UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

(MARK ONE)

☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2005

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

Commission file number 001-15149

LENNOX INTERNATIONAL INC.

Incorporated pursuant to the Laws of the State of DELAWARE

Internal Revenue Service Employer Identification No. 42-0991521

2140 LAKE PARK BLVD.
RICHARDSON, TEXAS
75080
(972-497-5000)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act.)

Yes ☑ No o

As of March 31, 2005, the number of shares outstanding of the registrant's common stock, par value $.01 per share, was 61,914,053.

LENNOX INTERNATIONAL INC.

FORM 10-Q
For the Three Months Ended March 31, 2005

INDEX

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
As of March 31, 2005 and December 31, 2004
(In millions, except share data)

	March 31, 2005 (unaudited)	December 31, 2004
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 84.2	$ 60.9
Accounts and notes receivable, net	450.2	472.5
Inventories	275.8	247.2
Deferred income taxes	13.1	13.1
Other assets	42.4	45.9
Assets held for sale	1.2	5.1
Total current assets	866.9	844.7
PROPERTY, PLANT AND EQUIPMENT, net	236.3	234.0
GOODWILL, net	222.5	225.4
DEFERRED INCOME TAXES	82.1	82.8
OTHER ASSETS	137.3	131.7
TOTAL ASSETS	$ 1,545.1	$ 1,518.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt	$ 3.8	$ 6.0
Current maturities of long-term debt	36.3	36.4
Accounts payable	281.6	237.0
Accrued expenses	259.9	286.3
Income taxes payable	16.7	14.6
Liabilities held for sale	2.4	3.7
Total current liabilities	600.7	584.0
LONG-TERM DEBT	269.1	268.1
POSTRETIREMENT BENEFITS, OTHER THAN PENSIONS	14.7	14.2
PENSIONS	105.1	105.5
OTHER LIABILITIES	78.6	73.9
Total liabilities	1,068.2	1,045.7
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, $.01 par value, 25,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock, $.01 par value, 200,000,000 shares authorized, 67,005,959 shares and 66,367,987 shares issued for 2005 and 2004 respectively	0.7	0.7
Additional paid-in capital	465.1	454.1
Retained earnings	66.9	66.8
Accumulated other comprehensive (loss) income	(7.4)	0.7
Deferred compensation	(16.0)	(18.2)
Treasury stock, at cost, 3,106,822 shares and 3,044,286 for 2005 and 2004, respectively	(32.4)	(31.2)
Total stockholders' equity	476.9	472.9
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,545.1	$ 1,518.6

The accompanying notes are an integral part of these consolidated financial statements.

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three Months Ended March 31, 2005 and 2004
(Unaudited, in millions, except per share data)

	For the Three Months Ended March 31, 2005	2004
NET SALES	$ 700.3	$ 664.0
COST OF GOODS SOLD	478.5	438.4
Gross Profit	221.8	225.6
OPERATING EXPENSES:		
Selling, general and administrative expense	204.3	206.3
Goodwill impairment	—	208.3
Operational income (loss) from continuing operations	17.5	(189.0)
INTEREST EXPENSE, net	5.5	7.5
OTHER EXPENSE	0.1	0.3
Income (loss) from continuing operations before income taxes	11.9	(196.8)
PROVISION FOR (BENEFITS FROM) INCOME TAXES	4.4	(19.1)
Income (loss) from continuing operations	7.5	(177.7)
DISCONTINUED OPERATIONS (NOTE 9):		
Loss from operations of discontinued operations	1.6	20.1
Income tax benefit	(0.4)	(3.7)
Loss on disposal of discontinued operations	0.1	—
Income tax benefit	(0.2)	—
Loss from discontinued operations	1.1	16.4
Net income (loss)	$ 6.4	$ (194.1)
INCOME (LOSS) PER SHARE FROM CONTINUING OPERATIONS:		
Basic	$ 0.12	$ (2.98)
Diluted	$ 0.12	$ (2.98)
LOSS PER SHARE FROM DISCONTINUED OPERATIONS:		
Basic	$ (0.02)	$ (0.28)
Diluted	$ (0.02)	$ (0.28)
NET INCOME (LOSS) PER SHARE:		
Basic	$ 0.10	$ (3.26)
Diluted	$ 0.10	$ (3.26)

The accompanying notes are an integral part of these consolidated financial statements.

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2005 and 2004
(Unaudited, in millions)

	For the Three Months Ended March 31,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 6.4	$ (194.1)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Minority interest and equity in unconsolidated affiliates	(4.6)	(2.6)
Non-cash impairment of long-lived assets and goodwill	—	224.7
Depreciation and amortization	9.6	11.5
Deferred income taxes	0.4	(23.9)
Loss from discontinued operations, other than non-cash impairments	1.1	—
Other losses and expenses	2.2	5.4
Changes in assets and liabilities, net of effects of divestitures:		
Accounts and notes receivable	15.2	49.2
Inventories	(31.3)	(64.0)
Other current assets	3.0	2.3
Accounts payable	47.2	9.5
Accrued expenses	(24.9)	(18.6)
Income taxes payable and receivable	4.3	(5.3)
Long-term warranty, deferred income and other liabilities	9.4	4.4
Net cash (used in) provided by operating activities from discontinued operations	(2.0)	8.1
Net cash provided by operating activities	36.0	6.6
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the disposal of property, plant and equipment	0.1	0.1
Purchases of property, plant and equipment	(13.6)	(6.4)
Additional investment in affiliates	—	(2.1)
Proceeds from disposal of businesses and investments	1.8	—
Net cash used in investing activities	(11.7)	(8.4)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term borrowings	(1.8)	(1.6)
Repayments of long-term debt	—	(0.1)
Revolving long-term borrowings	1.0	5.0
Sales of common stock	7.9	10.8
Payments of deferred financing costs	—	(0.2)
Repurchases of common stock	(1.2)	—
Cash dividends paid	(6.2)	(5.6)
Net cash (used in) provided by financing activities	(0.3)	8.3
INCREASE IN CASH AND CASH EQUIVALENTS	24.0	6.5
EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	(0.7)	1.8
CASH AND CASH EQUIVALENTS, beginning of period	60.9	76.1
CASH AND CASH EQUIVALENTS, end of period	$ 84.2	$ 84.4
Supplementary disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 1.0	$ 2.1
Income taxes (net of refunds)	$ (2.0)	$ 7.0

The accompanying notes are an integral part of these consolidated financial statements.

LENNOX INTERNATIONAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Basis of Presentation and other Accounting Information:

The unaudited consolidated balance sheet as of March 31, 2005, and the accompanying unaudited consolidated statements of operations and cash flows for the three months ended March 31, 2005 and 2004 should be read in conjunction with Lennox International Inc.'s (the "Company" or "LII") audited consolidated financial statements and footnotes as of December 31, 2004 and 2003 and for each of the three years in the period ended December 31, 2004. In the opinion of management, the accompanying consolidated financial statements contain all material adjustments, consisting principally of normal recurring adjustments, necessary for a fair presentation of the Company's financial position, results of operations, and cash flows. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to applicable rules and regulations, although the Company believes that the disclosures herein are adequate to make the information presented not misleading. The operating results for the interim periods are not necessarily indicative of the results to be expected for a full year.

Certain prior-period balances in the accompanying condensed consolidated financial statements have been reclassified to conform to the current period's presentation of financial information.

The Company's fiscal year ends on December 31 of each year, and the Company's quarters are each comprised of 13 weeks. For convenience, throughout these financial statements, the 13 weeks comprising each three-month period are denoted by the last day of the respective calendar quarter.

2. Stock-Based Compensations:

The Company accounts for its stock-based compensation under the recognition and measurement principles of Accounting Principles Board No. 25, "Accounting for Stock Issued to Employees," and related interpretations ("APB 25") and has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," as amended ("SFAS No. 123"). Under APB 25, no stock-based compensation cost is reflected in net income for grants of stock options to employees because the Company grants stock options with an exercise price equal to the market value of the stock on the date of grant. Had the Company used the fair value based accounting method for stock compensation expense described by SFAS No. 123, the Company's diluted net income per common and equivalent share are shown in the pro-forma amounts below (in millions, except per share data):

	For the Three Months Ended March 31,	
	2005	2004
Net income (loss), as reported	$ 6.4	$ (194.1)
Add: Reported stock-based compensation expense, net of taxes	4.1	1.7
Deduct: Fair value based compensation expense, net of taxes	(4.6)	(2.5)
Net income (loss), pro-forma	$ 5.9	$ (194.9)
Earnings per share:		
Basic, as reported	$ 0.10	$ (3.26)
Basic, pro-forma	$ 0.10	$ (3.28)
Diluted, as reported	$ 0.10	$ (3.26)
Diluted, pro-forma	$ 0.09	$ (3.28)

Table of Contents

3. Reportable Business Segments:

Financial information about the Company's reportable business segments is as follows (in millions):

	For the Three Months Ended March 31, 2005	For the Three Months Ended March 31, 2004
Net Sales		
Residential	$ 342.7	$ 324.3
Commercial	126.2	108.9
Heating and Cooling	468.9	433.2
Service Experts	135.9	138.9
Refrigeration	111.9	109.2
Eliminations	(16.4)	(17.3)
	$ 700.3	$ 664.0
Segment Profit (Loss)		
Residential	$ 29.6	$ 32.6
Commercial	4.7	1.4
Heating and Cooling	34.3	34.0
Service Experts	(6.3)	(7.7)
Refrigeration	8.9	10.6
Corporate and other	(19.3)	(16.4)
Eliminations	(0.1)	(1.2)
Segment Profit	17.5	19.3
Reconciliation to income (loss) from continuing operations before income taxes:		
Goodwill impairment	—	208.3
Interest expense, net	5.5	7.5
Other expense	0.1	0.3
	$ 11.9	$ (196.8)

	As of March 31, 2005	As of December 31, 2004
Total Assets		
Residential	$ 543.4	$ 512.0
Commercial	233.8	244.0
Heating and Cooling	777.2	756.0
Service Experts	182.6	187.8
Refrigeration	315.2	323.9
Corporate and other	281.5	258.2
Eliminations	(12.6)	(12.4)
Segment Assets	1,543.9	1,513.5
Discontinued Operations (Note 9)	1.2	5.1
	$ 1,545.1	$ 1,518.6

4. Inventories:

Components of inventories are as follows (in millions):

	As of March 31, 2005	As of December 31, 2004
Finished goods	$ 200.8	$ 174.1
Repair parts	39.5	38.5
Work in process	10.6	9.2
Raw materials	82.3	71.4
	333.2	293.2
Excess of current cost over last-in, first-out cost	(57.4)	(46.0)
	$ 275.8	$ 247.2

5. Shipping and Handling:

Shipping and handling costs related to post-production activities are included as part of selling, general and administrative expense in the accompanying Consolidated Statements of Operations in the following amounts (in millions):

For the Three Months Ended March 31	
2005	2004
$33.9	$32.7

6. Warranties:

The changes in the carrying amount of the Company's total warranty liabilities for the three months ended March 31, 2005 are as follows (in millions):

Total warranty liability at December 31, 2004	$ 71.0
Payments made in 2005	(6.6)
Changes resulting from issuance of new warranties	5.9
Changes in estimates associated with pre-existing warranties	1.3
Total warranty liability at March 31, 2005	$ 71.6

The change in warranty liability that results from changes in estimates of warranties issued prior to 2005 was primarily due to revaluing warranty reserves based on higher material input costs.

7. Cash, Lines of Credit and Financing Arrangements:

The Company has bank lines of credit aggregating $258.6 million, of which $9.8 million was borrowed and outstanding and $95.7 million was committed to standby letters of credit at March 31, 2005. Of the remaining $153.1 million, the entire amount was available for future borrowings after consideration of covenant limitations. Included in the lines of credit are several regional facilities and a multi-currency facility in the amount of $225 million governed by agreements between the Company and a syndicate of banks. The facility includes restrictive covenants that limit the Company's ability to incur additional indebtedness, encumber its assets, sell its assets, or pay dividends. There are no required payments prior to the expiration of the facility. The Company's facility and promissory notes are secured by the stock of the Company's major subsidiaries. The facility requires that LII deliver annual and quarterly financial statements, as well as compliance certificates, to the banks within a specified period of time. LII believes that cash flow from operations, as well as available borrowings under its revolving credit facility, will be sufficient to fund its operations for the foreseeable future. The Company has included in cash and cash equivalents in the accompanying unaudited Consolidated Balance Sheet as of March 31, 2005, $24.1 million of restricted cash primarily related to letters of credit issued with respect to the operations of its captive insurance subsidiary ending December 30, 2005.

8. Accounts and Notes Receivable:

Accounts and Notes Receivable have been shown net of allowance for doubtful accounts of $17.5 million and $18.5 million, and net of accounts receivable sold under an ongoing asset securitization arrangement of $5.0 million and zero as of March 31, 2005 and December 31, 2004, respectively. In addition, approximately $210 million of accounts receivable as reported in the accompanying Consolidated Balance Sheets at March 31, 2005 represent retained interests in securitized receivables that have restricted disposition rights per the terms of the asset securitization agreement and would not be available to satisfy obligations to creditors. The Company has no significant concentration of credit risk within its accounts and notes receivable.

9. Divestitures:

In the first fiscal quarter of 2004, the Company's Board of Directors approved a turnaround plan designed to improve the performance of its Service Experts business segment. The plan realigns Service Experts' dealer service centers to focus on service and replacement opportunities in the residential and light commercial markets. The Company identified 130 dealer service centers, whose primary business is residential and light commercial service and replacement, which comprise the ongoing Service Experts business segment. As of December 31, 2004, the Company divested the remaining 48 centers, in addition to the previously announced closure of four centers. The 48 centers that are no longer a part of Service Experts have been classified as a Discontinued Operation in the accompanying Statements of Operations. The related assets and liabilities for these centers are classified as “Assets Held For Sale” and “Liabilities Held For Sale” in the accompanying Consolidated Balance Sheets.

A summary of net trade sales, pre-tax operating results and pre-tax loss of disposal of assets for the three months ended March 31, 2005 and 2004, and the major classes of assets and liabilities presented as held for sale at March 31, 2005 and 2004, are detailed below (in millions):

	Discontinued Operations for the Three Months Ended March 31,	
	2005	2004
Net trade sales	$ 0.2	$ 70.7
Pre-tax loss operating results	(1.6)	(20.1)
Pre-tax loss on disposal of centers	(0.1)	—
Current assets	$ 1.2	$ 66.2
Non-current assets	—	2.1
Total assets	$ 1.2	$ 68.3
Current liabilities	$ 2.4	$ 34.9

The following table details the Company’s pre-tax loss from discontinued operations for the three months ended March 31, 2005 and 2004, and the cumulative amount incurred through March 31, 2005 (in millions):

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004	Cumulative Incurred through March 31, 2005
Goodwill impairment	$ —	$ 13.3	$ 14.8
Impairment of property, plant and equipment	—	3.1	3.1
Operating loss	—	3.7	14.9
Other divestiture costs	1.6	—	7.7
Subtotal	1.6	20.1	40.5
Loss on disposal of centers	0.1	—	15.0
Total loss from discontinued operations	$ 1.7	$ 20.1	$ 55.5

Any future additional expenses are not expected to be material.

The income tax benefit on discontinued operations was $0.6 million for the three months ended March 31, 2005 and $3.7 million for the three months ended March 31, 2004. The $3.7 million includes a $1.5 million tax benefit related to the goodwill impairment. Through March 31, 2005, proceeds from the sale of these centers totaled $25.8 million.

10. Earnings per Share:

Basic earnings per share are computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share are computed by dividing net income, adjusted for the interest expense and amortization of deferred financing costs associated with the Company’s convertible notes, by the sum of the weighted average number of shares and the number of equivalent shares assumed outstanding, if dilutive, under the Company’s stock-based compensation plans and convertible notes. Emerging Issues Task Force Issue 04-8, “The Effect of Contingently Convertible Debt on Diluted Earnings per Share” requires that contingently convertible debt securities with a market price trigger be included in diluted earnings per share, regardless of whether the market price trigger has been met. The number of shares attributable to convertible notes is 7,947,478. As of March 31, 2005, the Company had 65,020,875 shares outstanding of which 3,106,822 were held as treasury shares. Diluted earnings per share are computed as follows (in millions, except per share data):

	For the Three Months Ended March 31, 2005	For the Three Months Ended March 31, 2004
Net income (loss)	$ 6.4	$ (194.1)
Weighted average shares outstanding	61.5	59.5
Effect of diluted securities attributable to stock options and performance share awards	2.9	—
Effect of diluted securities attributable to convertible notes	—	—
Weighted average shares outstanding, as adjusted	64.4	59.5
Diluted earnings (loss) per share	$ 0.10	$ (3.26)

Options to purchase 142,816 shares of common stock at prices ranging from $24.91 to $49.63 per share were outstanding for the three months ended March 31, 2005 and the 7,947,478 shares attributable to convertible notes were not included in the diluted earnings per share calculation because the assumed exercise of such options would have been anti-dilutive. All potentially dilutive securities, including 7,947,478 shares attributable to convertible notes, were excluded because their effects were anti-dilutive for the three months ended March 31, 2004.

11. Comprehensive Loss:

Comprehensive loss is computed as follows (in millions):

	For the Three Months Ended March 31, 2005	For the Three Months Ended March 31, 2004
Net income (loss)	$ 6.4	$ (194.1)
Foreign currency translation adjustments	(8.8)	(2.6)
Cash flow hedges	(0.3)	1.5
Minimum pension liability	1.0	0.2
Total comprehensive loss	$ (1.7)	$ (195.0)

12. Goodwill:

The Company evaluates the impairment of goodwill under the guidance of Statement of Financial Accounting Standards No. 142, “Goodwill and Other Intangible Assets” (“SFAS No. 142”) for each of its reporting units. As a result of the annual impairment tests required by SFAS No. 142, the Company recorded an impairment charge in the first quarter of 2004 associated with its Service Experts segment. This impairment charge reflected the segment’s performance below management’s expectations and management’s decision to divest of 48 centers that no longer matched the realigned Service Experts business model (see Note 9). The impairment test requires a two-step process. The first step compares the fair value of the units with goodwill against their aggregate carrying values, including goodwill. The Company estimated the fair value of its Service Experts segment using the income method of valuation, which includes the use of estimated discounted cash flows. Based on the comparison, the carrying value of Service Experts exceeded its fair value. Accordingly, the Company performed the second step of the test, comparing the implied fair value of Service Experts goodwill with the carrying amount of that goodwill. Based on this assessment, the Company recorded a non-cash impairment charge of $208.3 million ($185.1 million, net of tax), which is included as a component of operating income in the accompanying Consolidated Statements of Operations. The Company also recognized a $13.3 million ($11.8 million, net of tax) goodwill impairment charge arising from goodwill allocated to centers held for sale. This amount is included as a part of loss from discontinued operations in the accompanying Consolidated Statements of Operations. During the first quarter of 2005, the Company performed its annual goodwill impairment test and determined that no further impairment charge was required.

The changes in the carrying amount of goodwill related to continuing operations for the three months ended March 31, 2005, in total and by segment, are as follows (in millions):

Segment	Balance December 31, 2004	Goodwill Impairment	Foreign Currency Translation & Other	Balance March 31, 2005
Residential	$ 26.1	$ —	$ —	$ 26.1
Commercial	30.7	—	(0.9)	29.8
Heating and Cooling	56.8	—	(0.9)	55.9
Service Experts	95.7	—	(1.2)	94.5
Refrigeration	72.9	—	(0.8)	72.1
Total	$ 225.4	$ —	$ (2.9)	$ 222.5

13. Pension and Postretirement Benefit Plan:

Effective December 31, 2003, the Company adopted Statement of Financial Accounting Standards No. 132 (revised 2003), “Employers’ Disclosures about Pensions and Other Postretirement Benefits.” This standard requires the disclosure of the components of net periodic benefit cost recognized during interim periods. The 2005 pension benefit information includes the Company’s foreign operations whereas the 2004 information does not. The net periodic pension benefit costs for the foreign operations for the full year 2004 was $1.2 million.

Three months ended March 31 (in millions)	Pension Benefits		Other Benefits	
	2005	2004	2005	2004
Service cost	$ 2.2	$ 1.4	$ 0.3	$ 0.3
Interest cost	4.6	3.0	0.4	0.4
Expected return on plan assets	(5.2)	(3.1)	—	—
Amortization of prior service cost	0.3	0.3	(0.1)	(0.1)
Amortization of net loss	1.0	0.5	0.3	0.2
Net periodic benefit cost	$ 2.9	$ 2.1	$ 0.9	$ 0.8

In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (“the Act”) was signed into law. The Act introduces a prescription drug benefit under Medicare (Medicare Part D) as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. In January 2004, Financial Accounting Standards Board Staff Position No. FAS 106-1, “Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003” was issued and it permits a sponsor of a postretirement health care plan that provides a prescription drug benefit to make a one-time election to defer accounting for the effects of the Act. The Company has elected not to reflect the changes in the Act as the effects of the Act are not a significant event that calls for remeasurement under FAS 106. Therefore, the accumulated postretirement benefit obligation and net postretirement benefit costs in the financial statements and above disclosure do not reflect the effects of the Act on the Company’s plans.

14. Investments in Affiliates:

For the joint ventures with Outokumpu Oyj and LII’s other joint venture investments, the Company records its equity in the earnings of the joint ventures as a component of selling, general and administrative expense in the accompanying Consolidated Statements of Operations. The Company recorded $4.6 million and $3.1 million of equity in the earnings of its affiliates for the three months ended March 31, 2005 and 2004, respectively. The carrying amount of investments in affiliates as of March 31, 2005 and December 31, 2004 is $67.4 million and $63.0 million, respectively, and is included in long-term Other Assets in the accompanying Consolidated Balance Sheets.

15. Contingencies:

The Company is involved in various claims and lawsuits incidental to its business. In addition, the Company and its subsidiary Heatcraft Inc. have been named in four lawsuits in connection with its former heat transfer operations. The lawsuits allege personal injury resulting from alleged emissions of trichloroethylene, dichloroethylene and vinyl chloride and other unspecified emissions from the South Plant in Grenada, Mississippi, previously owned by Heatcraft Inc. It is not possible to predict with certainty the outcome of these matters; however, based on present knowledge, management believes that it is unlikely that resolution of these matters will result in a material liability for the Company. As of March 31, 2005, no accrual has been made for these matters. The Company anticipates the future legal fees in defense of these matters could be significant.

The Company has issued guarantees to third parties in conjunction with the debt of one of the Company’s affiliates. The liability recognized at March 31, 2005 related to these guarantees is approximately $0.2 million. The maximum obligation under these guarantees is approximately $4.2 million. No assets are held as collateral.

16. Subsequent Events:

Outokumpu Joint Venture Sale

On April 5, 2005, the Company announced that Outokumpu Copper Products OY of Finland had exercised its option to purchase the Company’s 45 percent interest in their heat transfer joint venture for approximately $39 million. The transaction is conditioned on the sale of Outokumpu Copper Products OY to Nordic Capital. The financial impact of this transaction is not expected to significantly impact the Company’s 2005 financial performance, excluding an anticipated gain on the sale, which will be quantified when the transaction is completed. The Company expects the transaction to be completed in the second quarter of 2005.

Lennox Hearth Products – Burlington Plant Closure

On April 4, 2005, Lennox Hearth Products Inc., a subsidiary of Lennox International Inc., commenced plans to relocate its Whitfield pellet stove and Lennox cast iron stove product lines from Burlington, Washington to a third party production facility in Juarez, Mexico and close the facility due to competitive cost pressures. These actions are scheduled to be completed in June 2005. The Company expects that these actions will reduce costs and enhance profitability.

In conjunction with these actions, the Company expects to incur restructuring-related charges of approximately $3.5 million with short-term cash outlays of approximately $2.2 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

LII participates in four reportable business segments of the heating, ventilation, air conditioning and refrigeration ("HVACR") industry. The first reportable segment is Residential Heating & Cooling, in which LII manufactures and markets a full line of heating, air conditioning and hearth products for the residential replacement and new construction markets in the United States and Canada. The second reportable segment is Commercial Heating & Cooling, in which LII manufactures and sells primarily rooftop products and related equipment for light commercial applications. Combined, the Residential Heating & Cooling and Commercial Heating & Cooling segments form LII's Heating and Cooling business. The third reportable segment is Service Experts, which includes sales and installation of, and maintenance and repair services for, HVAC equipment. The fourth reportable segment is Refrigeration, in which LII manufactures and sells unit coolers, condensing units and other commercial refrigeration products.

Improving the performance of the Service Experts business segment remains a top priority of LII's management. In the first fiscal quarter of 2004, LII's Board of Directors approved a turnaround plan designed to improve the performance of its Service Experts business segment. The plan realigns Service Experts' dealer service centers to focus on service and replacement opportunities in the residential and light commercial markets. LII identified 130 dealer service centers, whose primary business is residential and light commercial service and replacement, which comprise the ongoing Service Experts business segment. As of the end of 2004, LII has divested the remaining 48 centers. The 48 centers that are no longer a part of Service Experts are classified as a discontinued operation. See "Results of Operations – Three Months Ended March 31, 2005 Compared to Three Months Ended March 31, 2004 – Loss from Discontinued Operations" for more detail regarding Service Experts' discontinued operations.

In addition to the realignment of dealer service centers discussed above, the Service Experts business segment continues the rollout of a program focused on the sharing of best practices across all residential service and replacement service centers. This rollout began mid-year in 2003 and was completed at most of the U. S. service centers in the third quarter of 2004. Rollout of the program to the Service Experts Canadian service centers is currently underway. Other initiatives in 2005 include raising visibility on revenue generating activities and continuing to strengthen the leadership at Service Experts through its general manager development program. This program graduated its first class in the latter part of 2004 and its second class during the first quarter of 2005. These general managers have assumed leadership positions at dealer service centers.

During the first quarter of 2004, LII evaluated the impairment of goodwill under the guidance of Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets" ("SFAS No. 142"), and determined that the carrying value of Service Experts' goodwill exceeded its fair value. As a result, LII recorded a pre-tax, non-cash charge of $208.3 million for the three months ended March 31, 2004 in the Company's Service Experts business segment. The impairment charge was driven primarily by lower than expected operating results as well as the turnaround plan discussed above. The tax benefit of this charge was $23.2 million. The $208.3 million pre-tax goodwill impairment charge is included in LII's operating loss from continuing operations for the three months ended March 31, 2004. Subsequent to the recognition of the $208.3 million goodwill impairment under SFAS No. 142 and as part of the realignment of service centers discussed above, LII also recognized $13.3 million in pre-tax goodwill impairment included in its $20.1 million pre-tax loss on discontinued operations under Statement of Financial Accounting Standards No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144"), resulting in a total pre-tax goodwill impairment charge of $221.6 million for the three months ended March 31, 2004. During the first quarter of 2005, LII performed its annual goodwill impairment test and determined that no further goodwill impairment was necessary.

On April 4, 2005, Lennox Hearth Products Inc., a subsidiary of the Company, commenced plans to relocate its Whitfield pellet stove and Lennox cast iron stove product lines from Burlington, Washington to a third party production facility in Juarez, Mexico and close the facility due to competitive cost pressures. On April 5, 2005, the Company announced that Outokumpu Copper Products OY of Finland had exercised its option to purchase the Company's 45 percent interest in their heat transfer joint venture for approximately $39 million. For more information on these two events, see Note 16 titled "Subsequent Events" in the Notes to Consolidated Financial Statements.

On April 2, 2004 the Department of Energy announced that it will enforce a 13 seasonal energy efficiency rating or "SEER" standard for residential central air conditioners. This standard, which will apply to central air conditioners manufactured after January 23, 2006, increases by 30 percent the SEER standard that applies to models produced currently. Although this new standard creates several engineering, manufacturing and marketing challenges for the Company, the Company anticipates it will meet the new regulation by January 23, 2006. The

Company is also using the new standard as an opportunity to redesign its entire line of cooling products to standardize product platforms across its brands and to integrate other improvements in its products. The Company projects total expenditures for property, plant and equipment in 2005 to be approximately $80.0 million, driven largely by increased expenditures in connection with this redesign effort.

LII's customers include distributors, installing dealers, property owners, national accounts and original equipment manufacturers. LII recognizes sales revenue when products are shipped or when services are rendered. The demand for LII's products and services is influenced by national and regional economic and demographic factors, such as interest rates, the availability of financing, regional population and employment trends, new construction, general economic conditions and consumer confidence. In addition to economic cycles, demand for LII's products and services is seasonal and dependent on the weather. Hotter than normal summers generate strong demand for replacement air conditioning, refrigeration products and services and colder than normal winters have the same effect on heating products and services. Conversely, cooler than normal summers and warmer than normal winters depress HVACR sales and services.

The principal components of cost of goods sold in LII's manufacturing operations are component costs, raw materials, factory overhead, labor and estimated costs of warranty expense. In LII's Service Experts segment, the principal components of cost of goods sold are equipment, parts and supplies and labor. The principal raw materials used in LII's manufacturing processes are steel, copper and aluminum. Higher prices for these commodities and related components continue to present a challenge to LII. Commodity prices and related component costs in LII's manufacturing businesses increased by approximately $21 million for the three months ended March 31, 2005 compared to the same period in 2004. LII is partially mitigating the impact of higher commodity prices in 2005 through a combination of price increases, improved production efficiency, cost reduction initiatives and hedging programs. Warranty expense is estimated based on historical trends and other factors.

LII's fiscal year ends on December 31 of each year and its interim fiscal quarters are each comprised of 13 weeks. For convenience, throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations, the 13-week periods comprising each fiscal quarter are denoted by the last day of the calendar quarter.

Results of Operations

The following table sets forth, as a percentage of net sales, LII's statements of operations data for the three months ended March 31, 2005 and 2004:

	Three Months Ended March 31,	
	2005	**2004**
Net sales	100.0%	100.0%
Cost of goods sold	68.3	66.0
Gross profit	31.7	34.0
Selling, general and administrative expense	29.2	31.1
Goodwill impairment	—	31.4
Operational income (loss) from continuing operations	2.5	(28.5)
Interest expense, net	0.8	1.1
Other expense	—	—
Income (loss) from continuing operations before income taxes	1.7	(29.6)
Provision for (benefit from) income taxes	0.6	(2.8)
Income (loss) from continuing operations	1.1	(26.8)
Discontinued operations:		
Loss from operations of discontinued operations	0.2	3.0
Income tax benefit	—	(0.6)
Loss on disposal of discontinued operations	—	—
Income tax benefit	—	—
Loss from discontinued operations	0.2	2.4
Net income (loss)	0.9%	(29.2)%

Table of Contents

The following table sets forth net sales by business segment and geographic market (dollars in millions):

	Three Months Ended March 31, 2005		2004	
	Amount	%	Amount	%
Business Segment:				
Residential	$ 342.7	48.9%	$ 324.3	48.8%
Commercial	126.2	18.0	108.9	16.4
Heating & Cooling	468.9	66.9	433.2	65.2
Service Experts	135.9	19.4	138.9	20.9
Refrigeration	111.9	16.0	109.2	16.4
Eliminations	(16.4)	(2.3)	(17.3)	(2.5)
Total net sales	$ 700.3	100.0%	$ 664.0	100.0%
Geographic Market:	$ 530.4	75.7%	$ 500.0	75.3%
U.S	169.9	24.3	164.0	24.7
International	$ 700.3	100.0%	$ 664.0	100.0%
Total net sales				

Three Months Ended March 31, 2005 Compared to Three Months Ended March 31, 2004

Net Sales

Net sales increased $36.3 million, or 5.5%, to $700.3 million for the three months ended March 31, 2005 from $664.0 million for the comparable period in 2004. Adjusted for the favorable impact of foreign currency translation, net sales increased $27.9 million, or 4.2%, compared to the same period in 2004. Net sales were higher in the Company's Residential Heating & Cooling business segment, significantly higher in the Company's Commercial Heating & Cooling business segment, lower in the Company's Service Experts business segment and marginally higher in the Company's Refrigeration business segment for the three months ended March 31, 2005 compared to the three months ended March 31, 2004.

Net sales in the Residential Heating & Cooling business segment increased $18.4 million, or 5.7%, to $342.7 million for the three months ended March 31, 2005 from $324.3 million for the three months ended March 31, 2004. Adjusted for the impact of foreign currency translation, net sales increased 4.8%, or $15.7 million, compared to the three months ended March 31, 2004. Net sales of the Company's Lennox brand of heating, cooling and hearth products were particularly strong due in large part to price increases in response to higher commodity prices.

Net sales in the Commercial Heating & Cooling business segment increased $17.3 million, or 15.9%, to $126.2 million for the three months ended March 31, 2005 compared to the three months ended March 31, 2004. After adjusting for the impact of foreign currency translation, net sales increased $15.4 million, or 14.1%, compared to the three months ended March 31, 2004. The increase in net sales was due primarily to strong domestic sales growth driven by an increase in sales to national accounts and to commercial mechanical contractors, and price increases in response to higher commodity prices. When adjusted for foreign currency translation, net sales in the Company's European operations for the three months ended March 31, 2005 were slightly higher compared to the same period last year although market conditions in Europe remain depressed.

Net sales in the Service Experts business segment declined $3.0 million, or 2.2%, to $135.9 million from $138.9 million for the three months ended March 31, 2005 compared to the three months ended March 31, 2004. Net sales declined $4.7 million, or 3.4%, after adjusting for the impact of foreign currency translation. The decline in net sales was due primarily to lower net sales in Service Experts' residential service and replacement business.

Refrigeration business segment net sales increased $2.7 million, or 2.5%, to $111.9 million for the three months ended March 31, 2005 compared to the three months ended March 31, 2004. After adjusting for the impact of foreign currency translation, net sales were essentially flat for the three months ended March 31, 2005 compared to the same period in 2004. The Americas had higher net sales due in part to growth in original equipment manufacturer sales that service the supermarket and walk-in refrigeration market segments, as well as price increases in response to higher commodity prices. This growth was partially offset by lower net sales in Europe driven by depressed market conditions and lower net sales in the Company's Asia Pacific operations driven by weather conditions.

Gross Profit

Gross profit was $221.8 million for the three months ended March 31, 2005 compared to $225.6 million for the three months ended March 31, 2004, a decrease of $3.8 million. Gross profit margin declined 2.3% from 34.0% for the three months ended March 31, 2004 to 31.7% for the three months ended March 31, 2005. Gross profit margin declined in all of LII's business segments due primarily to higher commodity prices as well as geographic and end-market mix differences. Commodity prices in LII's manufacturing businesses increased by approximately $21 million for the three months ended March 31, 2005 compared to the same period in 2004. LII was able to offset the large majority of the commodity price increases through a combination of price increases, however, the geographic and end-market mix differences contributed to the gross profit margin erosion.

In the Company's Residential Heating & Cooling business segment, gross profit margins declined 2.9% for the three months ended March 31, 2005 compared to the same period in 2004 due primarily to the higher commodity prices and geographic and end-market mix differences (primarily in the Company's Lennox brand) partially offset by price increases. Mild temperatures in the Midwest and Northeast regions of the U.S. resulted in a net sales skew to more price competitive Southern markets, and the mix between new construction and replacement shifted away from more profitable replacement business. In addition, warranty and product liability costs were $1.9 million higher for the three months ended March 31, 2005 compared to the same period in 2004 due primarily to revaluing warranty reserves based on higher material costs. Gross profit margins declined 2.4% in the Company's Commercial Heating & Cooling business segment over the same period due primarily to higher commodity prices partially offset by higher volumes and price increases. In the Company's Service Experts business segment, gross profit margin declined 1.0% over the same period due primarily to margin erosion resulting from unfavorable end-market mix as new construction markets were more buoyant than replacement markets. Although this business segment is realizing price increases on the heating and cooling equipment it sells, price improvement on related parts and supplies has been insufficient. In the Company's Refrigeration business segment, gross profit margin declined 0.7% over the same period due primarily to weaker performance in the Company's Asia Pacific and European operations.

LIFO (last in, first out) inventory liquidations did not have a material impact on gross profit margins. The Company's gross profit margin may not be comparable to the gross profit margin of other entities, since some entities include all of the costs related to their distribution network in cost of goods sold, whereas the Company excludes a portion of such costs from gross profit margin, including such costs instead in the selling, general and administrative expense ("SG&A") line item. For more information see Note 5 titled "Shipping and Handling" in the Notes to Consolidated Financial Statements.

Selling, General and Administrative Expense

SG&A expenses were $204.3 million for the three months ended March 31, 2005, a decrease of $2.0 million, or 1.0%, from $206.3 million for the three months ended March 31, 2004. The $2.0 million decrease in SG&A expenses was due primarily to the absence of approximately $2.1 million of investigation costs related to the Service Experts operations as well as the absence of approximately $2.8 million of costs in connection with personnel reductions in the Company's European operations, all of which were incurred during the first quarter of 2004. Partially offsetting the absence of these costs was unfavorable foreign currency translation of approximately $2.4 million. As a percentage of total net sales, SG&A expenses of 29.2% for the three months ended March 31, 2005 were down from 31.1% compared to the same period in 2004. The Company has no significant concentration of credit risk among its diversified customer base.

Goodwill Impairment

Goodwill impairment represents a pre-tax, non-cash, charge of $208.3 million for the three months ended March 31, 2004 in the Company's Service Experts business segment, where lower than expected operating results occurred. The tax benefit of this charge was $23.2 million. During the first quarter of 2004, the Company conducted fair-value-based tests, which are required at least annually by SFAS No. 142, and determined that the carrying value of Service Experts' goodwill exceeded its fair value. These fair-value-based tests were applied to all Service Experts service centers before consideration of the divestitures announced as part of the Company's Service Experts turnaround plan. An additional $13.3 million of pre-tax goodwill impairment is included in the $20.1 million pre-tax Loss on Operations of Discontinued Operations discussed below resulting in a total pre-tax goodwill impairment charge of $221.6 million for the three months ended March 31, 2004. During the first quarter of 2005, LII performed its annual goodwill impairment test and determined that no further goodwill impairment was necessary.

Interest Expense, Net

Interest expense, net, for the three months ended March 31, 2005 decreased $2.0 million from $7.5 million for the three months ended March 31, 2004. The lower interest expense was due primarily to lower average debt levels. As of March 31, 2005, total debt of $309.2 million was $56.2 million lower than total debt as of March 31, 2004.

Other Expense

Other expense was $0.1 million for the three months ended March 31, 2005 and $0.3 million for the three months ended March 31, 2004. Other expense includes foreign currency exchange gains or losses, which relate principally to the Company's operations in Canada, Australia and Europe, and expenses related to minority interest holders.

Provision for (Benefit from) Income Taxes

The provision for income taxes on continuing operations was $4.4 million for the three months ended March 31, 2005 compared to a benefit from income taxes on continuing operations of $19.1 million for the three months ended March 31, 2004. The effective tax rate on continuing operations was 37.0% and 9.7% for the three months ended March 31, 2005 and March 31, 2004, respectively. Excluding the tax benefit of $23.2 million from goodwill impairment, the provision for income taxes on continuing operations would have been $4.1 million for the three months ended March 31, 2004. The effective tax rate on continuing operations, excluding the goodwill impairment charge, would have been 35.7% for the three months ended March 31, 2004. These effective rates differ from the statutory federal rate of 35% principally due to state and local taxes, non-deductible expenses, foreign operating losses for which no tax benefits have been recognized and foreign taxes at rates other than 35%.

The American Jobs Creation Act of 2004 (P.L. 108-357) was signed into law on October 22, 2004. The Act provides an opportunity to repatriate foreign earnings and claim an 85% dividend received deduction against the repatriated amount. The Company is evaluating the effects of the repatriation provision and expects to make a decision on implementation later in 2005. As a result, the related range of income tax effects of such repatriation cannot be reasonably estimated at the time of issuance of our consolidated financial statements, and, as provided for in Financial Accounting Standards Board Staff Position No. 109-2 "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004," no income tax expense related to our possible repatriation has been recorded as of March 31, 2005.

Loss from Discontinued Operations

In the first fiscal quarter of 2004, the Company's Board of Directors approved a turnaround plan designed to improve the performance of its Service Experts business segment. The plan realigns Service Experts' dealer service centers to focus on service and replacement opportunities in the residential and light commercial markets. LII identified 130 dealer service centers, whose primary business is residential and light commercial service and replacement, which comprise the ongoing Service Experts business segment. As of the end of 2004, the remaining 48 centers identified for divestiture were sold and are classified as a discontinued operation.

Under SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", the operating results of the 48 centers that are no longer a part of the Service Experts business segment for all periods presented are reported as discontinued operations in LII's Consolidated Statements of Operations. The following table details the Company's pre-tax loss from discontinued operations for the three months ended March 31, 2005 and 2004, as well as the cumulative pre-tax loss incurred through March 31, 2005:

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004	Cumulative Incurred through March 31, 2005
Goodwill impairment	$ —	$ 13.3	$ 14.8
Impairment of property, plant and equipment	—	3.1	3.1
Operating loss	—	3.7	14.9
Other divestiture costs	1.6	—	7.7
Subtotal	1.6	20.1	40.5
Loss on disposal of centers	0.1	—	15.0
Total loss from discontinued operations	$ 1.7	$ 20.1	$ 55.5

The pre-tax loss of $1.7 million from discontinued operations for the three months March 31, 2005 was primarily related to salary, severance, legal and other related expenses. Any future additional expenses are not expected to be material.

The income tax benefit on discontinued operations was $0.6 million for the three months ended March 31, 2005 and $3.7 million for the three months ended March 31, 2004. The $3.7 million includes a $1.5 million tax benefit related to the goodwill impairment. Through March 31, 2005, proceeds from the sale of these centers totaled $25.8 million.

Liquidity and Capital Resources

LII's working capital and capital expenditure requirements are generally met through internally generated funds and bank lines of credit.

During the first three months of 2005, cash provided by operating activities was $36.0 million compared to $6.6 provided by operating activities in 2004. If the effects of asset securitization were excluded, the comparison would have been $31.0 million cash provided by operating activities in 2005 and a usage of $58.4 million in 2004. The change is a reflection of better management of working capital. Net cash provided by investing activities in 2005 includes the additional proceeds from the sale of the discontinued service centers of Service Experts.

Capital expenditures of $13.6 million and $6.4 million in the first three months of 2005 and 2004, respectively, were primarily for production equipment in the North American residential and refrigeration products manufacturing plants.

The Company has bank lines of credit aggregating $258.6 million, of which $9.8 million was borrowed and outstanding and $95.7 million was committed to standby letters of credit at March 31, 2005. Of the remaining $153.1 million, the entire amount was available for future borrowings after consideration of covenant limitations. Included in the lines of credit are several regional facilities and a multi-currency facility in the amount of $225 million governed by agreements between the Company and a syndicate of banks. The facility includes restrictive covenants that limit the Company's ability to incur additional indebtedness, encumber its assets, sell its assets, or pay dividends. There are no required payments prior to the expiration of the facility. The Company's facility and promissory notes are secured by the stock of the Company's major subsidiaries. The facility requires that LII annually and quarterly deliver financial statements, as well as compliance certificates, to the banks within a specified period of time.

LII believes that cash flow from operations, as well as available borrowings under its revolving credit facility, will be sufficient to fund its operations for the foreseeable future. LII periodically reviews it's capital structure, including it's primary bank facility to ensure that adequate liquidity exists .

The Company has included in cash and cash equivalents in the accompanying unaudited Consolidated Balance Sheet as of March 31, 2005, $24.1 million of restricted cash primarily related to letters of credit issued with respect to the operations of its captive insurance subsidiary ending December 30, 2005.

Under a revolving asset securitization arrangement, the Company had sold, at March 31, 2005, and 2004, respectively, $5.0 million and $65.0 million of receivables on a non-recourse basis. The receivables are sold at a discount from face value and this discount aggregated $0.3 million and $0.4 million through the first three months of 2005 and 2004, respectively. The discount expense is shown as a component of selling, general and administrative expense in the Consolidated Statements of Operations. The Company has no significant concentration of credit risk among its diversified customer base.

Recent Accounting Pronouncement

In November 2004, the FASB issued SFAS 151, "Inventory Cost – an amendment of ARB No. 43, Chapter 4," SFAS 151 clarifies the accounting for abnormal amounts of idle facility expenses, freight, handling costs, and spoilage. It also requires that allocation of fixed production overheads to inventory be based on the normal capacity of production facilities. SFAS 151 is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. The Company is evaluating the provisions of this standard to determine the effects, if any on the financial statements.

In December 2004, the FASB issued SFAS 123 (revised 2004), "Share Based Payment" ("SFAS 123R"), which revises SFAS 123, "Accounting for Stock-Based Compensation," SFAS 123R also supersedes APB 25, "Accounting for Stock Issued to Employees," and amends SFAS 95, "Statement of Cash Flow." SFAS 123R requires fair value of all share-based payments to employees, including the fair value of grants of employee stock options, be recognized in the income statement, generally over the option vesting period. On April 14, 2005, the Securities and Exchange Commission ("SEC") amended the compliance dates for SFAS 123R. The SEC amendment allows companies to implement SFAS 123R at the beginning of their next fiscal year. Early adoption is permitted.

SFAS 123R permits adoption of its requirements using one of two transition methods:

1. A modified prospective transition method in which compensation cost is recognized beginning with the effective date (a) for all share-based payments granted after the effective date and (b) for all awards granted to employees prior to the effective date that remain unvested on the effective date, (or)

2. A modified retrospective transition method which includes the requirements of the method described above, but also permits restatement of financial statements based on the amounts previously disclosed under SFAS 123's pro forma disclosure requirements either for (a) all prior periods presented or (b) prior interim periods of the year of adoption.

The Company is currently evaluating the timing and manner in which it will adopt SFAS 123R.

Forward-Looking Information

Various sections of this Quarterly Report on Form 10-Q ("Form 10-Q"), including Management's Discussion and Analysis of Financial Condition and Results of Operations, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are based upon management's beliefs, as well as assumptions made by and information currently available to management. All statements other than statements of historical fact included in this Form 10-Q constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including but not limited to statements identified by the words "may," "will," "should," "plan," "predict," "anticipate," "believe," "intend," "estimate" and "expect" and similar expressions. Such statements reflect the current views of LII with respect to future events, based on what it believes are reasonable assumptions; however, such statements are subject to certain risks, uncertainties and assumptions. In addition to the specific uncertainties discussed elsewhere in this Form 10-Q, the following risks and uncertainties may affect the Company's performance and results of operations:

- the Company's business is affected by economic factors including the level of economic activity in the markets in which the Company operates, and a decline in this activity typically results in a decline in new construction and replacement purchases, which could decrease LII's sales and profitability;

- the demand for the Company's products and services is strongly affected by the weather, and cooler than normal summers depress the Company's sales of replacement air conditioning and refrigeration products and warmer than normal winters have the same effect on the Company's heating products;

- implementation of the new minimum efficiency standard for residential air conditioners mandated by the National Appliance Energy Conservation Act ("NAECA") could adversely impact the Company's results of operations, including increased costs of production and distribution, potential margin pressures and higher levels of working capital;

- increases in the prices or required quantities of raw materials or components, or problems in their availability, whether related to the implementation of the new NAECA standard or otherwise, could increase the costs of its products and/or depress the Company's sales;

- the Company may not be able to realize the price increases required to offset the impact of higher raw materials, components or distribution costs, whether related to the implementation of the new NAECA standard or otherwise;

- the development, manufacture, sale and use of the Company's products involve a risk of warranty and product liability claims, and such claims could be material and have an adverse effect on its future profitability;

- the Company incurs the risk of liability claims for the installation and service of heating and cooling products with its Company-owned dealer service centers, and if these claims exceed the limits of the Company's product liability insurance policies it may result in material costs that could have an adverse effect on future profitability;

- the success of the Company will depend in part on its ability to integrate and operate acquired businesses profitably and to identify and implement opportunities for cost savings; any future determination that a significant impairment of the value of the Company's intangible assets has occurred could have a material adverse effect on its results of operations;

- as of March 31, 2005 the Company had $309.2 million of consolidated debt outstanding, and the Company's level of indebtedness may have important consequences for its operations, including that it may have to use a large portion of its cash flow to pay principal and interest on its indebtedness and it could affect the Company's ability to borrow money in the future for working capital, capital expenditures, acquisitions or other purposes;

- the Company operates in very competitive markets with competitors that may have greater financial and marketing resources, and competitive factors could cause the Company to reduce its prices or lose market share and negatively affect its cash flow;

- the Company's future success will depend upon its continued investment in research and new product development and its ability to commercialize new technological advances in the HVACR industries;

- the Company faces a risk of work stoppage and other labor relations matters because a significant percentage of its workforce is unionized, and the results of future negotiations with the unions, including the effect of any production interruptions or labor stoppages, could have an adverse effect on the Company's future financial results; and

- the Company is subject to extensive and changing federal, state and local laws and regulations designed to protect the environment, and these laws and regulations could impose liability for remediation costs and civil or criminal penalties for non-compliance.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may differ materially from those in the forward-looking statements. The Company disclaims any intention or obligation to update or review any forward-looking statements or information, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

LII's results of operations can be affected by changes in exchange rates. Net sales and expenses in currencies other than the United States dollar are translated into United States dollars for financial reporting purposes based on the average exchange rate for the period. Net sales from outside the United States represented 24.3% and 24.7% of total net sales for the three months ended March 31, 2005 and 2004, respectively. Historically, foreign currency transaction gains (losses) have not had a material effect on LII's overall operations. The impact of a 10% change in exchange rates on income from operations is estimated to be approximately $4.2 million on an annual basis.

The Company enters into commodity futures contracts to stabilize prices to be paid for raw materials and parts containing high copper and aluminum content. These contracts are for quantities equal to, or less than, quantities expected to be consumed in future production. As of March 31, 2005, the Company had metal futures contracts maturing at various dates through April 2006 with a fair value as an asset of $9.9 million. The impact of a 10% change in commodity prices on the Company's results from operations is estimated to be approximately $28.9 million for the entire year, absent any other contravening actions.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

The Company carried out an evaluation, under the supervision and with the participation of the Company's current management, including its Chief Executive Officer and Chief Financial Officer (the Company's principal executive officer and principal financial officer, respectively) of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective as of March 31, 2005 to provide reasonable assurance that information required to be disclosed by the Company in the reports filed or submitted by the Company under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

Changes in Internal Control Over Financial Reporting

During the quarter ended March 31, 2005, there were no changes in the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

As previously disclosed, the Company and its subsidiary Heatcraft Inc. have been named in four lawsuits in connection with its former heat transfer operations. The lawsuits, which were filed in various counties in Mississippi, allege personal injury resulting from alleged emissions of trichloroethylene, dichloroethylene, and vinyl chloride and other unspecified emissions from the South Plant in Grenada, Mississippi, previously owned by Heatcraft Inc. Heatcraft and the other defendants filed motions to have the cases all moved to Grenada County. The cases have been stayed pending a decision on these motions. Plaintiffs have recently withdrawn their opposition to the motions and, as a result, the Company expects the cases to be transferred to Grenada County in the near future. If this occurs, the stay will be lifted and the cases will proceed. It is not possible to predict with certainty the outcome of these matters or an estimate of any potential loss; however, based on present knowledge, management believes that it is unlikely that any final resolution of these matters will result in a material liability for the Company. As of March 31, 2005, no accrual has been made for these matters. The Company anticipates the future legal fees in defense of these matters could be significant.

Item 6. Exhibits

*3.1	—	Restated Certificate of Incorporation of Lennox (Incorporated herein by reference to Exhibit 3.1 to Lennox’s Registration Statement on Form S-1 (Registration No. 333-75725)).
*3.2	—	Amended and Restated Bylaws of Lennox (filed as Exhibit 3.2 to LII’s Form 8-K dated February 28, 2005).
*4.1	—	Specimen stock certificate for the Common Stock, par value $.01 per share, of Lennox (Incorporated herein by reference to Exhibit 4.1 to Lennox’ Registration Statement on Form S-1 (Registration No. 333-75725)).
10.1	—	Amended and Restated 1998 Incentive Plan of Lennox International Inc. (filed herewith).
12.1	—	Lennox International Inc. and Subsidiaries Computation of Ratio of Earnings to Fixed Charges (Unaudited) For the Three Months Ended March 31, 2005 (filed herewith).
31.1	—	Certification of the principal executive officer (filed herewith).
31.2	—	Certification of the principal financial officer (filed herewith).
32.1	—	Certification of the principal executive officer and the principal financial officer of the Company pursuant to 18 U.S.C. Section 1350 (filed herewith).

* Incorporated herein by reference as indicated.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LENNOX INTERNATIONAL INC.

Date: May 9, 2005

/s/ Susan K. Carter

Susan K. Carter
Chief Financial Officer

Exhibit Index

*3.1	—	Restated Certificate of Incorporation of Lennox (Incorporated herein by reference to Exhibit 3.1 to Lennox's Registration Statement on Form S-1 (Registration No. 333-75725)).
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Exhibit 10.1

AMENDED AND RESTATED
1998 INCENTIVE PLAN
of
LENNOX INTERNATIONAL INC.

1. *Plan*. This Amended and Restated 1998 Incentive Plan of Lennox International Inc. (the “Plan”) is an amendment and restatement of the 1998 Incentive Plan of Lennox International Inc. (the “Existing Plan”), which amended and restated the Lennox International Inc. 1994 Stock Option and Restricted Stock Plan, which was adopted by Lennox International Inc. to reward certain corporate officers and employees of Lennox International Inc. and its Subsidiaries (as herein defined) by providing them stock options and other stock and cash incentives, and which replaced and incorporated certain provisions of the Company’s then-existing incentive plans. Upon the Amendment Effective Date (as hereinafter defined), the Existing Plan shall be amended and restated in its entirety as set forth herein.

2. *Objectives*. This Plan is designed to attract and retain employees of the Company and its Subsidiaries, to attract and retain qualified directors of the Company, to attract and retain consultants and other independent contractors, to encourage the sense of proprietorship of such employees, directors and independent contractors and to stimulate the active interest of such persons in the development and financial success of the Company and its Subsidiaries. These objectives are to be accomplished by making Awards (as hereinafter defined) under this Plan and thereby providing Participants (as hereinafter defined) with a proprietary interest in the growth and performance of the Company.

3. *Definitions*. As used herein, the terms set forth below shall have the following respective meanings:

“Amendment Effective Date” has the meaning set forth in paragraph 20 hereof.

“Annual Management Incentive Awards” has the meaning set forth in paragraph 7(a)(v)(C) hereof.

“Authorized Officer” means the Chairman of the Board or the Chief Executive Officer of the Company (or any other senior officer of the Company to whom either of them shall delegate the authority to execute any Award Agreement).

“Award” means an Employee Award, a Director Award or an Independent Contractor Award.

“Award Agreement” means any Employee Award Agreement, Director Award Agreement or Independent Contractor Award Agreement.

“Board” means the Board of Directors of the Company.

“Cash Award” means an award denominated in cash.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Committee” means the Compensation Committee of the Board or such other committee of the Board as is designated by the Board to administer the Plan.

“Common Stock” means the Common Stock, par value $.01 per share, of the Company.

“Company” means Lennox International Inc., a Delaware corporation.

“Director” means an individual serving as a member of the Board.

“Director Award” means the grant of any Nonqualified Stock Option, SAR, Stock Award, Cash Award, Performance Award, Performance Units, Restricted Stock, Stock Units or any other award to which the Committee may deem appropriate to meet the objectives of the Plan, whether granted singly, in combination or in tandem, to a Nonemployee Director pursuant to such applicable terms, conditions and limitations as the Committee may establish in order to fulfill the objectives of the Plan.

“Director Award Agreement” means a written agreement between the Company and a Nonemployee Director setting forth the terms, conditions and limitations applicable to a Director Award.

“Disability” means, with respect to a Nonemployee Director, the inability to perform the duties of a Director for a continuous period of more than three months by reason of any medically determinable physical or mental impairment.

“Dividend Equivalents” means, with respect to Stock Units or shares of Restricted Stock that are to be issued at the end of the Restriction Period, an amount equal to all dividends and other distributions (or the economic equivalent thereof) that are payable to stockholders of record during the Restriction Period on a like number of shares of Common Stock.

“Employee” means an employee of the Company or any of its Subsidiaries and an individual who has agreed to become an Employee of the Company or any of its Subsidiaries and actually becomes such an Employee within the following six months.

“Employee Award” means the grant of any Option, SAR, Stock Award, Cash Award, Performance Award, Performance Units, Restricted Stock, Stock Units, Annual Management Incentive Awards or any other award to which the Committee may deem appropriate to meet the objectives of the Plan, whether granted singly, in combination or in tandem, to an Employee pursuant to such applicable terms, conditions and limitations as the Committee may establish in order to fulfill the objectives of the Plan.

“Employee Award Agreement” means a written agreement between the Company and an Employee setting forth the terms, conditions and limitations applicable to an Employee Award.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Fair Market Value” means a price that is based on the opening, closing, actual, high, low, or average selling prices of a share of Common Stock on the New York Stock Exchange (NYSE) or other established stock exchange (or exchanges) on the applicable date, the preceding trading day, the next succeeding trading day, or an average of trading days, as determined by the Committee in its discretion. Such definition of Fair Market Value shall be specified in the Award Agreement and may differ depending on whether Fair Market Value is in reference to the grant, exercise, vesting, or settlement or payout of an Award. If, however, the accounting standards used to account for equity awards granted to Participants are substantially modified subsequent to the Effective Date of the Plan, the Committee shall have the ability to determine an Award's Fair Market Value based on relevant facts and circumstances. If shares of Common Stock are not traded on an established stock exchange, Fair Market Value shall be determined by the Committee based on objective criteria.

"Grant Price" means the price at which a Participant may exercise his or her right to receive cash or Common Stock, as applicable, under the terms of an Award.

"Incentive Option" means an Option that is intended to comply with the requirements set forth in Section 422 of the Code.

"Independent Contractor" means a person other than an Employee or a Nonemployee Director providing bona fide services to the Company or any of its Subsidiaries as a consultant or advisor, as applicable, provided that such person is a natural person and that such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for any securities of the Company.

"Independent Contractor Award" means the grant of any Nonqualified Stock Option, SAR, Stock Award, Cash Award, Performance Award, Performance Units, Restricted Stock, Stock Units or any other award to which the Committee may deem appropriate to meet the objectives of the Plan, whether granted singly, in combination or in tandem, to an Independent Contractor pursuant to such applicable terms, conditions and limitations as the Committee may establish in order to fulfill the objectives of the Plan.

"Independent Contractor Award Agreement" means a written agreement between the Company and an Independent Contractor setting forth the terms, conditions and limitations applicable to an Independent Contractor Award.

"Nonemployee Director" has the meaning set forth in paragraph 4(b) hereof.

"Nonqualified Stock Option" means an Option that is not an Incentive Option.

"Option" means a right to purchase a specified number of shares of Common Stock at a specified price.

"Participant" means an Employee, Director or Independent Contractor to whom an Award has been made under this Plan.

"Performance Award" means an Award awarded pursuant to this Plan to a Participant that is subject to the attainment of one or more Performance Goals.

"Performance Goal" means one or more standards established by the Committee, to determine in whole or in part whether a Performance Award shall be earned. A Performance Goal may include, but not be limited to, one or more of the following: cash flow; ratio of debt to debt plus equity; earnings before taxes; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings per share; operating earnings; economic value added; ratio of operating earnings to capital spending; free cash flow; net profit; net sales; sales growth; working capital ratio; stock price; return on net assets, equity or stockholders' equity; or total return to stockholders.

“Performance Shares” means an award in the form of common stock to Participants upon the attainment of long-term Performance Goals and other terms and conditions specified by the Committee.

“Performance Units” means an award in the form of a payment in cash to Participants upon the attainment of long-term Performance Goals and other terms and conditions specified by the Committee.

“Qualified Performance Award” means a Performance Award made to an Employee that is intended to qualify as qualified performance-based compensation under Section 162(m) of the Code, as described in paragraph 7(a)(v)(B) of the Plan.

“Restricted Stock” means any Common Stock that is restricted or subject to forfeiture provisions.

“Restriction Period” means a period of time beginning as of the date upon which an Award of Restricted Stock or Stock Units is made pursuant to this Plan and ending as of the date upon which the Common Stock subject to such Award is no longer restricted or subject to forfeiture provisions.

“SAR” means a right to receive a payment, in cash or Common Stock, equal to the excess of the Fair Market Value or other specified valuation of a specified number of shares of Common Stock on the date the stock appreciation right is exercised over a specified strike price, in each case, as determined by the Committee.

“Stock Award” means an award in the form of whole shares of Common Stock or Stock Units, including an Award of Restricted Stock.

“Stock Units” means a unit evidencing the right to receive in specified circumstances a share of Common Stock or portion or multiple thereof which may be restricted or subject to forfeiture provisions.

“Subsidiary” means (i) in the case of a corporation, any corporation of which the Company directly or indirectly owns shares representing more than 50% of the combined voting power of the shares of all classes or series of capital stock of such corporation which have the right to vote generally on matters submitted to a vote of the stockholders of such corporation, and (ii) in the case of a partnership or other business entity not organized as a corporation, any such business entity of which the Company directly or indirectly owns more than 50% of the voting, capital or profits interests (whether in the form of partnership interests, membership interests or otherwise), and (iii) any other corporation, partnership or other entity that is a “subsidiary” of the Company within the meaning of Rule 405 promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended, and (iv) at the discretion of the Committee, in the case of a corporation, any other corporation which the Company directly or indirectly owns shares representing less than 50% of the combined voting power of the shares of all classes or series of capital stock of such corporation which have the right to vote generally on matters submitted to a vote of the stockholders of such corporation, and (v) at the discretion of the Committee, in the case of any partnership or other business entity not organized as a corporation, any such business entity of which the Company directly or indirectly owns less than 50% of the voting, capital or profits interests (whether in the form of partnership interests, membership interests or otherwise).

4. *Eligibility*.

(a) *Employees*. All Employees are eligible for Employee Awards under this Plan.

(b) *Directors*. Directors eligible for Director Awards under this Plan are those who are not Employees of the Company or any of its Subsidiaries ("Nonemployee Directors").

(c) *Independent Contractors.* Independent Contractors eligible for Independent Contractor Awards under this Plan are those Independent Contractors providing services to, or who will provide services to, the Company or any of its Subsidiaries.

5. *Common Stock Available for Awards.* Subject to the provisions of paragraph 13 hereof, there shall be available for Awards under this Plan granted or payable wholly or partly in Common Stock (including rights or Options that may be exercised for or settled in Common Stock) an aggregate of 24,254,706 shares, of which 22,094,706 shares are available for Awards to Employees and Independent Contractors and 2,160,000 shares are available for Awards to Nonemployee Directors; provided, however, that, with respect to Awards made under this Plan after December 31, 2004, no more than 4,280,385 shares shall be available for Stock Awards, Stock Unit Awards or Restricted Stock or Unit Awards (including such Awards made in the form of Performance Awards) to Employees, Nonemployee Directors or Independent Contractors. All of the shares authorized for issuance to Employees and Independent Contractors may be issued pursuant to Incentive Options granted to Employees, Nonqualified Stock Options granted to Employees or Independent Contractors or any combination thereof. The number of shares of Common Stock that are the subject to Awards under this Plan or the Existing Plan, which are cancelled, terminated, forfeited, expire unexercised, and, except for Awards of Options or SARs, are settled in cash in lieu of Common Stock, or are exchanged for a consideration that does not involve Common Stock, will immediately become available for Awards under this Plan. Effective as of April 15, 2005, no further awards shall be made under any prior plans. Additionally, the number of shares of Common Stock that are the subject of Awards under this Plan, that are forfeited or terminated, expire unexercised, and, except for Awards of Options or SARs, are settled in cash in lieu of Common Stock or in a manner such that all or some of the shares covered by an Award are not issued to a Participant or are exchanged for Awards that do not involve Common Stock, shall not be counted against the aggregate Plan maximum or any sublimit set forth in this paragraph 5 and shall again immediately become available for Awards hereunder. The number of Shares reserved for issuance under the Plan shall be reduced only to the extent that Shares of Common Stock are actually issued in connection with the exercise or settlement of an Award; provided, however, that the number of Shares reserved for issuance shall be reduced by the total number of Options or SARs exercised. Under the Plan, subject to Paragraph 7(d)(vi) herein, no Participant may be granted in any calendar year (i) Options relating to more than 1,000,000 shares, (ii) Stock Awards relating to more than 500,000 shares of Common Stock, (iii) SARs relating to more than 1,000,000 shares, or (iv) Cash Awards resulting in payments in excess of $5,000,000. The shares reserved for issuance and the limitation set forth above shall be subject to adjustment in accordance with Section 13 hereof. If the Grant Price or other purchase price of any Option or other Award granted under the Plan or the Existing Plan is satisfied by tendering shares of Common Stock to the Company, or if the tax withholding obligation resulting from the settlement of any such Option or other Award is satisfied by tendering or withholding shares of Common Stock, only the number of shares of Common Stock issued net of the shares of Common Stock tendered or withheld shall be deemed delivered for purposes of determining usage of shares against the maximum number of shares of Common Stock available for delivery under the Plan or any sublimit set forth above. Shares of Common Stock delivered under the Plan as an Award or in settlement, of an Award issued or made (a) upon the assumption, substitution, conversion or replacement of outstanding awards under a plan or arrangement of an entity acquired in a merger or other acquisition or (b) as a post-transaction grant under such a plan or arrangement of an acquired entity shall not reduce or be counted against the maximum number of shares

of Common Stock available for delivery under the Plan, to the extent that the exemption for transactions in connection with mergers and acquisitions from the stockholder approval requirements of the New York Stock Exchange for equity compensation plan applies. The Committee may from time to time adopt and observe such rules and procedures concerning the counting of shares against the Plan maximum as it may deem appropriate, including rules more restrictive than those set forth above to the extent necessary to satisfy the requirements of any national stock exchange on which the Common Stock is listed or any applicable regulatory requirement. The Board and the appropriate officers of the Company are authorized to take from time to time whatever actions are necessary, and to file any required documents with governmental authorities, stock exchanges and transaction reporting systems to ensure that shares of Common Stock are available for issuance pursuant to Awards.

6. *Administration*.

(a) This Plan shall be administered by the Committee.

(b) Subject to the provisions hereof, the Committee shall have full and exclusive power and authority to administer this Plan and to take all actions that are specifically contemplated hereby or are necessary or appropriate in connection with the administration hereof. The Committee shall also have full and exclusive power to interpret this Plan and to adopt such rules, regulations and guidelines for carrying out this Plan as it may deem necessary or proper. The Committee may, in its discretion, provide for the extension of the exercisability of an Award, accelerate the vesting or exercisability of an Award, eliminate or make less restrictive any restrictions contained in an Award, waive any restriction or other provision of this Plan or an Award or otherwise amend or modify an Award in any manner that is either (i) not adverse to the Participant to whom such Award was granted or (ii) consented to by such Participant. Notwithstanding anything herein to the contrary, without the prior approval of the Company's stockholders, Options issued under the Plan will not be repriced, replaced, or regranted through cancellation or by decreasing the exercise price of a previously granted Option. The Committee may make an award to an individual who it expects to become an Employee of the Company or any of its Subsidiaries within the next six months, with such award being subject to the individual actually becoming an Employee within such time period, and subject to such other terms and conditions as may be established by the Committee. The Committee may correct any defect or supply any omission or reconcile any inconsistency in this Plan or in any Award in the manner and to the extent the Committee deems necessary or desirable to further the Plan purposes. Any decision of the Committee in the interpretation and administration of this Plan shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned.

(c) Each person who is or shall have been a member of the Board, or a Committee appointed by the Board, or an officer of the Company to whom authority was delegated in accordance with the Plan shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf, unless such loss, cost liability, or expense is a result of his or her own willful misconduct or except as expressly provided by statute.

7. *Awards*.

(a) Awards under the Plan shall consist of Options, Stock Appreciation Rights, Stock Awards, Cash Awards, Restricted Stock, Restricted Stock Units, Performance Stock, Performance Units, or Annual Management Incentive Awards. The Committee shall determine the type or types of Awards to be made under this Plan and shall designate from time to time the Participants who are to be the recipients of such Awards. Each Award may be embodied in an Award Agreement, which shall contain such terms, conditions and limitations as shall be determined by the Committee in its sole discretion and shall be signed by the Participant to whom the Award is made and by an Authorized Officer for and on behalf of the Company. Awards may consist of those listed in this paragraph 7 hereof and may be granted singly, in combination or in tandem. Awards may also be made in combination or in tandem with, in replacement of (subject to paragraph 11), or as alternatives to, grants or rights under this Plan or any other plan of the Company or any of its Subsidiaries, including the plan of any acquired entity. An Award may provide for the grant or issuance of additional, replacement or alternative Awards upon the occurrence of specified events, including the exercise of the original Award granted to a Participant. All or part of an Award may be subject to conditions established by the Committee, which may include, but are not limited to, continuous service with the Company and its Subsidiaries, achievement of specific business objectives, items referenced to in clause (v) below, and other comparable measurements of performance. Upon resignation, termination, death, disability or retirement of an Employee, any unexercised, deferred, unvested or unpaid Employee Awards shall be treated as set forth in the applicable Employee Award Agreement or as otherwise specified by the Committee. Upon resignation, termination, death or disability of an Independent Contractor, any unexercised, deferred, unvested or unpaid Independent Contractor Awards shall be treated as set forth in the applicable Independent Contractor Award Agreement or as otherwise specified by the Committee. Upon resignation, termination, death, Disability or retirement of a Nonemployee Director, all unvested Director Awards shall be treated as set forth in the applicable Director Award Agreement or as otherwise specified by the Committee.

(i) *Stock Option*. An Employee Award may be in the form of an Option. An Option awarded pursuant to this Plan may consist of an Incentive Option or a Nonqualified Option. The Grant Price of an Incentive Option shall be not less than the Fair Market Value of the Common Stock subject to such Incentive Option on the date of grant. The Grant Price of a Nonqualified Option shall be not less than the Fair Market Value of the Common Stock subject to such Nonqualified Stock Option on the date of grant. Options may not include provisions that “reload” the Option upon exercise. Subject to the foregoing provisions, the terms, conditions and limitations applicable to any Options awarded pursuant to this Plan, including the term of any Options and the date or dates upon which they become exercisable, shall be determined by the Committee.

(ii) *Stock Appreciation Right*. An Employee Award may be in the form of a SAR. The terms, conditions and limitations applicable to any SAR awarded pursuant to this Plan, including the term of any SAR and the date or dates upon which they become exercisable, shall be determined by the Committee.

(iii) *Stock Award, Restricted Stock and Stock Units*. An Employee Award may be in the form of a Stock Award, Restricted Stock or Stock Units. The terms, conditions and limitations applicable to any such Awards granted pursuant to this Plan shall be determined by the Committee; provided that any Restricted Stock Award shall have a minimum Restriction Period of one year from the date of grant, provided that the

Committee may provide for earlier vesting by reason of death, disability, retirement or change in control.

(iv) *Cash Award*. An Employee Award may be in the form of a Cash Award. The terms, conditions and limitations applicable to any Cash Awards granted pursuant to this Plan shall be determined by the Committee.

(v) *Performance Award*. Without limiting the type or number of Awards that may be made under the other provisions of this Plan, an Employee Award may be in the form of a Performance Award. The terms, conditions and limitations applicable to any Performance Award granted to Participants pursuant to this Plan shall be determined by the Committee, subject to the limitations set forth below. Any Stock Award granted as an Employee Award which is a Performance Award shall have a minimum Restriction Period of one year from the date of grant, provided that the Committee may provide for earlier vesting upon a termination of employment by reason of death, disability, retirement or change in control. The Committee shall set Performance Goals in its discretion which, depending on the extent to which they are met, will determine the value and/or amount of Performance Awards that will be paid out to the Participant and/or the portion of an Award that may be exercised.

(A) *Nonqualified Performance Awards*. Performance Awards granted to Employees that are not intended to qualify as qualified performance-based compensation under Section 162(m) of the Code, or that are Options or SARs, shall be based on achievement of such goals and be subject to such terms, conditions and restrictions as the Committee or its delegate shall determine.

(B) *Qualified Performance Awards*. A Qualified Performance Award shall be paid, vested or otherwise deliverable solely on account of the attainment of one or more pre-established, objective Performance Goals established by the Committee prior to the earlier to occur of (x) 90 days after the commencement of the period of service to which the Performance Goal relates and (y) the lapse of 25% of the period of service (as scheduled in good faith at the time the goal is established), and in any event while the outcome is substantially uncertain. A Performance Goal is objective if a third party having knowledge of the relevant facts could determine whether the goal is met. Such a Performance Goal may be based on one or more business criteria that apply to the individual, one or more business units, divisions, segments or sectors of the Company, or the Company as a whole, and if so desired by the Committee, by comparison with a peer group of companies. Unless otherwise stated, such a Performance Goal need not be based upon an increase or positive result under a particular business criterion and could include, for example, maintaining the status quo or limiting economic losses (measured, in each case, by reference to specific business criteria). In interpreting Plan provisions applicable to Qualified Performance Awards, it is the intent of the Plan to conform with the standards of Section 162(m) of the Code and Treasury Regulation § 1.162-27(e)(2)(i), as to grants to those Participants whose compensation is, or likely to be, subject to Section 162(m) of the Code, and the Committee in establishing such goals and interpreting the Plan shall be guided by such provisions. Prior to the payment of any compensation based on the achievement of Performance Goals, the Committee must certify in writing that applicable Performance Goals and any of the material terms thereof were, in fact, satisfied. Subject to the foregoing provisions, the terms, conditions and limitations applicable to any Qualified Performance Awards made pursuant to this Plan shall be determined by the Committee.

(C) *Annual Management Incentive Awards*. As one form of Qualified Performance Award, the Committee may designate Participants who are eligible to receive a monetary payment in any calendar year based upon Performance Goals for the Company ("Annual Management Incentive Awards"). Within the first 90 Days of each fiscal year of the Company, the Committee shall establish (i) Performance Goals for the Company for such fiscal year (the "Performance Period") and (ii) target awards ("Target Awards") that correspond to the Performance Goals. The Committee shall, promptly after the date on which the necessary financial or other information for a particular Performance Period becomes available, certify in writing whether any Performance Goal has been achieved and, if so, the highest Performance Target that has been achieved, all in a manner required by Section 162(m) of the Code. If any Performance Target has been achieved, the Award, determined for each Participant with reference to the Target Award that corresponds to the highest Performance Target achieved for such Performance Period shall have been earned, except that the Committee may, in its sole discretion, reduce the amount of any Award to reflect the Committee's assessment of the Participant's individual performance, to reflect the failure of the Participant to remain in the continuous employ of the Company or its Subsidiaries, or for any other reason. Such Awards shall become payable in cash as promptly as practicable thereafter.

(b) As of December 31, 2004, certain awards consisting of options on 8,257,642 shares of Common Stock (the "Existing Options") have been granted under the Existing Plan or its predecessor as in effect from time to time. As of the Amendment Effective Date, each Existing Option shall continue to be outstanding and the shares of Common Stock that are the subject of such Existing Options shall be subject to adjustment in accordance with paragraph 13 and to the other provisions of the Plan.

(c) The Committee shall have the sole responsibility and authority to determine the type or types of Independent Contractor Awards to be made under this Plan and may make any such Awards as could be made to an Employee, other than Incentive Options.

(d) The Committee may grant Director Awards to the Nonemployee Directors of the Company from time to time in accordance with this Paragraph 7(d). Each Director Award may, in the discretion of the Committee, be embodied in a Director Award Agreement, which shall contain such terms, conditions and limitations as shall be determined by the Committee in its sole discretion and, if required by the Committee, shall be signed by the Nonemployee Director to whom the Director Award is granted and signed for and on behalf of the Company.

(i) *Stock Option.* A Director Award may be in the form of a Nonqualified Stock Option. The Grant Price of the Option shall be not less than the Fair Market Value of the Common Stock subject to such Option on the date of grant. Options may not include provisions that "reload" the option upon exercise. Subject to the foregoing provisions, the terms, conditions and limitations applicable to any Options awarded to Nonemployee Directors pursuant to this Plan, including the Grant Price, the term of the

Options, the number of shares subject to the Option and the date or dates upon which they become exercisable, shall be determined by the Committee.

(ii) *Stock Appreciation Right*. A Director Award may be in the form of a SAR. The terms, conditions and limitations applicable to any SAR awarded to Nonemployee Directors pursuant to this Plan, including the term of any SAR and the date or dates upon which they become exercisable, shall be determined by the Committee.

(iii) *Stock Award, Restricted Stock and Stock Units*. A Director Award may be in the form of a Stock Award, Restricted Stock or Stock Units. The terms, conditions and limitations applicable to any such Director Award granted to Nonemployee Directors pursuant to this Plan shall be determined by the Committee; provided that any Restricted Stock Award shall have a minimum Restriction Period of one year from the date of grant, provided that the Committee may provide for earlier vesting by reason of death, Disability, retirement or change in control.

(iv) *Cash Award*. A Director Award may be in the form of a Cash Award. The terms, conditions and limitations applicable to any Cash Awards granted pursuant to this Plan shall be determined by the Committee.

(v) *Performance Award*. Without limiting the type or number of Director Awards that may be made under the other provisions of this Plan, a Director Award may be in the form of a Performance Award. The terms, conditions and limitations applicable to any Performance Award granted to Nonemployee Directors pursuant to this Plan shall be determined by the Committee, subject to the limitations set forth below. Any Stock Award granted as a Director Award which is a Performance Award shall have a minimum Restriction Period of one year from the date of grant, provided that the Committee may provide for earlier vesting by reason of death, Disability, retirement or change in control. The Committee shall set Performance Goals in its discretion which, depending on the extent to which they are met, will determine the value and/or amount of Performance Awards that will be paid out to the Nonemployee Director and/or the portion of an Award that may be exercised.

(A) *Nonqualified Performance Awards*. Performance Awards granted to Nonemployee Directors that are not intended to qualify as qualified performance-based compensation under Section 162(m) of the Code, or that are Options or SARs, shall be based on achievement of such goals and be subject to such terms, conditions and restrictions as the Committee or its delegate shall determine.

(vi) Notwithstanding anything to the contrary contained in this Plan, no Nonemployee Director may be granted, during any calendar year, Director Awards consisting of more than 40,000 shares of Common Stock; provided, however, that a non-employee Vice Chairman of the Board may be granted Director Awards that are up to three times that amount; provided, further, that a non-employee Chairman of the Board may be granted during any calendar year Director Awards that are up to five times that amount.

8. *Payment of Awards*.

(a) *General*. Payment of Awards may be made in the form of cash or Common Stock, or a combination thereof, and may include such restrictions as the Committee shall determine, including, in the case of Common Stock, restrictions on transfer and forfeiture provisions. If payment of an Award is made in the form of Restricted Stock, the applicable Award Agreement relating to such shares shall specify whether the underlying shares are to be issued at the beginning or end of the Restriction Period. In the event that shares of Restricted Stock are to be issued at the beginning of the Restriction Period, the certificates evidencing such shares (to the extent that such shares are so evidenced) shall contain appropriate legends and restrictions that describe the terms and conditions of the restrictions applicable thereto. In the event that shares of Restricted Stock are to be issued at the end of the Restricted Period, the right to receive such shares shall be evidenced by book entry registration or in such other manner as the Committee may determine.

(b) *Deferral*. With the approval of the Committee amounts payable in respect of Awards may be deferred and paid either in the form of installments or as a lump-sum payment. The Committee may permit selected Participants to elect to defer payments of some or all types of Awards or any other compensation otherwise payable by the Company in accordance with procedures established by the Committee and may provide that such deferred compensation may be payable in shares of Common Stock. Any deferred payment pursuant to an Award, whether elected by the Participant or specified by the Award Agreement or the terms of the Award or by the Committee, may be forfeited if and to the extent that the Award Agreement or terms of the Award provides.

(c) *Dividends, Earnings and Interest*. Rights to dividends or Dividend Equivalents may be extended to and made part of any Award consisting of shares of Common Stock or units denominated in shares of Common Stock, subject to such terms, conditions and restrictions as the Committee may establish. The Committee may also establish rules and procedures for the crediting of interest or other earnings on deferred cash payments and Dividend Equivalents for Awards consisting of shares of Common Stock or units denominated in shares of Common Stock.

(d) *Substitution of Awards*. Subject to paragraphs 6(b), 11 and 13 hereof, at the discretion of the Committee, an Employee or Independent Contractor may be offered an election to substitute an Award for another Award or Awards of the same or different type.

9. *Stock Option Exercise*. The Grant Price shall be paid in full at the time of exercise in cash or, if permitted by the Committee and elected by the optionee, the optionee may purchase such shares by means of tendering Common Stock or surrendering another Award, including Restricted Stock, valued at Fair Market Value on the date of exercise, or any combination thereof. The Committee shall determine acceptable methods for Participants to tender Common Stock or other Awards; provided that any Common Stock that is or was the subject of an Award may be so tendered only if it has been held by the Participant for six months unless otherwise determined by the Committee. The Committee may provide for procedures to permit the exercise or purchase of such Awards by use of the proceeds to be received from the sale of Common Stock issuable pursuant to an Award. Unless otherwise provided in the applicable Award Agreement, in the event shares of Restricted Stock are tendered as consideration for the exercise of an Option, a number of the shares issued upon the exercise of the Option, equal to the number of shares of Restricted Stock used as consideration therefore, shall be subject to the same restrictions as the Restricted Stock so submitted as well as any additional restrictions that may be imposed by the Committee. The Committee may adopt additional rules and procedures regarding the exercise of

Options from time to time, provided that such rules and procedures are not inconsistent with the provisions of this paragraph.

10. *Taxes*. The Company or its designated third party administrator shall have the right to deduct applicable taxes from any Employee Award payment and withhold, at the time of delivery or vesting of cash or whole shares of Common Stock under this Plan, an appropriate amount of cash or number of shares of Common Stock or a combination thereof for payment of taxes or other amounts required by law or to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for withholding of such taxes or other amounts. The Committee may also permit withholding to be satisfied by the transfer to the Company of whole shares of Common Stock theretofore owned by the holder of the Employee Award with respect to which withholding is required. If shares of Common Stock are used to satisfy tax withholding, such shares shall be valued based on the Fair Market Value when the tax withholding is required to be made.

11. *Amendment, Modification, Suspension or Termination of the Plan*. The Board may amend, modify, suspend or terminate this Plan for the purpose of meeting or addressing any changes in legal requirements or for any other purpose permitted by law, except that (i) no amendment or alteration that would adversely affect the rights of any Participant under any Award previously granted to such Participant shall be made without the consent of such Participant and (ii) no amendment or alteration shall be effective prior to its approval by the stockholders of the Company to the extent such approval is required by applicable legal requirements or the applicable requirements of any securities exchange on which the Company's Common Stock is listed.

12. *Assignability*. Unless otherwise determined by the Committee and provided in the Award Agreement or the terms of the Award, no Award or any other benefit under this Plan shall be assignable or otherwise transferable except by will, by beneficiary designation or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder. In the event that a beneficiary designation conflicts with an assignment by will, the beneficiary designation will prevail. The Committee may prescribe and include in applicable Award Agreements or the terms of the Award other restrictions on transfer. Any attempted assignment of an Award or any other benefit under this Plan in violation of this paragraph 12 shall be null and void.

13. *Adjustments*.

(a) The existence of outstanding Awards shall not affect in any manner the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the capital stock of the Company or its business or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or prior preference stock (whether or not such issue is prior to, on a parity with or junior to the existing Common Stock) or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding of any kind, whether or not of a character similar to that of the acts or proceedings enumerated above.

(b) In the event of any corporate event or transaction (including, but not limited to, a change in the shares of the Company or the capitalization of the Company) such as a merger, consolidation, reorganization, recapitalization, separation, stock dividend, stock split, reverse stock split, split up, spin-off, or other distribution of stock or property of the Company, combination of shares, exchange of shares, dividend in kind, or other like change in capital structure or distribution (including cash dividends that the Board determines are not in the ordinary course of business but excluding normal cash dividends) to stockholders of the

Company, or any similar corporate event or transaction, the Board, in its sole discretion, in order to prevent dilution or enlargement of Participants' rights under the Plan, shall substitute or adjust, in an equitable manner, as applicable, the number and kind of shares that may be issued under the Plan, the number and kind of shares subject to outstanding Awards, the Grant Price applicable to outstanding Awards, the Award limits, and other value determinations applicable to outstanding Awards.

14. *Restrictions*. No Common Stock or other form of payment shall be issued with respect to any Award unless the Company shall be satisfied based on the advice of its counsel that such issuance will be in compliance with applicable federal and state securities laws. Certificates evidencing shares of Common Stock delivered under this Plan (to the extent that such shares are so evidenced) may be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any securities exchange or transaction reporting system upon which the Common Stock is then listed or to which it is admitted for quotation and any applicable federal or state securities law. The Committee may cause a legend or legends to be placed upon such certificates (if any) to make appropriate reference to such restrictions.

15. *Unfunded Plan*. Insofar as it provides for Awards of cash, Common Stock or rights thereto, this Plan shall be unfunded. Although bookkeeping accounts may be established with respect to Participants under this Plan, any such accounts shall be used merely as a bookkeeping convenience, including bookkeeping accounts established by a third party administrator retained by the Company to administer the Plan. The Company shall not be required to segregate any assets for purposes of this Plan or Awards hereunder, nor shall the Company, the Board or the Committee be deemed to be a trustee of any benefit to be granted under this Plan. Any liability or obligation of the Company to any Participant with respect to an Award under this Plan shall be based solely upon any contractual obligations that may be created by this Plan and any Award Agreement or the terms of the Award, and no such liability or obligation of the Company shall be deemed to be secured by any pledge or other encumbrance on any property of the Company. Neither the Company nor the Board nor the Committee shall be required to give any security or bond for the performance of any obligation that may be created by this Plan.

16. *Governing Law*. This Plan and all determinations made and actions taken pursuant hereto, to the extent not otherwise governed by mandatory provisions of the Code or the securities laws of the United States, shall be governed by and construed in accordance with the laws of the State of Delaware.

17. *Non-United States Participants*. The Committee may grant Awards to persons outside the United States under such terms and conditions as may, in the judgment of the Committee, be necessary or advisable to comply with the laws of the applicable foreign jurisdiction and, to that end, may establish sub-plans, modified option exercise procedures and other terms and procedures. Notwithstanding the above, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act, the Code, any securities law, any governing statute, or any other applicable law.

18. *Right to Employment*. Nothing in the Plan or an Award Agreement shall interfere with or limit in any way the right of the Company to terminate any Participant's employment or other service relationship at any time, or confer upon any Participant any right to continue in the capacity in which he or she is employed or otherwise serves the Company.

19. *Successors*. All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such

successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

20. *Effectiveness.* The Existing Plan shall be amended and restated in its entirety as set forth herein as of the effective date of the Board action approving this Plan, subject only to approval of the Plan by the stockholders of the Company (the “Amendment Effective Date”). No new Awards may be granted after the tenth anniversary of the Amendment Effective Date.

21. *Code Section 409A.* Notwithstanding anything in this Plan to the contrary, if any Plan provision or Award under the Plan would result in the imposition of an additional tax under Code Section 409A and related regulations and Treasury pronouncements (“Section 409A”), that Plan provision or Award will be reformed to avoid imposition of the additional tax and no action taken to comply with Section 409A shall be deemed to adversely affect the Participant’s rights to an Award.

Exhibit 12.1

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(UNAUDITED)

(In millions, except ratio)	For the Years Ended December 31, 2004	2003	2002	2001	2000	For the Three Months Ended March 31, 2005
EARNINGS AS DEFINED:						
Income (loss) before income taxes, cumulative effect of accounting change, minority interest and income or loss from equity investees	$ (124.9)	$ 126.5	$ 74.4	$ (44.3)	$ 100.6	$ 5.7
Fixed charges	$ 52.3	$ 52.8	$ 59.5	$ 69.2	$ 81.7	$ 9.6
Earnings as defined	$ (72.6)	$ 179.3	$ 133.9	$ 24.9	$ 182.3	15.3
FIXED CHARGES AS DEFINED:						
Interest expense, including amortization of deferred finance charges	$ 32.3	$ 32.0	$ 36.5	$ 45.9	$ 59.3	$ 6.0
Portion of rental expense representative of the interest factor	$ 20.0	$ 20.8	$ 23.8	$ 23.3	$ 22.4	$ 3.6
Fixed charges as defined	$ 52.3	$ 52.8	$ 60.3	$ 69.2	$ 81.7	$ 9.6
RATIO OF EARNINGS TO FIXED CHARGES (1), (2)	—	3.40	2.22	—	2.23	1.59

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(1) Due to impairment costs associated with the Company’s Service Experts segment in 2004 of $225.9 million , additional earnings of $124.9 million would have been necessary to cover fixed charges.

(2) Due to restructuring charges in 2001 of $73.2 million (of which $7.8 million was included in cost of goods sold), additional earnings of $44.3 million would have been necessary to cover fixed charges.

Exhibit 31.1

CERTIFICATION

I, Robert E. Schjerven, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lennox International Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2005

/s/ Robert E. Schjerven

Robert E. Schjerven
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Susan K. Carter, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lennox International Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2005

/s/ Susan K. Carter

Susan K. Carter
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Lennox International Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned, Robert E. Schjerven, Chief Executive Officer of the Company, and Susan K. Carter, Chief Financial Officer of the Company, certifies, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to his or her knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Robert E. Schjerven
Robert E. Schjerven
Chief Executive Officer

May 9, 2005

/s/ Susan K. Carter
Susan K. Carter
Chief Financial Officer

May 9, 2005

A signed original of this written statement required by Section 906 has been provided to Lennox International Inc. and will be retained by Lennox International Inc. and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the report.