prior written consent of Parent, approval and adoption of the merger agreement is the only matter we may propose (other than procedural matters) to be acted upon by the stockholders at the stockholder meeting.

Employee Matters

Parent has agreed, from and after the effective time of the merger, to honor all employment agreements, retention agreements and severance agreements in accordance with their terms as in effect immediately prior to the effective time of the merger. For a period of one year from the effective time of the merger, Parent will provide cash compensation (including base salary, base wages and annual incentive compensation opportunities) and employee benefits provided under current employee benefit plans to each current and former employee of Goodman and its subsidiaries, other than employees covered by collective bargaining agreements, which, in the aggregate, are no less favorable than those made available by Goodman and its subsidiaries to its employees immediately prior to the effective time of the merger. Parent also agreed to maintain our severance arrangements in place for at least one year from the effective time of the merger.

Reasonable Best Efforts

Each of Goodman, Parent and Merger Sub has agreed to use its reasonable best efforts to promptly take all actions, and to do promptly and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable under applicable laws to consummate the merger and the other transactions contemplated by the merger agreement, including:

- obtaining all necessary actions, waivers, consents and approvals from governmental entities and making all necessary registrations and filings with any applicable governmental entity;
- obtaining all necessary consents, approvals or waivers from third parties;
- defending any lawsuit or other legal proceedings challenging the merger agreement or the consummation of the transactions contemplated by the merger agreement; and
- executing and delivering any additional instruments necessary to complete the transactions contemplated by the merger agreement.

Each of Goodman and Parent has also agreed to:

- promptly make their respective filings and any other required submissions under the HSR Act;
- use reasonable best efforts to cooperate in:
  - determining whether any other filings are required to be made with, or consents, permits, authorizations, waivers or approvals required to be obtained from, any third party or other governmental entities under applicable regulatory law in connection with the merger agreement and the transactions contemplated by the merger agreement; and
  - timely making all such filings and timely seeking all such consents or approvals;

use reasonable best efforts to offer to take, or cause to be taken, all other actions and do, or cause to be done, all other things necessary, proper or advisable to consummate the transactions contemplated by the merger agreement, including such action as reasonably may be necessary to resolve such objections, if any, as the United Stated Federal Trade Commission, the Antitrust Division of the United States Department of Justice, state antitrust enforcement authorities or competition authorities of any nation or other jurisdiction or any other person may assert under other regulatory law with respect to the transactions contemplated by the merger agreement, and to avoid or eliminate each impediment under any law that may be asserted by any governmental entity with respect to the merger so as to enable closing to occur as soon as expeditiously possible; and

subject to applicable legal limitations and other restrictions, keep each other apprised of the status of matters relating to the completion of the transactions contemplated by the merger agreement.

Each of Goodman, Parent and Merger Sub has also agreed to cooperate in all respects with each other and to use their respective reasonable best efforts to contest and resist any administrative, judicial action or proceeding, including any proceeding by a private party, instituted (or threatened to be instituted) challenging any transaction contemplated by the merger agreement as violative of regulatory law, and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the transactions contemplated by the merger agreement.

Takeover Statute

Each of Goodman and Parent has agreed that if any fair price, moratorium, control share acquisition or other form of anti-takeover statute or regulation becomes applicable to the transactions contemplated by the merger agreement, they will take such actions as are reasonably necessary so that the transactions contemplated by the merger agreement may be consummated as promptly as possible on the terms contemplated by the merger agreement, and otherwise to act to eliminate or minimize the effects of such statute or regulation on the merger.

Public Announcements

Each of Goodman and Parent has agreed to consult with and provide each other the opportunity to review and comment upon any press release or other public statement prior to the issuance of such release or statement relating to the merger agreement or the transactions contemplated by the merger agreement and will not issue any release or statement prior to such consultation unless required by applicable law or a national securities exchange.

Indemnification and Insurance

Parent has agreed that:

- all rights to exculpation, indemnification and advancement of expenses of current or former directors or officers of Goodman with respect to matters arising prior to the merger shall survive the merger and will continue in full force and effect;

- it will maintain in effect, for a period of 6 years from the effective time of the merger, the exculpation, indemnification and advancement of expenses provisions of our and our subsidiaries certificate of incorporation, bylaws or similar organization documents in effect immediately prior to the effective time of the merger, or in any indemnification agreements, arrangements and understandings between the Company or our subsidiaries with any directors or officers in effect immediately prior to the effective time of the merger with respect to actions arising from their pre-merger services and will not amend or modify such provisions in a manner that would adversely effect the rights of the individuals covered;

- at and after the effective time of the merger, the surviving corporation shall, to the fullest extent permitted under applicable law, indemnify and hold harmless (and advance funds in respect of each of the foregoing) each current director and officer of the Company or any of our subsidiaries against any costs or expenses (including advancing attorneys fees and expenses in advance of the final disposition of any claim, suit, proceeding or investigation to each indemnified party to the fullest extent permitted by law), judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement in connection with any actual or threatened claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative arising out of, relating to or in connection with any action or omission occurring or alleged to have occurred, whether before or after the effective time of the merger, with respect to such person s actions or omissions taken in their capacity as a director or officer; and the surviving corporation will maintain in effect, for a period of 6 years from the effective time of the merger, insurance policies with respect to directors and officers liability insurance and fiduciary liability insurance maintained by the Company and our subsidiaries with respect to matters arising on or before the effective time of the merger in an amount and scope at least as favorable as the coverage applicable as of the date of the merger agreement, provided that after the effective time of the merger the surviving corporation is not required to pay annual premiums in excess of 300% of the last annual premium paid by the Company prior to the date of the merger agreement. The surviving corporation may satisfy its obligations under the foregoing by purchasing an acceptable tail policy under the Company s existing directors and officers liability insurance.

Financing

Equity Financing:

Parent has received an equity commitment letter from Hellman & Friedman Capital Partners VI, L.P., referred to as H&F Fund VI, and certain affiliated funds (together with H&F Fund VI, the Equity Investors), pursuant to which, and subject to the conditions contained therein, the Equity Investors have committed to make a capital contribution of up to $1.256 billion to Parent in connection with the completion of the merger. The obligation of the Equity Investors to fund the equity commitments is subject to (1) the terms of the equity commitment letter, (2) the satisfaction or waiver by Parent (which satisfaction or waiver by Parent must have been consented to by each of the Equity Investors) of all of the conditions to Parent s and Merger Sub s obligations to effect the closing of the merger and (3) the substantially simultaneous closing of the debt financing. The Equity Investors obligation to fund the equity commitments will terminate upon the earliest to occur of (a) the termination of the merger agreement, (b) the termination of the equity commitment letter by H&F and (c) the commencement of any legal proceeding by us or any of our affiliates against Parent, Merger Sub or any of the Equity Investors, or any of their respective affiliates, relating to the equity commitment letter, the limited guarantee, the merger agreement or any of the transactions contemplated thereby (other than any claim relating to a breach or seeking to prevent a breach of the confidentiality agreement between Parent and us).

Debt Financing:

Parent received senior secured debt financing commitments on October 21, 2007 from Barclays Bank PLC, Calyon New York Branch, General Electric Capital Corporation, GE Capital Markets, Inc. and GSO Capital Partners LP, on behalf of one or more funds managed by it, and senior subordinated debt financing commitments on October 21, 2007 from GSO Capital Funding, LLC and Farallon Funding, L.L.C. Pursuant to the debt financing commitments, and subject to their terms and conditions, such financial institutions have committed to provide debt financing in an aggregate amount of up to $1.6 billion.

The commitments contemplated by each of the senior secured debt financing commitments and the senior subordinated debt financing commitments are subject, among other things, to consummation of the merger in accordance with the merger agreement (without giving effect to any amendments or waivers thereto that are materially adverse to the interests of the commitment parties under such facilities without the consent of the specified commitment parties thereunder), the receipt by Merger Sub of the cash equity contributions described under Equity Financing above, the absence of any Company Material Adverse Effect as defined in the merger agreement, Goodman and our subsidiaries on a consolidated basis having EBITDA (as defined (with agreed modifications) in the indenture governing Goodman Global Holdings, Inc. s senior unsecured fixed rate notes) of not less than $255.0 million for the fiscal year ended December 31, 2007, the repayment or refinancing of certain of Goodman s and Parent s existing debt and the absence of certain types of other debt, delivery of certain historical and pro forma financial information, payment of required fees and expenses, the execution of certain guarantees and, for the senior secured debt, the creation of security interests and the negotiation and the execution and delivery of definitive documentation. Each debt financing commitment is also contingent on receipt by Merger Sub of funds under the other debt financing commitment.

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Parent has agreed to use its reasonable best efforts to consummate the financing for the merger on the terms and conditions described in the financing commitments, including using its reasonable best efforts to:

- negotiate definitive agreements with respect thereto on the terms and conditions contained in the commitment letters;
- satisfy on a timely basis all covenants and conditions applicable to Parent in the commitment letters that are within its control; and
- cause the funding of the financing.

Parent has also agreed to seek to enforce its rights under the commitment letters.

Parent has agreed to keep Goodman informed of all material activity concerning the financing and give Goodman prompt notice of any material adverse change with respect to the financing. Without limiting the foregoing, Parent has agreed to notify Goodman within two business days if:

- any commitment letter expires or is terminated for any reason;
- any financing source that is a party to any commitment letter notifies Parent or Merger Sub that it no longer intends to provide financing on the terms set forth in the commitment letter; or
- for any reason Parent no longer believes in good faith that it will be able to obtain all or any portion of the financing contemplated by the commitment letters on the terms described therein.

Parent has agreed to use its reasonable best efforts to arrange to obtain alternative financing if any portion of the financing becomes unavailable on the terms set forth in the commitment letters or any commitment letter is terminated or modified in any manner materially adverse to the interests of Parent.

Debt Tender Offer

Goodman has agreed to commence tender offers and consent solicitations for some or all of the outstanding senior unsecured fixed and floating rate notes issued by Goodman Global Holdings, Inc. With respect to any such notes not tendered and accepted for payment in the tender offer, Goodman will take all actions necessary to cause the redemption, satisfaction and discharge of such notes in accordance with the terms of the applicable indentures. All reasonable fees and expenses incurred by Goodman in connection with the tender offer or redemption, satisfaction and discharge of the notes will be paid by Parent.

Conditions to the Merger

Conditions to Each Party s Obligation to Effect the Merger

The obligations of the parties to complete the merger are subject to the satisfaction or waiver of the following mutual conditions:

- the merger agreement shall have been approved and adopted by the affirmative vote of the holders of at least a majority of the outstanding shares of our common stock entitled to vote thereon;

the absence of an injunction by any court or other tribunal of competent jurisdiction which prohibits the consummation of the merger and the absence of any statute, rule, regulation, executive order, decree or other order (whether temporary or permanent) of any governmental entity which is in effect and has the effect of making the merger illegal or otherwise prohibiting consummation of the merger; and

any applicable waiting period under the HSR Act shall have expired or been earlier terminated and any other regulatory approvals required to be obtained for the consummation of the merger shall have been obtained, other than any other approvals the failure of which to obtain would not have a material adverse effect on the Company or on Parent s ability to complete the merger.

Conditions to Obligations of Parent and Merger Sub

The obligations of Parent and Merger Sub to effect the merger are subject to the satisfaction or waiver of the following additional conditions:

- the accuracy of the representations and warranties made by the Company in the merger agreement, except (subject to certain specified exceptions) to the extent the failure of such representations and warranties to be true and correct (without regard to qualifications or exemptions therein as to materiality or material adverse effect on Goodman) would not be reasonably likely to have, individually or in the aggregate, a material adverse effect with respect to Goodman;

- performance by the Company in all material respects of all obligations and compliance in all material respects with all covenants contained in the merger agreement; and

- realization by the Company and its subsidiaries, on a consolidated basis, of not less than $255 million in EBITDA (as defined in the merger agreement) for the fiscal year ended December 31, 2007.

Conditions to Obligations of the Company

The obligation of the Company to effect the merger is subject to the satisfaction or waiver of the following additional conditions:

- the accuracy of the representations and warranties made by Parent in the merger agreement, except (subject to certain specified exceptions) to the extent the failure of such representations and warranties to be true and correct (without regard to qualifications or exceptions therein as to materiality or material adverse effect on Parent) would not individually or in the aggregate, prevent or materially delay or materially impair the ability of Parent or Merger Sub to consummate the merger and the other transactions contemplated by the merger agreement financing; and

- performance by Parent and Merger Sub in all material respects of all obligations and compliance in all material respects with all covenants contained in the merger agreement.

Other than the mutual conditions to the parties obligation to complete the merger set forth above, either Goodman or Parent may elect to waive conditions to their respective performance and complete the merger.

Termination of the Merger Agreement

The merger agreement may be terminated and the merger may be abandoned at any time prior to the effective time of the merger:

- by mutual written consent of Goodman and Parent;

- by either Goodman or Parent on notice to the other:

  - if the effective time of the merger has not occurred on or before March 31, 2008, or in the event that the marketing period for Parent s financing begins, but does not end, by March 31, 2008, one business day after the last day of the marketing period;

  - if a final, non-appealable injunction prohibits the merger;

if the holders of our common stock do not adopt the merger agreement at the special meeting or any adjournment thereof; or

there is a breach by the non-terminating party of any representation, warranty, covenant or other agreement in the merger agreement such that the terminating party s closing conditions would not be satisfied, which breach cannot be cured by the end date, and the party seeking termination gives the non-terminating party 30 days prior written notice.

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by Goodman on notice to Parent:

if all the conditions to Parent s obligations to complete the merger have been satisfied on the final day of the marketing period for Parent s financing and Parent and Merger Sub have not received the proceeds of Parent s debt financing or equity financing; or

if, before the approval of the merger agreement by the holders of our common stock, our board of directors approves or recommends a superior proposal and we have paid the required termination fee to Parent.

by Parent on notice to the Company:

if our board of directors makes or resolves to make a withdrawal, modification or qualification to its recommendation that our common stockholders approve and adopt the merger agreement and the merger;

if our board of directors fails to recommend against a tender offer or exchange offer constituting an alternative proposal in any publicly disclosed position taken pursuant to Rules 14d-9 and 14e-2 under the Exchange Act except as permitted under the merger agreement; or

if our board of directors recommends or approves any alternative proposal.

If the merger agreement is terminated, the merger will not occur.

Fees and Expenses; Remedies

Under the merger agreement we have agreed to pay Parent a termination fee of $55.7 million if:

the merger agreement is terminated by the Company in circumstances where our board of directors approves or recommends a superior proposal (in such instance, the termination fee must be paid concurrently with the termination of the merger agreement); or

the merger agreement is terminated by Parent because our board of directors:

makes or resolves to make a withdrawal, modification or qualification to its recommendation that our common stockholders approve and adopt the merger agreement and the merger;

fails to recommend against a tender offer or exchange offer constituting an alternative proposal in any publicly disclosed position taken pursuant to Rules 14d-9 and 14e-2 under the Exchange Act except as permitted under the merger agreement; or

recommends or approves any alternative proposal.

In the case of any of the above, the termination fee must be paid within 2 business days of the termination of the merger agreement.

We have also agreed in the merger agreement that we will pay Parent a termination fee of $55.7 million if:

either we or Parent terminate the merger agreement for failure to complete the merger by the end date or for failure to obtain the approval of the merger agreement by the Company s stockholders, or if Parent terminates the merger agreement for a material breach by the Company of any representation, warranty, covenant or other agreement contained in the merger agreement which gave rise to the failure of closing conditions in the merger agreement regarding accuracy of representations and warranties or compliance with covenants; and

prior to termination of the merger agreement, a bona fide alternative proposal (with all references to 20% in the definition of alternative proposal replaced by a reference to 50% for this purpose) is publicly proposed or otherwise privately communicated to our board of directors; and

within 9 months of termination of the merger agreement we enter into a definitive agreement for any alternative proposal or consummate any transaction constituting an alternative proposal.

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Parent has agreed, on notice of termination by us coupled with irrevocable demand for payment of the termination fee, to pay us a termination fee of $75 million plus $5 million in reimbursement of expenses incurred by us, if we terminate the merger agreement in circumstances where all the conditions to Parent s obligations to complete the merger were satisfied on the final day of the marketing period for Parent s debt financing and Parent and Merger Sub have not received the proceeds from the debt financing or equity financing, our right to receive the termination fee and the expense reimbursement will terminate if:

- we fail to include a demand for payment of the termination fee in our notice of termination; or
- we make any demand or claim for damages under the limited guarantee provided by affiliates of Parent s financial sponsor or in any legal action other than for the payment of the termination fee and the expense reimbursement.

The merger agreement provides that except for Parent s and Merger Sub s remedies of specific performance and except in the case of willful breach or fraud, the payment of the termination fees (and, in certain circumstances, reimbursement of our expenses) by a party in accordance with the merger agreement will be the sole and exclusive remedy against the other party for failure to consummate the merger. In the event of willful breach or fraud by the Company, Parent, in addition to the termination fee provided under the merger agreement and the right to seek specific performance of the merger agreement, may seek damages from the Company up to a maximum amount of $139.2 million (including the termination fee). If we terminate the merger agreement under circumstances where we are entitled to receive a termination fee and the expense reimbursement and we elect not to receive the termination fee and the expense reimbursement, we are entitled to seek damages from Parent under the merger agreement of up to a maximum amount of $139.2 million. The Company is not entitled to seek specific performance with respect to the obligations of Parent and Merger Sub, including an injunction to prevent breaches of the merger agreement by Holdings and Merger Sub.

Except as described above, each party to the merger agreement will pay its own expenses related to entering into and carrying out the merger agreement.

Amendment and Waiver

The merger agreement may be amended or any provision waived by the parties at any time before or after approval and adoption of the merger agreement by holders of our common stock, but, after any such stockholder approval, no amendment or waiver will be effective that by law or by the rules and regulations of the New York Stock Exchange requires further approval by our stockholders without first obtaining such stockholder approval.

The Voting Agreements

The Goodman Family/Apollo Voting Agreement

In order to induce Parent and Merger Sub to enter into the merger agreement, simultaneously with the execution and delivery of the merger agreement, an Apollo-affiliated stockholder and the trusts for the benefit of members of the Goodman family entered into separate voting agreements with Parent, which are referred to as the voting agreements. On the record date, stockholders who are parties to the voting agreements beneficially owned approximately 53.6% of the shares of our outstanding common stock entitled to vote at the special meeting. The following describes the material terms of the voting agreements. The description in this section is not complete. You should read the voting agreements in their entirety for a more complete understanding of their terms. Copies of the voting agreements are attached to this proxy statement as Appendix B and Appendix C and are incorporated by reference in this proxy statement.

Pursuant to the voting agreements, each of the stockholders party thereto:

- has agreed to appear at the meeting of stockholders or cause their votes to be counted as present at the meeting for purposes of establishing a quorum and to vote the shares of our common stock that they own on the record date in favor of approval of the merger and the adoption and approval of the merger agreement;

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- has agreed not to enter into any other voting agreement or arrangement with respect to the shares of common stock owned by them and not to take any action that would make any of their representations or warranties in the voting agreement untrue or incorrect;

- has agreed not to solicit, initiate, knowingly encourage, participate in, discuss or negotiate any alternative proposal involving Goodman, unless Goodman is permitted to engage, and is engaging, in discussions or negotiations regarding an alternative proposal pursuant to the merger agreement; and

- has agreed not to transfer any of their respective shares of Goodman common stock prior to consummation of the merger.

The voting agreements will terminate upon the occurrence of any of the following:

- the termination of the merger agreement in accordance with its terms;

- the consummation of the merger; or

- if the merger has not been consummated prior to March 31, 2008, or such later date as the termination date of the merger agreement may be extended in accordance with its terms.

None of the stockholders who are parties to the voting agreements was paid additional consideration in connection with entering into such voting agreement. However, you should be aware that these stockholders may have interests in the merger that are different from, or in addition to, yours. See Interests of Certain Persons in the Merger.

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MARKET PRICE AND DIVIDEND DATA

Our common stock is currently listed on the New York Stock Exchange under the symbol GGL. This table shows, for the periods indicated, the range of high and low sales prices for our common stock as quoted on the New York Stock Exchange.

Quarter Ending	Price Range High	Price Range Low
2006:		
Second Quarter	$ 21.80	$ 14.37
Third Quarter	16.26	11.70
Fourth Quarter	17.53	13.18
2007:		
First Quarter	$ 20.26	$ 16.75
Second Quarter	22.69	16.84
Third Quarter	25.12	21.78
Fourth Quarter (through December 6, 2007)	25.29	21.84

As of the close of business on December 6, 2007, there were approximately 63 holders of record of our common stock.

The following table sets forth the closing sales price of our common stock as reported on the New York Stock Exchange on October 19, 2007, the last full trading day before the public announcement of our proposed merger with Parent, and on December 6, 2007, the latest practicable trading day before the printing of this proxy statement:

Common Stock Closing Price	
October 19, 2007	$ 21.84
December 6, 2007	24.01

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SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL HOLDERS

The following table presents information regarding beneficial ownership of our common stock as of November 9, 2007 by:

each person who we know owns beneficially more than 5% of our common stock;

each of our directors;

each of our named executive officers; and

all of our executive officers and directors as a group.

Under the regulations of the SEC, shares are deemed to be beneficially owned by a person if the person directly or indirectly has or shares the power to vote or dispose of the shares, whether or not the person has any pecuniary interest in the shares, or if the person has the right to acquire the power to vote or dispose of the shares, including any right to acquire through the exercise of any option, warrant or right.

	Beneficial Ownership	
Name of Beneficial Owner	**Shares**	**Percent(1)**
Frio Holdings LLC (2)(3)	28,289,964	41.05%
John Bailey Goodman 1984 Grantor Trust (3)(4)	228,719	*
Lucy Hughes Abell 1991 Trust (3)(4)	868,397	1.26%
Sam Houston Viterbo Abell 1991 Trust (3)(4)	868,397	1.26%
John Bailey Goodman Jr. 1991 Trust (3)(4)	1,302,595	1.89%
Harriett Elizabeth Goodman 1991 Trust (3)(4)		