UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

(MARK ONE)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2001

OR

[ ] 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 /X/ NO / /

As of August 1, 2001, the number of shares outstanding of the registrant's common stock, par value $.01 per share, was 56,159,122.

LENNOX INTERNATIONAL INC.

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PART I -- FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
As of June 30, 2001 and December 31, 2000
(In thousands, except share data)

ASSETS

	June 30, 2001 (Unaudited)	December 31, 2000
CURRENT ASSETS:		
Cash and cash equivalents	$ 24,325	$ 40,633
Accounts and notes receivable, net	391,429	399,136
Inventories	356,291	359,531
Deferred income taxes	48,313	47,063
Other assets	57,935	54,847
Total current assets	878,293	901,210
PROPERTY, PLANT AND EQUIPMENT, net	319,889	354,172
GOODWILL, net	740,136	739,468
OTHER ASSETS	56,794	60,181
TOTAL ASSETS	$ 1,995,112	$ 2,055,031

LIABILITIES AND STOCKHOLDERS' EQUITY

	June 30, 2001 (Unaudited)	December 31, 2000
CURRENT LIABILITIES:		
Short-term debt	$ 36,802	$ 31,467
Current maturities of long-term debt	38,338	31,450
Accounts payable	274,712	260,208
Accrued expenses	296,114	242,347
Income taxes payable	12,692	24,448
Total current liabilities	658,658	589,920
LONG-TERM DEBT	538,825	627,550
DEFERRED INCOME TAXES	1,046	941
POSTRETIREMENT BENEFITS, OTHER THAN PENSIONS	14,281	14,284
OTHER LIABILITIES	80,777	77,221
Total liabilities	1,293,587	1,309,916
MINORITY INTEREST	1,947	2,058
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, 60,537,260 shares and 60,368,599 shares issued for 2001 and 2000, respectively.	605	604
Additional paid-in capital	372,706	372,690
Retained earnings	419,450	447,377
Accumulated other comprehensive loss	(57,390)	(37,074)
Deferred compensation	(5,371)	(6,457)
Treasury stock, at cost, 2,980,846 and 3,332,784 shares for 2001 and 2000, respectively	(30,422)	(34,083)
Total stockholders' equity	699,578	743,057
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,995,112	$2,055,031

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

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
For the Three Months and Six Months Ended June 30, 2001 and 2000
(Unaudited, in thousands, except per share data)

	For the Three Months Ended JUNE 30,		For the Six Months Ended JUNE 30,	
	2001	2000	2001	2000
NET SALES	$ 848,346	$ 894,200	$1,564,312	$1,610,524
COST OF GOODS SOLD	83,208	595,868	1,085,589	1,083,429
Gross profit	265,138	298,332	478,723	527,095
OPERATING EXPENSES:				
Selling, general and administrative expense	221,778	228,608	439,334	433,888
Retail restructuring	38,000	--	38,000	--

Income from operations	5,360	69,724	1,389	93,207
INTEREST EXPENSE, net	11,501	15,242	24,278	27,992
OTHER	(285)	517	378	746
MINORITY INTEREST	26	31	133	(515)
(Loss) income before income taxes	(5,882)	53,934	(23,400)	64,984
PROVISION (BENEFIT) FOR INCOME TAXES	1,129	21,657	(6,141)	26,967
Net (loss) income	$ (7,011)	$ 32,277	$ (17,259)	$ 38,017
REPORTED (LOSS) EARNINGS PER SHARE:				
Basic	$ (0.12)	$ 0.56	$ (0.31)	$ 0.68
Diluted	$ (0.12)	$ 0.56	$ (0.31)	$ 0.68

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

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2001 and 2000
(Unaudited, in thousands)

	For the Six Months Ended JUNE 30,	
	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$ (17,259)	$ 38,017
Adjustments to reconcile net (loss) income to net cash provided by operating activities -		
Minority interest	133	(515)
Joint venture (income) losses	(130)	605
Depreciation and amortization	42,539	42,345
Non-cash restructuring charge	36,409	--
(Gain) loss on disposal of equipment	(415)	1,797
Other	1,820	206
Changes in assets and liabilities, net of effects of acquisitions		
Accounts and notes receivable	(2,350)	2,147
Inventories	(4,106)	(25,304)
Other current assets	(3,647)	(6,309)
Accounts payable	14,237	41,020
Accrued expenses	23,248	(9,874)
Deferred income taxes	58	(2,039)
Income taxes payable and receivable	(13,043)	25,868
Long-term warranty, deferred income and other liabilities	(323)	6,839
Net cash provided by operating activities	77,171	114,803
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the disposal of property, plant and equipment	5,954	497
Purchases of property, plant and equipment	(8,592)	(33,149)
Acquisitions, net of cash acquired	(4,224)	(206,824)
Net cash used in investing activities	(6,862)	(239,476)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from revolving short-term debt	6,732	11,065
(Repayments of) proceeds from revolving long-term debt	(77,855)	124,000
Proceeds from new long-term debt	--	35,000
Repayment of long-term debt	--	(15,540)
Proceeds from issuance of common stock	1,158	73
Repurchases of common stock	(214)	(97)
Cash dividends paid	(15,942)	(10,910)
Net cash (used in) provided by financing activities	(86,121)	143,591
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(15,812)	18,918
EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	(496)	(769)
CASH AND CASH EQUIVALENTS, beginning of period	40,633	29,174
CASH AND CASH EQUIVALENTS, end of period	$ 24,325	$ 47,323
Supplementary disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 25,908	$ 27,530
Income taxes	$ 4,650	$ 8,249

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

1. Basis of Presentation and Other Accounting Information:

The accompanying unaudited consolidated balance sheet as of June 30, 2001, and the consolidated statements of income for the three months and six months ended June 30, 2001 and 2000 and the consolidated statements of cash flows for the six months ended June 30, 2001 and 2000 should be read in conjunction with Lennox International Inc.'s (the "Company") consolidated financial statements and the accompanying footnotes as of December 31, 2000 and 1999 and for each of the three years in the period ended December 31, 2000. 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.

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. Reportable Business Segments:

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 131, the Company discloses business segment data for its reportable business segments, which have been determined using the "management approach." The management approach is based on the way segments are organized within the Company for making operating decisions and assessing performance. The Company's business operations are organized within five reportable business segments as follows (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
Net Sales	**2001**	**2000**	**2001**	**2000**
North American residential.	$ 335,779	$ 353,890	$ 617,804	$ 645,670
North American retail......	270,293	288,938	492,717	483,466
Commercial air conditioning	128,942	122,938	222,320	218,022
Commercial refrigeration ..	84,834	93,508	169,923	185,180
Heat transfer[1]	57,048	64,334	115,323	129,781
Eliminations	(28,550)	(29,408)	(53,775)	(51,595)
	$ 848,346	$ 894,200	$ 1,564,312	$ 1,610,524

[1]The Heat Transfer segment had intersegment sales of $8,486 and $7,285 for the three months ended June 30, 2001 and 2000, respectively, and $15,522 and $12,398 for the six months ended June 30, 2001 and 2000, respectively.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
Income (Loss) From Operations	**2001**	**2000**	**2001**	**2000**
North American residential.	$ 32,442	$ 42,203	$ 44,748	$ 62,968
North American retail[2].....	(33,788)	19,234	(43,761)	24,660
Commercial air conditioning	8,622	4,733	6,805	1,680
Commercial refrigeration ..	7,564	8,445	13,785	15,495
Heat transfer	2,025	4,333	3,813	9,267
Corporate and other	(11,505)	(8,035)	(22,508)	(17,940)
Eliminations	0	(1,189)	(1,493)	(2,923)
	$ 5,360	$ 69,724	$ 1,389	$ 93,207

[2]Includes the retail restructuring charge of $38 million recorded in the second quarter.

Total Assets	**As of June 30, 2001**	**As of December 31, 2000**
North American residential...............	$ 530,174	$ 529,492
North American retail	786,270	800,719
Commercial air conditioning	198,804	215,656
Commercial refrigeration	226,624	239,783
Heat transfer	153,011	149,813
Corporate and other	125,437	144,547
Eliminations	(25,208)	(24,979)

	$ 1,995,112	$ 2,055,031

3. Inventories:

Components of inventories are as follows (in thousands):

	As of June 30, 2001	As of December 31, 2000
Finished goods	$ 224,819	$ 216,547
Repair parts	43,013	35,024
Work in process	20,577	23,606
Raw materials	116,894	132,298
	405,303	407,475
Reduction for last-in, first-out	49,012	47,944
	$ 356,291	$ 359,531

4. Shipping and Handling:

Shipping and handling costs are included as part of selling, general and administrative expense in the accompanying Consolidated Statements of Income in the following amounts (in thousands):

For the Three Months Ended June 30,		For the Six Months Ended June 30,	
2001	2000	2001	2000
$33,193	$31,421	$64,148	$61,543

5. Lines of Credit and Financing Arrangements:

The Company has bank lines of credit aggregating $527 million, of which $334 million was outstanding at June 30, 2001, with the remaining $193 million available for future borrowing, subject to covenant limitations. Included in the available lines of credit are a $300 million domestic facility and a $137.5 million domestic facility, both of which were amended as of June 30, 2001 to contain amended financial covenants. Borrowings under the amended facilities bear interest, at the Company's option, at rates equal to either (a) the greater of the bank's prime rate of interest or the federal fund's rate plus 0.5% or (b) the London Interbank Offered Rate plus a margin of 0.5% to 2.25%, depending upon the ratio of indebtedness to EBITDA. The Company pays a commitment fee equal to 0.15% to 0.5% of the unused commitment, depending upon the ratio of total funded debt to EBITDA. The amended agreements provide restrictions on the Company's ability to incur additional indebtedness, encumber its assets, sell its assets, pay dividends or invest in its foreign subsidiaries. Additionally, the Company has pledged the capital stock of each of its major domestic subsidiaries.

6. 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 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. Diluted earnings per share are computed as follows (in thousands, except per share data):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2001	2000	2001	2000
Net (loss) income	$ (7,011)	$ 32,277	$(17,259)	$ 38,017
Weighted average shares outstanding	56,152	57,433	55,965	55,948
Effect of diluted securities attributable to stock options and performance share awards	--	380	--	341
Weighted average shares outstanding, as adjusted	56,152	57,813	55,965	56,289
Diluted (loss) earnings per share	$ (0.12)	$ 0.56	$ (0.31)	$ 0.68

7. Derivatives:

Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133, “Accounting for Derivative Instruments and Hedging Activities” (“SFAS No. 133”). SFAS No. 133 requires that all derivative financial instruments be recognized as either assets or liabilities in the balance sheet and carried at fair value. Changes in fair value of these instruments are to be recognized periodically in earnings or stockholders’ equity depending on the intended use of the instrument. Gains or losses on derivatives designated as fair value hedges are recognized in earnings in the period of change. Gains or losses on derivatives designated as cash flow hedges are initially reported as a

component of other comprehensive income and later classified into earnings in the period in which the hedged item also affects earnings. The Company hedges its exposure to the fluctuation on the prices paid for copper and aluminum metals by purchasing futures contracts on these metals. Gains or losses recognized on the closing of these contracts negate the losses or gains realized through physical deliveries of these metals. Quantities covered by these commodity futures contracts are for less than actual quantities expected to be purchased. As of June 30, 2001, the Company had metals futures contracts maturing at various dates to December 31, 2002 with a fair value as an asset of $0.3 million and as a liability of $5.0 million. These are hedges of forecasted transactions, and under SFAS No. 133, such contracts are to be considered cash flow hedges. Accordingly, the Company recorded an after-tax charge to other comprehensive income (loss), a direct component of owner's equity, of $2.8 million. The charge to other comprehensive (loss) income will be reclassified into earnings when the related inventory is sold, generally within three to six months.

The Company also hedges its exposure to fluctuations in foreign currency exchange rates incurred by its Australian subsidiary. This subsidiary manufactures sophisticated machine tools, which generally require long manufacturing and installation times and which generally are sold at prices denominated in the local currency of the purchasing entity. This exposure to the fluctuations in foreign currency exchange rates is hedged through the sale of futures contracts for the various currencies. Since the customers are not invoiced and payments are not received until the equipment has been installed and operating satisfactorily, the currency futures contracts are deemed to be cash flow hedges and as such are recorded at fair value with an offset to other comprehensive income (loss) until realized. Gains or losses on the currency futures are transferred from other comprehensive income to the income statement when the related equipment is sold, generally within three to six months. As of June 30, 2001, the Company had currency futures contracts maturing at various dates through March 31, 2002, for which the fair value was a liability of $2.2 million. Accordingly, $1.5 million, net of applicable income tax, has been charged to other comprehensive income (loss).

8. Comprehensive Income (Loss):

Comprehensive income (loss) is computed as follows (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2001	2000	2001	2000
Net (loss) income	$ (7,011)	$ 32,277	$(17,259)	$ 38,017
Foreign currency translation adjustments	7,569	(7,522)	(15,989)	(16,481)
Derivatives	700	--	(4,327)	--
Total comprehensive income (loss)	$ 1,258	$ 24,755	$(37,575)	$ 21,536

9. Contingent Consideration:

In June 1999, the Company purchased the James N. Kirby Pty. Ltd. Company (Kirby), an Australian based manufacturer of refrigeration, heat transfer and machine tool equipment using cash, seller financing and shares of the Company's common stock as consideration. Under terms of the purchase agreements, if the Company's common stock did not openly trade at a certain minimum price prior to June 6, 2001, the Company would be obligated to pay the difference between $29.09 per share and the average trading price for the last five trading days prior to June 6, 2001. As the stock did not trade at the minimum agreed price, the Company and the former Kirby owners determined and agreed that $11.3 million was owed as of June 30, 2001 under the terms of the agreement. Accordingly, the Company has recorded a current liability, which was paid in the third quarter and a corresponding increase in goodwill for this amount. The goodwill will be amortized to operations over 40 years, subject to accounting changes as detailed in *Footnote 11* below.

During the first six months of 2001, the Company paid $4.2 million in cash to settle contingent consideration provisions on retail service centers originally purchased in prior years. This $4.2 million has been charged to goodwill and will be amortized to operations over 40 years, subject to accounting changes as detailed in *Footnote 11* below.

10. Retail Restructuring Program:

In the second quarter of 2001, the Company recorded a restructuring charge of $38.0 million ($25.6 million, net of tax) which covered selling, closing or merging 38 company-owned dealer service centers. These centers were either under-performing financially, located in geographical areas requiring disproportionate management effort or focused on non-HVAC activities. This program is designed to enhance shareholder value and improve both operating efficiency and the Company's competitive position in its market. This charge was comprised of $4.8 million severance cost representing the termination of 500 employees, $15.0 million loss on sale of assets, $6.1 million goodwill write-off, $3.3 million contract exit cost, $4.7 million lease termination cost, and $4.1 million of other cost. Considering the cash realized from the sale of centers, the net cash outflow is expected to be $7.0 million. Actual cash spent through June 30, 2001 amounted to $1.6 million, including $1.3 million for severance pay.

The 38 service centers included in this program recorded losses of $6.0 million in the first half of 2001. The net book value of the centers to be sold was $31.1 million. The estimated proceeds from the

sale of these centers was approximately $10.0 million. No cash was received from the sale of centers in the second quarter of 2001 as most agreements were finalized in July 2001. The program is expected to be completed by December 2001.

11. Recent Accounting Pronouncements:

Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," ("SFAS No. 142") becomes effective for the Company on January 1, 2002. SFAS No. 142 requires that goodwill and other intangible assets with an indefinite useful life no longer be amortized as expenses of operations, but rather carried on the balance sheet as permanent assets. These intangible assets are to be subject to at least annual assessments for impairment by applying a fair-value-based test. Amortization of goodwill and other indefinite-lived intangible assets amounted to $8.8 million ($ 7.6 million on an after-tax basis) for the first six months of 2001 and is projected to amount to $17.8 million ($15.3 million on an after-tax basis) for the full year of 2001. These expense amounts, under SFAS 142, will not be recorded in years after 2001. The Company is developing plans to determine fair values of its operations in which goodwill and other indefinite-lived intangibles have been recorded and will complete its assessment by June 30, 2002.

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

Overview

The Company participates in five reportable business segments of the heating, ventilation, air conditioning and refrigeration ("HVACR") industry. The first segment is the North American residential market, in which Lennox 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 segment is the North American retail market which includes sales and installation of, and maintenance and repair services for, HVACR equipment by Lennox-owned service centers in the United States and Canada. The third segment is the global commercial air conditioning market, in which Lennox manufactures and sells rooftop products and applied systems for commercial applications. The fourth segment is the global commercial refrigeration market, which consists of unit coolers, condensing units and other commercial refrigeration products. The fifth segment is the heat transfer market, in which Lennox designs, manufactures and sells evaporator and condenser coils, copper tubing and related manufacturing equipment to original equipment manufacturers and other specialty purchasers on a global basis.

Lennox sells its products to numerous types of customers, including distributors, installing dealers, property owners, national accounts and original equipment manufacturers. The demand for Lennox's products is influenced by national and regional economic and demographic factors, such as interest rates, the availability of financing, regional population and employment trends and general economic conditions, especially consumer confidence. In addition to economic cycles, demand for Lennox's products is seasonal and dependent on the weather. Hotter than normal summers generate strong demand for replacement air conditioning and refrigeration products and colder than normal winters have the same effect on heating products. Conversely, cooler than normal summers and warmer than normal winters depress sales of HVACR products.

The principal components of cost of goods sold are labor, raw materials, component costs, factory overhead and estimated costs of warranty expense. The principal raw materials used in Lennox's manufacturing processes are copper, aluminum and steel. In instances where Lennox is unable to pass on to its customers increases in the costs of copper and aluminum, Lennox enters into forward contracts for the purchase of those materials. Lennox attempts to minimize the risk of price fluctuations in key components by entering into contracts, typically at the beginning of the year, which generally provide for fixed prices for its needs throughout the year. These hedging strategies enable Lennox to establish product prices for the entire model year while minimizing the impact of price increases of components and raw materials on its margins. Warranty expense is estimated based on historical trends and other factors.

On January 21, 2000, Lennox acquired Service Experts, Inc., an HVAC company comprised of retail businesses across the United States, for approximately $307 million, including 12.2 million shares of Lennox common stock and the assumption of $175 million of debt. The acquisition added an additional 120 service centers to the U.S. retail network. As these centers have been integrated into the retail operation with the 104 centers acquired by Lennox since September 1, 1998, operating performance has not reached expected levels.

In the second quarter of 2001, the Company recorded a restructuring charge of $38.0 million ($25.6 million, net of tax) which covered selling, closing or merging 38 company-owned dealer service centers. This program is designed to enhance shareholder value and improve both operating efficiency and the Company's competitive position in its market. This charge was comprised of $4.8 million severance cost, $15.0 million loss on sale of assets, $6.1 million goodwill write-off, $3.3 million contract exit cost, $4.7 million lease termination cost, and $4.1 million of other cost. Considering the cash realized from the sale of centers, the net cash outflow is expected to be $7.0 million. Actual cash spent through June 30, 2001 amounted to $1.6 million with the balance expected to be spent by year-end 2001. After this restructuring plan, the company will have approximately 200 service centers.

Lennox's fiscal year ends on December 31 of each year, and its 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, income data for the three months and six months ended June 30, 2001 and 2000:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2001	2000	2001	2000
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	68.7	66.6	69.4	67.3
Gross profit	31.3	33.4	30.6	32.7
Selling, general and administrative expenses	26.2	25.6	28.1	26.9
Retail restructuring	4.5	--	2.4	--
Income from operations	0.6	7.8	0.1	5.8
Interest expense, net	1.4	1.7	1.6	1.7
Other	(0.1)	0.1	--	0.1
Income (loss) before income taxes	(0.7)	6.0	(1.5)	4.0
Provision for income taxes	0.1	2.4	(0.4)	1.6
Net (loss)income	(0.8)%	3.6%	(1.1)%	2.4%

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

	Three Months Ended June 30, 2001		2000		Six Months Ended June 30, 2001		2000	
	Amount	%	Amount	%	Amount	%	Amount	%
Business Segment:								
North American residential	$ 335.8	39.6%	$ 353.9	39.6%	$ 617.8	39.5%	$ 645.7	40.1%
North American retail	270.3	31.9	289.0	32.3	492.7	31.5	483.4	30.0
Commercial air conditioning	128.9	15.2	122.9	13.7	222.3	14.2	218.0	13.5
Commercial refrigeration	84.8	10.0	93.5	10.5	169.9	10.9	185.2	11.5
Heat transfer	57.0	6.7	64.3	7.2	115.3	7.4	129.8	8.1
Eliminations	(28.5)	(3.4)	(29.4)	(3.3)	(53.7)	(3.5)	(51.6)	(3.2)
Total net sales	$ 848.3	100.0%	$ 894.2	100.0%	$1,564.3	100.0%	$1,610.5	100.0%
Geographic Market:								
U.S.	$ 680.6	80.2%	$ 712.6	79.7%	$1,243.0	79.5%	$1,267.5	78.7%
International	167.7	19.8	181.6	20.3	321.3	20.5	343.0	21.3
Total net sales	$ 848.3	100.0%	$ 894.2	100.0%	$1,564.3	100.0%	$1,610.5	100.0%

Three Months Ended June 30, 2001 Compared to Three Months Ended June 30, 2000

Net Sales. Net sales decreased $45.9 million, or 5.1%, to $848.3 million for the three months ended June 30, 2001 from $894.2 million for the three months ended June 30, 2000. Foreign currency translation is responsible for slightly over 25% of the sales decrease. Sales decreased as a result of the slowing United States economy softening demand in many of the Company’s end markets. Cooler than expected early summer weather also negatively impacted residential air conditioning sales.

Net sales in the North American residential segment were $335.8 million for the three months ended June 30, 2001, a decrease of $18.1 million, or 5.1%, from $353.9 million for the three months ended June 30, 2000. Factory shipments of unitary air conditioners and heat pumps declined 7% industry wide through May 2001, according to ARI (Air Conditioning and Refrigeration Institute). Three factors have contributed to the decline in factory shipments:

1. A 10% decline in distributor inventories compared to prior year

2. Unfavorable weather in the early part of the cooling season

3. Consumers repairing equipment rather than replacing it due to economic uncertainty.

Net sales in the North American retail segment were $270.3 million for the three months ended June 30, 2001, a decrease of $18.7 million, or 6.5%, from $289.0 million for the three months ended June 30, 2000. The weather and economic issues discussed previously were the primary drivers of the decrease in sales in the retail segment. The effect of the retail restructuring program also contributed to the second quarter sales decline.

Net sales in the commercial air conditioning segment increased $6.0 million, or 4.9% to $128.9 million for the three months ended June 30, 2001 compared to the three months ended June 30, 2000. The sales increase was 7.2% after

adjusting for the impact of currency exchange. Commercial sales growth in North America was driven by strong performance from national accounts and commercial sales districts. Europe achieved double digit sales growth after adjusting for currency. The benefits of increased distribution, decreased product costs and improved customer service through a unified European marketing strategy are being realized.

Commercial refrigeration segment net sales decreased $8.7 million, or 9.3%, to $84.8 million for the three months ended June 30, 2001. Over half of the sales decrease is a result of currency exchange. In addition, company officials believe the North American served market has declined by approximately 15% this year. Market share gains are believed to have been made, however, through targeted account efforts and customer service levels provided. Meaningful comparisons of international refrigeration sales from the second quarter of 2000 are hampered by the introduction of a goods and services tax in Australia on July 1, 2000 which shifted sales into the second quarter of 2000 to avoid the new tax.

Net sales in the heat transfer segment decreased $7.3 million, or 11.3%, to $57.0 million for the three months ended June 30, 2001 compared to the three months ended June 30, 2000. Adjusted for foreign exchange, sales were down 8.4% compared to the same quarter of last year. The economic downturn has significantly affected heat transfer sales to OEM customers. Demand has fallen off significantly in the recreational vehicle, telecommunications and transport refrigeration segments.

Gross Profit. Gross profit was $265.1 million for the three months ended June 30, 2001 compared to $298.3 million for the three months ended June 30, 2000, a decrease of $33.2 million. Gross profit margin was 31.3% for the three months ended June 30, 2001 and 33.4% for the three months ended June 30, 2000. The decrease in gross profit margin is primarily a result of margin decline in the retail segment. Reasons for the retail segment margin decline include under-utilization of labor due to the cooler than normal weather in the early part of the cooling season and a shift in sales mix to lower margin commercial and new construction business. North American residential segment margins were impacted by a shift in sales mix to lower margin parts sales, as consumers were tending to repair rather than replace equipment as a result of current economic uncertainty.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were $221.8 million for the three months ended June 30, 2001, a decrease of $6.8 million, or 3.0%, from $228.6 million for the three months ended June 30, 2000. Selling, general and administrative expenses represented 26.2% and 25.6% of total revenues for the three months ended June 30 2001 and 2000, respectively. Cost reduction programs and expense control in all segments contributed to the decline in selling, general and administrative expense.

Interest Expense, Net. Interest expense, net, for the three months ended June 30, 2001 decreased $3.7 million, or 24.3%, from $15.2 million for the three months ended June 30, 2000. The decreased interest expense resulted from lower interest rates in the second quarter of 2001 and from a full quarter of the accounts receivable securitization program benefits in 2001. The accounts receivable securitization program was implemented in June 2000.

Other. Other expense (income) was $(0.3) million for the three months ended June 30, 2001 and $0.5 million for the three months ended June 30, 2000. Other expense is primarily comprised of currency exchange gains or losses, which relate principally to the Company's operations in Canada, Australia and Europe.

Provision for Income Taxes. The provision for income taxes was $1.1 million for the three months ended June 30, 2001 and $21.7 million for the three months ended June 30, 2000. Excluding the tax benefit of $12.4 million provided in the second quarter of 2001 as a result of the restructuring charge, the effective tax rates were 41.5% and 40.2% for the three months ended June 30, 2001 and 2000, respectively. These tax rates differ from the statutory federal rate of 35.0% principally due to state and local taxes, non-deductible goodwill expenses and foreign operating losses for which no tax benefits have been recognized.

Six Months Ended June 30, 2001 Compared to Six Months Ended June 30, 2000

Net Sales. Net sales decreased $46.2 million, or 2.9%, to $1,564.3 million for the six months ended June 30, 2001 from $1,610.5 million for the six months ended June 30, 2000. Foreign currency translation is responsible for nearly 60% of the sales decrease. The balance of the decrease in sales is a result of the slowing United States economy softening demand in many of the Company's end markets, and cooler than expected early summer weather negatively impacting residential air conditioning sales.

Net sales in the North American residential segment were $617.8 million for the six months ended June 30, 2001, a decrease of $27.9 million, or 4.3%, from $645.7 million for the six months ended June 30, 2000. Factory shipments of unitary air conditioners and heat pumps declined 7% industry wide through May 2001, according to ARI. Three factors have contributed to the decline in factory shipments:

1. A 10% decline in distributor inventories compared to prior year

2. Unfavorable weather in the early part of the cooling season

3. Consumers repairing equipment rather than replacing it due to economic uncertainty.

Net sales in the North American retail segment were $492.7 million for the six months ended June 30, 2001, an increase of $9.3 million, or 1.9%, from $483.4 million for the six months ended June 30, 2000.

Sales in the North American retail segment were also impacted by the weather and economic issues previously mentioned in the North American residential segment.

Net sales in the commercial air conditioning segment increased $4.3 million, or 2.0%, to $222.3 million for the six months ended June 30, 2001 compared to the six months ended June 30, 2000. The sales increase was 4.4% after adjusting for the impact of currency exchange. Commercial sales growth in North American was driven by strong performance from national accounts and commercial sales districts. Europe achieved double digit sales growth after adjusting for currency. The benefits of increased distribution, decreased product costs and improved customer service through a unified European marketing strategy are being realized.

Commercial refrigeration segment net sales decreased $15.3 million, or 8.3%, to $169.9 million for the six months ended June 30, 2001, compared to the six months ended June 30, 2000. Approximately 75% of the sales decrease is a result of currency exchange. In addition, company officials believe the North American served market has declined by approximately 15% this year. Market share gains are believed to have been made, however, through targeted account efforts and customer service levels provided.

Net sales in the heat transfer segment decreased $14.5 million, or 11.1%, to $115.3 million for the six months ended June 30, 2001 compared to the six months ended June 30, 2000. After adjusting for the impact of foreign exchange, sales declined 8.1% compared to the same period last year. The economic downturn has significantly affected heat transfer sales to OEM customers. Demand has fallen off significantly in the recreational vehicle, telecommunications and transport refrigeration segments.

Gross Profit. Gross profit was $478.7 million for the six months ended June 30, 2001 compared to $527.1 million for the six months ended June 30, 2000, a decrease of $48.4 million. Gross profit margin was 30.6% for the six months ended June 30, 2001 and 32.7% for the six months ended June 30, 2000. The decrease in gross profit margin is primarily a result of margin decline in the retail segment. Reasons for the retail segment margin decline include under-utilization of labor due to cooler than normal weather in the early part of the cooling season and a shift in sales mix to lower margin commercial and new construction business. North American residential segment margins were impacted by a shift in sales mix to lower margin parts sales, as customers were tending to repair rather than replace equipment as a result of current economic uncertainty. Unfavorable factory overhead variations also occurred as a result of decreased production levels.

Selling,General and Administrative Expenses. Selling, general and administrative expenses were $439.3 million for the six months ended June 30, 2001, an increase of $5.4 million, or 1.2%, from $433.9 million for the six months ended June 30, 2000. Selling, general and administrative expenses represented 28.1% and 26.9% of total revenues for the six months ended June 30, 2001 and 2000, respectively. Nearly one month's additional expense (approximately $11.0 million) was incurred in 2001 as a result of the acquisition of Service Experts, Inc., completed on January 21, 2000. Similarly, an additional $3.5 million in expense resulted from a full six months of the accounts receivable securitization program. This program was not implemented until June of 2000. Selling, general and administrative expense incurred for accounts receivable securitization is more than offset by reduced interest expense. Cost reduction programs were able to limit the selling, general and administrative expense growth which resulted from the acquisition of Service Experts, Inc. and the accounts receivable securitization program.

Interest Expense, Net. Interest expense, net, for the six months ended June 30, 2001 decreased $3.7 million, or 13.2%, from $28.0 million for the six months ended June 30, 2000. The decreased interest expense resulted from lower interests rates in the second quarter of 2001 and from a full six months of the accounts receivable securitization program implemented in June 2000.

Other. Other expense was $0.4 million for the six months ended June 30, 2001 and $0.7 million for the six months ended June 30, 2000. Other expense is primarily comprised of currency exchange gains or losses, which relate principally to the Company's operations in Canada, Australia and Europe.

Provision (Benefit) for Income Taxes. The provision (benefit) for income taxes was $(6.1) million for the six months ended June 30, 2001 and $27.0 million for the six months ended June 30, 2000. Excluding the tax benefit of $12.4 million provided in the second quarter of 2001 as a result of the restructuring charge, the effective tax rate was 41.5% for both the six months ended June 30, 2001 and 2000. This tax rate differs from the statutory federal rate of 35.0% principally due to state and local taxes, non-deductible goodwill expenses, and foreign operating losses for which no tax benefits have been recognized.

Liquidity and Capital Resources

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

During the first six months of 2001, cash provided by operating activities was $77.2 million compared to $114.8 million for the comparable period in 2000. The 2001 amount includes $63 million received from the sale of accounts receivable while the 2000 amount includes $130 million. If the sale of the accounts receivable were excluded, cash from operating activities would have provided $14.2 million in 2001, and would have been a usage of $15.2 million in 2000. This increase relates primarily to working capital reductions. Net cash used in investing activities was $232 million less than during the comparable period in 2000 due to reduced capital expenditures and retail segment acquisitions. Cash (used in or) provided by financing activities for 2001 reflects debt reduction of $71.1 million.

Capital expenditures in 2001 and 2000 were primarily for production equipment at the Orangeburg, South Carolina manufacturing plant and for IT systems upgrades.

The Company has bank lines of credit aggregating $527 million, of which $334 million was outstanding at June 30, 2001, with the remaining $193 million available for future borrowing, subject to covenant limitations. Included in the available lines of credit are a $300 million domestic facility and a $137.5 million domestic facility, both of which were amended as of June 30, 2001 to contain amended financial covenants. Borrowings under the amended facilities bear interest, at the Company's option, at rates equal to either (a) the greater of the bank's prime rate of interest or the federal fund's rate plus 0.5% or (b) the London Interbank Offered Rate plus a margin of 0.5% to 2.25%, depending upon the ratio of indebtedness to EBITDA. The Company pays a commitment fee equal to 0.15% to 0.5% of the unused commitment, depending upon the ratio of total funded debt to EBITDA. The amended agreements provide restrictions on the Company's ability to incur additional indebtedness, encumber its assets, sell its assets, pay dividends or invest in its foreign subsidiaries. Additionally, the Company has pledged the capital stock of each of its major domestic subsidiaries.

In June 1999, the Company purchased the James N. Kirby Pty. Ltd. Company (Kirby), an Australian based manufacturer of refrigeration, heat transfer and machine tool equipment using cash, seller financing and shares of the Company's common stock as consideration. Under terms of the purchase agreements, if the Company's common stock did not openly trade at a certain minimum price prior to June 6, 2001, the Company would be obligated to pay the difference between $29.09 per share and the average trading price for the last five trading days prior to June 6, 2001. As the stock did not trade at the minimum agreed price, the Company and the former Kirby owners determined and agreed that $11.3 million was owed as of June 30, 2001 under the terms of the agreement. The liability was paid in cash on July 6, 2001.

During the first six months of 2001, the Company paid $4.2 million in cash to settle contingent consideration provisions on retail service centers originally purchased in prior years.

On April 24, 2001, Lennox announced it had completed a restructuring plan for its North American retail segment under which a number of service centers would be sold, closed or merged with other existing service centers. The net cash cost of this restructuring is estimated to be approximately $7.0 million, $1.6 million of which was paid in the second quarter of 2001with the remaining anticipated to be paid by year-end.

Lennox believes that cash flow from operations, as well as available borrowings under its credit facilities, will be sufficient to fund operations for the foreseeable future.

Recent Accounting Pronouncements

Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," ("SFAS No. 142") becomes effective for the Company on January 1, 2002. SFAS No. 142 requires that goodwill and other intangible

assets with an indefinite useful life no longer be amortized as expenses of operations, but rather carried on the balance sheet as permanent assets. These intangible assets are to be subject to at least annual assessments for impairment by applying a fair-value-based test. Amortization of goodwill and other indefinite-lived intangible assets amounted to $8.8 million ($7.6 million on an after-tax basis) for the first six months of 2001 and is projected to amount to $17.8 million ($15.3 million on an after-tax basis) for the full year of 2001. These expense amounts, under SFAS 142, will not be recorded in years after 2001. The Company is developing plans to determine fair values of its operations in which goodwill and other indefinite-lived intangibles have been recorded and will complete its assessment by June 30, 2002.

Forward Looking Information

This Report contains forward-looking statements and information that are based on the beliefs of Lennox's management as well as assumptions made by and information currently available to management. All statements other than statements of historical fact included in this Report 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 Lennox's current views with respect to future events, based on what it believes are reasonable assumptions; however, such statements are subject to certain risks, uncertainties and assumptions. These include, but are not limited to, warranty and product liability claims; ability to successfully complete and integrate acquisitions; ability to manage new lines of business; the consolidation trend in the HVACR industry; adverse reaction from customers to the Company's acquisitions or other activities; the impact of the weather on business; competition in the HVACR business; increases in the prices of components and raw materials; general economic conditions in the U.S. and abroad; labor relations problems; operating risks and environmental risks. 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. Lennox 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

Lennox'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 20.5% and 21.3% of total net sales for the six months ended June 30, 2001

and 2000, respectively. Historically, foreign currency transaction gains (losses) have not had a material effect on Lennox's overall operations.

The Company from time to time enters into foreign exchange contracts to hedge receivables or payables denominated in foreign currencies. These contracts do not subject the Company to risk from exchange rate movements because the gains or losses on the contracts offset losses or gains, respectively, on the items being hedged. As of June 30, 2001, the Company had obligations to deliver $22.7 million of various currencies over the next nine months. The fair value of the various contracts was a liability of $2.2 million as of June 30, 2001.

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 June 30, 2001, the Company was committed for 26.5 million pounds of aluminum and 41.7 million pounds of copper under such arrangements. The fair value of these commodity contracts was a net liability of $4.7 million as of June 30, 2001.

The Company has contracts with various suppliers to purchase raw materials with high aluminum content at fixed prices over the next 18 months, thereby stabilizing costs for these products. As of June 30, 2001, 6.1 million pounds of such aluminum content was so committed. The fair value of this commitment was insignificant at June 30, 2001.

PART II -- OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders.

The Company's 2001 Annual Meeting of stockholders ("Annual Meeting") was held on April 27, 2001. At the Annual Meeting, the Company's stockholders elected five directors directors, Janet K. Cooper, C. L. (Jerry) Henry, Robert E. Schjerven, Terry D. Stinson and Richard L. Thompson, each with terms expiring at the Company's Annual Meeting of Stockholders in 2004. Each of the five nominated directors was elected without contest. In addition, the shareholders approved the amendment to the Employee Stock Purchase Plan (the "Plan") to increase the number of shares authorized for issuance under the Plan by 1,750,000 shares to an aggregate of 2,575,000 shares.

(a) The following sets forth the results of voting at the Annual Meeting for election of directors.

Directors	*For*	*Withheld**
For the slate of 5	40,332,155	427,729

*With respect to the election of Directors, the form of proxy permitted stockholders to check boxes indicating votes either "*For*" or "*Withhold Authority*," or to vote "*Exceptions*" and to name exceptions. Votes relating to directors designated above as "*Withheld*" includes votes cast as "*Withhold Authority*" and "*Exceptions*."

Following the Annual Meeting, David H. Anderson, Thomas W. Booth, James J. Byrne, John W. Norris, Jr. and John W. Norris, III, having terms expiring in 2002, and Linda G. Alvarado, Richard W. Booth, David V. Brown, John E. Major and William G. Roth, having terms expiring in 2003, continued in office.

(b) The votes, for, against and abstaining in connection with the approval of the amendment to increase the number of shares authorized for issuance under the Plan were as follows:

Directors	*For*	*Withheld**
38,300,591	2,269,255	190,038

Item 6. Exhibits and Reports On Form 8-K

EXHIBIT NUMBER	DESCRIPTION
*3.1	-- Restated Certificate of Incorporation of Lennox (Incorporated herein by reference to Exhibit 3.1 to Lennox Registration Statement on Form S-1 (Registration No. 333-75725)).
*3.2	-- Amended and Restated Bylaws of Lennox (Incorporated by reference to Exhibit 3.2 to Lennox' Registration Statement on Form S-1 (Registration No. 333-75725)).
*4.1	-- Specimen Stock Certificate for the Common Stock, par value $.01 per share, of Lennox (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1 (Registration No. 333-75725)).
10.1	-- Fourth Amendment to Revolving Credit Facility dated as of June 29, 2001 among the Company, each of the lenders listed as a lender on the signature pages thereto, The Chase Manhattan Bank, as administrative agent for the Lenders, Wachovia Bank, N.A., as syndication agent, and the Bank of Nova Scotia, as documentation agent.
10.2	-- Second Amendment to 364 Day Revolving Credit Facility Agreement dated as of June 29, 2001 among the Company, each of the lenders listed as lender

on the signatures pages thereto. The Chase Manhattan Bank, as administrative agent for the Lenders, Wachovia Bank, N.A., as syndication agent, and The Bank of Nova Scotia, as documentation agent.

10.3 -- Letter Amendment entered into as June 29, 2001 among the Company and The Prudential Insurance Company of America, U.S. Private Placement Fund, Teachers Insurance and Annuity Association of America, CIG & Co., United of Omaha Life Insurance Company, Mutual of Omaha Insurance Company, Companion Life Insurance Company, United World Life Insurance Company, First Colony Life Insurance Company, General Electric Capital Assurance Company, and GE Life and Annuity Assurance Company.

10.4 -- Letter Amendment No. 3 to Master Shelf Agreement Dated As Of October 15, 1999, entered into as of June 29, 2001 among the Company and The Prudential Insurance Company of America and U.S. Placement Fund.

*Incorporated herein by reference as indicated.

Reports On Form 8K

(None)

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: August 13, 2001

/s/ Richard A. Smith

Principal Financial Officer
and Duly Authorized Signatory

FOURTH AMENDMENT TO REVOLVING CREDIT FACILITY AGREEMENT

THIS FOURTH AMENDMENT TO REVOLVING CREDIT FACILITY AGREEMENT (the "**Amendment**"), dated as of June 29, 2001, is among LENNOX INTERNATIONAL INC., a Delaware corporation (the "**Borrower**"), each of the lenders listed as a lender on the signatures pages hereto (individually, a "**Lender**" and, collectively, the "**Lenders**"), THE CHASE MANHATTAN BANK (as the successor in interest by merger to Chase Bank of Texas, National Association), as administrative agent for the Lenders (in such capacity, the "**Administrative Agent**"), WACHOVIA BANK, N.A., a national banking association, as syndication agent (in such capacity, the "Syndication Agent" and together with the Administrative Agent, herein the "**Agents**") and THE BANK OF NOVA SCOTIA, as documentation agent.

The Borrower, the Agents and the Lenders have entered into that certain Revolving Credit Facility Agreement dated as of July 29, 1999 (as amended or otherwise modified by the First Amendment to Revolving Credit Facility Agreement dated as of August 6, 1999, the Second Amendment to Revolving Credit Facility Agreement dated as of January 25, 2000 and the Third Amendment to Revolving Credit Agreement dated as of January 23, 2001 the "**Credit Agreement**"). The Borrower, the Lenders and the Agents desire to amend the Credit Agreement as herein set forth.

NOW, THEREFORE, in consideration of the premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows effective as of the date hereof:

ARTICLE 1
Definitions

1.1 Definitions. Capitalized terms used in this Amendment and defined in the Credit Agreement, to the extent not otherwise defined herein, shall have the same meaning as in the Credit Agreement, as amended hereby.

ARTICLE 2
Amendments

Section 2.1 Additions to Section 1.01. The following definitions are added to Section 1.01 of the Credit Agreement in proper alphabetical order:

"364 Day Facility" means that certain 364 Day Revolving Credit Facility Agreement dated as of January 25, 2000 among the Borrower, Chase Bank of Texas, National Association [now The Chase Manhattan Bank], as administrative agent, the other agents named therein and the lenders named therein, as the same has been and may hereafter be amended or otherwise modified.

"Approved Receivables Securitization" means a receivables securitization or other receivables sale program as long as the aggregate amount of the commitments to purchase receivables under all such programs does not at any time exceed $225,000,000.

"Collateral Agent" means The Chase Manhattan Bank, as collateral agent under the terms of the Intercreditor Agreement (for the benefit of the Lenders, the lenders under the 364 Day Facility, the lenders party to the Senior Note Purchase Agreements and any other lenders which become entitled to the benefits of the Liens granted in the Pledge

Agreement under the terms of the Intercreditor Agreement) and its successors and assigns in such capacity.

"Existing Letters of Credit" means the letters of credit described on Schedule 1.01.

"Intercreditor Agreement" means that certain Intercreditor Agreement to be executed pursuant to Section 5.23(a) initially among the Borrower, the Material Restricted Subsidiaries, The Chase Manhattan Bank, as collateral agent thereunder, the Administrative Agent, the administrative agent under the 364 Day Facility, and the lenders party to the Senior Note Purchase Agreements, as approved by the Required Lenders and as the same may be amended or otherwise modified from time to time.

"Lender Affiliates" shall have the meaning assigned it in Section 8.04(b).

"Material Restricted Subsidiary" means Lennox Industries Inc., Armstrong Air Conditioning Inc., Excel Comfort Systems Inc., Service Experts Inc. and each other Restricted Subsidiary (except LPAC Corp.) the book value (determined in accordance with GAAP) of whose total assets equals or exceeds ten percent (10%) of the book value (determined in accordance with GAAP) of the consolidated total assets of Borrower and all Subsidiaries as determined as of the last day of each fiscal quarter.

"Material Transfer" shall mean, with respect to the Borrower or any Restricted Subsidiary, any transaction or group of related transactions having a value in excess of $10,000,000 in which such Person sells, conveys, transfers or leases (as lessor) any of its property, including capital stock of, or a Security issued by, a Subsidiary; provided that, the term "Material Transfer" shall not include the sale of receivables sold by the Borrower and the Restricted Subsidiaries under an Approved Receivables Securitization. For purposes of this definition the term "value" of any property transferred shall be equal to the transfer price specified in the applicable sale, lease or other transfer documents for the property in question.

"Maximum Rate" shall have the meaning assigned it in Section 8.13.

"Negotiated Rate Borrowing" means a Swingline Loan that bears interest at a rate based upon the Negotiated Rate.

"Negotiated Rate" means, for any Negotiated Rate Borrowing for any Interest Period therefor, the rate per annum that the Swingline Lender and the Borrower have agreed will apply to such Borrowing and Interest Period in accordance with Section 2.20(a).

"Obligated Parties" means the Borrower and the Material Restricted Subsidiaries.

"Pledge Agreement" means that certain Pledge Agreement to be executed by the Borrower in favor of the Collateral Agent pursuant to Section 5.23(a), as the same may be modified from time to time.

"Subsidiary Guaranty" means the guaranty of the Material Restricted Subsidiaries in favor of the Administrative Agent, the Issuing Bank and the Lenders, substantially in the form of Exhibit D hereto, as the same may be modified pursuant to one or more Subsidiary Joinder Agreements and as the same may otherwise be modified from time to time.

"Subsidiary Joinder Agreement" means an agreement which has been or will be executed by a Material Restricted Subsidiary adding it as a party to the Subsidiary Guaranty, in substantially the form of Exhibit E hereto

"Swingline Lender" shall mean Chase in its capacity as lender of Swingline Loans.

"Swingline Loan" shall have the meaning assigned to it in Section 2.20.

Section 2.2 " Amendments to Existing Definitions in Section 1.01". The following existing definitions contained in "Section 1.01" of the Credit Agreement are amended as follows:

(a) The following defined terms are amended in their respective entireties to read as follows:

"ABR Loan" shall mean any Loan or Swingline Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article 2.

"Applicable Percentage" means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentage shall be determined based upon the Revolving Exposures, or if all Loans and Swingline Loans have been repaid, based on the Commitments in effect immediately prior to their termination or expiration.

"Borrowing" shall mean (a) a group of Loans of a single Type made by the Lenders on a single date and, with respect to Eurodollar Loans or Negotiated Rate Borrowings, as to which a single Interest Period is in effect or (b) with respect to a Swingline Loan which is also an ABR Loan, such Swingline Loan.

"EBITDA" means, for any period, the total of the following calculated for Borrower and the Restricted Subsidiaries without duplication on a consolidated basis in accordance with GAAP consistently applied for such period: (a) Consolidated Net Income from operations; plus (b) any deduction for (or less any gain from) income or franchise taxes included in determining Consolidated Net Income; plus (c) interest expense (including the interest portion of Capital Leases) deducted in determining Consolidated Net Income; plus (d) amortization and depreciation expense deducted in determining Consolidated Net Income; plus (e) any non-recurring and non cash charges resulting from application of GAAP that requires a charge against earnings for the impairment of goodwill to the extent not already added back or not included in determining Consolidated Net Income.

"Eurodollar Loan" shall mean any Loan or Swingline Loan bearing interest at a rate determined by reference to the LIBO Rate in accordance with the provisions of Article 2.

"Fee Letters" shall mean the following: (i) that certain letter agreement among the Borrower, JP Morgan Securities Inc. (formerly Chase Securities Inc.) and Chase dated as of June 29, 2001; (ii) that certain letter agreement among the Borrower, Chase Securities Inc. and Chase dated June 4, 1999; and (iii) that certain letter agreement among the Borrower, Wachovia Securities Inc. and Wachovia dated June 4, 1999.

"Interest Payment Date" shall mean (a) with respect to any ABR Borrowing or the payment of the Letter of Credit fees under Section 2.04(c), each March 31, June 30, September 30 and December 31, beginning on the first such date after the date hereof; (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable thereto and, in the case of such a Eurodollar Loan with an Interest Period of more than three months, each day that would have been an Interest Payment Date for such Eurodollar Loan had successive Interest Periods of three months duration, as the case may be, been applicable to such Eurodollar Loan; (c) with respect to any Negotiated Rate Borrowing, the last day of the Interest Period applicable thereto; (d) in addition, with respect to all Borrowings, the date of any prepayment thereof and the Maturity Date; and (e) in addition with respect to the payment of the Letter of Credit fees under Section 2.04(c), the Maturity Date.

"Interest Period" shall mean: (i) with respect to a Eurodollar Borrowing, the period commencing on the date of the Eurodollar Borrowing and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1 month thereafter in the case of Swingline Loans or 1, 2, 3 or 6 months thereafter in the case of the Loans, or, in addition, in the case of any Eurodollar Borrowing made during the 30-day period ending on the Maturity Date, the period commencing on the date of such Borrowing and ending on the seventh or fourteenth day thereafter, as the Borrower may elect, or the Maturity Date, if earlier; provided, however, that if any Interest Period applicable to a Eurodollar Borrowing would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) with respect to a Negotiated Rate Borrowing, the period commencing on the date of the Negotiated Rate Borrowing and ending on the Business Day agreed to by the Borrower and the Swingline Lender in accordance with Section 2.20 (a) which is not later than 30 days thereafter, or the Maturity Date, if earlier. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

"LIBO Rate" shall mean, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the rate at which dollar deposits approximately equal in principal amount to the Administrative Agent's portion of such Eurodollar Borrowing and for a maturity comparable to such Interest Period are offered to the principal London offices of Chase or one of its Affiliates in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, (i) two Business Days prior to the commencement of such Interest Period or (ii) with respect to any Swingline Loan that is also a Eurodollar Borrowing, on the Business Day of the commencement of such Interest Period.

"Material Adverse Effect" shall mean a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Borrower and its Restricted Subsidiaries taken as a whole, or (b) the ability of the Borrower to perform its obligations under this Agreement and the ability of the Material Restricted Subsidiaries to perform their respective obligations under the Subsidiary Guaranty, taken as a whole, or (c) the validity or enforceability of this Agreement, the Pledge Agreement or the Subsidiary Guaranty.

"Revolving Exposure" shall mean, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Loans and its participating

interest in the outstanding Swingline Loans and Letters of Credit (or, if determined with respect to a Lender who is also the Swingline Lender or the Issuing Bank, its direct interests in outstanding Swingline Loans or Letters of Credit minus all other Lenders' participation interests therein whether or not notice of any such participation shall have been given under Section 2.20(b)).

"Senior Note Purchase Agreements" shall mean the following:

(i) nine separate Note Purchase Agreements, dated as of December 1, 1993, as each of the same have been amended, between the Borrower and each of The Prudential Insurance Company of America, Connecticut General Life Insurance Company, Connecticut General Life Insurance Company, on behalf of one or more separate accounts, United of Omaha Life Insurance Company, Mutual of Omaha Insurance Company, Companion Life Insurance Company, United World Life Insurance Company, First Colony Life Insurance Company, General Electric Capital Assurance Company (as a successor) and GE Life and Annuity Assurance Company (as a successor);

(ii) the Note Purchase Agreement, dated as of July 6, 1995 between the Borrower and Teachers Insurance and Annuity Association of America, as the same has been amended;

(iii) eight separate Note Purchase Agreements, dated as of April 3, 1998, as each of the same have been amended, between the Borrower and each of The Prudential Insurance Company of America, U.S. Private Placement Fund, Teachers Insurance and Annuity Association of America, Connecticut General Life Insurance Company, Connecticut General Life Insurance Company, on behalf of one or more separate accounts, CIGNA Property and Casualty Insurance Company, United of Omaha Life Insurance Company and Companion Life Insurance Company; and

(iv) that certain Master Shelf Agreement dated as of October 15, 1999 between the Borrower and the Prudential Insurance Company of America, as the same has been amended.

"Type"", when used in respect of any Loan, Swingline Loan, or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans or Swingline Loan comprising such Borrowing is determined. For purposes hereof, "Rate" shall include the LIBO Rate, the Alternate Base Rate and the Negotiated Rate.

(b) Clause (ii) of the definition of the term "Adjusted EBITDA" is amended in its entirety to read as follows:

(ii) to the extent deducted in computing such consolidated net income (or loss), without duplication, the sum of (a) any deduction for (or less any gain from) income or franchise taxes included in determining such consolidated net income (or loss); plus (b) interest expense (including the interest portion of Capital Leases) deducted in determining such consolidated net income (or loss); plus (c) amortization and depreciation expense deducted in determining such consolidated net income (or loss) plus (d) any non-recurring and non cash charges resulting from the application of GAAP that requires a charge against earnings for the impairment of goodwill to the extent not

already added back or not included in determining such consolidated net income (or loss); minus,

(c) Clauses (f) and (g) of the definition of the term "Consolidated Net Income" are amended in their respective entireties to read as follows and a new clause (h) is added thereto to read as follows:

(f) any non-recurring loss arising from the sale or other disposition of assets recorded (i) during the fiscal quarter ended June 30, 2001, but only to the extent that the aggregate amount of such losses plus the restructuring charges allowed in Clause (g)(i) hereof for such fiscal quarter is less than $32,400,000; and (ii) after June 30, 2001, in an aggregate amount for such period not to exceed $25,000,000;

(g) any non-recurring restructuring charges recorded (i) during the fiscal quarter ended June 30, 2001, but only to the extent that the aggregate amount of such restructuring charges plus the losses allowed in Clause (f)(i) hereof for such fiscal quarter is less than $32,400,000; and (ii) after June 30, 2001, in an aggregate amount for such period not to exceed $25,000,000 but provided that cash charges included in such restructuring charges shall at no time exceed $12,500,000; and

(h) any non-recurring and non cash charges resulting from the application of GAAP that requires a charge against earnings for the impairment of goodwill.

Section 2.3 Amendment to Section 2.02. Section 2.02 of the Credit Agreement is amended as follows:

(a) The word "Percentage" in the second line of Clause (a) is amended to be "Percentages";

(b) Clause (b) is amended in its entirety to read as follows:

(b) Each Borrowing (including any Borrowing of a Swingline Loan) shall be comprised entirely of Eurodollar Loans or ABR Loans, or with respect to Swingline Loans only, Swingline Loans accruing interest at the Negotiated Rate as the Borrower may request pursuant to Section 2.03 or, with respect to Swingline Loans, Section 2.20(a). Each Lender may at its option make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement. Borrowings of more than one Type may be outstanding at the same time.

(c) Clause (d) is amended in its entirety to read as follows:

(d) Borrower may Convert all or any part of any Borrowing (excluding a Borrowing comprised of a Swingline Loan) to a Borrowing of a different Type and Borrower may Continue all or any part of any Eurodollar Borrowing (excluding a Borrowing comprised of a Swingline Loan) as a Borrowing of the same Type, by giving the Administrative Agent written notice on the Business Day of the Conversion into an ABR Borrowing and on the Business Day at least three Business Days before Conversion into or Continuation of a Eurodollar Borrowing specifying: (i) the Conversion or Continuation date, (ii) the amount of the Borrowing to be Converted or Continued, (iii) in the case of Conversions, the Type of Borrowing to be Converted into, and (iv) in the case

of a Continuation of or Conversion into a Eurodollar Borrowing, the duration of the Interest Period applicable thereto; provided that (a) Eurodollar Borrowings may only be Converted on the last day of the Interest Period; (b) except for Conversions to ABR Borrowings, no Conversions shall be made while an Event of Default has occurred and is continuing; (c) only ten (10) Eurodollar Borrowings (including Eurodollar Borrowings of Swingline Loans) may be in existence at any one time; and (d) no Interest Period may end after the Maturity Date. All notices given under this Section shall be irrevocable and shall be given not later than 11:00 a.m. New York, New York time on the Business Day which is not less than the number of Business Days specified above for such notice. If the Borrower shall fail to give the Agent the notice as specified above for Continuation or Conversion of a Eurodollar Borrowing (excluding a Borrowing of a Swingline Loan) prior to the end of the Interest Period with respect thereto, such Eurodollar Borrowing shall automatically be continued as a Eurodollar Borrowing with an Interest Period of one month's duration unless any Event of Default exists in which case such Eurodollar Borrowing shall be automatically converted to an ABR Borrowing. The Agent shall promptly advise the Lenders of any notice given pursuant to this Section 2.02.

Section 2.4 Amendment to Section 2.03. The first line of Section 2.03 of the Credit Agreement is amended to add the phrase "(other than a Swingline Loan)" after the word "Borrowing".

Section 2.5 Amendment to Section 2.04. Section 2.04 of the Credit Agreement is amended as follows:

(a) Clause (a) is amended in its entirety to read as follows:

(a) The Borrower agrees to pay to each Lender, through the Administrative Agent, on each March 31, June 30, September 30 and December 31 and on each date on which the Commitment of such Lender shall be terminated as provided herein, a commitment fee (a "Commitment Fee"), at a rate per annum equal to the Commitment Fee Percentage from time to time in effect on the amount of the daily average of the unused Commitment of such Lender, during the preceding quarter (or other period commencing on the Effective Date or ending with the Maturity Date or any date on which the Commitment of such Lender shall be terminated). All Commitment Fees shall be computed on the basis of the actual number of days elapsed in a year of 365 or 366 days, as the case may be. The Commitment Fee due to each Lender shall commence to accrue on the Effective Date, and shall cease to accrue on the earlier of the Maturity Date or the termination of the Commitment of such Lender as provided herein. A Lender's Commitment (other than the Swingline Lender) shall be deemed used by the aggregate amount of all Loans made by the Lender and such Lender's Applicable Percentage of the Letter of Credit Liabilities. Swingline Loans are not a use for purposes of calculating

the Commitment Fee for any Lender other than the Swingline Lender. The Swingline Lender's Commitment shall be deemed used by the aggregate amount of all Loans and Swingline Loans made by the Swingline Lender and the Swingline Lender's Applicable Percentage of the Letter of Credit Liabilities.

(b) Clause (d) is amended in its entirety to read as follows:

(d) The fees payable under this Section 2.04 (the "Fees") shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to the Issuing Bank, in the case of fees payable to it) for distribution, if and as appropriate, among the Lenders or Agents. Once paid, none of such Fees shall be refundable under any circumstances.

Section 2.6 Amendment to Section 2.05. Clauses (a) and (b) of Section 2.05 of the Credit Agreement are amended in their respective entireties to read as follows:

(a) The Borrower hereby unconditionally promises to pay (i) the then unpaid principal amount of each Loan on the Maturity Date and (ii) the then unpaid principal amount of each Swingline Loan on the earlier of (A) the Maturity Date or (B) the later of the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least two Business Days after such Swingline Loan is made or, in the case of each Swingline Loan which is a Eurodollar Borrowing or a Negotiated Rate Borrowing, the last day of the Interest Period with respect thereto; provided that on each date that a Loan is made, the Borrower shall repay all Swingline Loans then outstanding which are ABR Loans. Payments under this Section 2.05 shall be made to the Administrative Agent for the account of the Lenders except payments made in respect of Swingline Loans in which no participations have been purchased shall be made to the Swingline Lender. Following receipt by the Administrative Agent of any payment from the Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the Lenders as their interests may appear in accordance with Section 2.18.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness to such Lender resulting from each Loan or Swingline Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

Section 2.7 Amendment to Section 2.06. Section 2.06 of the Credit Agreement is amended in its entirety to read as follows:

Section 2.06 Interest On Loans; Margin and Fees.

(a) Subject to the provisions of Section 2.07, the Loans and Swingline Loans comprising each Eurodollar Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin from time to time in effect. Subject to the provisions of Section 2.07, the Swingline Loans comprising each Negotiated Rate Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the Negotiated Rate for the Interest Period in effect for such Borrowing.

(b) Subject to the provisions of Section 2.07, the Loans and Swingline Loans comprising each ABR Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, for periods during which the Alternate Base Rate is determined by reference to the Prime Rate and 360 days for other periods and including for all calculations the first day of any period but excluding the last) at a rate per annum equal to the Alternate Base Rate.

(c) Interest on each Loan and Swingline Loan shall be payable on each Interest Payment Date applicable to such Loan or Swingline Loan except as otherwise provided in this Agreement. The applicable LIBO Rate or Alternate Base Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error; provided that the Administrative Agent shall, upon

request, provide to the Borrower a certificate setting forth in reasonable detail the basis for such determination.

(d) The Applicable Margin identified in this Section 2.06 and the Commitment Fee Percentage identified in Section 2.04 shall be defined and determined as follows:

"Applicable Margin" shall mean (i) during the period commencing on the July 12, 2001 and ending on but not including the first Adjustment Date (as defined below), 2.00% per annum and (ii) during each period from and including one Adjustment Date to but excluding the next Adjustment Date (herein a "Calculation Period"), the percent per annum set forth in the table below under the heading "Margin" opposite the Debt to Adjusted EBITDA Ratio which corresponds to the Debt to Adjusted EBITDA Ratio set forth in, and as calculated in accordance with, the applicable Compliance Certificate.

"Commitment Fee Percentage" shall mean (1) during the period commencing on the July 12, 2001 and ending on but not including the first Adjustment Date, 0.375% per annum and (2) during each Calculation Period, the percent per annum set forth in the table below under the heading "Commitment Fee Percentage" opposite the Debt to Adjusted EBITDA Ratio which corresponds to the Debt to Adjusted EBITDA Ratio set forth in, and as calculated in accordance with, the applicable Compliance Certificate.

Debt to Adjusted EBITDA Ratio	Margin	Commitment Fee Percentage
Greater than 3.50 to 1.00	2.250%	0.500%
Greater than 3.25 to 1.0 but less than or equal to 3.50 to 1.0	2.000%	0.375%
Greater than 3.00 to 1.0 but less than or equal to 3.25 to 1.0	1.750%	0.375%
Greater than 2.75 to 1.0 but less than or equal to 3.00 to 1.0	1.500%	0.300%
Greater than 2.50 to 1.0 but less than or equal to 2.75 to 1.0	1.125%	0.300%
Greater than 2.00 to 1.0 but less than or equal to 2.50 to 1.0	0.875%	0.250%
Greater than 1.50 to 1.0 but less than or equal to 2.00 to 1.0	0.750%	0.200%
Greater than 1.00 to 1.0 but less than or equal to 1.50 to 1.0	0.625%	0.1875%
Less than or equal to 1.00 to 1.00	0.500%	0.150%

Upon delivery of the Compliance Certificate pursuant to Section 5.20(g) in connection with the financial statements of the Borrower and its Subsidiaries required to be delivered pursuant to Sections 5.20(a) and (b), commencing with such Compliance Certificate delivered with respect to the fiscal quarter ending on June 30, 2001, the Applicable Margin (for Interest Periods commencing after the applicable Adjustment Date) and the Commitment Fee Percentage shall automatically be

adjusted in accordance with the Debt to Adjusted EBITDA Ratio set forth therein and the table set forth above, such automatic adjustment to take effect as of the first Business Day after the receipt by the Agent of the related Compliance Certificate pursuant to Section 5.20(g) (each such Business Day

when such margin or fees change pursuant to this sentence or the next following sentence, herein an "Adjustment Date"). If the Borrower fails to deliver such Compliance Certificate which so sets forth the Debt to Adjusted EBITDA Ratio within the period of time required by Section 5.20(g): (i) the Applicable Margin (for Interest Periods commencing after the applicable Adjustment Date) shall automatically be adjusted to 2.250% per annum; and (ii) the Commitment Fee Percentage shall automatically be adjusted to 0.500% per annum, such automatic adjustments to take effect as of the first Business Day after the last day on which the Borrower was required to deliver the applicable Compliance Certificate in accordance with Section 5.20(g) and to remain in effect until subsequently adjusted in accordance herewith upon the delivery of a Compliance Certificate.

Section 2.8 Amendment to Sections 2.09. Section 2.09 of the Credit Agreement is amended in its entirety to read as follows:

Section 2.09 Termination and Reduction of Commitments.

(a) The commitment of the Issuing Bank to issue Letters of Credit under Section 2.19, the Commitment of the Swingline Lender under Section 2.20 to make Swingline Loans and the Commitments of the Lenders shall automatically be terminated on the Maturity Date. Such commitments may also terminate as provided in Section 2.10(c) and Article 6.

(b) Upon at least three Business Days' prior irrevocable written notice to the Administrative Agent, the Borrower may, at any time, in whole permanently terminate, or, from time to time, in part permanently reduce, the Total Commitment; provided, however, that (i) each partial reduction of the Total Commitment shall be in an integral multiple of $5,000,000 and in a minimum principal amount of $5,000,000 and (ii) no such termination or reduction shall be made which would reduce the Total Commitment to an amount less than $50,000,000, unless the result of such termination or reduction is to reduce the Total Commitment to $0. The Administrative Agent shall advise the Lenders of any notice given pursuant to this Section 2.09(b) and of each Lender's portion of any such termination or reduction of the Total Commitment. Upon the termination of the Total Commitment, the commitment of the Issuing Bank to issue Letters of Credit under Section 2.19 and the commitment of the Swingline Lender under Section 2.20 shall also terminate.

(c) Immediately after giving effect to a Transfer authorized under Section 5.11(c) that is a Material Transfer, 60% of the net, after tax proceeds of such Transfer shall be used to reduce the commitments under the revolving Senior Secured Credit Facilities and/or the principal amounts outstanding under any other Senior Secured Credit Facilities. The Borrower shall have the option of determining which Senior Secured Credit Facility or Facilities to which to apply such proceeds. If any of such proceeds are applied to this Agreement, the amount the Borrower has determined to apply to this Agreement shall be used to reduce the Total Commitments and make any repayments of the Loans or Swingline Loans required by such reduction. The term "Senior Secured Credit Facilities" means this Agreement, the 364 Day Facility, the Senior Note Purchase Agreements and any other facility providing Indebtedness which refinances any of the foregoing or is otherwise entitled under the Intercreditor Agreement to the benefits of the Liens granted under the Pledge Agreement.

(d) If the Borrower wants any Indebtedness that is hereafter incurred to be entitled under the Intercreditor Agreement to the benefits of the Liens granted under

the Pledge Agreement, the Borrower shall use the proceeds of such Indebtedness to reduce the commitments under the revolving Senior Secured Credit Facilities in existence on June 29, 2001 and/or the outstanding under any other Senior Secured Credit Facilities in existence on June 29, 2001. The Borrower shall have the option of determining which Senior Secured Credit Facility or Facilities to which to apply such proceeds. If any of such proceeds are applied to this Agreement, the amount the Borrower has determined to apply to this Agreement shall be used to reduce the Total Commitments and make any repayments of the Loans or Swingline Loans required by such reduction.

(e) Each reduction in the Total Commitment hereunder shall be made ratably among the Lenders in accordance with their respective Commitments. The Borrower shall pay to the Administrative Agent for the account of the Lenders, on the date of each termination or reduction of the Total Commitment, the Commitment Fees on the amount of the Commitments so terminated or reduced accrued through the date of such termination or reduction.

Section 2.9 Amendments to Section 2.10. Section 2.10 of the Credit Agreement is amended as follows:

(a) The heading and Clauses (a) and (b) are amended in their respective entireties to read as follows

Section 2.10 Prepayment Including Prepayment as a Result of a Change of Control and Material Transfer.

(a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing, in whole or in part, upon giving telecopy notice (or telephone notice promptly confirmed by telecopy) to the Administrative Agent: (i) before 11:00 a.m., New York, New York time, three Business Days prior to prepayment, in the case of Eurodollar Loans and Negotiated Rate Borrowings which prepayment shall be accompanied by any amount owed under Section 8.05(b), and (ii) before 11:00 a.m., New York, New York time, one Business Day prior to prepayment, in the case of ABR Loans; provided, however, that each partial prepayment shall be in an amount which is an integral multiple of $1,000,000 and not less than $3,000,000.

(b) On the date of any termination or reduction of the Total Commitment pursuant to Section 2.09 (including without limitation, any reduction arising as a result of a Material Transfer), the Borrower shall pay or prepay so much of the Borrowings as shall be necessary in order that the aggregate outstanding principal amount of the Loans and Swingline Loans will not exceed the sum of the Total Commitment minus all Letter of Credit Liabilities, after giving effect to such termination or reduction.

(b) The first paragraph of Clause (c) is amended to read in its entirety as follows:

At least 15 Business Days (or, in the case of any transaction permitted by Section 5.10 resulting in a Change of Control, at least 45 days) and not more than 90 days prior to the occurrence of any Change of Control, the Borrower will give written notice thereof to each Lender. Such notice shall contain (i) an offer by the Borrower to prepay, on the date of such Change of Control or, if such notice shall be delivered less than 35 days prior to the date of such Change of Control, on the date 35 days after the date of such notice (the "Prepayment Date"), all Loans and Swingline Loans made by each Lender, together with interest accrued thereon to the Prepayment Date and all other

liquidated obligations owed to such Lender under the terms hereof, (ii) the estimated amount of accrued interest, showing in reasonable detail the calculation thereof and (iii) the Borrower's estimate of the date on which such Change of Control shall occur. Said offer shall be deemed to lapse as to any such Lender which has not replied affirmatively thereto in writing within 35 days of the giving of such notice. As soon as practicable (and in any event at least 24 hours) prior to such Change of Control, the Borrower shall give written confirmation of the date thereof to each such Lender that has affirmatively replied to the notice given pursuant to the first sentence of this Section 2.10(c). Borrower shall, on the Prepayment Date, prepay to each Lender that has affirmatively replied to the notice given pursuant to the

first sentence of this Section 2.10(c) all Loans and funded participation interests in Swingline Loans then held by such Lender together with accrued interest thereon and all other liquidated obligations owed to such Lender under the terms hereof. Thereupon, each Lender that shall have received such prepayment shall have no further obligation to make Loans or participate in Swingline Loans or Letters of Credit made or issued after the Prepayment Date and the Total Commitment shall be reduced by the amount of each such Lender's Commitment; provided that each Lender that shall have received such prepayment shall continue to have a participation interest in any Letter of Credit issued prior to the Prepayment Date or any Swingline Loan outstanding immediately after the Prepayment Date and shall be entitled to the continued payment of the Fees paid in respect thereof. The participation interests described in the foregoing sentence shall be calculated based on the Applicable Percentages determined immediately prior to the Prepayment Date and each such Lender shall continue to be obligated to fund its participation interest therein as herein specified as if no prepayment had occurred. Any Loan made after the Prepayment Date shall be made by the remaining Lenders and such Lenders shall have participation interests in any Swingline Loan made after the Prepayment Date and in any Letter of Credit issued after the Prepayment Date based on their Applicable Percentages (calculated without including the Commitments of the Lenders that shall have received the prepayment under this Section 2.10(c)). If requested by the Administrative Agent or the Lenders who are to receive prepayment under this Section 2.10(c), the Borrower shall use its commercially reasonable efforts to cause all Letters of Credit that are to be outstanding as of the Prepayment Date to be terminated as of the Prepayment Date or as soon thereafter as is possible.

Section 2.10 Amendment to Section 2.11. The phase "such Lender's Commitment, the Loans" in Clause (b) of Section 2.11 of the Credit Agreement is amended to read "such Lender's Commitment, the Loans and Swingline Loans".

Section 2.11 Amendment to Section 2.14. Sections 2.14 of the Credit Agreement is amended in its entirety to read as follows:

Section 2.14 Sharing of Setoffs. Subject to the terms of the Intercreditor Agreement which shall have precedence over any conflicting provisions in this Section 2.14, each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim, or pursuant to a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means, obtain payment (voluntary or involuntary) in respect of any amounts due hereunder as a result of which the unpaid principal portion of such amount shall be proportionately less than the unpaid principal portion of such amount owed to any other Lender, it shall be deemed simultaneously to have purchased from such other Lender at face value, and shall promptly pay to such other Lender the purchase price for, a participation in such amounts of such other Lender,

so that the aggregate unpaid principal amount of the obligations owed by the Borrower hereunder and participations in such obligations held by each Lender shall be in the same proportion to the aggregate unpaid principal amount of all obligations owed by the Borrower hereunder then outstanding as the principal amount of such obligations prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all such obligations outstanding prior to such exercise of banker's lien, setoff or counterclaim or other event; provided, however, that, if any such purchase or purchases or adjustments shall be made pursuant to this Section 2.14 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. The Borrower expressly consents to the foregoing arrangements and agrees that any Lender holding a participation in the obligations owed hereunder deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing by the Borrower to such Lender by reason thereof as fully as if such Lender had made a Loan in the amount of such participation.

Section 2.12 Amendment to Section 2.17. The phrase "date of payment on the Loans" in Clause (ii) of Section 2.17 of the Credit Agreement is amended to read "date of payment on the Loans and Swingline Loans".

Section 2.13 Amendment to Section 2.18. The phrase ", under the Subsidiary Guaranty or under the Intercreditor Agreement" is hereby added to Section 2.18 of the Credit Agreement between the word "hereunder" and the phrase "for the account of".

Section 2.14 Amendment to Section 2.19.

(a) The phrase "(each a 'Letter of Credit '" in the first paragraph of Section 2.19 of the Credit Agreement is amended in its entirety to read " (each such letter of credit along with each Existing Letter of Credit, herein a 'Letter of Credit')".

(b) The $25,000,000 figure in the last sentence of Clause (a) of Section 2.19 of the Credit Agreement is amended to be $35,000,000.

(c) The phrase that begins ";provided that" at the end of the first sentence of Clause (d) of Section 2.19 of the Credit Agreement is amended in its entirety to read as follows:

provided that the Borrower may, subject to the conditions to borrowing set forth herein, request that such payment be financed with a Loan or Swingline Loan in an equivalent amount, and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting Loan or Swingline Loan.

(d) A new Clause (i) is added to Section 2.19 of the Credit Agreement to read in its entirety as follows:

(i) Amendments. No amendment to this Agreement shall amend, modify or otherwise affect the rights and duties of the Issuing Bank without the prior written consent of the Issuing Bank.

Section 2.15 Addition of Section 2.20. Section 2.20 is added to the Credit Agreement following Section 2.19 to read in its entirety as follows:

Section 2.20 Swingline Loans. Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make advances (each such advance a "Swingline

Loan") to the Borrower from time to time on and after the June 29, 2001, until the earlier of the Maturity Date or the termination of the Commitments hereunder in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding $20,000,000 and (ii) the total Revolving Exposures exceeding the Total Commitment. The Swingline Loans comprising any Borrowing shall be in an amount which is an integral multiple of $500,000 and not less than $1,000,000 (or an aggregate principal amount equal to the sum of $20,000,000 minus all the Swingline Loans then outstanding). Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(a) Swingline Request Procedure. To request a Swingline Loan, the Borrower shall notify the Administrative Agent of such request by telephone (confirmed by telecopy), not later than 11:00 a.m., New York, New York time, on the day of a proposed Swingline Loan by use of a duly completed Borrowing Request. Each such notice shall be irrevocable and shall specify: (i) the requested date of such Borrowing (which shall be a Business Day), (ii) the amount of the requested Swingline Loan, (iii) whether the Swingline Loan is to be a Eurodollar Borrowing, an ABR Borrowing or a Negotiated Rate Borrowing, and (iv) in the event of a Negotiated Rate Borrowing is selected, the requested duration of the Interest Period therefor and the requested interest rate to be applicable thereto. If no election as to the type of Borrowing is specified in any notice, then the requested Borrowing shall be an ABR Borrowing. Each Interest Period with respect to a

Eurodollar Borrowing that is a Swingline Loan shall be one month's duration. The Administrative Agent will promptly advise the Swingline Lender of any such notice received from the Borrower. The Swingline Lender shall make each Swingline Loan available to the Borrower by means of a credit to the account or accounts specified from time to time in one or more notices delivered by the Borrower to the Swingline Lender (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.19(d), by remittance to the Issuing Bank) by 3:00 p.m., New York, New York time, on the requested date of such Swingline Loan. The Swingline Lender shall notify the Borrower on the date the Borrower requests a Negotiated Rate Borrowing if the Swingline Lender will not agree to the rate requested in such notice to apply to such Borrowing or the duration of the related Interest Period. If the Borrower and the Swingline Lender can not agree on the Negotiated Rate for a Negotiated Rate Borrowing, the Negotiated Rate Borrowing shall not be available hereunder. The determination by the Swingline Lender of the Negotiated Rate applicable to a Negotiated Rate Borrowing shall be conclusive absent manifest error.

(b) Lender Participation. The Swingline Lender may by written notice given to the Administrative Agent not later than 11:00 a.m., New York, New York time, on any Business Day require the Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which the Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loans. Each Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender's Applicable Percentage of such Swingline Loans. Each Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or Event of Default or reduction or termination of the Commitments, and that each such payment

shall be made without any offset, abatement, withholding or reduction whatsoever; provided that (i) the obligations of a Lender to fund its participation in a Swingline Loan may be subject to avoidance by a Lender if such Lender proves that the Swingline Lender knew (or with the exercise of care should have known) that the conditions to the making of the Swingline Loan were not satisfied and (ii) a Lender shall not have an obligation to acquire or fund a participation in Swingline Loans if that obligation of the Lender has been terminated or assigned to another Person in accordance with Section 2.10(c) or Section 8.04. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the Swingline Lender (as finally determined by a court of competent jurisdiction), the Swingline Lender shall be deemed to have exercised care. Each Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Lenders. The Administrative Agent shall notify the Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of its obligation for the payment thereof in full, notwithstanding any Default or Event of Default which may exist.

(c) Repayment. Swingline Loans shall be repaid by the Borrower in accordance with Section 2.05. Notwithstanding Section 2.13, each Borrowing comprised of a Swingline Loan, each payment or prepayment of principal of any Borrowing comprised of a Swingline Loan, and each payment of interest on Swingline Loans, shall be paid to the Administrative Agent for the benefit of the Swingline Lender only.

(d) Amendments. No amendment to this Agreement shall amend, modify or otherwise affect the rights and duties of the Swingline Lender without the prior written consent of the Swingline Lender.

Section 2.16 Amendment to Section 3.02. Section 3.02 of the Credit Agreement is amended in its entirety to read as follows:

Section 3.02 Authorization. The execution, delivery and performance by the Borrower of this Agreement, the Pledge Agreement and the Intercreditor Agreement, the Borrowings hereunder, the pledge of the stock of the Material Restricted Subsidiaries under the Pledge Agreement and the issuance of Letters of Credit hereunder (collectively, the "Transactions") (a) have been duly authorized by all requisite corporate action and (b) will not (i) violate (A) any provision of any law, statute, rule or regulation to which any Obligated Party is subject or of the certificate of incorporation or other constituent documents or by-laws of the Borrower or any of its Subsidiaries, (B) any order of any Applicable Governmental Authority or (C) any provision of any Material indenture, agreement or other instrument to which the Borrower or any of its Subsidiaries is a party or by which it or any of its property is or may be bound (including the Senior Note Purchase Agreements and the Indebtedness limitations set forth in any Senior Note Purchase Agreement), (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any such indenture, agreement or

other instrument or (iii) result in the creation or imposition of any Lien upon any property or assets of the Borrower or any of its Subsidiaries, except as contemplated by the Pledge Agreement.

Section 2.17 Amendment to Section 3.05. Clause (a) of Section 3.05 of the Credit Agreement is amended in its entirety to read as follows.

(a) Schedule 3.05 is (except as noted therein) a complete and correct list of the Borrower's Subsidiaries as of May 31, 2001 showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, the percentage of its capital stock or similar equity interests owned by the Borrower and each other Subsidiary, and specifying whether such Subsidiary is a Restricted Subsidiary and a Material Restricted Subsidiary. Schedule 3.05A correctly sets forth the authorized, issued, and outstanding capital stock of each Material Restricted Subsidiary. All of the outstanding capital stock of each Material Restricted Subsidiary has been validly issued, is fully paid, and is nonassessable. There are no outstanding subscriptions, options, warrants, calls, or rights (including preemptive rights) to acquire, and no outstanding securities or instruments convertible into, capital stock of any Material Restricted Subsidiary.

Section 2.18 Amendment to Section 3.12. Section 3.12 of the Credit Agreement is amended in its entirety to read as follows:

Section 3.12 Use of Proceeds; Margin Regulation. The Borrower will apply the proceeds of the Loans and Swingline Loans to refinance existing indebtedness, to make acquisitions, for capital expenditures, for working capital and for other general corporate purposes. The Letters of Credit shall be issued to support transactions of the Borrower and the Subsidiaries entered into in the ordinary course of business. No part of the proceeds from the Loans will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Borrower in a violation of Regulation X of the Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of the Board (12 CFR 220). Margin stock does not constitute more than 5% of the value of the consolidated assets of the Borrower and its Restricted Subsidiaries and the Borrower does not have any present intention that margin stock will constitute more than 5% of the value of such assets. As used in this Section, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in said Regulation U.

Section 2.19 Amendment to Section 3.13. The reference to "June 30, 1999" contained in Section 3.13 of the Credit Agreement is amended to read "May 26, 2001".

Section 2.20 Amendment of Section 4.01. The introduction phrase and Clause (a) of Section 4.01 of the Credit Agreement are amended in their respective entireties to read as follows:

Section 4.01 All Borrowings. The obligations of the Lenders to make Loans after the Effective Date, the obligation of the Swingline Lender to make Swingline Loans after June 29, 2001 and the obligation of the Issuing Bank to issue, amend, renew or extend Letters of Credit are subject to the satisfaction of the following conditions on the date of each Borrowing or issuance:

(a) The Administrative Agent shall have received a notice of such Borrowing, issuance, amendment or other modification as required by Section 2.03, 2.19(a) or 2.20(a), as applicable.

Section 2.21 Amendment to Article 5. The introductory phrase of Article 5 to the Credit Agreement is amended in its entirety to read as follow:

The Borrower agrees that, so long as any Lender has any Commitment hereunder or any obligations to acquire or fund any participation in any Swingline Loan or Letter of Credit or the Swingline Lender is obligated to make Swingline Loans or the Issuing Bank is obligated to issue any Letter of Credit, or any amount payable hereunder remains unpaid:

Section 2.22 Amendment to Section 5.11. The period at the end of Subclause (iii) of Clause (c) of Section 5.11 is deleted and replaced with "; or", the last sentence of Section 5.11 is deleted therefrom and a new Clause (d) is added to the end of Section 5.11 to read in its entirety as follows:

(d) such Transfer is the sale of receivables, or undivided interests therein, pursuant to an Approved Receivables Securitization.

Section 2.23 Amendment to Section 5.12. The following sentence is added after the first sentence of Section 5.12 of the Credit Agreement:

In addition to and not in limitation of the other provisions of this Section 5.12, from June 29, 2001 until the date that the Debt to Adjusted EBITDA Ratio is less than 3.00 to 1.00 as calculated for any fiscal quarter after March 31, 2001 and established by the delivery of a Covenant Compliance Certificate under Section 5.20(g)(i) (such period, herein the "Restriction Period"), Borrower shall not permit any of Restricted Subsidiary to, directly or indirectly, create, incur, assume, guarantee, or otherwise become directly or indirectly liable with respect to or otherwise permit any Indebtedness, except Indebtedness of such Subsidiaries disclosed on Schedule 3.13 hereto and additional Indebtedness in an aggregate amount not to exceed $10,000,000 for all Restricted Subsidiaries during the Restriction Period.

Section 2.24 Amendment to Section 5.13. Section 5.13 of the Credit Agreement is amended as follows:

(a) Clauses (f) and (g) are amended in their entireties to read as follows:

(f) Liens on property or assets of the Borrower (other than the capital stock of the Material Restricted Subsidiaries) or any of its Restricted Subsidiaries securing Indebtedness or other obligations owing to the Borrower or to a Wholly Owned Restricted Subsidiary;

(g) financing statements filed in respect of operating leases, liens granted under capital leases in existence as of June 29, 2001 provided that the amount secured thereby does not exceed $25,000, other Liens existing on June 29, 2001 and described on Schedule 5.13 and Liens granted to the Collateral Agent under the Pledge Agreement;

(b) Clause (i) is amended in its entirety to read as follows:

(i) other Liens not otherwise permitted by Subsections (a) through (h) above, provided that (i) the fair market value of the assets subject to such other Liens shall not exceed $15,000,000, (ii) such Liens secure Indebtedness of the Borrower or a Restricted Subsidiary permitted hereby, (iii) the aggregate principal amount of the

Indebtedness secured by all Liens granted under the permissions of this clause (i) does not exceed $10,000,000 and (iv) immediately after giving effect to the creation thereof, no Default or Event of Default shall exist.

Section 2.25 Amendment to Section 5.14. Section 5.14 of the Credit Agreement is amended to add the following to the end thereof:

In addition to the foregoing restrictions, the Borrower will not, and will not permit any of its Restricted Subsidiaries to, redeem or otherwise acquire any of its stock or other equity interests or any warrants, rights or other options to purchase such stock or other equity interests except:

(a) when solely in exchange for such stock or other equity interests;

(b) when made contemporaneously from the net proceeds of a sale of such stock or other equity interests;

(c) the repurchase of up to 577,500 shares of the Borrower's capital stock for an aggregate purchase price not to exceed $7,500,000 in connection with its obligation to do so arising in connection with the documentation of its acquisition of James N Kirby Pty Ltd;

(d) the repurchase by LPAC Corp.from Restricted Subsidiaries of LPAC Corp's preferred stock with proceeds of collections on accounts receivable in connection with an Approved Receivables Securitization; and

(e) Other redemptions or acquisitions of such stock or equity interests if, as of the date of the payment thereof, the Debt to Adjusted EBITDA Ratio is less than 3.00 to 1.00 as calculated for any fiscal quarter: (i) that has elapsed since March 31, 2001; (ii) that has ended before the date of payment; and (iii) for which a Covenant Compliance Certificate under Section 5.20(g)(i) has been delivered.

Section 2.26 Amendments to Section 5.15. Section 5.15 of the Credit Agreement is amended as follows:

(a) The introductory phrase is amended to read in its entirety as follows:

The Borrower covenants and agrees that, so long as any Lender has any Commitment hereunder or any obligations to acquire or fund any participation in any Swingline Loan or Letter of Credit or the Swingline Lender is obligated to make Swingline Loans or the Issuing Bank is obligated to issue any Letter of Credit, or any amount payable hereunder remains unpaid, the Borrower will perform and observe the following financial covenants:

(b) The first sentence of Clause (a) is amended in its entirety to read as follows:

As of the end of each fiscal quarter, the Borrower shall not permit the ratio of Cash Flow for the four (4) fiscal quarters then ending to Interest Expenses for such period to be less than (i) 2.65 to 1.00 for the fiscal quarter ended June 30, 2001; (ii) 2.75 to 1.00 for the fiscal quarter ended September 30, 2001; and (iii) 3.00 to 1.00 for all fiscal quarters ending thereafter.

(c) Clause (b) is amended in its entirety to read as follows:

(b) Consolidated Indebtedness to Adjusted Ebitda. As of the last day of each fiscal quarter during the periods described below, the Borrower shall not permit the ratio of Consolidated Indebtedness outstanding as of such day to the Adjusted EBITDA for the four (4) fiscal quarters then ended to exceed: (i) 3.90 to 1.00 for the fiscal quarter ended June 30, 2001; (ii) 3.75 to 1.00 for the fiscal quarters ended September 30, 2001 and December 31, 2001; (iii) 3.50 to 1.00 for the fiscal quarters ended March 31, 2002 and June 30, 2002; (iv) 3.25 to 1.00 for the fiscal quarters ended September 30, 2002 and December 31, 2002; and (v) 3.00 to 1.00 for all fiscal quarters ending after December 31, 2002.

Section 2.27 Amendment to Section 5.20. The phrase ",the then existing Material Restricted Subsidiaries," is added to Subclause (i) of Clause (g) of Section 5.20 of the Credit Agreement after the phrase "the Commitment Fee Percentage".

Section 2.28 Addition of Sections 5.23 and 5.24. Sections 5.23 and 5.24 are added to the Credit Agreement following Section 5.22 to read in their entirety as follows:

Section 5.23 Post Closing Agreements; New Material Restricted Subsidiaries.

(a) Items Due by August 15, 2001. On or before August 15, 2001, the Borrower shall deliver or cause to be delivered to the Administrative Agent, each of the following, all in form and substance acceptable to the Lenders:

(i) The Intercreditor Agreement executed by all the parties thereto; the Pledge Agreement executed by the Borrower pursuant to which the Borrower shall have pledged to the Collateral Agent all the capital stock of each Material Restricted Subsidiary; certificates representing the capital stock of the Material Restricted Subsidiaries pledged pursuant to the Pledge Agreement together with undated stock powers duly executed in blank for all such certificates; UCC, tax and judgment Lien search reports listing all documentation on file against the Borrower and each Material Restricted Subsidiary in each jurisdiction in which it has its principal place of business and jurisdiction of organization; such executed documentation as the Collateral Agent may deem necessary to perfect or protect its Liens, including, without limitation, financing statements under the UCC and other applicable documentation under the laws of any jurisdiction with respect to the perfection of Liens; and duly executed UCC-3 termination statements and such other documentation as shall be necessary to terminate or release all Liens encumbering the collateral pledged pursuant to the Pledge Agreement. To assist the Borrower in complying with the requirements of this paragraph, the Lenders agree to use commercially reasonable efforts to cause the Required Lenders to approve an Intercreditor Agreement which is in form and substance satisfactory to them on or before August 15, 2001.

(ii) a favorable written opinion from counsel to the Borrower and the Material Restricted Subsidiaries addressed to the Lenders and satisfactory to Jenkens & Gilchrist, a Professional Corporation, counsel for the Administrative Agent, as to such matters relating to the Intercreditor Agreement, the Pledge Agreement, the collateral pledged pursuant thereto and the capitalization of the Material Restricted Subsidiaries as the Administrative Agent may request (and the Borrower hereby instructs its counsel to deliver such opinion to the Administrative Agent for the benefit of the Lenders).

(iii) A certificate of the Secretary or an Assistant Secretary of the Borrower certifying that attached thereto is a true and complete copy of resolutions, duly adopted by the Board of Directors authorizing the execution, delivery and performance of the Pledge Agreement, the Intercreditor Agreement and the Transactions, and that such resolutions have not been modified, rescinded or amended and are in full force and effect.

(iv) A certificate of the Secretary or an Assistant Secretary of each Material Restricted Subsidiary certifying that attached thereto is a true and complete copy of resolutions, duly adopted by the Board of Directors authorizing the execution, delivery and performance of the Intercreditor Agreement and that such resolutions have not been modified, rescinded or amended and are in full force and effect.

(b) New Material Restricted Subsidiaries. Within forty-five (45) days after the end of each fiscal quarter, the Borrower shall cause each Material Restricted Subsidiary created or acquired during the fiscal quarter then ending, and each Restricted Subsidiary that, as a result of a change in assets, became a Material Restricted Subsidiary during such fiscal quarter (any such Material Restricted Subsidiary, herein a "New Material Subsidiary"), to execute and deliver to the Administrative Agent a Subsidiary Joinder Agreement joining it as a guarantor under the Subsidiary Guaranty and such other documentation as the Administrative Agent may reasonably request to cause such New Material Subsidiary to evidence or otherwise implement the guaranty of the repayment of the obligations contemplated by the Subsidiary Guaranty and this Agreement. In addition, within forty-five (45) days after the end of a fiscal quarter in which a New Material Subsidiary has been created, acquired or comes into existence, the Borrower shall take such action as the Collateral Agent may request to cause the capital stock of each such New Material Subsidiary to be pledged to the Collateral Agent under the Pledge Agreement, including without limitation, the proper completion, execution and delivery of a Pledge Amendment under the terms of the Pledge Agreement, the delivery of the stock certificates evidencing the stock to be pledged, along with blank stock powers executed in blank, Uniform Commercial Code Financing Statements and such other documentation as the Collateral Agent may reasonably request to cause such stock to be pledged under the Pledge Agreement and for such pledge to be perfected and protected.

Section 5.24 Restrictions On Transfers to Unrestricted Subsidiaries. In addition to the other limitations of the this Agreement, from June 29, 2001 until the date that the Debt to Adjusted EBITDA Ratio is less than 3.00 to 1.00 as calculated for any fiscal quarter after March 31, 2001 and established by the delivery of a Covenant Compliance Certificate under Section 5.20(g)(i) (such period, herein the "Section 5.24 Restriction Period"), the Borrower will not, and will not permit any Restricted Subsidiary to, consummate any Unrestricted Subsidiary Transfer except:

(a) the sale of inventory to Unrestricted Subsidiaries in the ordinary course of business;

(b) payments made to Unrestricted Subsidiaries after June 30, 2001 in an aggregate amount not to exceed $30,500,000 to be used to satisfy the obligations owed to the seller(s) arising under the documentation governing the acquisition of James N Kirby Pty Ltd; and

(c) if no Default or Event of Default exists or would result therefrom, Unrestricted Subsidiary Transfers, in addition to the Transfers described in

clauses (a) and (b) above, provided that the aggregate amount of the Unrestricted Subsidiary Transfers consummated during the Section 5.24 Restriction Period under the permissions of this clause (c) shall not exceed $60,000,000. The aggregate amount of the Unrestricted Subsidiary Transfers for purposes of determining compliance with this clause (c) as of any date shall equal the sum of the following: (i) the aggregate outstanding amount of all loans, advances and extensions of credit made by the Borrower and the Restricted Subsidiaries to Unrestricted Subsidiaries and outstanding on such date; plus (ii) the aggregate amount of all obligations of the Unrestricted Subsidiaries outstanding on such date that are guaranteed by Borrower or any Restricted Subsidiary or secured by a Lien granted by Borrower or a Restricted Subsidiary; plus (iii) the aggregate Fair Market Value (determined for each Unrestricted Subsidiary Transfer as of the date of the applicable Unrestricted Subsidiary Transfer) of all other property (i.e., other than the property described in clauses (i) and (ii) of this sentence) disposed of during the Restriction Period in Unrestricted Subsidiary Transfers consummated under the permissions of this clause (c).

The term "Unrestricted Subsidiary Transfer" means, a transaction in any form in which an Unrestricted Subsidiary receives (either directly or indirectly) anything (including money or other property) of value from Borrower or any Restricted Subsidiary, including, any loan, advance or other extension of credit; any sale, lease, or other disposition of assets; any merger, consolidation or other corporate combination; any purchase or repurchase of stocks, bonds, notes, debentures or other securities or any other capital contribution or investment; any transaction in which a Person provides a Guaranty or grants Liens to secure obligations or Indebtedness of another Person. All covenants in this Agreement shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants (including this Section 5.24), the fact that it would be permitted by an exception to, or be otherwise within the limitations of, another covenant shall not avoid the occurrence of a Default if such action is taken or such condition exists.

Section 2.29 Amendment to Article 6. Article 6 of the Credit Agreement is amended as follows:

(a) Clauses (a) through (e) are amended in their entireties to read as follows:

(a) the Borrower defaults in the payment of any principal on any Loan or Swingline Loan or the reimbursement of any LC Disbursement, in each case when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Borrower defaults in the payment of any interest on any Loan or Swingline Loan for more than five Business Days after the same becomes due and payable; or

(c) the Borrower defaults in the performance of or compliance with any term applicable to the Borrower and contained in Section 5.20(d), Section 5.23, Section 5.24 or Sections 5.10 through 5.19 or contained in the Pledge Agreement, or any Material Restricted Subsidiary defaults in the performance of or compliance with any term applicable to it contained in clause (c) of paragraph 6 of the Subsidiary Guaranty; or

(d) (i) the Borrower defaults in the performance of or compliance with any term contained herein (other than those referred to in

paragraphs (a), (b) and (c) of this Article 6) or contained in the Intercreditor Agreement or with any Additional Covenant and such default is not remedied within 30 days after the earlier of (A) a Responsible Officer obtaining actual knowledge of such default and (B) the Borrower receiving written notice of such default from either Agent or any Lender (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (d) of Article 6) or (ii) any Material Restricted Subsidiary defaults in the performance of or compliance with any term contained in the Subsidiary Guaranty (other than those referred to in paragraphs (a), (b) and (c) of this Article 6) or contained in the Intercreditor Agreement or with any Additional Covenant and such default is not remedied within 30 days after the earlier of (A) a Responsible Officer obtaining actual knowledge of such default and (B) the Borrower receiving written notice of such default from either Agent or any Lender (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (d) of Article 6); or

(e) any representation or warranty made in writing by or on behalf of any Obligated Party or by any officer of any Obligated Party in this Agreement, the Pledge Agreement, the Intercreditor Agreement, the Subsidiary Guaranty or any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made; or

(b) New Clauses (k) and (l) are added to read as follows:

(k) the occurrence of an Event of Default (as defined in the Intercreditor Agreement); or

(l) either the Subsidiary Guaranty or the Pledge Agreement shall for any reason cease to be in full force and effect and valid, binding and enforceable in accordance with its terms, or the Borrower or any Material Restricted Subsidiary shall so state in writing;

(c) The last section of Article 6 (as it exists without giving effect to this Amendment) which follows the existing Clause (j) is amended in its entirety to read as follows:

then, and in every such event, and at any time thereafter during the continuance of such event, the Administrative Agent, at the request of the Required Lenders, shall, by notice to the Borrower, take any or all of the following actions, at the same or different times: (i) terminate forthwith the right of the Borrower to borrow hereunder or to request the issuance, amendment, extension or renewal or other modification of any Letter of Credit, (ii) exercise any rights that may be available upon an Event of Default to terminate or cancel any outstanding Letters of Credit, and (iii) declare the Borrowings (including all Loans and Swingline Loans) and all reimbursement obligations for LC Disbursements, then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Borrowings (including all Loans and Swingline Loans) and the reimbursement obligations for LC Disbursements, so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrower accrued hereunder, shall become forthwith due and payable, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or any other notice of any kind, all of which are hereby expressly waived, anything contained herein to the contrary notwithstanding; Provided that in the case of any event described in paragraph (g) or (h) above with respect to the Borrower or any

Material Restricted Subsidiary, all the Commitments of the Lenders, the commitment of the Swingline Lender to make Swingline Loans and the obligation of the Issuing Bank hereunder to issue Letters of Credit shall automatically terminate and the principal amount of all Borrowings (including all Loans and Swingline Loans) and all reimbursement obligations for LC Disbursements, then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrower accrued hereunder shall automatically become due and payable, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein to the contrary notwithstanding. In addition to the other rights and remedies that the Lenders may have upon the occurrence of an Event of Default, the Required Lenders may direct: (i) the Collateral Agent to exercise the rights and remedies available to the Collateral Agent under the Intercreditor Agreement and the Pledge Agreement and (ii) the Administrative Agent to exercise the rights and remedies available to it under the Subsidiary Guaranty.

Section 2.30 Amendment to Article 7. Article 7 of the Credit Agreement is amended as follows:

(a) The first three paragraphs are amended in their entirety to read as follows:

In order to expedite the transactions contemplated by this Agreement, Chase is hereby appointed to act as Administrative Agent, on behalf of the Lenders and the Issuing Bank. Each of the Lenders and the Issuing Bank hereby irrevocably authorizes the Administrative Agent to take such actions on behalf of such Lender or the Issuing Bank and to exercise such powers as are specifically delegated to the Administrative Agent by the terms and provisions hereof, by the terms and provisions of the Subsidiary Guaranty and by the terms and provisions of the Intercreditor Agreement, together with such actions and powers as are reasonably incidental thereto. The Administrative Agent is hereby expressly authorized by the Lenders and the Issuing Bank, without hereby limiting any implied authority, (a) to receive on behalf of the Lenders and the Issuing Bank, as applicable, all payments of principal of and interest on the Loans and all other amounts due to the Lenders and the Issuing Bank hereunder or under the Subsidiary Guaranty or from the Collateral Agent under the Intercreditor Agreement, and promptly to distribute to each Lender and the Issuing Bank its share of each payment so received; (b) to give notice on behalf of each of the Lenders and the Issuing Bank to the

Borrower of any Event of Default of which the Administrative Agent has actual knowledge acquired in connection with its agency hereunder; (c) to distribute to each Lender and the Issuing Bank copies of all notices, financial statements and other materials delivered by the Borrower pursuant to this Agreement or the Subsidiary Guaranty as received by the Administrative Agent and (d) to execute and deliver the Intercreditor Agreement on its behalf and bind it to the terms thereof.

Neither Administrative Agent nor any of its directors, officers, employees or agents shall be liable as such for any action taken or omitted by any of them except for its or his or her own gross negligence or willful misconduct, or be responsible for any statement, warranty or representation herein or the contents of any document delivered in connection herewith, or be required to ascertain or to make any inquiry concerning the performance or observance by the Borrower or any Material Restricted Subsidiary of any of the terms, conditions, covenants or agreements contained in this Agreement, the Pledge Agreement, the Intercreditor Agreement or the Subsidiary Guaranty. The Administrative Agent shall not be responsible to the Lenders or the Issuing Bank for the due execution, genuineness, validity, enforceability or effectiveness of this Agreement,

the Pledge Agreement, the Intercreditor Agreement, the Subsidiary Guaranty or other instruments or agreements; provided that the foregoing exclusion shall not have the effect of releasing the Administrative Agent from its stated responsibilities herein to receive executed agreements, documents and instruments on behalf of the Lenders and the Issuing Bank. The Administrative Agent may deem and treat the Lender which makes any Loan or Swingline Loan or participates in any Swingline Loan or in the obligation to reimburse the Issuing Bank for any LC Disbursement as the holder of the indebtedness resulting therefrom for all purposes hereof until it shall have received notice from such Lender, given as provided herein, of the transfer thereof. The Administrative Agent shall in all cases be fully protected in acting, or refraining from acting, in accordance with written instructions signed by the Required Lenders and, except as otherwise specifically provided herein, such instructions and any action or inaction pursuant thereto shall be binding on all the Lenders and the Issuing Bank. The Administrative Agent shall, in the absence of knowledge to the contrary, be entitled to rely on any instrument or document believed by it in good faith to be genuine and correct and to have been signed or sent by the proper Person or Persons. Neither the Administrative Agent nor any of its directors, officers, employees or agents shall have any responsibility to the Borrower or any Material Restricted Subsidiary on account of the failure of or delay in performance or breach by any Lender or the Issuing Bank of any of its obligations hereunder or to any Lender on account of the failure of or delay in performance or breach by any Lender or the Issuing Bank or the Borrower of any of their respective obligations hereunder, under the Pledge Agreement, under the Intercreditor Agreement or in connection herewith or by any Material Restricted Subsidiary of any of their respective obligations under the Subsidiary Guaranty. The Administrative Agent may execute any and all duties hereunder by or through agents or employees and shall be entitled to rely upon the advice of legal counsel selected by it with respect to all matters arising hereunder and shall not be liable for any action taken or suffered in good faith by it in accordance with the advice of such counsel.

The Lenders and the Issuing Bank hereby acknowledge that the Administrative Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement, the Subsidiary Guaranty or the Intercreditor Agreement unless it shall be requested in writing to do so by the Required Lenders.

(b) The fifth and sixth paragraphs are amended in their entirety to read as follows:

With respect to the Loans and Swingline Loans made by it hereunder, the Administrative Agent, in its individual capacity as a Lender and the Swingline Lender and not as Administrative Agent shall have the same rights and powers as any other Lender and may exercise the same as though it were not the Administrative Agent, and the Administrative Agent and its Affiliates may accept deposits from, lend money to, act as collateral agent under the Intercreditor Agreement and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent.

Each Lender agrees (i) to reimburse the Administrative Agent, on demand, in the amount of its Applicable Percentage of any expenses incurred for the benefit of the Lenders or the Issuing Bank in its role as Administrative Agent, including reasonable counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders or the Issuing Bank, which shall not have been reimbursed by the Borrower **AND (II) TO INDEMNIFY AND HOLD HARMLESS THE ADMINISTRATIVE AGENT AND ANY OF ITS DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS, ON DEMAND, IN THE AMOUNT OF SUCH**

APPLICABLE PERCENTAGE, FROM AND AGAINST ANY AND ALL LIABILITIES, TAXES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES OR DISBURSEMENTS OF ANY KIND OR NATURE WHATSOEVER WHICH MAY BE IMPOSED ON, INCURRED BY OR ASSERTED AGAINST IT IN ANY WAY RELATING TO OR ARISING OUT OF THIS AGREEMENT, THE PLEDGE AGREEMENT, THE INTERCREDITOR AGREEMENT, THE SUBSIDIARY GUARANTY OR ANY ACTION TAKEN OR OMITTED BY IT UNDER ANY SUCH DOCUMENTS TO THE EXTENT THE SAME SHALL NOT HAVE BEEN REIMBURSED BY THE BORROWER (INCLUDING WITHOUT LIMITATION, ALL LIABILITIES, TAXES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES, OR DISBURSEMENTS ARISING FROM THE SOLE OR CONTRIBUTORY NEGLIGENCE OF THE ADMINISTRATIVE AGENT); PROVIDED THAT NO LENDER SHALL BE LIABLE TO THE ADMINISTRATIVE AGENT FOR ANY PORTION OF SUCH LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES OR DISBURSEMENTS RESULTING FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE ADMINISTRATIVE AGENT OR ANY OF ITS DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS.

Section 2.31 Amendment to Section 8.01. Clause (b) of Section 8.01 to the Credit Agreement is amended in its entirety to read as follows:

(b) if to the Administrative Agent, the Swingline Lender or the Issuing Bank, to The Chase Manhattan Bank, 2200 Ross Avenue, 3rd Floor, Dallas, TX 75201, Attention of Allen King,(Telecopy No. 214/965-2044), with a copy to The Chase Manhattan Bank, 1 Chase Manhattan Plaza, 8th Floor, New York, New York 10081; Attention: Muniram Appanna, Telephone 212/552-7943; Telecopy No. 212/552-7490; and

Section 2.32 Amendment to Section 8.02. The phrase “or the acquisition and funding of participations in Letters of Credit” in Section 8.02 of the Credit Agreement is amended to read “or the acquisition and funding of participations in Swingline Loans or Letters of Credit, or the making by the Swingline Lender of any Swingline Loan”.

Section 2.33 Amendment to Section 8.04. Section 8.04 of the Credit Agreement is amended as follows:

(a) The phrase “an Affiliate of such Lender” in subclause (i) of Clause (b) is amended to read “a Lender Affiliate” and the following definition is added to the end of Clause (b):

As used herein, the term “Lender Affiliate”" means, (a) with respect to any Lender, (i) an Affiliate of such Lender or (ii) any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or an Affiliate of such Lender and (b) with respect to any Lender that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

(b) The phrase “and Swingline Loans” is added after the word “Loans” in Clause (d).

(c) The phrase "or Swingline Loans" is added after the word "Loans" in the second sentence of Clause (i).

Section 2.34 Amendment to Section 8.05. Clauses (a) and (b) of Section 8.05 of the Credit Agreement are amended in their respective entireties to read as follows:

(a) The Borrower agrees to pay all reasonable out-of-pocket expenses incurred by either Agent, JPMorgan Securities Inc. (formerly Chase Securities Inc.), Wachovia Securities, Inc. or the Issuing Bank in connection with entering into this Agreement, the Intercreditor Agreement, the Pledge Agreement and the Subsidiary Guaranty and in connection with any amendments, modifications or waivers of the provisions thereof (but only if such amendments, modifications or waivers are requested by the Borrower or a Material Restricted Subsidiary) (whether or not the transactions hereby contemplated are consummated) or in connection with the issuance, modification, extension or renewal of any Letter of Credit, or incurred by either Agent, the Issuing Bank, or any Lender in connection with the enforcement of their rights in connection with this Agreement, the Intercreditor Agreement, the Pledge Agreement or the Subsidiary Guaranty or in connection with the Loans and Swingline Loans made and Letters of Credit issued hereunder, including the reasonable fees and disbursements of counsel for either Agent and the Issuing Bank or, in the case of enforcement following an Event of Default, the Lenders.

(b) **THE BORROWER AGREES TO INDEMNIFY EACH LENDER AND ISSUING BANK AGAINST ANY LOSS, CALCULATED IN ACCORDANCE WITH THE NEXT SENTENCE, OR REASONABLE EXPENSE WHICH SUCH LENDER OR ISSUING BANK MAY SUSTAIN OR INCUR AS A CONSEQUENCE OF (A) ANY FAILURE BY THE BORROWER TO BORROW OR TO CONVERT OR CONTINUE ANY LOAN OR SWINGLINE LOAN HEREUNDER (INCLUDING AS A RESULT OF THE BORROWER'S FAILURE TO FULFILL ANY OF THE APPLICABLE CONDITIONS SET FORTH IN ARTICLE 4) AFTER IRREVOCABLE NOTICE OF SUCH BORROWING, CONVERSION OR CONTINUATION HAS BEEN GIVEN PURSUANT HERETO, (B) ANY PAYMENT, PREPAYMENT OR CONVERSION, ASSIGNMENT OR FUNDING OF A EURODOLLAR LOAN OR NEGOTIATED RATE BORROWING REQUIRED BY ANY PROVISION OF THIS AGREEMENT OR OTHERWISE MADE OR DEEMED MADE ON A DATE OTHER THAN THE LAST DAY OF THE INTEREST PERIOD, IF ANY, APPLICABLE THERETO, (INCLUDING ANY FUNDING OF A EURODOLLAR LOAN OR NEGOTIATED RATE BORROWING AS A RESULT OF THE OPERATION OF SECTION 2.20(b)), (C) ANY DEFAULT IN PAYMENT OR PREPAYMENT OF THE PRINCIPAL AMOUNT OF ANY LOAN OR SWINGLINE LOAN OR ANY REIMBURSEMENT OBLIGATION IN RESPECT OF ANY LC DISBURSEMENT OR ANY PART THEREOF OR INTEREST ACCRUED THEREON, AS AND WHEN DUE AND PAYABLE (AT THE DUE DATE THEREOF, WHETHER BY SCHEDULED MATURITY, ACCELERATION, IRREVOCABLE NOTICE OF PREPAYMENT OR OTHERWISE) OR (D) THE OCCURRENCE OF ANY EVENT OF DEFAULT, INCLUDING, IN EACH SUCH CASE, ANY LOSS OR REASONABLE EXPENSE SUSTAINED OR INCURRED OR TO BE SUSTAINED OR INCURRED BY SUCH LENDER IN LIQUIDATING OR EMPLOYING DEPOSITS FROM THIRD PARTIES, OR WITH RESPECT TO COMMITMENTS MADE OR OBLIGATIONS UNDERTAKEN WITH THIRD PARTIES, TO EFFECT OR MAINTAIN ANY LOAN OR SWINGLINE LOAN**

HEREUNDER OR ANY PART THEREOF AS A EURODOLLAR LOAN OR NEGOTIATED RATE BORROWING. SUCH LOSS SHALL INCLUDE AN AMOUNT EQUAL TO THE EXCESS, IF ANY, AS REASONABLY DETERMINED BY SUCH LENDER, OF (i) ITS COST OF OBTAINING THE FUNDS FOR THE LOAN OR SWINGLINE LOAN BEING PAID, PREPAID, CONVERTED OR NOT BORROWED (ASSUMED TO BE THE LIBO RATE OR, WITH RESPECT TO A NEGOTIATED RATE BORROWING, THE APPLICABLE NEGOTIATED RATE) FOR THE PERIOD FROM THE DATE OF SUCH PAYMENT, PREPAYMENT OR FAILURE TO BORROW TO THE LAST DAY OF THE INTEREST PERIOD FOR SUCH LOAN (OR, IN THE CASE OF A FAILURE TO BORROW THE INTEREST PERIOD FOR SUCH LOAN OR SWINGLINE LOAN WHICH WOULD HAVE COMMENCED ON THE DATE OF SUCH FAILURE) OVER (ii) THE AMOUNT OF INTEREST (AS REASONABLY DETERMINED BY SUCH LENDER) THAT WOULD BE REALIZED BY SUCH LENDER IN RE-EMPLOYING THE FUNDS SO PAID, PREPAID OR NOT BORROWED FOR SUCH PERIOD OR INTEREST PERIOD, AS THE CASE MAY BE.

Section 2.35 Amendment to Section 8.09. Section 8.09 of the Credit Agreement is amended in its entirety to read as follows:

Section 8.09 Entire Agreement. **THIS AGREEMENT (INCLUDING THE SCHEDULES AND EXHIBITS HERETO), THE FEE LETTERS, THE INTERCREDITOR AGREEMENT, THE PLEDGE AGREEMENT, THE SUBSIDIARY GUARANTY AND THE OTHER DOCUMENTATION EXECUTED PURSUANT HERETO (INCLUDING, BUT NOT LIMITED TO ANY LETTER OF CREDIT ISSUED HEREUNDER) CONSTITUTE A "LOAN AGREEMENT" AS DEFINED IN SECTION 26.03(A) OF THE TEXAS BUSINESS AND COMMERCE CODE, AND REPRESENT THE ENTIRE CONTRACT AMONG THE PARTIES RELATIVE TO THE SUBJECT MATTER HEREOF AND THEREOF. ANY PREVIOUS AGREEMENT AMONG THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF IS SUPERSEDED BY THIS AGREEMENT, THE FEE LETTERS THE INTERCREDITOR AGREEMENT, THE PLEDGE AGREEMENT, THE SUBSIDIARY GUARANTY AND THE OTHER DOCUMENTATION EXECUTED PURSUANT HERETO (INCLUDING, BUT NOT LIMITED TO ANY LETTER OF CREDIT ISSUED HEREUNDER). THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. NOTHING IN THIS AGREEMENT, EXPRESSED OR IMPLIED, IS INTENDED TO CONFER UPON ANY PARTY OTHER THAN THE PARTIES HERETO ANY RIGHTS, REMEDIES, OBLIGATIONS OR LIABILITIES UNDER OR BY REASON OF THIS AGREEMENT.**

Section 2.36 Amendment to Section 8.13. Clause (a) of Section 8.13 to the Credit Agreement is amended in its entirety to read as follows:

(a) Notwithstanding anything herein to the contrary, if at any time the applicable interest rate, together with all fees and charges which are treated as interest under applicable law (collectively the "Charges"), as provided for herein or in any other document executed in connection herewith, or otherwise contracted for, charged, received, taken or reserved by any Lender, shall exceed the Maximum Rate (as defined below) which may be contracted for, charged, taken, received or reserved by such Lender in accordance with applicable law, the rate of interest payable on the Loans or Swingline Loans of such Lender, together with all Charges payable to such Lender, shall be limited to the Maximum Rate. As used herein, the term "Maximum Rate" means, at any time

and with respect to any Lender, the maximum rate of non-usurious interest under applicable law that such Lender may charge Borrower. The Maximum Rate shall be calculated in a manner that takes into account any and all fees, payments, and other charges contracted for, charged, or received in connection with the Loan Documents that constitute interest under applicable law. Each change in any interest rate provided for herein based upon the Maximum Rate resulting from a change in the Maximum Rate shall take effect without notice to Borrower at the time of such change in the Maximum Rate. For purposes of determining the Maximum Rate under Texas law, the applicable rate ceiling shall be the weekly ceiling described in, and computed in accordance with Chapter 303 of the Texas Finance Code.

Section 2.37 Amendment to Exhibits. Exhibits A and B to the Credit Agreement are amended in their respective entireties to read as set forth on Exhibit A and B attached hereto, respectively.

Section 2.38 Amendment to Schedules. Schedules 1.01, 3.05A and 5.13 are added to the Credit Agreement and shall read as set forth on Schedules 1.01, 3.05A and 5.13 attached hereto, respectively. Schedules 3.05, 3.06, and 3.13 are amended in their entirety to read as set forth on Schedules 3.05, 3.06 and 3.13 attached hereto.

ARTICLE 3
Conditions

Section 3.1 Conditions. The effectiveness of Article 2 of this Amendment is subject to the satisfaction of the following conditions precedent on or before July 12, 2001 (the "Closing Date"):

(a) The Administrative Agent shall have received a favorable written opinion from counsel to the Borrower and the Material Restricted Subsidiaries, dated the Closing Date and addressed to the Lenders and satisfactory to Jenkens & Gilchrist, a Professional Corporation, counsel for the Administrative Agent, to the effect set forth in Exhibit C hereto (and the Borrower hereby instructs its counsel to deliver such opinion to the Administrative Agent for the benefit of the Lenders).

(b) The Administrative Agent shall have received: (i) a certificate as to the good standing of the Borrower as of a recent date from such Secretary of State; (ii) a certificate of the Secretary or an Assistant Secretary of the Borrower dated the Closing Date and certifying (A) that the Borrower's bylaws previously certified to the Administrative Agent under the Assistant Secretary's Certificate dated July 29, 1999 remain in full force and effect on and as of the Closing Date without further modifications or amendments in any respect; (B) attached thereto is a true and complete copy of resolutions, duly adopted by the Board of Directors authorizing the execution, delivery and performance of this Amendment, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the Articles of Incorporation dated January 12, 2001 previously delivered to the Administrative Agent in January 2001 remain in full force and effect on and as of the Closing Date without further modifications or amendments in any respect; and (D) as to the incumbency and specimen signature of each officer executing this Agreement or any other document delivered in connection herewith on behalf of the Borrower; (iii) a certificate of another officer of the Borrower as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to (ii) above; and (iv) such other documents as the Lenders or the Administrative Agent, shall reasonably request.

(c) The Administrative Agent shall have received a certificate, dated the Closing Date and signed by a Senior Financial Officer of the Borrower confirming compliance with the conditions precedent set forth in paragraphs (b) and (c) of Section 4.01 of the Credit Agreement.

(d) The Agents shall have received all Fees and other amounts due and payable on or prior to the Closing Date.

(e) The Administrative Agent shall have received (i) a copy of the certificate of incorporation, including all amendments thereto, of each Material Restricted Subsidiary, certified as of a recent date by the Secretary of State of its state of incorporation, and a certificate as to the good standing of such Material Restricted Subsidiary as of a recent date from such Secretary of State; (ii) a certificate of the Secretary or an Assistant Secretary of each Material Restricted Subsidiary dated the Closing Date and certifying (A) that attached thereto is a true and complete copy of the by-laws of such Material Restricted Subsidiary as in effect on the Closing Date and at all times since a date prior to the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions, duly adopted by the Board of Directors authorizing the execution, delivery and performance of the Subsidiary Guaranty, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the certificate of incorporation referred to in clause (i) above has not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to such clause (i) and (D) as to the incumbency and specimen signature of each officer executing the Subsidiary Guaranty or any other document delivered in connection herewith on behalf of such Material Restricted Subsidiary; (iii) a certificate of another officer of each Material Restricted Subsidiary as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to clause (ii) above; and (iv) such other documents as the Lenders or the Administrative Agent, shall reasonably request.

(f) The Administrative Agent shall have received evidence that all Persons who have the benefit of the provisions similar or substantially similar to the terms of Section 5.06 of the Credit Agreement (including without limitation, the holders of the notes under the Senior Note Purchase Agreements) shall have consented to the terms of this Amendment and any consent or amendment executed in connection therewith must be in form and substance acceptable to the Administrative Agent.

(g) As of the Closing Date, all representations and warranties contained in the Credit Agreement (as amended hereby) shall be true, correct, and complete in all material respects except for representations specifically relating to a prior date;

(h) No Default or Event of Default shall have occurred and be continuing;

(i) All corporate proceedings taken in connection with the transactions contemplated by this Amendment and all other agreements, documents, and instruments executed and/or delivered pursuant hereto, and all legal matters incident thereto, shall be satisfactory to the Administrative Agent and its legal counsel;

(j) Payment or reimbursement to the Lenders, and the Agents of all outstanding expenses, fees and other costs incurred by, or due to, the Lenders, and the Agents for which such entity has presented an invoice to the Borrower prior to the Closing Date; and

(k) The Administrative Agent shall have received such additional agreements, certificates, documents, instruments and information as the Administrative Agent or its legal counsel may request to effect the transactions contemplated hereby.

ARTICLE 4
Miscellaneous

Section 4.1 Ratifications. The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Credit Agreement and except as expressly modified and superseded by this Amendment, the terms and provisions of the Credit Agreement are ratified and confirmed and shall continue in full force and effect. The Borrower, the Agents and the Lenders agree that the Credit Agreement as amended hereby shall continue to be legal, valid, binding and enforceable in accordance with its terms. Interest and fees accrued under the Credit Agreement prior to July 12, 2001 shall continue to be payable under the Credit Agreement, as amended hereby but at the rates and amounts provided for in the provisions of the Credit Agreement in effect prior to July 12, 2001.

Section 4.3 Applicable Law. **THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.**

Section 4.5 Counterparts. This Amendment may be executed in one or more counterparts and on telecopy counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same agreement.

Section 4.6 Headings. The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

Section 4.7 ENTIRE AGREEMENT. THIS AMENDMENT EMBODIES THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDES ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THIS AMENDMENT, AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSION OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO.

Section 4.8 Required Lenders. Pursuant to Section 8.08(b) of the Credit Agreement, the Credit Agreement may be modified as provided in this Amendment with the agreement of the Required Lenders which means Lenders having sixty-six and two-thirds percent (66-2/3%) or more of the Total Commitments (such percentage applicable to a Lender, herein such Lender's "Required Lender Percentage"). For purposes of determining the effectiveness of this Amendment, each Lender's Required Lender Percentage is set forth on Schedule 4.8 hereto.

Executed as of the date first written above.

LENNOX INTERNATIONAL INC.

By: --
Richard A. Smith, Executive Vice President
and Chief Financial Officer

THE CHASE MANHATTAN BANK, as successor in interest by
merger to Chase Bank of Texas, National Association,

individually as Lender, Issuing Bank, and as Administrative Agent

By: --
Allen King
Vice President

WACHOVIA BANK, N.A., individually as a Lender and as Syndication Agent

By: --
Name: ---
Title: --

THE BANK OF NOVA SCOTIA, individually as a Lender and as documentation agent

By: --
Name: ---
Title: --

THE NORTHERN TRUST COMPANY, individually as a lender and as a co-agent

By: --
Name: ---
Title: --

BANK ONE, NA (successor by merger to Bank One, Texas, N.A., as a Lender

By: --
Name: ---
Title: --

BANK OF TEXAS, N.A., as a Lender

By: --
Name: ---
Title: --

THE BANK OF TOKYO-MITSUBISHI, LTD., as a Lender

By: --
Name: ---
Title: --

WELLS FARGO BANK (TEXAS), N.A., as a Lender

By: --
Name: ---
Title: --

ROYAL BANK OF CANADA, as a Lender

By: --
Name: ---
Title: --

ABN AMRO BANK N.A., as a Lender

By: --
Name: ---
Title: --

By: --
Name: ---
Title: --

THE BANK OF NEW YORK, as a Lender

By: --
Name: --
Title: ---

COMPASS BANK, as a Lender

By: --
Name: --
Title: ---

INDEX TO SCHEDULES AND EXHIBITS

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Exhibit A	Form of Borrowing Request
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Schedule 4.8 to Fourth Amendment to Credit Agreement REQUIRED LENDER PERCENTAGE

Lender	Required Lender Percentage Held	Lenders Agreeing to Amendment (insert % from prior column if Lender signs this Amendment then total percentages in this column)
The Chase Manhattan Bank	11.333%	11.333%
Wachovia Bank, N.A.	11.333%	11.333%
The Bank of Nova Scotia	11.333%	11.333%
The Northern Trust Company	11.333%	11.333%
Bank One, Texas N.A.	8.333%	8.333%
Bank of Texas, N.A.	8.333%	8.333%
The Bank of Tokyo - Mitsubishi, Ltd.	8.333%	8.333%
Wells Fargo Bank (Texas),N.A.	8.333%	8.333%
Royal Bank of Canada	6.333%	6.333%
ABN Amro Bank N.V.	5.000%	5.000%
The Bank of New York	5.000%	5.000%
Compass Bank	5.000%	5.000%
TOTAL	100.000%	100.000%

EXHIBIT A

FORM OF BORROWING REQUEST

The Chase Manhattan Bank, as Administrative Agent for the Lenders referred to below
2200 Ross Avenue, 3rd floor
Dallas, TX 77002

[Date]

Attention: Brenda Harris
Telecopy: 214-965-2044

and

The Chase Manhattan Bank
Loan Syndications Services
1 Chase Manhattan Plaza, 8th Floor
New York, New York 10081

Telecopy: 212-552-5777

Ladies and Gentlemen:

The undersigned, Lennox International Inc. (the "Borrower"), refers to the Revolving Credit Facility Agreement dated as of July 29, 1999 (as has been and it may hereafter be amended, modified, extended or restated from time to time, the "Agreement"), among the Borrower, the Lenders named therein, Chase Bank of Texas, National Association (now The Chase Manhattan Bank), as Administrative

Agent, Wachovia Bank, N.A., as Syndication Agent and The Bank of Nova Scotia, as documentation agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Agreement. The Borrower hereby gives you notice pursuant to Section 2.03 of the Agreement that it requests a Borrowing under the Agreement, and sets forth below the terms on which such Borrowing is requested to be made:

(A) Date of Borrowing (which is a Business Day) -----------------

(B) Type of Loan (I.E., Loan or Swingline Loan) -----------------

(C) Principal amount of Borrowing (1) -----------------

(D) Interest rate basis (2) -----------------

(E) Interest Period and the last day thereof (3) -----------------

- ----------

(1) Not less than $5,000,000 (and in integral multiples of $1,000,000) or greater than the Total Commitment then available if a Loan or note less than $1,000,000 (and in integral multiples of $500,000) or greater than the Swingline Loan Commitment then available, if a Swingline Loan.

(2) Eurodollar Loan, ABR Loan or Negotiated Rate.

(3) Which shall be subject to the definition of "Interest Period" and end not later than the Maturity Date.

The Borrower represents and warrants that the conditions to lending specified in Section 4.01(b) and (c) of the Agreement have been satisfied and that after giving effect to the Borrowing requested hereby, the total Revolving Exposures of all Lenders shall not exceed the Total Commitment.

LENNOX INTERNATIONAL INC.

By: --
Name: --
Senior Financial Officer

EXHIBIT B

ASSIGNMENT AND ACCEPTANCE

Dated: ___________, ____

Reference is made to the Revolving Credit Facility Agreement dated as of July 29, 1999 (as the same has been and may be further amended, modified, extended or restated from time to time, the "Agreement"), among Lennox International Inc. (the "Borrower"), the lenders that are a party thereto (the "Lenders"), Wachovia Bank, N.A., as Syndication Agent, The Bank of Nova Scotia, as documentation agent and Chase Bank of Texas, National Association (now The Chase Manhattan Bank), as Administrative Agent for the Lenders. Terms defined in the Agreement are used herein with the same meanings.

1. The Assignor hereby sells and assigns, without recourse, to the Assignee, and the Assignee hereby purchases and assumes, without recourse, from the Assignor, effective as of the [Effective Date of Assignment set forth below], the interests set forth below (the "Assigned Interest") in the Assignor's rights and obligations under the Agreement, including, without limitation, the interests set forth below in the Commitment of the Assignor on the [Effective Date of Assignment] and the Loans owing to the Assignor which are outstanding on the [Effective Date of Assignment], and the participation interest of the Assignor in outstanding Letters of Credit on the [Effective Date of Assignment] and Swingline Loans on the [Effective Date of Assignment] together with unpaid interest accrued on the assigned Loans to the [Effective Date of Assignment] and the amount, if any, set forth below of the Fees accrued to the [Effective Date of Assignment] for the account of the Assignor. Each of the Assignor and the Assignee hereby makes and agrees to be bound by all the representations, warranties and agreements set forth in Section 8.04 of the Agreement, a copy of which has been received by each such party. From and after the [Effective Date of Assignment], (i) the Assignee shall be a party to and be bound by the provisions of the Agreement and, to the extent of the interests assigned by this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent of the interests assigned by this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Agreement. After giving effect to this Assignment and Acceptance, Assignor's Commitment shall be $---------- and Assignee's Commitment shall be $-------------.

2. This Assignment and Acceptance is being delivered to the

Administrative Agent together with (i) if the Assignee is organized under the laws of a jurisdiction outside the United States, the forms specified in Section 2.16(g) of the Agreement, duly completed and executed by such Assignee, (ii) if the Assignee is not already a Lender under the Agreement, an Administrative Questionnaire and (iii) a processing and recordation fee of $3,000.

3. This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of Texas.

Date of Assignment: ------------------------------------

Legal Name of Assignor: ------------------------------------

Legal Name of Assignee: ------------------------------------

Assignee's Address for Notices: ------------------------------------

Effective Date of Assignment (may not be fewer than 5 Business Days after the Date of Assignment unless otherwise agreed by the Administrative Agent, whose execution hereof shall be deemed to be such consent, if necessary): ---

Facility	Principal Amount Assigned	Percentage Assigned of Commitment (set forth, to at least 8 decimals, as a percentage of the Total Commitment)
Commitment Assigned:	$_______________	__________%
Loans:	$_______________	__________%
Participation Interest in Letters of Credit	$_______________	__________%
Participation Interest in Swingline Loans	$_______________	__________%
Fees Assigned (if any):	$_______________	__________%

The terms set forth herein are hereby agreed to:

- --------------------------------, as Assignor,

By: ----------------------------
Name:----------------------
Title: --------------------

- --------------------------------, as Assignee,

By: ----------------------------
Name:----------------------
Title: --------------------

Accepted:

LENNOX INTERNATIONAL INC.

By: -------------------------------
Name:---------------------------
Title: -------------------------

THE CHASE MANHATTAN BANK, as Administrative Agent

By: -------------------------------
Name:---------------------------
Title: -------------------------

EXHIBIT C

Matters to be Covered in
Opinion of Counsel to Borrower and Material Subsidiaries

1. The Borrower and each Material Restricted Subsidiary is duly incorporated, validly existing and in good standing. The Borrower and each Material Restricted Subsidiary is duly qualified and in good standing as a foreign corporation in appropriate jurisdictions.

2. The Borrower has requisite corporate power and authority to execute, deliver and perform the Amendment. Each Material Restricted Subsidiary has requisite corporate power and authority to execute, deliver and perform the Subsidiary Guaranty.

3. Due authorization and execution of the Amendment and the Subsidiary Guaranty and such documents being legal, valid, binding and enforceable.

4. No conflicts with charter documents, laws or other agreements.

5. All consents required to execute, deliver or perform the Amendment and the Subsidiary Guaranty having been obtained.

6. No litigation questioning validity of the Amendment or the Subsidiary Guaranty or as to which there is otherwise the reasonable likelihood of a Material Adverse Effect.

7. No violation of Regulations T, U or X of the Federal Reserve Board.

8. Neither the Borrower nor any Material Restricted Subsidiary is an "investment company", or a company "controlled" by an "investment company", under the Investment Company Act of 1940, as amended.

EXHIBIT D

SUBSIDIARY GUARANTY AGREEMENT

WHEREAS, Lennox International Inc., a Delaware corporation (the "Borrower"), has entered into that certain 364 Day Revolving Credit Facility Agreement dated as of January 25, 2000, among the Borrower, the lenders party thereto (the "Lenders") and Chase Bank of Texas, National Association (now The Chase Manhattan Bank), as administrative agent for the Lenders (the "Administrative Agent") (such 364 Day Revolving Credit Facility Agreement, as the same has been and may hereafter be amended or otherwise modified from time to time, being hereinafter referred to as the "Credit Agreement", and capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Credit Agreement);

WHEREAS, the execution of this Subsidiary Guaranty Agreement (the "Guaranty Agreement") is a condition to the Administrative Agent's, the Issuing Bank's, and each Lender's obligations under the Credit Agreement;

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, each of the undersigned parties and any Material Restricted Subsidiary hereafter added as a "Guarantor" hereto pursuant to a Subsidiary Joinder Agreement (individually a "Guarantor" and collectively the "Guarantors"), hereby jointly, severally, irrevocably and unconditionally guarantees to the Administrative Agent the full and prompt payment and performance of the Guaranteed Obligations (hereinafter defined), this Guaranty Agreement being upon the following terms:

1. THE GUARANTEED OBLIGATIONS. The term "Guaranteed Obligations" means all obligations, indebtedness, and liabilities of Borrower to the Agents, the Issuing Bank and the Lenders, or any of them, arising pursuant to the Credit Agreement, the Intercreditor Agreement, the Pledge Agreement or any document executed and delivered in connection with the foregoing (collectively, the "Transaction Documents"), whether any of such obligations, indebtedness and liabilities are now existing or hereafter arising, whether are direct, indirect, related, unrelated, fixed, contingent, liquidated, unliquidated, joint, several, or joint and several, including, without limitation, (i) the obligation of Borrower to repay the Loans and Swingline Loans, interest on the Loans and Swingline Loans, the obligation of the Borrower to reimburse the Issuing Bank for all LC Disbursements and all fees, costs, and expenses (including attorneys' fees and expenses) provided for in the Credit Agreement and (ii) all post-petition interest and expenses (including attorneys' fees) whether or not allowed under any bankruptcy, insolvency, or other similar law. However, the Guaranteed Obligations shall be limited, with respect to each Guarantor, to an aggregate amount equal to the largest amount that would not render such Guarantor's obligations hereunder subject to avoidance under Section 544 or 548 of the United States Bankruptcy Code or under any applicable state law relating to fraudulent transfers or conveyances. This Guaranty Agreement is an absolute, present and continuing Guaranty Agreement of payment and not of collectibility and is in no way conditional or contingent upon any attempt to collect from the Borrower, any collateral securing the Guaranteed Obligations or any other guarantor of the obligations guarantied hereby or upon any other action, occurrence or circumstance whatsoever. In the event that the Borrower shall fail so to pay any of such Guaranteed Obligations, the Guarantors jointly and severally agree to pay the same when due to the Administrative Agent, without demand, presentment, protest or notice of any kind. Each default in payment of principal of, premium, if any, or interest on any obligation guarantied hereby shall give rise to a separate cause of action hereunder and separate suits may be brought hereunder as each cause of action arises.

2. INDEMNIFICATION. EACH GUARANTOR AGREES TO INDEMNIFY EACH AGENT, THE ISSUING BANK, EACH LENDER, EACH OF THEIR AFFILIATES AND THE

DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS OF THE FOREGOING (EACH SUCH PERSON BEING CALLED AN "INDEMNITEE") AGAINST, AND TO HOLD EACH INDEMNITEE HARMLESS FROM, ANY AND ALL LOSSES, CLAIMS, DAMAGES, LIABILITIES AND RELATED EXPENSES, INCLUDING REASONABLE COUNSEL FEES AND EXPENSES, INCURRED BY OR ASSERTED AGAINST ANY INDEMNITEE ARISING OUT OF (i) THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS GUARANTY AGREEMENT OR THE CREDIT AGREEMENT, (ii) THE USE OF THE PROCEEDS OF THE LOANS OR THE USE OF ANY LETTER OF CREDIT OR (iii) ANY CLAIM, LITIGATION, INVESTIGATION OR PROCEEDING RELATING TO ANY OF THE FOREGOING, WHETHER OR NOT ANY INDEMNITEE IS A PARTY THERETO (INCLUDING, WITHOUT LIMITATION, ANY LOSSES, CLAIMS, DAMAGES, LIABILITIES AND RELATED EXPENSES ARISING FROM THE SOLE OR CONTRIBUTORY NEGLIGENCE OF THE INDEMNITEE); PROVIDED THAT SUCH INDEMNITY SHALL NOT, AS TO ANY INDEMNITEE, BE AVAILABLE TO THE EXTENT THAT SUCH LOSSES, CLAIMS, DAMAGES, LIABILITIES OR RELATED EXPENSES (i) ARE DETERMINED TO HAVE RESULTED FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNITEE OR (ii) RESULT FROM ANY LITIGATION BROUGHT BY SUCH INDEMNITEE AGAINST THE BORROWER OR ANY GUARANTOR OR BY THE BORROWER OR ANY GUARANTOR AGAINST SUCH INDEMNITEE, IN WHICH THE BORROWER OR SUCH GUARANTOR IS THE PREVAILING PARTY.

3. OBLIGATIONS ABSOLUTE. The obligations of each Guarantor hereunder shall be primary, continuing, absolute, joint, several, irrevocable and unconditional, irrespective of the validity, regularity or enforceability of any Transaction Document, shall not be subject to any counterclaim, setoff, deduction or defense based upon any claim any Guarantor may have against the Borrower, the Administrative Agent, any Lender or the Issuing Bank or otherwise or any claim the Borrower may have against the Administrative Agent, any Lender or the Issuing Bank or otherwise, and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected by, any circumstance or condition whatsoever (whether or not such Guarantor shall have any knowledge or notice thereof), including, without limitation: (a) any amendment, modification of or supplement to any Transaction Document or any other instrument referred to therein (except that the obligations of any Guarantor hereunder shall apply to the applicable Transaction Document or such other instruments as so amended, modified or supplemented) or any assignment or transfer of any thereof or of any interest therein, or any furnishing, acceptance or release of any security for the obligations due under any Transaction Document, (b) any waiver, consent, extension, indulgence or other action or inaction under or in respect of any Transaction Document; (c) any bankruptcy, insolvency, readjustment, composition, liquidation or similar proceeding with respect to the Borrower or its property; (d) any merger, amalgamation or consolidation of any Guarantor or of the Borrower into or with any other corporation or any sale, lease or transfer of any or all of the assets of any Guarantor or of the Borrower to any Person; (e) any failure on the part of the Borrower for any reason to comply with or perform any of the terms of any other agreement with any Guarantor; or (f) any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor (other than a release of the obligations of a Guarantor hereunder granted in accordance with the provisions of paragraph 21 hereof). Each Guarantor covenants that its obligations hereunder will not be discharged except by payment in full of all of the Guaranteed Obligations or a release granted in accordance with the provisions of paragraph 21.

4. WAIVER. Each Guarantor unconditionally waives to the fullest extent permitted by law, (a) notice of acceptance hereof, of any action taken or omitted in reliance hereon and of any defaults by the Borrower in the payment of any amounts due under any Transaction Document, and of any of the matters referred to in paragraph 2 or 3 hereof, (b) all notices which may be required by statute, rule of law or otherwise to preserve any of the rights of the Administrative Agent, the Lenders, and the Issuing Bank from time to time against any Guarantor, including, without limitation, presentment to or demand for

payment from the Borrower or any Guarantor, notice to the Borrower or to any Guarantor of default or protest for nonpayment or dishonor and the filing of claims with a court in the event of the bankruptcy of the Borrower, (c) any right to the enforcement, assertion or exercise by the Administrative Agent, any Lender or the Issuing Bank of any right, power or remedy conferred in this Guaranty Agreement or any Transaction Document, (d) any requirement or diligence on the part of the Administrative Agent, the Lenders or the Issuing Bank and (e) any other act or omission or thing or delay to do any other act or thing which might in any manner or to any extent vary the risk of any Guarantor or which might otherwise operate as a discharge of any Guarantor. The exercise by the Administrative Agent, the Issuing Bank and the Lenders of any right or remedy hereunder or under any other instrument, or at law or in equity, shall not preclude the concurrent or subsequent exercise of any other right or remedy.

5. OBLIGATIONS UNIMPAIRED. Each Guarantor authorizes the Administrative Agent, the Lenders and the Issuing Bank without notice or demand to any Guarantor and without affecting the obligations of any Guarantor hereunder, from time to time (a) to renew, compromise, extend, accelerate or otherwise change the time for payment of, or otherwise change the terms of, all or any part of any Transaction Document or any other instrument referred to therein, (b) to take and hold security for the payment and performance of the obligations under any Transaction Document, for the performance of this Guaranty Agreement or otherwise for the indebtedness guaranteed hereby and to exchange, enforce, waive and release any such security, (c) to apply any such security and to direct the order or manner of sale thereof as the Administrative Agent in its sole discretion may determine; (d) to obtain additional or substitute endorsers or guarantors; (e) to exercise or refrain from exercising any rights against the Borrower and others; and (f) to apply any sums, by whomsoever paid or however realized, to the payment of the principal of, premium, if any, and interest on the obligations under the Transaction Documents and any other Guaranteed Obligation. Each Guarantor waives any right to require the Administrative Agent, the Lenders or the Issuing Bank to proceed against any additional or substitute endorsers or guarantors or to pursue or exhaust any security provided by the Borrower, any Guarantor or any other Person or to pursue any other remedy available to such entities.

6. COVENANTS. Each Guarantor agrees that, so long as any Lender has any commitment or any other obligations under any Transaction Document, or any amount payable hereunder remains unpaid:

(a) Corporate Existence Subject to clause (c) of this paragraph 6 each Guarantor will at all times preserve and keep in full force and effect its corporate existence and all of its rights and franchises unless, in its good faith judgment, the termination of or failure to preserve and keep in full force and effect such right or franchise would not, individually or in the aggregate, have a Material Adverse Effect.

(b) Each Guarantor shall permit the representatives of the Administrative Agent and each Lender: (i) If no Default or Event of Default then exists, at the expense of such Agent or Lender and upon reasonable prior notice to the Borrower, to visit the principal executive office of each Guarantor, to discuss the affairs, finances and accounts of each Guarantor with their respective officers and (with the consent of a Guarantor, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of a Guarantor, which consent will not be unreasonably withheld) to visit the other offices and properties of each Guarantor, all at such reasonable times and as often as may be reasonably requested in writing; and (ii) If a Default or Event of Default then exists, at the expense of the Guarantor to visit and inspect any of the offices or properties of any Guarantor, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision each Guarantor authorizes said accountants to discuss the affairs, finances and accounts of the Guarantors), all at such

times and as often as may be requested. Anything herein to the contrary notwithstanding, no Guarantor shall have any obligations to disclose pursuant to this Guaranty Agreement any engineering, scientific, or other technical data without significance to the analysis of the financial position of the Guarantor and its Subsidiaries.

(c) Merger, Consolidation, Etc. No Guarantor shall consolidate with or merge with any other corporation or convey, transfer or lease substantially all of its assets in a single transaction or series of transactions to any Person except (1) in connection with the sale of a Guarantor or of all or substantially all of its assets in a transaction permitted by Section 5.11 of the Credit Agreement to a third party not affiliated with the Borrower or such Guarantor or (2) unless:

(i) the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer or lease substantially all of the assets of such Guarantor as an entirety, as the case may be, shall be a solvent corporation or other entity organized and existing under the laws of the United States or any State thereof (including the District of Columbia), and, if such Guarantor is not such corporation or other entity, such corporation or other entity shall have executed and delivered to the Administrative Agent its assumption of the due and punctual performance and observance of each covenant and condition of this Guaranty Agreement, together with a favorable opinion of counsel satisfactory to the Administrative Agent covering such matters relating to such corporation or other entity and such assumption as the Administrative Agent may reasonably request; and

(ii) immediately after giving effect to such transaction, no Default or Event of Default would exist; and

(iii) immediately prior to and after giving effect to such transaction, the Borrower and the Restricted Subsidiaries would be permitted by the provisions of Sections 5.12 and 5.17 of the Credit Agreement to incur at least $1.00 of additional Indebtedness and $1.00 of additional Restricted Indebtedness, respectively.

No such conveyance, transfer or lease of substantially all of the assets of any Guarantor shall have the effect of releasing such Guarantor or any successor corporation that shall theretofore have become such in the manner prescribed in this clause (c) of paragraph 6 from its liability under this Guaranty Agreement provided that a Guarantor may be released from its obligations hereunder in accordance with paragraph 21 hereof if it or all or substantially all of its assets are sold to a third party not affiliated with the Borrower or such Guarantor in a transaction permitted by Section 5.11 of the Credit Agreement.

(d) Compliance With Loan Documents. Each Guarantor shall comply with all covenants set forth in the Credit Agreement and any other Transaction Document applicable to it.

7. SUBROGATION. Each Guarantor agrees that it will not exercise any rights which it may have acquired by way of subrogation under this Guaranty Agreement, by any payment made hereunder or otherwise, or accept any payment on account of such subrogation rights, or any rights of reimbursement or indemnity or any rights or recourse to any security for the obligations under the Credit Agreement or this Guaranty Agreement unless and until all of the obligations, undertakings or conditions to be performed or observed by the Borrower pursuant to the Transaction Documents at the time of any Guarantor's exercise of any such right shall have been performed, observed or paid in full. For a period of one year after the payment in full of the Guaranteed Obligations, each Guarantor hereby waives (x) all rights of subrogation which it may at any time otherwise have as a result of this Guaranty Agreement (whether, statutory or otherwise) to the claims of the Administrative Agent, the Lenders and the Issuing Bank against the Borrower or any other guarantor of the Guaranteed Obligations (Borrower and such

other guarantors are each herein referred to as an "Other Party") and all contractual, statutory or common law rights of reimbursement, contribution or indemnity from any Other Party which it may at any time otherwise have as a result of this Guaranty Agreement; and (y) any right to enforce any other remedy which the Administrative Agent, the Lenders and the Issuing Bank now have or may hereafter have against any Other Party, any endorser or any other guarantor of all or any part of the Guaranteed Obligations.

8. CONTRIBUTION. The Guarantors collectively desire to allocate among themselves in a fair and equitable manner, their obligations arising under this Guaranty Agreement. Accordingly, in the event any payment or distribution is made by a Guarantor under this Guaranty Agreement (a "Funding Guarantor") that exceeds its Fair Share (as defined below), that Funding Guarantor shall, subject to paragraph 6 hereof, be entitled to a contribution from each of the other Guarantors in the amount of such other Guarantor's Fair Share Shortfall (as defined below), with the result that all such contributions will cause each Guarantor's Aggregate Payments (as defined below) to equal its Fair Share. "Fair Share" means, with respect to a Guarantor as of any date of determination, an amount equal to (i) the ratio of (x) the Adjusted Maximum Amount (as defined below) with respect to such Guarantor to (y) the aggregate of the Adjusted Maximum Amounts with respect to all Guarantors, multiplied by (ii) the aggregate amount paid or distributed on or before such date by all Funding Guarantors under this Guaranty Agreement in respect of the obligations guarantied. "Fair Share Shortfall" means, with respect to a Guarantor as of any date of determination, the excess, if any, of the Fair Share of such Guarantor over the Aggregate Payments of such Guarantor. "Adjusted Maximum Amount" means, with respect to a Guarantor as of any date of determination, the maximum aggregate amount of the obligations of such Guarantor under this Guaranty Agreement determined in accordance with the provisions hereof (including, without limitation, the limitations on such obligations contained in paragraph 1 hereof); provided that, solely for purposes of calculating the "Adjusted Maximum Amount" with respect to any Guarantor for purposes of this paragraph 8 the assets or liabilities arising by virtue of any rights to or obligations of contribution hereunder shall not be considered as assets or liabilities of such Guarantor. "Aggregate Payments" means, with respect to a Guarantor as of any date of determination, the aggregate amount of all payments and distributions made on or before such date by such Contributing Guarantor in respect of this Guaranty Agreement (including, without limitation, in respect of this paragraph 8). The amounts payable as contributions hereunder shall be determined as of the date on which the related payment or distribution is made by the applicable Funding Guarantor. The allocation among Guarantors of their obligations as set forth in this paragraph 8 shall not be construed in any way to limit the liability of any Guarantor hereunder.

9. REINSTATEMENT OF GUARANTY AGREEMENT. This Guaranty Agreement shall continue to be effective, or be reinstated, as the case may be, if and to the extent at any time payment, in whole or in part, of any of the sums due to the Administrative Agent, any Lender or the Issuing Bank for principal, premium, if any, or interest on the obligations under any Transaction Document or any of the other Guaranteed Obligations is rescinded or must otherwise be restored or returned by such entity upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or any Guarantor, or upon or as a result of the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to the Borrower, any Guarantor or any substantial part of their respective properties, or otherwise, all as though such payments had not been made. If an event permitting the acceleration of the maturity of the principal due under any Transaction Document shall at any time have occurred and be continuing and such acceleration shall at such time be prevented or the right of the Administrative Agent, any Lender or the Issuing Bank to receive any payment under the applicable Transaction Document shall at such time be delayed or otherwise affected by reason of the pendency against the Borrower of a case or proceeding under a bankruptcy or insolvency law, each Guarantor agrees that, for purposes of this Guaranty Agreement and its obligations hereunder, the maturity of such principal amount shall be deemed to have been accelerated with the same effect as if the Administrative Agent, the Lenders or the Issuing

Bank had accelerated the same in accordance with the terms of the applicable Transaction Documents, and any Guarantor shall forthwith pay such accelerated principal amount, accrued interest and premium, if any, thereon and any other amounts guaranteed hereunder.

10. PAYMENTS. Each Guarantor hereby, jointly and severally, guarantees that the Borrower shall pay the Guaranteed Obligations to the Administrative Agent in lawful currency of the United States of America and in immediately available funds, at the times and places provided in, and otherwise strictly in accordance with the terms and provisions of, the Credit Agreement or other applicable Transaction Documents (regardless of any law, regulation or decree now or hereafter in effect which might in any manner affect the Guaranteed Obligations, or the rights of any such entity with respect thereto as against the Borrower, or cause or permit to be invoked any alteration in the time, amount or manner of payment by the Borrower of any or all of the Guaranteed Obligations), without set-off or counterclaim and free and clear of, and without reduction for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions, withholdings now or hereafter imposed, levied, collected, withheld or assessed by any country (or by any political subdivision or taxing authority thereof or therein) excluding income and franchise taxes of the United States of America or any political subdivision, state or taxing authority thereof or therein (including Puerto Rico) such non-excluded taxes being called "Foreign Taxes"). If any Foreign Taxes are required to be withheld from any amount payable to the Administrative Agent, any Lender or the Issuing Bank under this Guaranty Agreement, under the Credit Agreement or any other Transaction Document, the amounts so payable to such holder shall be increased to the extent necessary to yield to such entity (after payment of all Foreign Taxes) interest or any such other amounts at the rates or in the amounts specified in the applicable Transaction Document. In the event any payment is made by a Guarantor under this Guaranty Agreement, then such Guarantor shall, subject to paragraph 6 hereof, be subrogated to the rights then held by the Administrative Agent, the Issuing Bank and

the Lenders with respect to the Guaranteed Obligations to the extent to which the Guaranteed Obligations was discharged by such Guarantor. All payments received by the Administrative Agent under this Guaranty Agreement shall be allocated pro rata among the Lenders in accordance with the Lenders'; Applicable Percentages unless the Intercreditor Agreement directs that the proceeds shall be distributed in another manner.

11. RANK OF GUARANTY AGREEMENT. Each Guarantor agrees that its obligations under this Guaranty Agreement shall rank at least *pari passu* with all other unsecured senior obligations of such Guarantor now or hereafter existing.

12. REPRESENTATIONS AND WARRANTIES OF THE GUARANTORS.
EachGuarantor represents and warrants to the Administrative Agent the Issuing Bank and each Lender as follows:

(a) Existence. It: (i) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (ii) has all requisite power and authority to own its property and assets and to carry on its business as now conducted and as proposed to be conducted, (iii) is qualified to do business in every jurisdiction where such qualification is required, except where the failure so to qualify would not result in a Material Adverse Effect, and (iv) has the corporate power and authority to execute, deliver and perform its obligations under this Guaranty Agreement and the Intercreditor Agreement.

(b) Authorization. Its execution, delivery and performance of this Guaranty Agreement and the Intercreditor Agreement (i) have been duly authorized by all requisite corporate action and (ii) will not (A) violate (1) any provision of any law, statute, rule or regulation to which it is subject or of its certificate of incorporation or other constituent documents or by-laws, (2) any order of any

Applicable Governmental Authority or (3) any provision of any Material indenture, agreement or other instrument to which it is a party or by which it or any of its property is or may be bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any such indenture, agreement or other instrument or (iii) result in the creation or imposition of any Lien upon any of its property or assets.

(c) Enforceability. This Guaranty Agreement constitutes, and when entered into, the Intercreditor Agreement will constitute, its legal, valid and binding obligation enforceable against it in accordance with their respective terms, as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) No Consents. No action, consent or approval of, registration or filing with or other action by any Applicable Governmental Authority is or will be required in connection with its execution, delivery or performance of this Guaranty Agreement or the Intercreditor Agreement.

(e) Credit Agreement Representations. All representations and warranties in the Credit Agreement relating to it are true and correct as of the date hereof and are restated herein with the same force and effect as if such representations and warranties had been made on and as of such date except to the extent that such representations and warranties relate specifically to another date.

(f) Information. It has adequate means to obtain from the Borrower on a continuing basis information concerning the financial condition and assets of the Borrower and it is not relying upon the Administrative Agent, the Issuing Bank or any Lender to provide (and neither the Administrative Agent, the Issuing Bank nor any Lender shall have any duty to provide) any such information to it either now or in the future.

(g) Benefit. The Borrower provides the Guarantors financing from time to time and some of the funds used by the Borrower to provide such financing have been and will hereafter be borrowed by the Borrower under the Credit Agreement. As a result, the value of the consideration received and to be received by each Guarantor as a result of the Borrower and the Lenders entering into the Credit Agreement and each Guarantor's executing and delivering this Guaranty Agreement (in light of, among other things, the contribution provisions of paragraph 8 hereof) is reasonably worth at least as much as the liability and obligation of each Guarantor hereunder, and such liability and obligation and the Credit Agreement have benefited and may reasonably be expected to benefit each Guarantor directly or indirectly.

(h) Solvency. Each Guarantor both individually and on a consolidated basis: (i) owns and will own assets (included in such assets the rights of contribution set forth in paragraph 8 hereof) the fair saleable value of which are (A) greater than the total amount of its liabilities (including contingent liabilities) and (B) greater than the amount that will be required to pay probable liabilities of then existing debts as they become absolute and matured considering all financing alternatives and potential asset sales reasonably available to it; (ii) has capital that is not unreasonably small in relation to its business as presently conducted; and (iii) does not intend to incur and does not believe that it will incur debts beyond its ability to pay such debts as they become due.

13. SETOFF. If an Event of Default shall have occurred and be continuing each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the any

Guarantor against any of and all the obligations of such Guarantor now or hereafter existing under this Guaranty Agreement, irrespective of whether or not such Lender shall have made any demand under this Guaranty Agreement and although such obligations may be unmatured. The rights of each Lender under this paragraph are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

14. SUBORDINATED INDEBTEDNESS. In addition and not in limitation of paragraph 6 hereof, each Guarantor agrees as follows:

(a) Each Guarantor hereby agrees that the Subordinated Indebtedness (as defined below) shall be subordinate and junior in right of payment to the prior payment in full of all Guaranteed Obligations as herein provided. The Subordinated Indebtedness shall not be payable, and no payment of principal, interest or other amounts on account thereof, and no property or guarantee of any nature to secure or pay the Subordinated Indebtedness shall be made or given, directly or indirectly by or on behalf of any Other Party (as defined in paragraph 7 above) or received, accepted, retained or applied by any Guarantor unless and until the Guaranteed Obligations shall have been paid in full in cash for one year; except that prior to receipt of a notice from the Administrative Agent under this paragraph (which may be given at any time an Event of Default exists), a Guarantor shall have the right to receive payments on the Subordinated Indebtedness made in the ordinary course of business. After receipt of the notice from the Administrative Agent delivered under the preceding sentence, no payments of principal or interest or any other amounts may be made or given, directly or indirectly, by or on behalf of any Other Party or received, accepted, retained or applied by any Guarantor unless and until the Guaranteed Obligations shall have been paid in full in cash for one year. If any sums shall be paid to a Guarantor by any Other Party or any other Person on account of the Subordinated Indebtedness when such payment is not permitted hereunder, such sums shall be held in trust by such Guarantor for the benefit of the Administrative Agent, the Issuing Bank and the Lenders and shall forthwith be paid to the Administrative Agent without affecting the liability of any Guarantor under this Guaranty Agreement and may be applied by the Administrative Agent against the Guaranteed Obligations in accordance with the Credit Agreement. Upon the request of the Administrative Agent, a Guarantor shall execute, deliver, and endorse to the Administrative Agent such documentation as the Administrative Agent may request to perfect, preserve, and enforce its rights hereunder. For purposes of this Guaranty Agreement and with respect to a Guarantor, the term "Subordinated Indebtedness" means, with respect to any Guarantor, all indebtedness, liabilities, and obligations of any Other Party to such Guarantor, whether such indebtedness, liabilities, and obligations now exist or are hereafter incurred or arise, or are direct, indirect, contingent, primary, secondary, several, joint and several, or otherwise, and irrespective of whether such indebtedness, liabilities, or obligations are evidenced by a note, contract, open account, or otherwise, and irrespective of the Person or Persons in whose favor such indebtedness, obligations, or liabilities may, at their inception, have been, or may hereafter be created, or the manner in which they have been or may hereafter be acquired by such Guarantor.

(b) Each Guarantor agrees that any and all Liens (including any judgment liens), upon any Other Party's assets securing payment of any Subordinated Indebtedness shall be and remain inferior and subordinate to any and all Liens upon any Other Party's assets securing payment of the Guaranteed Obligations or any part thereof, regardless of whether such Liens in favor of a Guarantor, the Administrative Agent, the Issuing Bank or any Lender presently exist or are hereafter created or attached. Without the prior written consent of the Administrative Agent and otherwise subject to the restrictions set forth in paragraph 7 hereof when an Event of Default exists, no Guarantor shall (i) file suit against any Other Party or exercise or enforce any other creditor's right it may have against any Other Party, or (ii) foreclose, repossess, sequester, or otherwise take steps or institute any action or proceedings (judicial or otherwise, including without limitation the commencement of, or joinder in, any liquidation,

bankruptcy, rearrangement, debtor's relief or insolvency proceeding) to enforce any obligations of any Other Party to such Guarantor or any Liens held by such Guarantor on assets of any Other Party.

(c) In the event of any receivership, bankruptcy, reorganization rearrangement, debtor's relief, or other insolvency proceeding involving any Other Party as debtor, the Administrative Agent shall have the right to prove and vote any claim under the Subordinated Indebtedness and to receive directly from the receiver, trustee or other court custodian all dividends, distributions, and payments made in respect of the Subordinated Indebtedness until the Guaranteed Obligations has been paid in full in cash. The Administrative Agent may apply any such dividends, distributions, and payments against the Guaranteed Obligations in accordance with the Credit Agreement.

15. NOTICES. Unless otherwise specifically provided herein, all notices consents, directions, approvals, instructions, requests and other communications required or permitted by the terms hereof shall be in writing, and any such communication shall become effective when received, addressed in the following manner: (a) if to any Guarantor, in care of the Borrower in accordance with the notice provisions in the Credit Agreement or (b) if to any Lender or the Issuing Bank, to the respective address set forth in the notice provisions of the Credit Agreement, with a copy to the Administrative Agent; or (c) if to the Administrative Agent, to the respective address set forth in the notice provisions of the Credit Agreement; provided, however, that any such addressee may change its address for communications by notice given as aforesaid to the other parties hereto.

16. CONSTRUCTION. The section and subsection headings in this Guaranty Agreement are for convenience of reference only and shall neither be deemed to be a part of this Guaranty Agreement nor modify, define, expand or limit any of the terms or provisions hereof. All references herein to numbered sections or paragraphs, unless otherwise indicated, are to sections and paragraphs of this Guaranty Agreement. Words and definitions in the singular shall be read and construed as though in the plural and *vice versa*, and words in the masculine, neuter or feminine gender shall be read and construed as though in either of the other genders where the context so requires.

17. SEVERABILITY. If any provision of this Guaranty Agreement, or the application thereof to any Person or circumstances, shall, for any reason or to any extent, be invalid or unenforceable, such invalidity or unenforceability shall not in any manner affect or render invalid or unenforceable the remainder of this Guaranty Agreement, and the application of that provision to other persons or circumstances shall not be affected but, rather, shall be enforced to the extent permitted by applicable law.

18. STATUTE OF LIMITATIONS. To the extent permitted by law, any acknowledgment or new promise, whether by payment of principal or interest or otherwise and whether by the Borrower or others (including any Guarantor), with respect to any of the Guaranteed Obligations shall, if the statute of limitations in favor of any Guarantor against the Administrative Agent, the Issuing Bank or any Lender shall have commenced to run, toll the running of such statute of limitations and, if the period of such statute of limitations shall have expired, prevent the operation of such statute of limitations.

19. FEES. The Guarantors shall, jointly and severally, pay on demand all reasonable attorneys' fees and all other reasonable costs and expenses incurred by the Administrative Agent, the Issuing Bank and the Lenders in connection with the administration, enforcement, or collection of this Guaranty Agreement.

20. SUCCESSORS. The terms and provisions of this Guaranty Agreement shall be binding upon and inure to the benefit of each Guarantor, the Administrative Agent, the Lenders and the Issuing Bank from time to time and their respective permitted successors, transferees and assigns.

21. ENTIRE AGREEMENT; AMENDMENT; RELEASE. THIS GUARANTY AGREEMENT CONSTITUTES A "LOAN AGREEMENT" AS DEFINED IN SECTION 26.03(a) OF THE TEXAS BUSINESS AND COMMERCE CODE, AND REPRESENTS THE ENTIRE CONTRACT AMONG THE PARTIES RELATIVE TO THE SUBJECT MATTER HEREOF AND THEREOF. ANY PREVIOUS AGREEMENT AMONG THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF IS SUPERSEDED BY THIS GUARANTY AGREEMENT. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. NOTHING IN THIS GUARANTY AGREEMENT, EXPRESSED OR IMPLIED, IS INTENDED TO CONFER UPON ANY PARTY OTHER THAN THE PARTIES HERETO ANY RIGHTS, REMEDIES, OBLIGATIONS OR LIABILITIES UNDER OR BY REASON OF THIS GUARANTY AGREEMENT. THIS GUARANTY AGREEMENT IS INTENDED BY EACH GUARANTOR, THE ADMINISTRATIVE AGENT, THE ISSUING BANK AND THE LENDERS AS A FINAL AND COMPLETE EXPRESSION OF THE TERMS OF THE GUARANTY AGREEMENT, AND NO COURSE OF DEALING AMONG ANY GUARANTOR, THE ADMINISTRATIVE AGENT, THE ISSUING BANK AND THE LENDERS, NO COURSE OF PERFORMANCE, NO TRADE PRACTICES, AND NO EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OR OTHER EXTRINSIC EVIDENCE OF ANY NATURE SHALL BE USED TO CONTRADICT, VARY, SUPPLEMENT OR MODIFY ANY TERM OF THIS GUARANTY AGREEMENT. No amendment of or supplement to this Guaranty Agreement, or waiver or modification of, or consent under, the terms hereof shall be effective unless in writing and signed by the Guarantors, the Administrative Agent and the Required Lenders; except that without the agreement of the Guarantors, the Administrative Agent or any Lender, any Material Restricted Subsidiary may be added hereto as a "Guarantor" by its execution and delivery of a Subsidiary Joinder Agreement. Notwithstanding the foregoing, no Guarantor shall be released from its obligations under this Guaranty Agreement without the prior written consent of all the Lenders, except that the Administrative Agent may, without the consent or agreement of any Lender, release a Guarantor if such Guarantor or its assets have been sold to a third party not affiliated with the Borrower or any other Guarantor in a transaction permitted by Section 5.11 of the Credit Agreement.

22. TERM OF GUARANTY AGREEMENT. Subject to the release provisions of paragraph 21, this Guaranty Agreement and all guarantees, covenants and agreements of the Guarantors contained herein shall continue in full force and effect and shall not be discharged until such time as all of the Guaranteed Obligations shall be paid or otherwise discharged in full and all commitments of the Lenders and the Issuing Bank under any Transaction Document terminated.

23. SURVIVAL. All warranties, representations and covenants made by the Guarantors herein or in any certificate or other instrument delivered by such Guarantors on their behalf under this Guaranty Agreement shall be considered to have been relied upon by the Administrative Agent, the Lenders and the Issuing Bank and shall survive the execution and delivery of this Guaranty Agreement, regardless of any investigation made by, or on behalf of, the Administrative Agent, the Lender or the Issuing Bank.

24. FURTHER ASSURANCES. Each Guarantor hereby agrees to execute and deliver all such instruments and take all such action as the Administrative Agent may from time to time reasonably request in order to effectuate fully the purposes of this Guaranty Agreement.

25. EXERCISE OF REMEDIES. Each Guarantor agrees that the Administrative Agent, the Issuing Bank and the Lenders may exercise any and all rights granted to any of them under the Credit Agreement without affecting the validity or enforceability of this Guaranty Agreement.

26. GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF TEXAS.

27. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTY AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

28. NO WAIVER. No failure on the part of the Administrative Agent, the Issuing Bank or any Lender to exercise, and no delay in exercising, any right, power, or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

29. RELIANCE. Each Guarantor recognizes that the Administrative Agent, the Issuing Bank and the Lenders are relying upon this Guaranty Agreement and the undertakings of each Guarantor hereunder in making extensions of credit to the Borrower under the Credit Agreement and further recognizes that the execution and delivery of this Guaranty Agreement is a material inducement to the Administrative Agent, the Issuing Bank and the Lenders in entering into the Credit Agreement and continuing to extend credit thereunder. Each Guarantor hereby acknowledges that there are no conditions to the full effectiveness of this Guaranty Agreement.

IN WITNESS WHEREOF, each Guarantor has caused this Guaranty Agreement to be duly executed and delivered as of the 29th day of June 2001.

GUARANTORS:

LENNOX INDUSTRIES INC.
SERVICE EXPERTS INC.
ARMSTRONG AIR CONDITIONING INC.
EXCEL COMFORT SYSTEMS INC.

By: ____
Name: ____
Authorized officer for each Guarantor

EXHIBIT E

SUBSIDIARY JOINDER AGREEMENT

This SUBSIDIARY JOINDER AGREEMENT (the "Agreement") dated as of _______ __, 200_ is executed by the undersigned ("Debtor") for the benefit of THE CHASE MANHATTAN BANK in its capacity as administrative agent for the Lenders party to the hereafter identified Credit Agreement (in such capacity herein, the "Administrative Agent") and for the benefit of such Lenders in connection with that certain 364 Day Revolving Credit Facility Agreement dated as of January 25, 2001, among the Administrative Agent, Lennox International Inc. (the "Borrower"), and the Lenders party thereto (as modified, the "Credit Agreement", and capitalized terms not otherwise defined herein being used herein as defined in the Credit Agreement).

The Debtor is a newly formed or newly acquired Material Restricted Subsidiary or, as a result of a change in assets, has become a Material Restricted Subsidiary and is required to execute this Subsidiary Joinder Agreement pursuant to the Credit Agreement.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor hereby agrees as follows:

1. The Debtor hereby assumes all the obligations of a "Guarantor" under the Subsidiary Guaranty ("Guaranty") and agrees that it is a "Guarantor" and bound as a "Guarantor" under the terms of the Guaranty as if it had been an original signatory thereto. In accordance with the forgoing and for valuable consideration, the receipt and adequacy of which are hereby acknowledged, Debtor irrevocably and unconditionally guarantees to the Administrative Agent, the Issuing Bank and the Lenders the full and prompt payment and performance of the Guaranteed Obligations (as defined in the Guaranty) upon the terms and conditions set forth in the Guaranty.

2. This Agreement shall be deemed to be part of, and a modification to, the Guaranty and shall be governed by all the terms and provisions of the Credit Agreement and the Guaranty, which terms are incorporated herein by reference, are ratified and confirmed and shall continue in full force and effect as valid and binding agreements of Debtor enforceable against Debtor. The Debtor hereby waives notice of the Administrative Agent's, the Issuing Bank's or any Lender's acceptance of this Agreement.

IN WITNESS WHEREOF, the Debtor has executed this Agreement as of the day and year first written above.

DEBTOR:

By: --------------------------------------
Name: ---------------------------------
Title: ---------------------------------

SCHEDULE 1.01

Existing Letters of Credit

LC Number	Amount	Beneficiary	Date of Last Renewal	Expiration	Renewal Terms	Non-renewal Notice (days)
D 425 736	$ 750,000.00	CAN	1/1/01	12/31/01	continuous - 1 yr.	60
D-210105	$16,000,000.00	Lumberman's Underwriting Alliance	1/31/01	12/31/01	continuous - 1 yr.	60
D-212131	$ 2,714,000.00	ACE INA Insurance	4/2/01	12/31/01	continuous - 1 yr.	60
D-212714	$ 235,000.00	Magnetti Parelli	4/17/01	10/31/01	n/a	n/a
Total	$19,699,000.00					

Solo Page SCHEDULE 3.05 LENNOX INTERNATIONAL INC. SUBSIDIARIES AS OF MAY 31, 2001 R = Restricted MR = Material Restricted UR = Unrestricted LOCATION OF JURISDICTION SUBSTANTIAL RESTRICTED/ NAME OWNERSHIP OF INC. OPERATING ASSETS UNRESTRICTED ---- --------- ------- --------------- ------------ Lennox Industries Inc. 100% Iowa United States MR SEE ANNEX A Heatcraft Inc 100% Mississippi United States R LGL de Mexico, S.A. de C.V 1% Mexico Mexico UR Lennox Participacoes Ltda 1% Brazil Brazil UR Frigo-Bohn do Brasil Ltda 99% Brazil Brazil UR Heatcraft do Brazil Ltda 84.47% Brazil Brazil UR SIWA S.A 100% Brazil Brazil UR LPAC Corp. 5% Delaware N/A R Livernois Engineering Co. 100% Michigan United States R Heatcraft Advanced Techologies Inc. 100% Delaware United States R Heatcraft Heat Transfer Inc. 100% Delaware United States R Advanced Distributor Products LLC 100% Delaware United States R Heatcraft Refrigeration Products LLC 100% Delaware United States R Armstrong Air Conditioning Inc. 100% Ohio United States MR Jensen-Klich Supply Co. 100% Nebraska United States R Armstrong Distributors Inc. 100% Delaware United States R LPAC Corp. 5% Delaware N/A R Allied Air Enterprises Inc. 100% Delaware United States R Heatcraft Technologies Inc. 100% Delaware United States R LGL Peru S.A.C 10% Peru Peru UR LPAC Corp. 80% Delaware N/A R Strong LGL Columbia Ltda 50% Columbia Columbia UR Excel Comfort Systems Inc. 100% Delaware United States MR National Air Systems, Inc. 100% California United States R Service Experts Inc. 100% Delaware United States MR SEE ANNEX C Lennox Inc. 100% Canada Canada UR Lennox Canada Inc. 100% Canada Canada UR SEE ANNEX B Lennox Global Ltd. 100% Delaware United States UR SEE ANNEX D SCHEDULE 3.05 ANNEX A LENNOX INDUSTRIES INC. SUBSIDIARIES LOCATION OF JURISDICTION SUBSTANTIAL RESTRICTED/ NAME OWNERSHIP OF INC. OPERATING ASSETS UNRESTRICTED ---- --------- ------- --------------- ------------ Lennox Industries (Canada) Ltd. 100% Canada Canada UR LHP Holdings Inc. 100% Delaware United States R Lennox Hearth Products Inc. 100% California United States R Marcomp Securite Cheminees International Ltee 100% Canada

Canada UR SARL Cheminees Securite 100% France France UR Security Chimneys UK Limited 100% UK UK UR Security USA 100% United States R The Earth Stove, Inc. 100% Oregon United States R Products Acceptance Corporation 100% Iowa N/A R Lennox Manufacturing Inc. 100% Delaware United States R Lennox Finance Inc. 100% Canada Canada UR LPAC Corp. 10% Delaware N/A R SCHEDULE 3.05 ANNEX B LENNOX CANADA INC. SUBSIDIARIES The following are all in Canada, owned 100% by Lennox Canada Inc. and Unrestricted Subsidiaries: Bradley Air Conditioning Limited Valley Refrigeration Limited Dearie Contracting Inc. Dearie Martino Contractors Ltd. Foster Air Conditioning Limited Bryant Heating & Cooling Co. Ltd. Byrant Newco Inc. Montwest Air Ltd. Fahrhall Mechanical Contractors Limited Arpi's Industries Canada Ltd. Arpi's Holdings Ltd. Advance Mechanical Ltd. Welldone Plumbing, Heating & Air Conditioning SCHEDULE 3.05 ANNEX C SERVICE EXPERTS INC. SUBSIDIARIES The following are all in the United States, owned 100% by Service Experts Inc. and Restricted Subsidiaries: A. Frank Woods and Sons LLC – Virginia AC/DAC, L.L.C. – Tennessee Academy Air Service Experts, Inc. – Tennessee Ainsley & Son Heating LLC – Ohio Air Conditioning and Heating, LLC – Tennessee Air Engineers, Inc. – Florida Air Experts LLC – Georgia Air Experts LLC – Ohio Air Systems of Florida, Inc. – Florida Aire-Tech LLC – Ohio Airmaster Heating & Air Conditioning LLC – Michigan Allbritten Plumbing, Heating and Air Conditioning Service, Inc. – Tennessee Alliance Mechanical Heating & Air Conditioning, Inc. – California Andros Refrigeration LLC – Arizona Andy Lewis Heating & Air Conditioning LLC – North Carolina Andy Lewis Heating & Air Conditioning, Inc. – Georgia Arrow Heating & Air Conditioning, Inc. – Wisconsin Artic Aire of Chico, Inc. – California Atlantic Air Conditioning and Heating LLC – Maryland Atmostemp LLC – New Jersey Austin Brothers, Inc. – Tennessee Barlow Heating and Air Conditioning LLC – Delaware Bartels Heating & Air Conditioning LLC – Colorado Becht Heating & Cooling LLC – Delaware Ben Peer Heating LLC – New York Berkshire Air Conditioning LLC – Tennessee Berkshire Heating & Cooling LLC – Delaware (to merge out on 6/23/01) Blue Springs Heating & Air Conditioning LLC – Missouri Broad Ripple Heating & Air Conditioning Inc. – Indiana Burnsville Heating & Air Conditioning LLC – Minnesota C. Iapaluccio Company LLC – Delaware C. Woods Company LLC – Delaware Calverley Air Conditioning & Heating LLC – Delaware Chanin Air LLC – Florida Chief/Bauer Heating & Air Conditioning LLC – Delaware Claire's Air Conditioning and Refrigeration, Inc. – Tennessee Climate Control LLC – Alabama Climate Design Systems LLC – Tennessee Climate Masters Service LLC – Colorado Coastal Air Conditioning Service LLC – Georgia Comfort Masters Heating & Cooling LLC – Delaware Comfort Tech Cooling & Heating LLC – Tennessee Comfortech, Inc. – Tennessee Contractor Success Group, Inc. – Missouri – Merged out? Controlled Comfort LLC – Nebraska Cook Heating & Air Conditioning LLC – Michigan Cook Heating and Air Conditioning LLC – Delaware Cool Breeze LLC – Ohio

SERVICE EXPERTS INC. SUBSIDIARIES - CONT'D Cool Power LLC – New York D.A. Bennett LLC – New York Dan Jacobs Heating & Cooling LLC – Pennsylvania Davis the Plumber LLC – New Mexico Dial One Raymond Plumbing, Heating & Cooling, Inc. – Tennessee DiMarco Mechanical LLC – Ohio Dodge Heating & Air Conditioning LLC – Georgia Doler Plumbing & Heating LLC – Delaware Economy Heating & Air Conditioning LLC – Pennsylvania Edison Heating and Cooling LLC – New Jersey Epperson LLC – South Carolina Eveready LLC – Virginia Falso Service Experts LLC – New York Fras-Air Contracting LLC – New Jersey Freschi Air Systems, Inc. – Tennessee Frosty Mechanical Contractors LLC – Delaware – to become Service Experts of the Berkshires LLC Future Acquisition Sub, Inc. – Tennessee Gables Air Conditioning LLC – Florida General Conditioning LLC – New Jersey General Conditioning Plumbing, Inc. – New Jersey Getzschman Heating & Sheet Metal Contractors LLC – Nebraska Golden Seal Heating & Air Conditioning LLC – Delaware Gordon's Specialty Company LLC – Oklahoma Gray Refrigeration LLC – Delaware Greenwood Heating & A/C LLC – Washington Gregory's Plumbing Co. LLC – Oklahoma H.S. Stevenson & Sons LLC – Ohio Holmes Sales & Service LLC – Iowa Industrial Building Services, Inc. – Florida International Service Leadership Inc. – Delaware Jack Nelson Co. LLC – Oklahoma Jansen Heating and Air Conditioning LLC – Delaware Jebco Heating & Air Conditioning LLC – Colorado JM Mechanical LLC – Delaware John P. Timmerman Co. LLC – Ohio K & S Heating, Air Conditioning & Plumbing LLC – Minnesota Kiko Heating & Air Conditioning LLC – Ohio Klawinski LLC – Delaware Knochelmann Plumbing, Heating & Air LLC – Kentucky Kozon LLC – Tennessee Kruger's Heating & Air Conditioning LLC – Delaware Lake Arbor Heating LLC – Colorado Lee Voisard Plumbing & Heating LLC – Ohio Local Furnace LLC – Colorado – to become Service Experts of Fort Collins LLC Marco Cooling and Refrigeration LLC – Florida Mathews Heating & Air Conditioning LLC – Tennessee Matz Heating & Air Conditioning LLC – New York McPhee Service Experts, Inc. – Colorado Midland Heating and Air Conditioning LLC – South Carolina Miller Refrigeration, A/C, & Htg. Co. – North Carolina National Air Systems, Inc. – California Neal Harris Heating, Air Conditioning & Plumbing LLC – Missouri Norrell Heating and Air Conditioning LLC – Alabama Pardee Refrigeration LLC – South Carolina

SERVICE EXPERTS INC. SUBSIDIARIES - CONT'D Parker-Pearce Service Experts LLC – Maryland Parrott Mechanical, Inc. – Idaho Peachtree Service Experts LLC – Georgia Peitz Heating and Cooling LLC – South Dakota PTM Enterprises LLC – Georgia R&M Climate Control LLC – Tennessee Roland J. Down LLC – New York Rolf Griffin Heating & Air Conditioning LLC – Delaware Russell Mechanical LLC – Delaware Ryan Heating LLC – Missouri S & W Air Conditioning LLC – Tennessee San Antonio Air Conditioning LLC – Delaware Sanders Indoor Comfort LLC – South Carolina Sanders Service Experts, Inc. – Tennessee Sedgwick Heating & Air Conditioning LLC – Minnesota SEI Management Company, LLC – Tennessee SEIIN GP, Inc. – Indiana SEITN GP, Inc. – Tennessee Service Experts DFW LLC – Tennessee Service Experts LLC – Florida Service Experts of Arkansas LLC – Arkansas Service Experts of Clearwater, Inc. – Tennessee Service Experts of Denver LLC – Colorado Service Experts of Imperial Valley, Inc. – California Service Experts of Indiana, L.P. – Tennessee Service Experts of Indianapolis, Inc. – Indiana Service Experts of Northeast Louisiana LLC – Louisiana Service Experts of Northwest Louisiana LLC – Louisiana Service Experts of Palm Springs, Inc. – California Service Experts of the Triangle LLC – North Carolina Service Experts of Salt Lake City LLC – Tennessee Service Experts of the Bay Area, Inc. – California Service Experts of Utah LLC – Delaware Service Experts of Washington LLC – Delaware Service Experts Services, LLC – Tennessee Service Now, Inc. – California Shumate Mechanical LLC – Georgia Steel City Heating & Air LLC – Alabama Strand Brothers LLC – Tennessee Strogen's HVAC LLC – New Hampshire Sunbeam Service Experts LLC – New York Sylvester's Corp. – Indiana Sylvester's, L.P. – Tennessee Teays Valley Heating and Cooling LLC – West Virginia The McElroy Service Company LLC – Nebraska TML LLC – Idaho Total Comfort Specialists – California Triton Mechanical LLC – New York Valentine Heating & Air Conditioning LLC – Georgia Venture International, Inc. – Tennessee Vogt Heating & Air Conditioning LLC – Minnesota Wangsgaard A-Plus, Inc. – Utah Wesley G. Wood LLC – Pennsylvania

SCHEDULE 3.05 ANNEX D LENNOX GLOBAL LTD. SUBSIDIARIES ALL LENNOX GLOBAL SUBSIDIARIES ARE UNRESTRICTED SUBSIDIARIES LOCATION OF SUBSTANTIAL NAME OWNERSHIP JURISDICTION OF INC. OPERATING ASSETS ---- --------- -------------------- ----------------------- LGL Asia-Pacific Pte. Ltd. 100% Rep. of Singapore Singapore Lennox Global (Wuxi) Co. Ltd. 100% China LGL Europe Holding Co. 100% Delaware N/A SEE ATTACHED ANNEX E UK Industries Inc. 100% Delaware N/A LGL de Mexico, S.A. de C.V 99% Mexico Mexico Lennox Participacoes Ltda 99% Brazil Brazil Frigo-Bohn do Brasil Ltda 1% Brazil Brazil Strong LGL Dominicana, S.A 100% Dominican Republic Dominican Republic Strong LGL Colombia Ltda 50% Colombia Columbia LGL Belgium S.P.R.L .4% Belgium Belgium LGL (Thailand) Ltd. 100% Thailand Thailand LGL Peru S.A.C 90% Peru Peru LGL Australia (US) Inc. 100% Delaware Delaware SEE ATTACHED ANNEX F SCHEDULE 3.05 ANNEX E LGL EUROPE HOLDING CO. SUBSIDIARIES (ALL UNRESTRICTED SUBSIDIARIES) LOCATION OF SUBSTANTIAL NAME OWNERSHIP JURISDICTION OF INC. OPERATING ASSETS ---- --------- -------------------- ----------------------- LGL Holland B.V 100% Holland Holland Friga-Coil S.R.O 50% Czech Republic Czech Republic Ets. Brancher S.A 70% France France Frinotec S.A 99.68% France France LGL France S.A 100% France France Herac Ltd. 100% United Kingdom N/A SCI Groupe Brancher 100% France France Hyfra Ind. GmbH 0.1% Germany Germany LGL Germany GmbH 100% Germany Germany Friga-Bohn Warmeaustauscher GmbH 100% Germany Germany Hyfra Ind. GmbH 99.9% Germany Germany Lennox Deutschland GmbH 100% Germany Germany Lennox Global Spain S.L 100% Spain Spain Lennox Refrigeration Spain S A. 90.1% Spain Spain Aldo Marine 70% Spain Spain Lennox Espana, S.A 100% Spain Spain Redi sur Andalucia 70% Spain Spain LGL Refrigeration Italia s.r.l 80% Italy Italy LGL Polska Spzoo 100% Poland Poland LGL Belgium S.P.R.L 99.6% Belgium Belgium Lennox Benelux B.V 100% Netherlands Netherlands Lennox Benelux

N.V 100% Belgium Belgium HCF Lennox Limited 100% United Kingdom United Kingdom Lennox Industries (UK) 100% United Kingdom United Kingdom Environheat Limited 100% United Kingdom N/A Lennox Janka a.s 100% Czech Republic Czech Republic Friga Coil s.r.o 50% Czech Republic Czech Republic Janka Slovensko, s.r.o 100% Slovak Republic Slovak Republic SCHEDULE 3.05 ANNEX F LGL AUSTRALIA (US) INC. SUBSIDIARIES (ALL UNRESTRICTED SUBSIDIARIES, EXCEPT AS NOTED) LOCATION OF SUBSTANTIAL NAME OWNERSHIP JURISDICTION OF INC. OPERATING ASSETS ---- --------- -------------------- ---------------- LGL Co Pty Ltd 100% Australia Australia LGL Australia Investment Pty Ltd 100% Australia Australia LGL Australia Finance Pty Ltd 10% Australia Australia LGL Australia Finance Pty Ltd 90% Australia Australia LGL Australia Holdings Pty Ltd 100% Australia Australia Lennox Australia Pty. Ltd. 100% Australia Australia LGL (Australia) Pty Ltd 100% Australia Australia LGL Refrigeration Pry. Ltd 100% Australia Australia James N Kirby Pty Ltd* 100% Australia Australia Kirby Refrigeration Pty. Ltd (Albury) 75% Australia Australia Kirby Refrigeration Pty. Ltd (Sunshine Coast) 75% Australia Australia Kirby Refrigeration Pty. Ltd (Gold Coast) 75% Australia Australia Kirby Refrigeration Pty. Ltd (Tasmania) 75% Australia Australia Kirby Refrigeration Pty. Ltd (Hobart) 100% Australia Australia Refrigeration & Heating Wholesale Pty Ltd (Vid) 100% Australia Australia Refrigeration & Heating Wholesale Pty Ltd (SA) 100% Australia Australia R&H Wholesale Pty Ltd 100% Australia Australia Kirby Refrigeration Pty. Ltd.(NT) 75% Australia Australia Kirby Tubes & Contract Coils Pty Ltd 100% Australia Australia Kirby Sheet Metal Pty Ltd 100% Australia Australia Kirby Central Warehouse Pty. Ltd. 100% Australia Australia J.N.K. Pty Limited 100% Australia Australia P.R.L. Pty Limited 100% Australia Australia Kirby USA Inc. 100% North Carolina United States** JNK Draughting Pty Limited 100% Australia Australia P.R.L Sales Pty Limited 100% Australia Australia Air Safe Pty Limited 100% Australia Australia James N. Kirby Limited (NZ) 100% New Zealand New Zealand *Stock is pledged to seller of company to secure a portion of the purchase price and other obligations incurred in connection with the acquisition **Restricted SCHEDULE 3.05A MATERIAL RESTRICTED SUBSIDIARY CAPITALIZATION Common Preferred Stock Par Preferred Stock Par Issued and Common Stock Value Stock Value Outstanding Authorized (per share) Authorized (per share) Capital Stock ---------- ----------- ---------- ----------- ------------- Armstrong Air 2,000 $1.00 N/A N/A 1,030 shares Conditioning Inc. Excel Comfort Systems Inc. 1,000 $1.00 N/A N/A 1,000 shares Lennox Industries Inc. 1,500,000 $1.00 99,253 $10.00 994,394 shares of common stock Service Experts Inc. 1,000 $0.01 N/A N/A 1,000 shares SCHEDULE 3.06 FINANCIAL STATEMENTS

1. Audited consolidated and consolidating financial statements for the Borrower and its Subsidiaries for the fiscal years ended December 31, 1997 through December 31, 2000.

2. Unaudited quarterly consolidated and consolidating financial statements for the Borrower and its Subsidiaries for the period ended March 31, 2001.

SCHEDULE 3.13

LENNOX INTERNATIONAL INC.
AND RESTRICTED SUBSIDIARIES
INDEBTEDNESS AS OF
May 26, 2001 (except as noted)

A. LENNOX INTERNATIONAL INC.

(1)	Note Purchase Agreement dated as of December 1, 1993 among Lennox International Inc. and the Noteholders identified at the end thereof, pursuant to which Lennox International Inc. delivered its 6.73% Senior Promissory Notes due 2008	$88,889,000
(2)	Note Purchase Agreement dated as of July 6, 1995 between Lennox International Inc. and Teachers Insurance and Annuity Association of America, pursuant to which Lennox International Inc. delivered its 7.06% Senior Promissory Notes due 2005.	20,000,000
(3)	Guaranty dated September 19, 1995 from Lennox International Inc. to First Bank of Natchitoches & Trust Company and Regions Bank of Louisiana guaranteeing 50% of debt of Alliance Compressors to such Banks under a Promissory Note dated September 19, 1995.	475,000
(4)	Guaranty of 50% of amounts due from Alliance Compressors under a master Equipment Lease Agreement dated March 28, 1995 with NationsBanc Leasing Corporation	176,762
(5)	Note Purchase Agreement dated as of April 3, 1998, between Lennox International Inc. and the Noteholders identified therein, pursuant to which Lennox International Inc. delivered its:	
	6.56% Senior Notes due April 3, 2005	25,000,000
	6.75% Senior Notes due April 3, 2008	50,000,000
(6)	Revolving Credit Facility Agreement dated as of July 29, 1999	240,000,000
(7)	Revolving Credit Facility Agreement dated as of January 25, 2000	115,700,000
(8)	Master Shelf Agreement dated as of October 15, 1999 between Lennox International Inc. and Prudential Insurance Company of America, pursuant to which Lennox International Inc. delivered its:	
	7.75% Senior Notes due August 25, 2005	25,000,000
	8.00% Senior Notes due June 1, 2010	35,000,000
(9)	Promissory Note dated April 18, 2001 from Lennox International Inc to Mizuho Financial Group	5,000,000

B. SERVICE EXPERTS INC.

Convertible Notes and miscellaneous debt related to original acquisitions of centers	9,981,479
C. MISCELLANEOUS OTHER DEBT -(estimate)]	125,000
TOTAL OUTSTANDING INDEBTEDNESS OF LENNOX INTERNATIONAL INC. AND RESTRICTED SUBSIDIARIES	$615,347,241

SCHEDULE 5.13

EXISTING LIENS

JURISDICTION	SECURED PARTY	UCC-1 FILE NO.	DATE FILED
	DEBTOR: LENNOX INDUSTRIES INC.		
Texas Secretary of State	Wachovia Bank, N.A., as Administrative Agent for the Secured Parties 191 Peachtree Street, N.E Mail Code GA 04-23 Atlanta, GA 30303	00-00521016	6/16/00
	DEBTOR: ARMSTRONG AIR CONDITIONING INC		
Ohio Secretary of State	Wachovia Bank, N.A., as Administrative Agent for the Secured Parties 191 Peachtree Street, N.E Mail Code GA 04-23 Atlanta, GA 30303	AP322733	3/27/01
Huron County, Ohio	Wachovia Bank, N.A., as Administrative Agent for the Secured Parties 191 Peachtree Street, N.E Mail Code GA 04-23 Atlanta, GA 30303	000084073	3/27/01

SECOND AMENDMENT TO 364 DAY REVOLVING CREDIT FACILITY AGREEMENT

THIS SECOND AMENDMENT TO 364 DAY REVOLVING CREDIT FACILITY AGREEMENT (the "Amendment"), dated as of June 29, 2001, is among LENNOX INTERNATIONAL INC., a Delaware corporation (the "Borrower"), each of the lenders listed as a lender on the signatures pages hereto (individually, a "LENDER" and, collectively, the "LENDERS"), THE CHASE MANHATTAN BANK (as the successor in interest by merger to Chase Bank of Texas, National Association), as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), WACHOVIA BANK, N.A., a national banking association, as syndication agent (in such capacity, the "Syndication Agent" and together with the Administrative Agent, herein the "Agents") and THE BANK OF NOVA SCOTIA, as documentation agent.

The Borrower, the Agents and the Lenders are party to that certain 364 Day Revolving Credit Facility Agreement dated as of January 25, 2000 (as amended or otherwise modified by the First Amendment to 364 Day Revolving Credit Facility Agreement dated as of January 22, 2001, the "CREDIT AGREEMENT"). The Borrower, the Lenders and the Agents desire to amend the Credit Agreement as herein set forth.

NOW, THEREFORE, in consideration of the premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows effective as of the date hereof:

ARTICLE 1

Definitions

Section 1.1 Definitions. Capitalized terms used in this Amendment and defined in the Credit Agreement, to the extent not otherwise defined herein shall have the same meaning as in the Credit Agreement, as amended hereby.

ARTICLE 2

Amendments

Section 2.1 Additions to Section 1.01. The following definitions are added to SECTION 1.01 of the Credit Agreement in proper alphabetical order:

"Approved Receivables Securitization" means a receivables securitization or other receivables sale program as long as the aggregate amount of the commitments to purchase receivables under all such programs does not at any time exceed $225,000,000.

"Collateral Agent " means The Chase Manhattan Bank, as collateral agent under the terms of the Intercreditor Agreement (for the benefit of the Lenders, the lenders under the Revolving Credit Facility, the lenders party to the Senior Note Purchase Agreements and any other lenders which become entitled to the benefits of the Liens granted in the Pledge Agreement under the terms of the Intercreditor Agreement) and its successors and assigns in such capacity.

"Intercreditor Agreement" means that certain Intercreditor Agreement to be executed pursuant to Section 5.23(a) initially among the Borrower, the Material Restricted Subsidiaries, The Chase Manhattan Bank, as collateral agent thereunder, the

Administrative Agent, the administrative agent under the Revolving Credit Facility and the lenders party to the Senior Note Purchase Agreements, as approved by the Required Lenders and as the same may be amended or otherwise modified from time to time.

" Lender Affiliates" shall have the meaning assigned it in Section 8.04(b).

"Material Restricted Subsidiary" means Lennox Industries Inc., Armstrong Air Conditioning Inc., Excel Comfort Systems Inc., Service Experts Inc. and each other Restricted Subsidiary (except LPAC Corp.) the book value (determined in accordance with GAAP) of whose total assets equals or exceeds ten percent (10%) of the book value (determined in accordance with GAAP) of the consolidated total assets of Borrower and all Subsidiaries as determined as of the last day of each fiscal quarter.

"Material Transfer" shall mean, with respect to the Borrower or any Restricted Subsidiary, any transaction or group of related transactions having a value in excess of $10,000,000 in which such Person sells, conveys, transfers or leases (as lessor) any of its property, including capital stock of, or a Security issued by, a Subsidiary; provided that, the term "Material Transfer" shall not include the sale of receivables sold by the Borrower and the Restricted Subsidiaries under an Approved Receivables Securitization. For purposes of this definition the term "value" of any property transferred shall be equal to the transfer price specified in the applicable sale, lease or other transfer documents for the property in question.

"Maximum Rate" shall have the meaning assigned it in Section 8.13.

" Obligated Parties" means the Borrower and the Material Restricted Subsidiaries.

"Pledge Agreement" means that certain Pledge Agreement to be executed by the Borrower in favor of the Collateral Agent, pursuant to Section 5.23(a), as the same may be modified from time to time.

"Revolving Credit Facility" means that certain Revolving Credit Facility Agreement dated July 29, 1999 among the Borrower, Chase Bank of Texas, National Association [now The Chase Manhattan Bank], as administrative agent, the other agents named therein and the lenders named therein, as the same has been and may hereafter be amended or otherwise modified.

"Subsidiary Guaranty" means the guaranty of the Material Restricted Subsidiaries in favor of the Administrative Agent, the Issuing Bank and the Lenders, substantially in the form of Exhibit D hereto, as the same may be modified pursuant to one or more Subsidiary Joinder Agreements and as the same may otherwise be modified from time to time.

"Subsidiary Joinder Agreement" means an agreement which has been or will be executed by a Material Restricted Subsidiary adding it as a party to the Subsidiary Guaranty, in substantially the form of Exhibit E hereto.

Section 2.2 Amendments to Existing Definitions in Section 1.01. The following existing definitions contained in SECTION 1.01 of the Credit Agreement are amended as follows:

(a) The following defined terms are amended in their respective entireties to read as follows:

"Applicable Percentage" means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentage shall be determined based upon the Revolving Exposures, or if all Loans and Swingline Loans have been repaid, based on the Commitments in effect immediately prior to their termination or expiration.

"EBITDA" means, for any period, the total of the following calculated for Borrower and the Restricted Subsidiaries without duplication on a consolidated basis in accordance with GAAP consistently applied for such period: (a) Consolidated Net Income from operations; PLUS (b) any deduction for (or less any gain

from) income or franchise taxes included in determining Consolidated Net Income; PLUS (c) interest expense (including the interest portion of Capital Leases) deducted in determining Consolidated Net Income; PLUS (d) amortization and depreciation expense deducted in determining Consolidated Net Income; PLUS (e) any non-recurring and non cash charges resulting from application of GAAP that requires a charge against earnings for the impairment of goodwill to the extent not already added back or not included in determining Consolidated Net Income.

"Fee Letter"shall mean the following: (i) that certain letter agreement among the Borrower, JP Morgan Securities Inc. (formerly Chase Securities Inc.) and Chase dated as of June 29, 2001; and (ii) that certain letter agreement among the Borrower, Chase Securities Inc. and Chase dated January 4, 2000.

"Interest Payment Date" shall mean (a) with respect to any ABR Borrowing or the payment of the Letter of Credit fees under Section 2.04(c), each March 31, June 30, September 30 and December 31, beginning on the first such date after the date hereof; (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable thereto and, in the case of such a Eurodollar Loan with an Interest Period of more than three months, each day that would have been an Interest Payment Date for such Eurodollar Loan had successive Interest Periods of three months duration, as the case may be, been applicable to such Eurodollar Loan; (c) with respect to any Negotiated Rate Borrowing, the last day of the Interest Period applicable thereto; (d) with respect to all Borrowings, the date of any prepayment thereof and the Maturity Date; and (e) in addition, with respect to the payment of the Letter of Credit fees under Section 2.04(c), the Maturity Date.

"Material Adverse Effect" shall mean a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Borrower and its Restricted Subsidiaries taken as a whole, or (b) the ability of the Borrower to perform its obligations under this Agreement and the ability of the Material Restricted Subsidiaries to perform their respective obligations under the Subsidiary Guaranty, taken as a whole, or (c) the validity or enforceability of this Agreement, the Pledge Agreement or the Subsidiary Guaranty.

" Senior Note Purchase Agreements" shall mean the following:

(i) nine separate Note Purchase Agreements, dated as of December 1, 1993, as each of the same have been amended, between the Borrower and each of The Prudential Insurance Company of America, Connecticut General Life Insurance Company, Connecticut General Life Insurance Company, on behalf of one or more separate accounts, United of Omaha Life Insurance Company, Mutual of Omaha Insurance Company, Companion Life Insurance Company, United World Life Insurance Company, First Colony Life Insurance Company, General Electric Capital Assurance Company (as a successor) and GE Life and Annuity Assurance Company (as a successor);

(ii) the Note Purchase Agreement, dated as of July 6, 1995 between the Borrower and Teachers Insurance and Annuity Association of America, as the same has been amended;

(iii) eight separate Note Purchase Agreements, dated as of April 3, 1998, as each of the same have been amended, between the Borrower and each of The Prudential Insurance Company of America, U.S. Private Placement Fund, Teachers Insurance and Annuity Association of America, Connecticut General Life Insurance Company, Connecticut General Life Insurance Company, on behalf of one or more separate accounts, CIGNA Property and Casualty Insurance Company, United of Omaha Life Insurance Company and Companion Life Insurance Company; and

(iv) that certain Master Shelf Agreement dated as of October 15, 1999 between the Borrower and the Prudential Insurance Company of America, as the same has been amended.

(b) Clause (ii) of the definition of the term "Adjusted EBITDA" is amended in its entirety to read as follows:

(ii) to the extent deducted in computing such consolidated net income (or loss), without duplication, the sum of (a) any deduction for (or less any gain from) income or franchise taxes included in determining such consolidated net income (or loss); PLUS (b) interest expense (including the interest portion of Capital Leases) deducted in determining such consolidated net income (or loss); PLUS (c) amortization and depreciation expense deducted in determining such consolidated net income (or loss) PLUS (d) any non-recurring and non cash charges resulting from the application of GAAP that requires a charge against earnings for the impairment of goodwill to the extent not already added back or not included in determining such consolidated net income (or loss); MINUS,

(c) Clauses (f) and (g)of the definition of the term "Consolidated Net Income" are amended in their respective entireties to read as follows and a new clause (h) is added thereto to read as follows:

- (f) any non-recurring loss arising from the sale or other disposition of assets recorded (i) during the fiscal quarter ended June 30, 2001, but only to the extent that the aggregate amount of such losses PLUS the restructuring charges allowed in

Clause (g)(i) hereof for such fiscal quarter is less than $32,400,000; and (ii) after June 30, 2001, in an aggregate amount for such period not to exceed $25,000,000;

(g) any non-recurring restructuring charges recorded (i) during the fiscal quarter ended June 30, 2001, but only to the extent that the aggregate amount of such restructuring charges PLUS the losses allowed in Clause (f)(i) hereof for such fiscal quarter is less than $32,400,000; and (ii) after June 30, 2001, in an aggregate amount for such period not to exceed $25,000,000 but provided that cash charges included in such restructuring charges shall at no time exceed $12,500,000; and

(h) any non-recurring and non cash charges resulting from the application of GAAP that requires a charge against earnings for the impairment of goodwill.

Section 2.3 Amendment to Section 2.06. Section 2.06 of the Credit Agreement is amended in its entirety to read as follows:

Section 2.06 Interest On Loans; Margin and Fees.

- (a) Subject to the provisions of Section 2.07, the Loans and Swingline Loans comprising each Eurodollar Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin from time to time in effect. Subject to the provisions of Section 2.07, the Swingline Loans comprising each Negotiated Rate Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the Negotiated Rate for the Interest Period in effect for such Borrowing.

(b) Subject to the provisions of Section 2.07, the Loans and Swingline Loans comprising each ABR Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, for periods during which the Alternate Base Rate is determined by reference to the Prime Rate and 360 days for other periods and including for all calculations the first day of any period but excluding the last) at a rate per annum equal to the Alternate Base Rate.

(c) Interest on each Loan and Swingline Loan shall be payable on each Interest Payment Date applicable to such Loan or Swingline Loan except as otherwise provided in this Agreement. The applicable LIBO Rate or Alternate Base Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error; provided that the Administrative Agent shall, upon request, provide to the Borrower a certificate setting forth in reasonable detail the basis for such determination.

(d) The Applicable Margin identified in this Section 2.06 and the Commitment Fee Percentage identified in Section 2.04 shall be defined and determined as follows:

"Applicable Margin" shall mean (i) during the period commencing on the July 12, 2001 and ending on but not including the

first Adjustment Date (as defined below), 2.00% per annum and (ii) during each period from and including one Adjustment Date to but excluding the next Adjustment Date (herein a "CALCULATION PERIOD"), the percent per annum set forth in the table below under the heading "Margin" opposite the Debt to Adjusted EBITDA Ratio which corresponds to the Debt to Adjusted EBITDA Ratio set forth in, and as calculated in accordance with, the applicable Compliance Certificate.

"Commitment Fee Percentage" shall mean (1) during the period commencing on the July 12, 2001 and ending on but not including the first Adjustment Date, 0.375% per annum and (2) during each Calculation Period, the percent per annum set forth in the table below under the heading "Commitment Fee Percentage" opposite the Debt to Adjusted EBITDA Ratio which corresponds to the Debt to Adjusted EBITDA Ratio set forth in, and as calculated in accordance with, the applicable Compliance Certificate.

Debt to Adjusted EBITDA Ratio	Margin	Commitment Fee Percentage
Greater than 3.50 to 1.00	2.250%	0.500%
Greater than 3.25 to 1.0 but less than or equal to 3.50 to 1.0	2.000%	0.375%
Greater than 3.00 to 1.0 but less than or equal to 3.25 to 1.0	1.750%	0.375%
Greater than 2.75 to 1.0 but less than or equal to 3.00 to 1.0	1.500%	0.300%
Greater than 2.50 to 1.0 but less than or equal to 2.75 to 1.0	1.125%	0.300%
Greater than 2.00 to 1.0 but less than or equal to 2.50 to 1.0	0.875%	0.250%
Greater than 1.50 to 1.0 but less than or equal to 2.00 to 1.0	0.750%	0.200%
Greater than 1.00 to 1.0 but less than or equal to 1.50 to 1.0	0.625%	0.1875%
Less than or equal to 1.00 to 1.00	0.500%	0.150%

Upon delivery of the Compliance Certificate pursuant to Section 5.20(g) in connection with the financial statements of the Borrower and its Subsidiaries required to be delivered pursuant to Sections 5.20(a) and (b), commencing with such Compliance Certificate delivered with respect to the fiscal quarter ending on June 30, 2001, the Applicable Margin (for Interest Periods commencing after the applicable Adjustment Date) and the Commitment Fee Percentage shall automatically be adjusted in accordance with the Debt to Adjusted EBITDA Ratio set forth therein and the table set forth above, such automatic adjustment to take effect as of the first Business Day after the receipt by the Agent of the related Compliance Certificate pursuant to Section 5.20(g) (each such Business Day when such margin or fees change pursuant to this sentence or the next following sentence, herein an "ADJUSTMENT DATE"). If the Borrower fails to deliver such Compliance Certificate which so sets forth the Debt to Adjusted EBITDA Ratio within the period of time required by Section 5.20(g): (i) the Applicable Margin (for Interest Periods commencing after the applicable Adjustment Date) shall automatically be adjusted to 2.250% per annum; and (ii) the Commitment Fee Percentage shall automatically be adjusted to 0.500% per annum, such automatic adjustments to take effect as of the first

Business Day after the last day on which the Borrower was required to deliver the applicable Compliance Certificate in accordance with Section 5.20(g) and to remain in effect until subsequently adjusted in accordance herewith upon the delivery of a Compliance Certificate.

Section 2.4 Amendment to Sections 2.09. Clause (c) of Section 2.09 of the Credit Agreement is amended in its entirety, and new clauses (d) and (e) are added to Section 2.09, each to read as follows:

- (c) Immediately after giving effect to a Transfer authorized under Section 5.11(c) that is a Material Transfer, 60% of the net, after tax proceeds of such Transfer shall be used to reduce the commitments under the revolving Senior Secured Credit Facilities and/or the principal amounts outstanding under any other Senior Secured Credit Facilities. The Borrower shall have the option of determining which Senior Secured Credit Facility or Facilities to which to apply such proceeds. If any of such proceeds are applied to this Agreement, the amount the Borrower has determined to apply to this Agreement shall be used to reduce the Total Commitments and make any repayments of the Loans or Swingline Loans required by such reduction. The term "SENIOR SECURED CREDIT FACILITIES" means this Agreement, the Revolving Credit Facility, the Senior Note Purchase Agreements and any other facility providing Indebtedness which refinances any of the foregoing or is otherwise entitled under the Intercreditor Agreement to the benefits of the Liens granted under the Pledge Agreement.

(d) If the Borrower wants any Indebtedness that is hereafter incurred to be entitled under the Intercreditor Agreement to the benefits of the Liens granted under the Pledge Agreement, the Borrower shall use the proceeds of such Indebtedness to reduce the commitments under the revolving Senior Secured Credit Facilities in existence on June 29, 2001 and/or the outstanding under any other Senior Secured Credit Facilities in existence on June 29, 2001. The Borrower shall have the option of determining which Senior Secured Credit Facility or Facilities to which to apply such proceeds. If any of such proceeds are applied to this Agreement, the amount the Borrower has determined to apply to this Agreement shall be used to reduce the Total Commitments and make any repayments of the Loans or Swingline Loans required by such reduction.

(e) Each reduction in the Total Commitment hereunder shall be made ratably among the Lenders in accordance with their respective Commitments. The Borrower shall pay to the Administrative Agent for the account of the Lenders, on the date of each termination or reduction of the Total Commitment, the Commitment Fees on the amount of the Commitments so terminated or reduced accrued through the date of such termination or reduction.

Section 2.5 Amendments to Section 2.10. The heading and Clause (b) of Section 2.10 of the Credit Agreement are amended in their respective entireties to read as follows:

Section 2.10 Prepayment Including Prepayment as a Result of a Change of Control and Material Transfer.

(b) On the date of any termination or reduction of the Total Commitment pursuant to Section 2.09 (including without limitation, any reduction arising as a result of a Material Transfer), the Borrower shall pay or prepay so much of the

Borrowings as shall be necessary in order that the aggregate outstanding principal amount of the Loans and Swingline Loans will not exceed the sum of the Total Commitment minus all Letter of Credit Liabilities, after giving effect to such termination or reduction.

Section 2.6 Amendment to Section 2.14. Sections 2.14 of the Credit Agreement is amended in its entirety to read as follows:

Section 2.14 Sharing of Setoffs. Subject to the terms of the Intercreditor Agreement which shall have precedence over any conflicting provisions in this Section 2.14, each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim, or pursuant to a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means, obtain payment (voluntary or involuntary) in respect of any amounts due hereunder as a result of which the unpaid principal portion of such amount shall be proportionately less than the unpaid principal portion of such amount owed to any other Lender, it shall be deemed simultaneously to have purchased from such other Lender at face value, and shall promptly pay to such other Lender the purchase price for, a participation in such amounts of such other Lender, so that the aggregate unpaid principal amount of the obligations owed by the Borrower hereunder and participations in such obligations held by each Lender shall be in the same proportion to the aggregate unpaid principal amount of all obligations owed by the Borrower hereunder then outstanding as the principal amount of such obligations prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all such obligations outstanding prior to such exercise of banker's lien, setoff or counterclaim or other event; PROVIDED, HOWEVER, that, if any such purchase or purchases or adjustments shall be made pursuant to this Section 2.14 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. The Borrower expressly consents to the foregoing arrangements and agrees that any Lender holding a participation in the obligations owed hereunder deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing by the Borrower to such Lender by reason thereof as fully as if such Lender had made a Loan in the amount of such participation.

Section 2.7 Amendment to Section 2.18. The phrase ", under the Subsidiary Guaranty or under the Intercreditor Agreement" is hereby added to Section 2.18 of the Credit Agreement between the word "hereunder" and the phrase" for the account of".

Section 2.8 Amendment to Section 2.20. The $25,000,000 figure in the last sentence of Clause (a) of Section 2.20 of the Credit Agreement is amended to be $35,000,000.

Section 2.9 Amendment to Section 3.02. Section 3.02 of the Credit Agreement is amended in its entirety to read as follows:

Section 3.02 Authorization. The execution, delivery and performance by the Borrower of this Agreement, the Pledge Agreement and the Intercreditor Agreement, the Borrowings hereunder, the pledge of the stock of the Material Restricted Subsidiaries under the Pledge Agreement and the issuance of Letters of Credit hereunder (collectively, the "Transactions") (a) have been duly authorized by all requisite corporate action and

(b) will not (i) violate (A) any provision of any law, statute, rule or regulation to which any Obligated Party is subject or of the certificate of incorporation or other constituent documents or by-laws of the Borrower or any of its Subsidiaries, (B) any order of any Applicable Governmental Authority or (C) any provision of any Material indenture, agreement or other instrument to which the Borrower or any of its Subsidiaries is a party or by which it or any of its property is or may be bound (including the Senior Note Purchase Agreements and the Indebtedness limitations set forth in any Senior Note Purchase Agreement), (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any such indenture, agreement or other instrument or (iii) result in the creation or imposition of any Lien upon any property or assets of the Borrower or any of its Subsidiaries, except as contemplated by the Pledge Agreement.

Section 2.10 Amendment to Section 3.05. Clause (a) of Section 3.05 of the Credit Agreement is amended in its entirety to read as follows.

(a) Schedule 3.05 is (except as noted therein) a complete and correct list of the Borrower's Subsidiaries as of May 31, 2001 showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, the percentage of its capital stock or similar equity interests owned by the Borrower and each other Subsidiary, and specifying whether such Subsidiary is a Restricted Subsidiary and a Material Restricted Subsidiary. Schedule 3.05A correctly sets forth the authorized, issued, and outstanding capital stock of each Material Restricted Subsidiary. All of the outstanding capital stock of each Material Restricted Subsidiary has been validly issued, is fully paid, and is nonassessable. There are no outstanding subscriptions, options, warrants, calls, or rights (including preemptive rights) to acquire, and no outstanding securities or instruments convertible into, capital stock of any Material Restricted Subsidiary.

Section 2.11 Amendment to Section 3.13. The reference to "December 31, 1999" contained in Section 3.13 of the Credit Agreement is amended to read "May 26, 2001".

Section 2.12 Amendment to Section 5.11. The period at the end of Subclause (iii) of Clause (c) of Section 5.11 is deleted and replaced with "; or", the last sentence of Section 5.11 is deleted therefrom and a new Clause (d) is added to the end of Section 5.11 to read in its entirety as follows:

(d) such Transfer is the sale of receivables, or undivided interests therein, pursuant to an Approved Receivables Securitization.

Section 2.13 Amendment to section 5.12. The following sentence is added after the first sentence of Section 5.12 of the Credit Agreement:

In addition to and not in limitation of the other provisions of this Section 5.12, from June 29, 2001 until the date that the Debt to Adjusted EBITDA Ratio is less than 3.00 to 1.00 as calculated for any fiscal quarter after March 31, 2001 and established by the delivery of a Covenant Compliance Certificate under Section 5.20(g)(i) (such period, herein the "RESTRICTION PERIOD"), Borrower shall not permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume, guarantee, or otherwise become directly or indirectly liable with respect to or otherwise permit any Indebtedness, except Indebtedness of such Subsidiaries disclosed on Schedule 3.13 hereto and additional Indebtedness in an aggregate amount not to exceed $10,000,000 for all Restricted Subsidiaries during the Restriction Period.

Section 2.14 Amendment to Section 5.13. Section 5.13 of the Credit Agreement is amended as follows:

(a) Clauses (f) and (g) are amended in their entireties to read as follows:

(f) Liens on property or assets of the Borrower (other than the capital stock of the Material Restricted Subsidiaries) or any of its Restricted Subsidiaries securing Indebtedness or other obligations owing to the Borrower or to a Wholly Owned Restricted Subsidiary;

(g) financing statements filed in respect of operating leases, liens granted under capital leases in existence as of June 29, 2001 provided that the amount secured thereby does not exceed $25,000, other Liens existing on June 29, 2001 and described on Schedule 5.13 and Liens granted to the Collateral Agent under the Pledge Agreement; and

(b) New Clauses (h) and (i) are added to Section 5.13 to read as follows:

(h) any Lien renewing, extending or refunding any Lien permitted by Subsection (g) above, provided that (i) the principal amount of Indebtedness secured by such Lien immediately prior to such extension, renewal or refunding is not increased or the maturity thereof reduced, (ii) such Lien is not extended to any other property, and (iii) immediately after such extension, renewal or refunding no Default or Event of Default would exist and the Borrower would be permitted by the provisions of Sections 5.12 and 5.17 to incur at least $1.00 of additional Indebtedness and $1.00 of additional Restricted Indebtedness, respectively; and

(i) other Liens not otherwise permitted by Subsections (a) through (h) above, provided that (i) the fair market value of the assets subject to such other Liens shall not exceed $15,000,000, (ii) such Liens secure Indebtedness of the Borrower or a Restricted Subsidiary permitted hereby, (iii) the aggregate principal amount of the Indebtedness secured by all Liens granted under the permissions of this clause (i) does not exceed $10,000,000 and (iv) immediately after giving effect to the creation thereof, no Default or Event of Default shall exist.

Section 2.15 Amendment to Section 5.14. Section 5.14 of the Credit Agreement is amended to add the following to the end thereof:

In addition to the foregoing restrictions, the Borrower will not, and will not permit any of its Restricted Subsidiaries to redeem or otherwise acquire any of its stock or other equity interests or any warrants, rights or other options to purchase such stock or other equity interests except:

(a) when solely in exchange for such stock or other equity interests;

(b) when made contemporaneously from the net proceeds of a sale of such stock or other equity interests;

(c) the repurchase of up to 577,500 shares of the Borrower's capital stock for an aggregate purchase price not to exceed $7,500,000 in connection with its obligation to do so arising in connection with the documentation of its acquisition of James N Kirby Pty Ltd;

(d) the repurchase by LPAC Corp. from Restricted Subsidiaries of LPAC Corp's preferred stock with proceeds of collections on accounts receivable in connection with an Approved Receivables Securitization; and

(e) other redemptions or acquisitions of such stock or equity interests if, as of the date of the payment thereof, the Debt to Adjusted EBITDA Ratio is less than 3.00 to 1.00 as calculated for any fiscal quarter: (i) that has elapsed since March 31, 2001; (ii) that has ended before the date of payment; and (iii) for which a Covenant Compliance Certificate under Section 5.20(g)(i) has been delivered.

Section 2.16 Amendments to Section 5.15. Section 5.15 of the Credit Agreement is amended as follows:

(a) The introductory phrase is amended to read in its entirety as follows:

The Borrower covenants and agrees that, so long as any Lender has any Commitment hereunder or any obligations to acquire or fund any participation in any Swingline Loan or Letter of Credit or the Swingline Lender is obligated to make Swingline Loans or the Issuing Bank is obligated to issue any Letter of Credit, or any amount payable hereunder remains unpaid, the Borrower will perform and observe the following financial covenants:

(b) The first sentence of Clause (a) is amended in its entirety to read as follows:

As of the end of each fiscal quarter, the Borrower shall not permit the ratio of Cash Flow for the four (4) fiscal quarters then ending to Interest Expenses for such period to be less than (i) 2.65 to 1.00 for the fiscal quarter ended June 30, 2001; (ii) 2.75 to 1.00 for the fiscal quarter ended September 30, 2001; and (iii) 3.00 to 1.00 for all fiscal quarters ending thereafter.

(c) Clause (b) is amended in its entirety to read as follows:

(b) Consolidated Indebtedness to Adjusted Ebitda. As of the last day of each fiscal quarter during the periods described below, the Borrower shall not permit the ratio of Consolidated Indebtedness outstanding as of such day to the Adjusted EBITDA for the four (4) fiscal quarters then ended to exceed: (i) 3.90 to 1.00 for the fiscal quarter ended June 30, 2001; (ii) 3.75 to 1.00 for the fiscal quarters ended September 30, 2001 and December 31, 2001; (iii) 3.50 to 1.00 for the fiscal quarters ended March 31, 2002 and June 30, 2002; (iv) 3.25 to 1.00 for the fiscal quarters ended September 30, 2002 and December 31, 2002; and (v) 3.00 to 1.00 for all fiscal quarters ending after December 31, 2002.

Section 2.17 Amendment to Section 5.20. The phrase ", the then existing Material Restricted Subsidiaries," is added to Subclause (i) of Clause (g) of Section 5.20 of the Credit Agreement after the phrase " the Commitment Fee Percentage".

Section 2.18 Addition of Sections 5.23 and 5.24. Sections 5.23 and 5.24 are added to the Credit Agreement following SECTION 5.22 to read in their entirety as follows:

Section 5.23 Post Closing Agreements; New Material Restricted Subsidiaries.

(a) Items Due by August 15, 2001. On or before August 15, 2001, the Borrower shall deliver or cause to be delivered to the Administrative Agent, each of the following, all in form and substance acceptable to the Lenders:

(i) The Intercreditor Agreement executed by all the parties thereto; the Pledge Agreement executed by the Borrower pursuant to which the Borrower shall have pledged to the Collateral Agent all the capital stock of each Material Restricted Subsidiary; certificates representing the capital stock of the Material Restricted Subsidiaries pledged pursuant to the Pledge Agreement together with undated stock powers duly executed in blank for all such certificates; UCC, tax and judgment Lien search reports listing all documentation on file against the Borrower and each Material Restricted Subsidiary in each jurisdiction in which it has its principal place of business and jurisdiction of organization; such executed documentation as the Collateral Agent may deem necessary to perfect or protect its Liens, including, without limitation, financing statements under the UCC and other applicable documentation under the laws of any jurisdiction with respect to the perfection of Liens; and duly executed UCC-3 termination statements and such other documentation as shall be necessary to terminate or release all Liens encumbering the collateral pledged pursuant to the Pledge Agreement. To assist the Borrower in complying with the requirements of this paragraph, the Lenders agree to use commercially reasonable efforts to cause the Required Lenders to approve an Intercreditor Agreement which is in form and substance satisfactory to them on or before August 15, 2001.

(ii) a favorable written opinion from counsel to the Borrower and the Material Restricted Subsidiaries addressed to the Lenders and satisfactory to Jenkens & Gilchrist, a Professional Corporation, counsel for the Administrative Agent, as to such matters relating to the Intercreditor Agreement, the Pledge Agreement, the collateral pledged pursuant thereto and the capitalization of the Material Restricted Subsidiaries as the Administrative Agent may request (and the Borrower hereby instructs its counsel to deliver such opinion to the Administrative Agent for the benefit of the Lenders).

(iii) A certificate of the Secretary or an Assistant Secretary of the Borrower certifying that attached thereto is a true and complete copy of resolutions, duly adopted by the Board of Directors authorizing the execution, delivery and performance of the Pledge Agreement, the Intercreditor Agreement and the Transactions, and that such resolutions have not been modified, rescinded or amended and are in full force and effect.

(iv) A certificate of the Secretary or an Assistant Secretary of each Material Restricted Subsidiary certifying that attached thereto is a true and complete copy of resolutions, duly adopted by the Board of Directors authorizing the execution, delivery and performance of the Intercreditor Agreement and that such resolutions have not been modified, rescinded or amended and are in full force and effect.

(b) New Material Restricted Subsidiaries. Within forty-five (45) days after the end of each fiscal quarter, the Borrower shall cause each Material Restricted Subsidiary created or acquired during the fiscal quarter then ending, and each Restricted Subsidiary that, as a result of a change in assets, became a Material Restricted Subsidiary during such fiscal quarter (any such Material Restricted Subsidiary, herein a ("New Material Subsidiary"), to execute and deliver to the Administrative Agent a Subsidiary Joinder Agreement joining it as a guarantor under the Subsidiary Guaranty and such other documentation as the Administrative Agent may reasonably request to cause such New Material Subsidiary to evidence or otherwise implement the guaranty of the repayment of the obligations contemplated by the Subsidiary Guaranty and this Agreement. In addition, within forty-five (45) days after the end of a fiscal quarter in which a New Material Subsidiary has been created, acquired or comes into existence, the Borrower shall take such action as the Collateral Agent may request to cause the capital stock of each such New Material Subsidiary to be pledged to the Collateral Agent under the Pledge Agreement, including without limitation, the proper completion, execution and delivery of a Pledge Amendment under the terms of the Pledge Agreement, the delivery of the stock certificates evidencing the stock to be pledged, along with blank stock powers executed in blank, Uniform Commercial Code Financing Statements and such other documentation as the Collateral Agent may reasonably request to cause such stock to be pledged under the Pledge Agreement and for such pledge to be perfected and protected.

Section 5.24 Restrictions On Transfers to Unrestricted Subsidiaries. In addition to the other limitations of the this Agreement, from June 29, 2001 until the date that the Debt to Adjusted EBITDA Ratio is less than 3.00 to 1.00 as calculated for any fiscal quarter after March 31, 2001 and established by the delivery of a Covenant Compliance Certificate under Section 5.20(g)(i) (such period, herein the "Section 5.24 Restriction Period"), the Borrower will not, and will not permit any Restricted Subsidiary to, consummate any Unrestricted Subsidiary Transfer except:

(a) the sale of inventory to Unrestricted Subsidiaries in the ordinary course of business;

(b) payments made to Unrestricted Subsidiaries after June 30, 2001 in an aggregate amount not to exceed $30,500,000 to be used to satisfy the obligations owed to the seller(s) arising under the documentation governing the acquisition of James N Kirby Pty Ltd; and

(c) if no Default or Event of Default exists or would result therefrom, Unrestricted Subsidiary Transfers, in addition to the Transfers described in clauses (a) and (b) above, provided that the aggregate amount of the Unrestricted Subsidiary Transfers consummated during the Section 5.24 Restriction Period under the permissions of this clause (c) shall not exceed $60,000,000. The aggregate amount of the Unrestricted Subsidiary Transfers for purposes of determining compliance with this

clause (c) as of any date shall equal the sum of the following: (i) the aggregate outstanding amount of all loans, advances and extensions of credit made by the Borrower and the Restricted Subsidiaries to Unrestricted Subsidiaries and outstanding on such date; plus (ii) the aggregate amount of all obligations of the Unrestricted Subsidiaries outstanding on such date that are guaranteed by Borrower or any Restricted Subsidiary or secured by a Lien granted by Borrower or a Restricted Subsidiary; plus (iii) the aggregate Fair Market Value (determined for each Unrestricted Subsidiary Transfer as of the date of the applicable Unrestricted Subsidiary Transfer) of all other property (i.e., other than the property described in clauses (i) and (ii) of this sentence) disposed of during the Restriction Period in Unrestricted Subsidiary Transfers consummated under the permissions of this clause (c).

The term "Unrestricted Subsidiary Transfer" means, a transaction in any form in which an Unrestricted Subsidiary receives (either directly or indirectly) anything (including money or other property) of value from Borrower or any Restricted Subsidiary, including, any loan, advance or other extension of credit; any sale, lease, or other disposition of assets; any merger, consolidation or other corporate combination; any purchase or repurchase of stocks, bonds, notes, debentures or other securities or any other capital contribution or investment; any transaction in which a Person provides a Guaranty or grants Liens to secure obligations or Indebtedness of another Person. All covenants in this Agreement shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants (including this Section 5.24), the fact that it would be permitted by an exception to, or be otherwise within the limitations of, another covenant shall not avoid the occurrence of a Default if such action is taken or such condition exists.

Section 2.19 Amendment to Article 6. Article 6 of the Credit Agreement is amended as follows:

(a) Clauses (a) through (e) are amended in their entireties to read as follows:

(a) the Borrower defaults in the payment of any principal on any Loan or Swingline Loan or the reimbursement of any LC Disbursement, in each case when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Borrower defaults in the payment of any interest on any Loan or Swingline Loan for more than five Business Days after the same becomes due and payable; or

(c) the Borrower defaults in the performance of or compliance with any term applicable to the Borrower and contained in Section 5.20(d), Section 5.23, Section 5.24 or Sections 5.10 through 5.19 or contained in the Pledge Agreement or any Material Restricted Subsidiary defaults in the performance of or compliance with any term applicable to it contained in clause (c) of paragraph 6 of the Subsidiary Guaranty; or

(d) (i) the Borrower defaults in the performance of or compliance with any term contained herein (other than those referred to in paragraphs (a), (b) and (c) of this Article 6) or contained in the Intercreditor Agreement or with any Additional Covenant and such default is not remedied within 30 days after the earlier of (A) a Responsible Officer obtaining actual knowledge of such default and (B) the Borrower

receiving written notice of such default from either Agent or any Lender (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (d) of Article 6) or (ii) any Material Restricted Subsidiary defaults in the performance of or compliance with any term contained in the Subsidiary Guaranty (other than those referred to in paragraphs (a), (b) and (c) of this Article 6) or contained in the Intercreditor Agreement or with any Additional Covenant and such default is not remedied within 30 days after the earlier of (A) a Responsible Officer obtaining actual knowledge of such default and (B) the Borrower receiving written notice of such default from either Agent or any Lender (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (d) of Article 6); or

(e) any representation or warranty made in writing by or on behalf of any Obligated Party or by any officer of any Obligated Party in this Agreement, the Pledge Agreement, the Intercreditor Agreement, the Subsidiary Guaranty or any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made; or

(b) New Clauses (k) and (l) are added to read as follows:

(k) the occurrence of an Event of Default (as defined in the Intercreditor Agreement); or

(l) either the Subsidiary Guaranty or the Pledge Agreement shall for any reason cease to be in full force and effect and valid, binding and enforceable in accordance with its terms, or the Borrower or any Material Restricted Subsidiary shall so state in writing;

(c) The last section of Article 6 (as it exists without giving effect to this Amendment) which follows the existing Clause (j) is amended in its entirety to read as follows:

then, and in every such event, and at any time thereafter during the continuance of such event, the Administrative Agent, at the request of the Required Lenders, shall, by notice to the Borrower, take any or all of the following actions, at the same or different times: (i) terminate forthwith the right of the Borrower to borrow hereunder or to request the issuance, amendment, extension or renewal or other modification of any Letter of Credit, (ii) exercise any rights that may be available upon an Event of Default to terminate or cancel any outstanding Letters of Credit, and (iii) declare the Borrowings (including all Loans and Swingline Loans) and all reimbursement obligations for LC Disbursements, then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Borrowings (including all Loans and Swingline Loans) and the reimbursement obligations for LC Disbursements, so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrower accrued hereunder, shall become forthwith due and payable, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or any other notice of any kind, all of which are hereby expressly waived, anything contained herein to the contrary notwithstanding; provided that in the case of any event described in paragraph (g) or (h) above with respect to the Borrower or any Material Restricted Subsidiary, all the Commitments of the Lenders, the commitment of the Swingline Lender to make Swingline Loans and the obligation of the Issuing Bank hereunder to issue Letters of Credit shall automatically terminate and the principal amount of all Borrowings (including all Loans and Swingline Loans) and all

reimbursement obligations for LC Disbursements, then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrower accrued hereunder shall automatically become due and payable, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein to the contrary notwithstanding. In addition to the other rights and remedies that the Lenders may have upon the occurrence of an Event of Default, the Required Lenders may direct: (i) the Collateral Agent to exercise the rights and remedies available to the Collateral Agent under the Intercreditor Agreement and the Pledge Agreement and (ii) the Administrative Agent to exercise the rights and remedies available to it under the Subsidiary Guaranty.

Section 2.20 Amendment to Article 7. Article 7 of the Credit Agreement is amended as follows:

(a) The first three paragraphs are amended in their entirety to read as follows:

In order to expedite the transactions contemplated by this Agreement, Chase is hereby appointed to act as Administrative Agent, on behalf of the Lenders and the Issuing Bank. Each of the Lenders and the Issuing Bank hereby irrevocably authorizes the Administrative Agent to take such actions on behalf of such Lender or the Issuing Bank and to exercise such powers as are specifically delegated to the Administrative Agent by the terms and provisions hereof, by the terms and provisions of the Subsidiary Guaranty and by the terms and provisions of the Intercreditor Agreement, together with such actions and powers as are reasonably incidental thereto. The Administrative Agent is hereby expressly authorized by the Lenders and the Issuing Bank, without hereby limiting any implied authority, (a) to receive on behalf of the Lenders and the Issuing Bank, as applicable, all payments of principal of and interest on the Loans and all other amounts due to the Lenders and the Issuing Bank hereunder or under the Subsidiary Guaranty or from the Collateral Agent under the Intercreditor Agreement, and promptly to distribute to each Lender and the Issuing Bank its share of each payment so received; (b) to give notice on behalf of each of the Lenders and the Issuing Bank to the Borrower of any Event of Default of which the Administrative Agent has actual knowledge acquired in connection with its agency hereunder; (c) to distribute to each Lender and the Issuing Bank copies of all notices, financial statements and other materials delivered by the Borrower pursuant to this Agreement or the Subsidiary Guaranty as received by the Administrative Agent and (d) to execute and deliver the Intercreditor Agreement on its behalf and bind it to the terms thereof.

Neither Administrative Agent nor any of its directors, officers, employees or agents shall be liable as such for any action taken or omitted by any of them except for its or his or her own gross negligence or willful misconduct, or be responsible for any statement, warranty or representation herein or the contents of any document delivered in connection herewith, or be required to ascertain or to make any inquiry concerning the performance or observance by the Borrower or any Material Restricted Subsidiary of any of the terms, conditions, covenants or agreements contained in this Agreement, the Pledge Agreement, the Intercreditor Agreement or the Subsidiary Guaranty. The Administrative Agent shall not be responsible to the Lenders or the Issuing Bank for the due execution, genuineness, validity, enforceability or effectiveness of this Agreement, the Pledge Agreement, the Intercreditor Agreement, the Subsidiary Guaranty or other instruments or agreements; provided that the foregoing exclusion shall not have the effect

of releasing the Administrative Agent from its stated responsibilities herein to receive executed agreements, documents and instruments on behalf of the Lenders and the Issuing Bank. The Administrative Agent may deem and treat the Lender which makes any Loan or Swingline Loan or participates in any Swingline Loan or in the obligation to reimburse the Issuing Bank for any LC Disbursement as the holder of the indebtedness resulting therefrom for all purposes hereof until it shall have received notice from such Lender, given as provided herein, of the transfer thereof. The Administrative Agent shall in all cases be fully protected in acting, or refraining from acting, in accordance with written instructions signed by the Required Lenders and, except as otherwise specifically provided herein, such instructions and any action or inaction pursuant thereto shall be binding on all the Lenders and the Issuing Bank. The Administrative Agent shall, in the absence of knowledge to the contrary, be entitled to rely on any instrument or document believed by it in good faith to be genuine and correct and to have been signed or sent by the proper Person or Persons. Neither the Administrative Agent nor any of its directors, officers, employees or agents shall have any responsibility to the Borrower or any Material Restricted Subsidiary on account of the failure of or delay in performance or breach by any Lender or the Issuing Bank of any of its obligations hereunder or to any Lender on account of the failure of or delay in performance or breach by any Lender or the Issuing Bank or the Borrower of any of their respective obligations hereunder, under the Pledge Agreement, under the Intercreditor Agreement or in connection herewith or by any Material Restricted Subsidiary of any of their respective obligations under the Subsidiary Guaranty. The Administrative Agent may execute any and all duties hereunder by or through agents or employees and shall be entitled to rely upon the advice of legal counsel selected by it with respect to all matters arising hereunder and shall not be liable for any action taken or suffered in good faith by it in accordance with the advice of such counsel.

The Lenders and the Issuing Bank hereby acknowledge that the Administrative Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement, the Subsidiary Guaranty or the Intercreditor Agreement unless it shall be requested in writing to do so by the Required Lenders.

(b) The fifth and sixth paragraphs are amended in their entirety to read as follows:

With respect to the Loans and Swingline Loans made by it hereunder, the Administrative Agent, in its individual capacity as a Lender and the Swingline Lender and not as Administrative Agent shall have the same rights and powers as any other Lender and may exercise the same as though it were not the Administrative Agent, and the Administrative Agent and its Affiliates may accept deposits from, lend money to, act as collateral agent under the Intercreditor Agreement and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent.

Each Lender agrees (i) to reimburse the Administrative Agent, on demand, in the amount of its Applicable Percentage of any expenses incurred for the benefit of the Lenders or the Issuing Bank in its role as Administrative Agent, including reasonable counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders or the Issuing Bank, which shall not have been reimbursed by the Borrower AND (II) TO INDEMNIFY AND HOLD HARMLESS THE ADMINISTRATIVE AGENT AND ANY OF ITS DIRECTORS, OFFICERS,

EMPLOYEES OR AGENTS, ON DEMAND, IN THE AMOUNT OF SUCH APPLICABLE PERCENTAGE, FROM AND AGAINST ANY AND ALL LIABILITIES, TAXES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES OR DISBURSEMENTS OF ANY KIND OR NATURE WHATSOEVER WHICH MAY BE IMPOSED ON, INCURRED BY OR ASSERTED AGAINST IT IN ANY WAY RELATING TO OR ARISING OUT OF THIS AGREEMENT, THE PLEDGE AGREEMENT, THE INTERCREDITOR AGREEMENT, THE SUBSIDIARY GUARANTY OR ANY ACTION TAKEN OR OMITTED BY IT UNDER ANY SUCH DOCUMENTS TO THE EXTENT THE SAME SHALL NOT HAVE BEEN REIMBURSED BY THE BORROWER (INCLUDING WITHOUT LIMITATION, ALL LIABILITIES, TAXES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES, OR DISBURSEMENTS ARISING FROM THE SOLE OR CONTRIBUTORY NEGLIGENCE OF THE ADMINISTRATIVE AGENT); PROVIDED THAT NO LENDER SHALL BE LIABLE TO THE ADMINISTRATIVE AGENT FOR ANY PORTION OF SUCH LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES OR DISBURSEMENTS RESULTING FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE ADMINISTRATIVE AGENT OR ANY OF ITS DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS.

Section 2.21 Amendment to Section 8.04. The phrase "an Affiliate of such Lender" in subclause (i) of Clause (b) of Section 8.04 of the Credit Agreement is amended to read "a Lender Affiliate" and the following definition is added to the end of Clause (b):

As used herein, the term "Lender Affiliate" means, (a) with respect to any Lender, (i) an Affiliate of such Lender or (ii) any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or an Affiliate of such Lender and (b) with respect to any Lender that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

Section 2.22 Amendment to Section 8.05. Clause (a) of Section 8.05 of the Credit Agreement is amended in its entirety to read as follows:

(a) The Borrower agrees to pay all reasonable out-of-pocket expenses incurred by either Agent, JPMorgan Securities Inc. (formerly Chase Securities Inc.), Wachovia Securities, Inc. or the Issuing Bank in connection with entering into this Agreement, the Intercreditor Agreement, the Pledge Agreement and the Subsidiary Guaranty and in connection with any amendments, modifications or waivers of the provisions thereof (but only if such amendments, modifications or waivers are requested by the Borrower or a Material Restricted Subsidiary) (whether or not the transactions hereby contemplated are consummated) or in connection with the issuance, modification, extension or renewal of any Letter of Credit, or incurred by either Agent, the Issuing Bank, or any Lender in connection with the enforcement of their rights in connection with this Agreement, the Intercreditor Agreement, the Pledge Agreement or the Subsidiary Guaranty or in connection with the Loans and Swingline Loans made and Letters of Credit issued hereunder, including the reasonable fees and disbursements of

counsel for either Agent and the Issuing Bank or, in the case of enforcement following an Event of Default, the Lenders.

Section 2.23 Amendment to Section 8.09. Section 8.09 of the Credit Agreement is amended in its entirety to read as follows:

Section 8.09 Entire Agreement. THIS AGREEMENT (INCLUDING THE SCHEDULES AND EXHIBITS HERETO), THE FEE LETTERS, THE INTERCREDITOR AGREEMENT, THE PLEDGE AGREEMENT, THE SUBSIDIARY GUARANTY AND THE OTHER DOCUMENTATION EXECUTED PURSUANT HERETO (INCLUDING, BUT NOT LIMITED TO ANY LETTER OF CREDIT ISSUED HEREUNDER) CONSTITUTE A "LOAN AGREEMENT" AS DEFINED IN SECTION 26.03(a) OF THE TEXAS BUSINESS AND COMMERCE CODE, AND REPRESENT THE ENTIRE CONTRACT AMONG THE PARTIES RELATIVE TO THE SUBJECT MATTER HEREOF AND THEREOF. ANY PREVIOUS AGREEMENT AMONG THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF IS SUPERSEDED BY THIS AGREEMENT, THE FEE LETTERS THE INTERCREDITOR AGREEMENT, THE PLEDGE AGREEMENT, THE SUBSIDIARY GUARANTY AND THE OTHER DOCUMENTATION EXECUTED PURSUANT HERETO (INCLUDING, BUT NOT LIMITED TO ANY LETTER OF CREDIT ISSUED HEREUNDER). THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. NOTHING IN THIS AGREEMENT, EXPRESSED OR IMPLIED, IS INTENDED TO CONFER UPON ANY PARTY OTHER THAN THE PARTIES HERETO ANY RIGHTS, REMEDIES, OBLIGATIONS OR LIABILITIES UNDER OR BY REASON OF THIS AGREEMENT.

Section 2.24 Amendment to Section 8.13. Clause (a) of Section 8.13 to the Credit Agreement is amended in its entirety to read as follows:

(a) Notwithstanding anything herein to the contrary, if at any time the applicable interest rate, together with all fees and charges which are treated as interest under applicable law (collectively the "Charges"), as provided for herein or in any other document executed in connection herewith, or otherwise contracted for, charged, received, taken or reserved by any Lender, shall exceed the Maximum Rate (as defined below) which may be contracted for, charged, taken, received or reserved by such Lender in accordance with applicable law, the rate of interest payable on the Loans or Swingline Loans of such Lender, together with all Charges payable to such Lender, shall be limited to the Maximum Rate. As used herein, the term "Maximum Rate" means, at any time and with respect to any Lender, the maximum rate of non-usurious interest under applicable law that such Lender may charge Borrower. The Maximum Rate shall be calculated in a manner that takes into account any and all fees, payments, and other charges contracted for, charged, or received in connection with the Loan Documents that constitute interest under applicable law. Each change in any interest rate provided for herein based upon the Maximum Rate resulting from a change in the Maximum Rate shall take effect without notice to Borrower at the time of such change in the Maximum Rate. For purposes of determining the Maximum Rate under Texas law, the applicable rate ceiling shall be the weekly ceiling described in, and computed in accordance with Chapter 303 of the Texas Finance Code.

Section 2.25 ADDITION OF EXHIBITS. Exhibits D and E are added to the Credit Agreement and shall read as set forth on Exhibits D and E attached hereto, respectively.

Section 2.26 AMENDMENT TO SCHEDULES. Schedules 3.05A and 5.13 are added to the Credit Agreement and shall read as set forth on Schedules 3.05A and 5.13 attached hereto, respectively. Schedules 3.05, 3.06, and 3.13 are amended in their entirety to read as set forth on Schedules 3.05, 3.06 and 3.13 attached hereto.

ARTICLE 3

Conditions

Section 3.1 CONDITIONS. The effectiveness of Article 2 of this Amendment is subject to the satisfaction of the following conditions precedent on or before July 12, 2001 (the "Closing Date"):

(a) The Administrative Agent shall have received a favorable written opinion from counsel to the Borrower and the Material Restricted Subsidiaries, dated the Closing Date and addressed to the Lenders and satisfactory to Jenkens & Gilchrist, a Professional Corporation, counsel for the Administrative Agent, to the effect set forth in Exhibit C hereto (and the Borrower hereby instructs its counsel to deliver such opinion to the Administrative Agent for the benefit of the Lenders).

(b) The Administrative Agent shall have received: (i) a certificate as to the good standing of the Borrower as of a recent date from such Secretary of State; (ii) a certificate of the Secretary or an Assistant Secretary of the Borrower dated the Closing Date and certifying (A) that the Borrower's bylaws previously certified to the Administrative Agent under the Assistant Secretary's Certificate dated July 29, 1999 remain in full force and effect on and as of the Closing Date without further modifications or amendments in any respect; (B) attached thereto is a true and complete copy of resolutions, duly adopted by the Board of Directors authorizing the execution, delivery and performance of this Amendment and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the Articles of Incorporation dated January 12, 2001 previously delivered to the Administrative Agent in January 2001 remain in full force and effect on and as of the Closing Date without further modifications or amendments in any respect; and (D) as to the incumbency and specimen signature of each officer executing this Agreement or any other document delivered in connection herewith on behalf of the Borrower; (iii) a certificate of another officer of the Borrower as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to (ii) above; and (iv) such other documents as the Lenders or the Administrative Agent, shall reasonably request.

(c) The Administrative Agent shall have received a certificate, dated the Closing Date and signed by a Senior Financial Officer of the Borrower confirming compliance with the conditions precedent set forth in paragraphs (b) and (c) of Section 4.01 of the Credit Agreement.

(d) The Agents shall have received all Fees and other amounts due and payable on or prior to the Closing Date.

(e) The Administrative Agent shall have received (i) a copy of the certificate of incorporation, including all amendments thereto, of each Material Restricted Subsidiary, certified as of a recent date by the Secretary of State of its state of incorporation, and a certificate as to the good standing of such Material Restricted Subsidiary as of a recent date from such Secretary of State; (ii) a certificate of the Secretary or an Assistant Secretary of each Material Restricted Subsidiary dated the Closing Date and certifying (A) that attached thereto is a true and complete copy of the by-laws of such Material Restricted

Subsidiary as in effect on the Closing Date and at all times since a date prior to the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions, duly adopted by the Board of Directors authorizing the execution, delivery and performance of the Subsidiary Guaranty, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the certificate of incorporation referred to in clause (i) above has not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to such clause (i) and (D) as to the incumbency and specimen signature of each officer executing the Subsidiary Guaranty or any other document delivered in connection herewith on behalf of such Material Restricted Subsidiary; (iii) a certificate of another officer of each Material Restricted Subsidiary as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to clause (ii) above; and (iv) such other documents as the Lenders or the Administrative Agent, shall reasonably request.

(f) The Administrative Agent shall have received evidence that all Persons who have the benefit of the provisions similar or substantially similar to the terms of Section 5.06 of the Credit Agreement (including without limitation, the holders of the notes under the Senior Note Purchase Agreements) shall have consented to the terms of this Amendment and any consent or amendment executed in connection therewith must be in form and substance acceptable to the Administrative Agent.

(g) As of the Closing Date, all representations and warranties contained in the Credit Agreement (as amended hereby) shall be true, correct, and complete in all material respects except for representations specifically relating to a prior date;

(h) No Default or Event of Default shall have occurred and be continuing;

(i) All corporate proceedings taken in connection with the transactions contemplated by this Amendment and all other agreements, documents, and instruments executed and/or delivered pursuant hereto, and all legal matters incident thereto, shall be satisfactory to the Administrative Agent and its legal counsel;

(j) Payment or reimbursement to the Lenders, and the Agents of all outstanding expenses, fees and other costs incurred by, or due to, the Lenders, and the Agents for which such entity has presented an invoice to the Borrower prior to the Closing Date; and

(k) The Administrative Agent shall have received such additional agreements, certificates, documents, instruments and information as the Administrative Agent or its legal counsel may request to effect the transactions contemplated hereby.

ARTICLE 4

Miscellaneous

Section 4.1 Notice of Reduction of Total Commitment; Ratifications. Pursuant to Section 2.09 of the Credit Agreement, the Borrower hereby provides irrevocable written notice of the reduction of the Total Commitment by an aggregate amount equal to $25,000,000, such reduction to be effective as of July 12, 2001. The Lenders party hereto waive the three day notice period applicable thereto to the extent it is applicable to such reduction. After giving effect to such reduction, Schedule 2.01 of the Credit Agreement would read as set forth on Schedule 2.01 attached hereto. The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Credit Agreement and except as expressly modified and superseded by this Amendment, the terms and provisions of the Credit Agreement are ratified and confirmed and shall

continue in full force and effect. The Borrower, the Agents and the Lenders agree that the Credit Agreement as amended hereby shall continue to be legal, valid, binding and enforceable in accordance with its terms. Interest and fees accrued under the Credit Agreement prior to July 12, 2001 shall continue to be payable under the Credit Agreement, as amended hereby but at the rates and amounts provided for in the provisions of the Credit Agreement in effect prior to July 12, 2001.

Section 4.2 Fees and Expenses. In accordance with the terms of Section 8.05 of the Credit Agreement, the Borrower agrees to pay all costs and expenses incurred by either Agent in connection with the preparation, negotiation and execution of this Amendment, including, without limitation, the costs and fees of legal counsel.

Section 4.3 Applicable Law. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

Section 4.4 SUCCESSORS AND ASSIGNS. This Amendment is binding upon and shall inure to the benefit of the Agents, the Lenders and Borrower and their respective successors and assigns.

Section 4.5 Counterparts. This Amendment may be executed in one or more counterparts and on telecopy counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same agreement.

Section 4.6 Headings. The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

Section 4.7 ENTIRE AGREEMENT. THIS AMENDMENT EMBODIES THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDES ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THIS AMENDMENT, AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSION OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO.

Section 4.8 Required Lenders. Pursuant to Section 8.08(b) of the Credit Agreement, the Credit Agreement may be modified as provided in this Amendment with the agreement of the Required Lenders which means Lenders having sixty-six and two-thirds percent (66-2/3%) or more of the Total Commitments (such percentage applicable to a Lender, herein such Lender's "Required Lender Percentage"). For purposes of determining the effectiveness of this Amendment, each Lender's Required Lender Percentage is set forth on Schedule 4.8 hereto.

Executed as of the date first written above.

LENNOX INTERNATIONAL INC.

By: ---
Richard A. Smith, Executive Vice President
and Chief Financial Officer

THE CHASE MANHATTAN BANK, as successor in interest by merger to Chase Bank of Texas, National Association individually as Lender, Issuing Bank, and as Administrative Agent

By: ---
Allen King
Vice President

WACHOVIA BANK, N.A., individually as a
Lender and as Syndication Agent

By: ---
Name: ---
Title: --

THE BANK OF NOVA SCOTIA,
individually as a Lender and as
documentation agent

By: ---
Name: ---
Title: --

ABN AMRO BANK N.V.

By: ---
Name: ---
Title: --

FIRST UNION NATIONAL BANK

By: ---
Name: ---
Title: --

FIRSTAR BANK N.A. (formerly Mercantile Bank
National Association)

By: ---
Name: Gregory L. Dryden, Vice President

ROYAL BANK OF CANADA,
as a Lender

By: ---
Name: ---
Title: --

THE BANK OF NEW YORK

By: ---
Name: ---
Title: --

THE BANK OF TOKYO-MITSUBISHI, LTD.

By: ---

Name: --
Title: ---

THE NORTHERN TRUST COMPANY,
individually as a lender and as a co-agent

By: --
Name: --
Title: ---

UBS AG, Stamford Branch

By: --
Name: --
Title: ---

By: --
Name: --
Title: ---

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to
Fourth Amendment to Credit Agreement

REQUIRED LENDER PERCENTAGE

Lender	Required Lender Percentage Held	Lenders Agreeing to Amendment (insert % from prior column if Lender signs this Amendment then total percentages in this column)
The Chase Manhattan Bank	13.5385%	13.5385%
Wachovia Bank, N.A.	12.9231%	12.9231%
The Bank of Nova Scotia	9.2308%	9.2308%
ABN AMRO BANK N.V.	7.6923%	7.6923%
First Union National Bank	12.3077%	12.3077%
Firstar Bank N.A.	9.2308%	9.2308%
Royal Bank of Canada	9.8462%	9.8462%
The Bank of New York	3.0769%	3.0769%
The Bank of Tokyo - Mitsubishi, Ltd.	3.0769%	3.0769%
The Northern Trust Company	3.6923%	3.6923%
UBS AG, Stamford Branch	15.3846%	15.6846%
TOTAL	100.00%	100.00%

EXHIBIT C

Matters to be Covered in
Opinion of Counsel to Borrower and Material Subsidiaries

1. The Borrower and each Material Restricted Subsidiary is duly incorporated, validly existing and in good standing. The Borrower and each Material Restricted Subsidiary is duly qualified and in good standing as a foreign corporation in appropriate jurisdictions.

2. The Borrower has requisite corporate power and authority to execute, deliver and perform the Amendment. Each Material Restricted Subsidiary has requisite corporate power and authority to execute, deliver and perform the Subsidiary Guaranty.

3. Due authorization and execution of the Amendment and the Subsidiary Guaranty and such documents being legal, valid, binding and enforceable.

4. No conflicts with charter documents, laws or other agreements.

5. All consents required to execute, deliver or perform the Amendment and the Subsidiary Guaranty having been obtained.

6. No litigation questioning validity of the Amendment or the Subsidiary Guaranty or as to which there is otherwise the reasonable likelihood of a Material Adverse Effect.

7. No violation of Regulations T, U or X of the Federal Reserve Board.

8. Neither the Borrower nor any Material Restricted Subsidiary is an "investment company", or a company "controlled" by an "investment company", under the Investment Company Act of 1940, as amended.

EXHIBIT D

SUBSIDIARY GUARANTY AGREEMENT

WHEREAS, Lennox International Inc., a Delaware corporation (the "Borrower"), has entered into that certain 364 Day Revolving Credit Facility Agreement dated as of January 25, 2000, among the Borrower, the lenders party thereto (the "Lenders") and Chase Bank of Texas, National Association (now The Chase Manhattan Bank), as administrative agent for the Lenders (the "Administrative Agent") (such 364 Day Revolving Credit Facility Agreement, as the same has been and may hereafter be amended or otherwise modified from time to time, being hereinafter referred to as the "Credit Agreement", and capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Credit Agreement);

WHEREAS, the execution of this Subsidiary Guaranty Agreement (the "Guaranty Agreement") is a condition to the Administrative Agent's, the Issuing Bank's, and each Lender's obligations under the Credit Agreement;

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, each of the undersigned parties and any Material Restricted Subsidiary hereafter added as a "Guarantor" hereto pursuant to a Subsidiary Joinder Agreement (individually a "Guarantor" and collectively the "Guarantors"), hereby jointly, severally, irrevocably and unconditionally guarantees to the Administrative Agent the full and prompt payment and performance of the Guaranteed Obligations (hereinafter defined), this Guaranty Agreement being upon the following terms:

1. THE GUARANTEED OBLIGATIONS. The term "Guaranteed Obligations" means all obligations, indebtedness, and liabilities of Borrower to the Agents, the Issuing Bank and the Lenders, or any of them, arising pursuant to the Credit Agreement, the Intercreditor Agreement, the Pledge Agreement or any document executed and delivered in connection with the foregoing (collectively, the "Transaction Documents"), whether any of such obligations, indebtedness and liabilities are now existing or hereafter arising, whether are direct, indirect, related, unrelated, fixed, contingent, liquidated, unliquidated, joint, several, or joint and several, including, without limitation, (i) the obligation of Borrower to repay the Loans and Swingline Loans, interest on the Loans and Swingline Loans, the obligation of the Borrower to reimburse the Issuing Bank for all LC Disbursements and all fees, costs, and expenses (including attorneys' fees and expenses) provided for in the Credit Agreement and (ii) all post-petition interest and expenses (including attorneys' fees) whether or not allowed under any bankruptcy, insolvency, or other similar law. However, the Guaranteed Obligations shall be limited, with respect to each Guarantor, to an aggregate amount equal to the largest amount that would not render such Guarantor's obligations hereunder subject to avoidance under Section 544 or 548 of the United States Bankruptcy Code or under any applicable state law relating to fraudulent transfers or conveyances. This Guaranty Agreement is an absolute, present and continuing Guaranty Agreement of payment and not of collectibility and is in no way conditional or contingent upon any attempt to collect from the Borrower, any collateral securing the Guaranteed Obligations or any other guarantor of the obligations guarantied hereby or upon any other action, occurrence or circumstance whatsoever. In the event that the Borrower shall fail so to pay any of such Guaranteed Obligations, the Guarantors jointly and severally agree to pay the same when due to the Administrative Agent, without demand, presentment, protest or notice of any kind. Each default in payment of principal of, premium, if any, or interest on any obligation guarantied hereby shall give rise to a separate cause of action hereunder and separate suits may be brought hereunder as each cause of action arises.

2. INDEMNIFICATION. EACH GUARANTOR AGREES TO INDEMNIFY EACH AGENT, THE ISSUING BANK, EACH LENDER, EACH OF THEIR AFFILIATES AND THE

DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS OF THE FOREGOING (EACH SUCH PERSON BEING CALLED AN "INDEMNITEE") AGAINST, AND TO HOLD EACH INDEMNITEE HARMLESS FROM, ANY AND ALL LOSSES, CLAIMS, DAMAGES, LIABILITIES AND RELATED EXPENSES, INCLUDING REASONABLE COUNSEL FEES AND EXPENSES, INCURRED BY OR ASSERTED AGAINST ANY INDEMNITEE ARISING OUT OF (i) THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS GUARANTY AGREEMENT OR THE CREDIT AGREEMENT, (ii) THE USE OF THE PROCEEDS OF THE LOANS OR THE USE OF ANY LETTER OF CREDIT OR (iii) ANY CLAIM, LITIGATION, INVESTIGATION OR PROCEEDING RELATING TO ANY OF THE FOREGOING, WHETHER OR NOT ANY INDEMNITEE IS A PARTY THERETO (INCLUDING, WITHOUT LIMITATION, ANY LOSSES, CLAIMS, DAMAGES, LIABILITIES AND RELATED EXPENSES ARISING FROM THE SOLE OR CONTRIBUTORY NEGLIGENCE OF THE INDEMNITEE); PROVIDED THAT SUCH INDEMNITY SHALL NOT, AS TO ANY INDEMNITEE, BE AVAILABLE TO THE EXTENT THAT SUCH LOSSES, CLAIMS, DAMAGES, LIABILITIES OR RELATED EXPENSES (i) ARE DETERMINED TO HAVE RESULTED FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNITEE OR (ii) RESULT FROM ANY LITIGATION BROUGHT BY SUCH INDEMNITEE AGAINST THE BORROWER OR ANY GUARANTOR OR BY THE BORROWER OR ANY GUARANTOR AGAINST SUCH INDEMNITEE, IN WHICH THE BORROWER OR SUCH GUARANTOR IS THE PREVAILING PARTY.

3. OBLIGATIONS ABSOLUTE. The obligations of each Guarantor hereunder shall be primary, continuing, absolute, joint, several, irrevocable and unconditional, irrespective of the validity, regularity or enforceability of any Transaction Document, shall not be subject to any counterclaim, setoff, deduction or defense based upon any claim any Guarantor may have against the Borrower, the Administrative Agent, any Lender or the Issuing Bank or otherwise or any claim the Borrower may have against the Administrative Agent, any Lender or the Issuing Bank or otherwise, and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected by, any circumstance or condition whatsoever (whether or not such Guarantor shall have any knowledge or notice thereof), including, without limitation: (a) any amendment, modification of or supplement to any Transaction Document or any other instrument referred to therein (except that the obligations of any Guarantor hereunder shall apply to the applicable Transaction Document or such other instruments as so amended, modified or supplemented) or any assignment or transfer of any thereof or of any interest therein, or any furnishing, acceptance or release of any security for the obligations due under any Transaction Document, (b) any waiver, consent, extension, indulgence or other action or inaction under or in respect of any Transaction Document; (c) any bankruptcy, insolvency, readjustment, composition, liquidation or similar proceeding with respect to the Borrower or its property; (d) any merger, amalgamation or consolidation of any Guarantor or of the Borrower into or with any other corporation or any sale, lease or transfer of any or all of the assets of any Guarantor or of the Borrower to any Person; (e) any failure on the part of the Borrower for any reason to comply with or perform any of the terms of any other agreement with any Guarantor; or (f) any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor (other than a release of the obligations of a Guarantor hereunder granted in accordance with the provisions of paragraph 21 hereof). Each Guarantor covenants that its obligations hereunder will not be discharged except by payment in full of all of the Guaranteed Obligations or a release granted in accordance with the provisions of paragraph 21.

4. WAIVER. Each Guarantor unconditionally waives to the fullest extent permitted by law, (a) notice of acceptance hereof, of any action taken or omitted in reliance hereon and of any defaults by the Borrower in the payment of any amounts due under any Transaction Document, and of any of the matters referred to in paragraph 2 or 3 hereof, (b) all notices which may be required by statute, rule of law or otherwise to preserve any of the rights of the Administrative Agent, the Lenders, and the Issuing Bank from time to time against any Guarantor, including, without limitation, presentment to or demand for

payment from the Borrower or any Guarantor, notice to the Borrower or to any Guarantor of default or protest for nonpayment or dishonor and the filing of claims with a court in the event of the bankruptcy of the Borrower, (c) any right to the enforcement, assertion or exercise by the Administrative Agent, any Lender or the Issuing Bank of any right, power or remedy conferred in this Guaranty Agreement or any Transaction Document, (d) any requirement or diligence on the part of the Administrative Agent, the Lenders or the Issuing Bank and (e) any other act or omission or thing or delay to do any other act or thing which might in any manner or to any extent vary the risk of any Guarantor or which might otherwise operate as a discharge of any Guarantor. The exercise by the Administrative Agent, the Issuing Bank and the Lenders of any right or remedy hereunder or under any other instrument, or at law or in equity, shall not preclude the concurrent or subsequent exercise of any other right or remedy.

5. OBLIGATIONS UNIMPAIRED. Each Guarantor authorizes the Administrative Agent, the Lenders and the Issuing Bank without notice or demand to any Guarantor and without affecting the obligations of any Guarantor hereunder, from time to time (a) to renew, compromise, extend, accelerate or otherwise change the time for payment of, or otherwise change the terms of, all or any part of any Transaction Document or any other instrument referred to therein, (b) to take and hold security for the payment and performance of the obligations under any Transaction Document, for the performance of this Guaranty Agreement or otherwise for the indebtedness guaranteed hereby and to exchange, enforce, waive and release any such security, (c) to apply any such security and to direct the order or manner of sale thereof as the Administrative Agent in its sole discretion may determine; (d) to obtain additional or substitute endorsers or guarantors; (e) to exercise or refrain from exercising any rights against the Borrower and others; and (f) to apply any sums, by whomsoever paid or however realized, to the payment of the principal of, premium, if any, and interest on the obligations under the Transaction Documents and any other Guaranteed Obligation. Each Guarantor waives any right to require the Administrative Agent, the Lenders or the Issuing Bank to proceed against any additional or substitute endorsers or guarantors or to pursue or exhaust any security provided by the Borrower, any Guarantor or any other Person or to pursue any other remedy available to such entities.

6. COVENANTS. Each Guarantor agrees that, so long as any Lender has any commitment or any other obligations under any Transaction Document, or any amount payable hereunder remains unpaid:

(a) Corporate Existence Subject to clause (c) of this paragraph 6 each Guarantor will at all times preserve and keep in full force and effect its corporate existence and all of its rights and franchises unless, in its good faith judgment, the termination of or failure to preserve and keep in full force and effect such right or franchise would not, individually or in the aggregate, have a Material Adverse Effect.

(b) Each Guarantor shall permit the representatives of the Administrative Agent and each Lender: (i) If no Default or Event of Default then exists, at the expense of such Agent or Lender and upon reasonable prior notice to the Borrower, to visit the principal executive office of each Guarantor, to discuss the affairs, finances and accounts of each Guarantor with their respective officers and (with the consent of a Guarantor, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of a Guarantor, which consent will not be unreasonably withheld) to visit the other offices and properties of each Guarantor, all at such reasonable times and as often as may be reasonably requested in writing; and (ii) If a Default or Event of Default then exists, at the expense of the Guarantor to visit and inspect any of the offices or properties of any Guarantor, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision each Guarantor authorizes said accountants to discuss the affairs, finances and accounts of the Guarantors), all at such

times and as often as may be requested. Anything herein to the contrary notwithstanding, no Guarantor shall have any obligations to disclose pursuant to this Guaranty Agreement any engineering, scientific, or other technical data without significance to the analysis of the financial position of the Guarantor and its Subsidiaries.

(c) Merger, Consolidation, Etc. No Guarantor shall consolidate with or merge with any other corporation or convey, transfer or lease substantially all of its assets in a single transaction or series of transactions to any Person except (1) in connection with the sale of a Guarantor or of all or substantially all of its assets in a transaction permitted by Section 5.11 of the Credit Agreement to a third party not affiliated with the Borrower or such Guarantor or (2) unless:

(i) the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer or lease substantially all of the assets of such Guarantor as an entirety, as the case may be, shall be a solvent corporation or other entity organized and existing under the laws of the United States or any State thereof (including the District of Columbia), and, if such Guarantor is not such corporation or other entity, such corporation or other entity shall have executed and delivered to the Administrative Agent its assumption of the due and punctual performance and observance of each covenant and condition of this Guaranty Agreement, together with a favorable opinion of counsel satisfactory to the Administrative Agent covering such matters relating to such corporation or other entity and such assumption as the Administrative Agent may reasonably request; and

(ii) immediately after giving effect to such transaction, no Default or Event of Default would exist; and

(iii) immediately prior to and after giving effect to such transaction, the Borrower and the Restricted Subsidiaries would be permitted by the provisions of Sections 5.12 and 5.17 of the Credit Agreement to incur at least $1.00 of additional Indebtedness and $1.00 of additional Restricted Indebtedness, respectively.

No such conveyance, transfer or lease of substantially all of the assets of any Guarantor shall have the effect of releasing such Guarantor or any successor corporation that shall theretofore have become such in the manner prescribed in this clause (c) of paragraph 6 from its liability under this Guaranty Agreement provided that a Guarantor may be released from its obligations hereunder in accordance with paragraph 21 hereof if it or all or substantially all of its assets are sold to a third party not affiliated with the Borrower or such Guarantor in a transaction permitted by Section 5.11 of the Credit Agreement.

(d) Compliance With Loan Documents. Each Guarantor shall comply with all covenants set forth in the Credit Agreement and any other Transaction Document applicable to it.

7. SUBROGATION. Each Guarantor agrees that it will not exercise any rights which it may have acquired by way of subrogation under this Guaranty Agreement, by any payment made hereunder or otherwise, or accept any payment on account of such subrogation rights, or any rights of reimbursement or indemnity or any rights or recourse to any security for the obligations under the Credit Agreement or this Guaranty Agreement unless and until all of the obligations, undertakings or conditions to be performed or observed by the Borrower pursuant to the Transaction Documents at the time of any Guarantor's exercise of any such right shall have been performed, observed or paid in full. For a period of one year after the payment in full of the Guaranteed Obligations, each Guarantor hereby waives (x) all rights of subrogation which it may at any time otherwise have as a result of this Guaranty Agreement (whether, statutory or otherwise) to the claims of the Administrative Agent, the Lenders and the Issuing Bank against the Borrower or any other guarantor of the Guaranteed Obligations (Borrower and such

other guarantors are each herein referred to as an "Other Party") and all contractual, statutory or common law rights of reimbursement, contribution or indemnity from any Other Party which it may at any time otherwise have as a result of this Guaranty Agreement; and (y) any right to enforce any other remedy which the Administrative Agent, the Lenders and the Issuing Bank now have or may hereafter have against any Other Party, any endorser or any other guarantor of all or any part of the Guaranteed Obligations.

8. CONTRIBUTION. The Guarantors collectively desire to allocate among themselves in a fair and equitable manner, their obligations arising under this Guaranty Agreement. Accordingly, in the event any payment or distribution is made by a Guarantor under this Guaranty Agreement (a "Funding Guarantor") that exceeds its Fair Share (as defined below), that Funding Guarantor shall, subject to paragraph 6 hereof, be entitled to a contribution from each of the other Guarantors in the amount of such other Guarantor's Fair Share Shortfall (as defined below), with the result that all such contributions will cause each Guarantor's Aggregate Payments (as defined below) to equal its Fair Share. "Fair Share" means, with respect to a Guarantor as of any date of determination, an amount equal to (i) the ratio of (x) the Adjusted Maximum Amount (as defined below) with respect to such Guarantor to (y) the aggregate of the Adjusted Maximum Amounts with respect to all Guarantors, multiplied by (ii) the aggregate amount paid or distributed on or before such date by all Funding Guarantors under this Guaranty Agreement in respect of the obligations guarantied. "Fair Share Shortfall" means, with respect to a Guarantor as of any date of determination, the excess, if any, of the Fair Share of such Guarantor over the Aggregate Payments of such Guarantor. "Adjusted Maximum Amount" means, with respect to a Guarantor as of any date of determination, the maximum aggregate amount of the obligations of such Guarantor under this Guaranty Agreement determined in accordance with the provisions hereof (including, without limitation, the limitations on such obligations contained in paragraph 1 hereof); provided that, solely for purposes of calculating the "Adjusted Maximum Amount" with respect to any Guarantor for purposes of this paragraph 8 the assets or liabilities arising by virtue of any rights to or obligations of contribution hereunder shall not be considered as assets or liabilities of such Guarantor. "Aggregate Payments" means, with respect to a Guarantor as of any date of determination, the aggregate amount of all payments and distributions made on or before such date by such Contributing Guarantor in respect of this Guaranty Agreement (including, without limitation, in respect of this paragraph 8). The amounts payable as contributions hereunder shall be determined as of the date on which the related payment or distribution is made by the applicable Funding Guarantor. The allocation among Guarantors of their obligations as set forth in this paragraph 8 shall not be construed in any way to limit the liability of any Guarantor hereunder.

9. REINSTATEMENT OF GUARANTY AGREEMENT. This Guaranty Agreement shall continue to be effective, or be reinstated, as the case may be, if and to the extent at any time payment, in whole or in part, of any of the sums due to the Administrative Agent, any Lender or the Issuing Bank for principal, premium, if any, or interest on the obligations under any Transaction Document or any of the other Guaranteed Obligations is rescinded or must otherwise be restored or returned by such entity upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or any Guarantor, or upon or as a result of the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to the Borrower, any Guarantor or any substantial part of their respective properties, or otherwise, all as though such payments had not been made. If an event permitting the acceleration of the maturity of the principal due under any Transaction Document shall at any time have occurred and be continuing and such acceleration shall at such time be prevented or the right of the Administrative Agent, any Lender or the Issuing Bank to receive any payment under the applicable Transaction Document shall at such time be delayed or otherwise affected by reason of the pendency against the Borrower of a case or proceeding under a bankruptcy or insolvency law, each Guarantor agrees that, for purposes of this Guaranty Agreement and its obligations hereunder, the maturity of such principal amount shall be deemed to have been accelerated with the same effect as if the Administrative Agent, the Lenders or the Issuing

Bank had accelerated the same in accordance with the terms of the applicable Transaction Documents, and any Guarantor shall forthwith pay such accelerated principal amount, accrued interest and premium, if any, thereon and any other amounts guaranteed hereunder.

10. PAYMENTS. Each Guarantor hereby, jointly and severally, guarantees that the Borrower shall pay the Guaranteed Obligations to the Administrative Agent in lawful currency of the United States of America and in immediately available funds, at the times and places provided in, and otherwise strictly in accordance with the terms and provisions of, the Credit Agreement or other applicable Transaction Documents (regardless of any law, regulation or decree now or hereafter in effect which might in any manner affect the Guaranteed Obligations, or the rights of any such entity with respect thereto as against the Borrower, or cause or permit to be invoked any alteration in the time, amount or manner of payment by the Borrower of any or all of the Guaranteed Obligations), without set-off or counterclaim and free and clear of, and without reduction for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions, withholdings now or hereafter imposed, levied, collected, withheld or assessed by any country (or by any political subdivision or taxing authority thereof or therein) excluding income and franchise taxes of the United States of America or any political subdivision, state or taxing authority thereof or therein (including Puerto Rico) such non-excluded taxes being called "Foreign Taxes"). If any Foreign Taxes are required to be withheld from any amount payable to the Administrative Agent, any Lender or the Issuing Bank under this Guaranty Agreement, under the Credit Agreement or any other Transaction Document, the amounts so payable to such holder shall be increased to the extent necessary to yield to such entity (after payment of all Foreign Taxes) interest or any such other amounts at the rates or in the amounts specified in the applicable Transaction Document. In the event any payment is made by a Guarantor under this Guaranty Agreement, then such Guarantor shall, subject to paragraph 6 hereof, be subrogated to the rights then held by the Administrative Agent, the Issuing Bank and the Lenders with respect to the Guaranteed Obligations to the extent to which the Guaranteed Obligations was discharged by such Guarantor. All payments received by the Administrative Agent under this Guaranty Agreement shall be allocated pro rata among the Lenders in accordance with the Lenders'; Applicable Percentages unless the Intercreditor Agreement directs that the proceeds shall be distributed in another manner.

11. RANK OF GUARANTY AGREEMENT. Each Guarantor agrees that its obligations under this Guaranty Agreement shall rank at least *pari passu* with all other unsecured senior obligations of such Guarantor now or hereafter existing.

12. REPRESENTATIONS AND WARRANTIES OF THE GUARANTORS.
EachGuarantor represents and warrants to the Administrative Agent the Issuing Bank and each Lender as follows:

(a) Existence. It: (i) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (ii) has all requisite power and authority to own its property and assets and to carry on its business as now conducted and as proposed to be conducted, (iii) is qualified to do business in every jurisdiction where such qualification is required, except where the failure so to qualify would not result in a Material Adverse Effect, and (iv) has the corporate power and authority to execute, deliver and perform its obligations under this Guaranty Agreement and the Intercreditor Agreement.

(b) Authorization. Its execution, delivery and performance of this Guaranty Agreement and the Intercreditor Agreement (i) have been duly authorized by all requisite corporate action and (ii) will not (A) violate (1) any provision of any law, statute, rule or regulation to which it is subject or of its certificate of incorporation or other constituent documents or by-laws, (2) any order of any

Applicable Governmental Authority or (3) any provision of any Material indenture, agreement or other instrument to which it is a party or by which it or any of its property is or may be bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any such indenture, agreement or other instrument or (iii) result in the creation or imposition of any Lien upon any of its property or assets.

(c) Enforceability. This Guaranty Agreement constitutes, and when entered into, the Intercreditor Agreement will constitute, its legal, valid and binding obligation enforceable against it in accordance with their respective terms, as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) No Consents. No action, consent or approval of, registration or filing with or other action by any Applicable Governmental Authority is or will be required in connection with its execution, delivery or performance of this Guaranty Agreement or the Intercreditor Agreement.

(e) Credit Agreement Representations. All representations and warranties in the Credit Agreement relating to it are true and correct as of the date hereof and are restated herein with the same force and effect as if such representations and warranties had been made on and as of such date except to the extent that such representations and warranties relate specifically to another date.

(f) Information. It has adequate means to obtain from the Borrower on a continuing basis information concerning the financial condition and assets of the Borrower and it is not relying upon the Administrative Agent, the Issuing Bank or any Lender to provide (and neither the Administrative Agent, the Issuing Bank nor any Lender shall have any duty to provide) any such information to it either now or in the future.

(g) Benefit. The Borrower provides the Guarantors financing from time to time and some of the funds used by the Borrower to provide such financing have been and will hereafter be borrowed by the Borrower under the Credit Agreement. As a result, the value of the consideration received and to be received by each Guarantor as a result of the Borrower and the Lenders entering into the Credit Agreement and each Guarantor's executing and delivering this Guaranty Agreement (in light of, among other things, the contribution provisions of paragraph 8 hereof) is reasonably worth at least as much as the liability and obligation of each Guarantor hereunder, and such liability and obligation and the Credit Agreement have benefited and may reasonably be expected to benefit each Guarantor directly or indirectly.

(h) Solvency. Each Guarantor both individually and on a consolidated basis: (i) owns and will own assets (included in such assets the rights of contribution set forth in paragraph 8 hereof) the fair saleable value of which are (A) greater than the total amount of its liabilities (including contingent liabilities) and (B) greater than the amount that will be required to pay probable liabilities of then existing debts as they become absolute and matured considering all financing alternatives and potential asset sales reasonably available to it; (ii) has capital that is not unreasonably small in relation to its business as presently conducted; and (iii) does not intend to incur and does not believe that it will incur debts beyond its ability to pay such debts as they become due.

13. SETOFF. If an Event of Default shall have occurred and be continuing each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the any

Guarantor against any of and all the obligations of such Guarantor now or hereafter existing under this Guaranty Agreement, irrespective of whether or not such Lender shall have made any demand under this Guaranty Agreement and although such obligations may be unmatured. The rights of each Lender under this paragraph are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

14. SUBORDINATED INDEBTEDNESS. In addition and not in limitation of paragraph 6 hereof, each Guarantor agrees as follows:

(a) Each Guarantor hereby agrees that the Subordinated Indebtedness (as defined below) shall be subordinate and junior in right of payment to the prior payment in full of all Guaranteed Obligations as herein provided. The Subordinated Indebtedness shall not be payable, and no payment of principal, interest or other amounts on account thereof, and no property or guarantee of any nature to secure or pay the Subordinated Indebtedness shall be made or given, directly or indirectly by or on behalf of any Other Party (as defined in paragraph 7 above) or received, accepted, retained or applied by any Guarantor unless and until the Guaranteed Obligations shall have been paid in full in cash for one year; except that prior to receipt of a notice from the Administrative Agent under this paragraph (which may be given at any time an Event of Default exists), a Guarantor shall have the right to receive payments on the Subordinated Indebtedness made in the ordinary course of business. After receipt of the notice from the Administrative Agent delivered under the preceding sentence, no payments of principal or interest or any other amounts may be made or given, directly or indirectly, by or on behalf of any Other Party or received, accepted, retained or applied by any Guarantor unless and until the Guaranteed Obligations shall have been paid in full in cash for one year. If any sums shall be paid to a Guarantor by any Other Party or any other Person on account of the Subordinated Indebtedness when such payment is not permitted hereunder, such sums shall be held in trust by such Guarantor for the benefit of the Administrative Agent, the Issuing Bank and the Lenders and shall forthwith be paid to the Administrative Agent without affecting the liability of any Guarantor under this Guaranty Agreement and may be applied by the Administrative Agent against the Guaranteed

Obligations in accordance with the Credit Agreement. Upon the request of the Administrative Agent, a Guarantor shall execute, deliver, and endorse to the Administrative Agent such documentation as the Administrative Agent may request to perfect, preserve, and enforce its rights hereunder. For purposes of this Guaranty Agreement and with respect to a Guarantor, the term "Subordinated Indebtedness" means, with respect to any Guarantor, all indebtedness, liabilities, and obligations of any Other Party to such Guarantor, whether such indebtedness, liabilities, and obligations now exist or are hereafter incurred or arise, or are direct, indirect, contingent, primary, secondary, several, joint and several, or otherwise, and irrespective of whether such indebtedness, liabilities, or obligations are evidenced by a note, contract, open account, or otherwise, and irrespective of the Person or Persons in whose favor such indebtedness, obligations, or liabilities may, at their inception, have been, or may hereafter be created, or the manner in which they have been or may hereafter be acquired by such Guarantor.

(b) Each Guarantor agrees that any and all Liens (including any judgment liens), upon any Other Party's assets securing payment of any Subordinated Indebtedness shall be and remain inferior and subordinate to any and all Liens upon any Other Party's assets securing payment of the Guaranteed Obligations or any part thereof, regardless of whether such Liens in favor of a Guarantor, the Administrative Agent, the Issuing Bank or any Lender presently exist or are hereafter created or attached. Without the prior written consent of the Administrative Agent and otherwise subject to the restrictions set forth in paragraph 7 hereof when an Event of Default exists, no Guarantor shall (i) file suit against any Other Party or exercise or enforce any other creditor's right it may have against any Other Party, or (ii) foreclose, repossess, sequester, or otherwise take steps or institute any action or proceedings (judicial or otherwise, including without limitation the commencement of, or joinder in, any liquidation,

bankruptcy, rearrangement, debtor's relief or insolvency proceeding) to enforce any obligations of any Other Party to such Guarantor or any Liens held by such Guarantor on assets of any Other Party.

(c) In the event of any receivership, bankruptcy, reorganization rearrangement, debtor's relief, or other insolvency proceeding involving any Other Party as debtor, the Administrative Agent shall have the right to prove and vote any claim under the Subordinated Indebtedness and to receive directly from the receiver, trustee or other court custodian all dividends, distributions, and payments made in respect of the Subordinated Indebtedness until the Guaranteed Obligations has been paid in full in cash. The Administrative Agent may apply any such dividends, distributions, and payments against the Guaranteed Obligations in accordance with the Credit Agreement.

15. NOTICES. Unless otherwise specifically provided herein, all notices consents, directions, approvals, instructions, requests and other communications required or permitted by the terms hereof shall be in writing, and any such communication shall become effective when received, addressed in the following manner: (a) if to any Guarantor, in care of the Borrower in accordance with the notice provisions in the Credit Agreement or (b) if to any Lender or the Issuing Bank, to the respective address set forth in the notice provisions of the Credit Agreement, with a copy to the Administrative Agent; or (c) if to the Administrative Agent, to the respective address set forth in the notice provisions of the Credit Agreement; provided, however, that any such addressee may change its address for communications by notice given as aforesaid to the other parties hereto.

16. CONSTRUCTION. The section and subsection headings in this Guaranty Agreement are for convenience of reference only and shall neither be deemed to be a part of this Guaranty Agreement nor modify, define, expand or limit any of the terms or provisions hereof. All references herein to numbered sections or paragraphs, unless otherwise indicated, are to sections and paragraphs of this Guaranty Agreement. Words and definitions in the singular shall be read and construed as though in the plural and *vice versa*, and words in the masculine, neuter or feminine gender shall be read and construed as though in either of the other genders where the context so requires.

17. SEVERABILITY. If any provision of this Guaranty Agreement, or the application thereof to any Person or circumstances, shall, for any reason or to any extent, be invalid or unenforceable, such invalidity or unenforceability shall not in any manner affect or render invalid or unenforceable the remainder of this Guaranty Agreement, and the application of that provision to other persons or circumstances shall not be affected but, rather, shall be enforced to the extent permitted by applicable law.

18. STATUTE OF LIMITATIONS. To the extent permitted by law, any acknowledgment or new promise, whether by payment of principal or interest or otherwise and whether by the Borrower or others (including any Guarantor), with respect to any of the Guaranteed Obligations shall, if the statute of limitations in favor of any Guarantor against the Administrative Agent, the Issuing Bank or any Lender shall have commenced to run, toll the running of such statute of limitations and, if the period of such statute of limitations shall have expired, prevent the operation of such statute of limitations.

19. FEES. The Guarantors shall, jointly and severally, pay on demand all reasonable attorneys' fees and all other reasonable costs and expenses incurred by the Administrative Agent, the Issuing Bank and the Lenders in connection with the administration, enforcement, or collection of this Guaranty Agreement.

20. SUCCESSORS. The terms and provisions of this Guaranty Agreement shall be binding upon and inure to the benefit of each Guarantor, the Administrative Agent, the Lenders and the Issuing Bank from time to time and their respective permitted successors, transferees and assigns.

21. ENTIRE AGREEMENT; AMENDMENT; RELEASE. THIS GUARANTY AGREEMENT CONSTITUTES A "LOAN AGREEMENT" AS DEFINED IN SECTION 26.03(a) OF THE TEXAS BUSINESS AND COMMERCE CODE, AND REPRESENTS THE ENTIRE CONTRACT AMONG THE PARTIES RELATIVE TO THE SUBJECT MATTER HEREOF AND THEREOF. ANY PREVIOUS AGREEMENT AMONG THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF IS SUPERSEDED BY THIS GUARANTY AGREEMENT. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. NOTHING IN THIS GUARANTY AGREEMENT, EXPRESSED OR IMPLIED, IS INTENDED TO CONFER UPON ANY PARTY OTHER THAN THE PARTIES HERETO ANY RIGHTS, REMEDIES, OBLIGATIONS OR LIABILITIES UNDER OR BY REASON OF THIS GUARANTY AGREEMENT. THIS GUARANTY AGREEMENT IS INTENDED BY EACH GUARANTOR, THE ADMINISTRATIVE AGENT, THE ISSUING BANK AND THE LENDERS AS A FINAL AND COMPLETE EXPRESSION OF THE TERMS OF THE GUARANTY AGREEMENT, AND NO COURSE OF DEALING AMONG ANY GUARANTOR, THE ADMINISTRATIVE AGENT, THE ISSUING BANK AND THE LENDERS, NO COURSE OF PERFORMANCE, NO TRADE PRACTICES, AND NO EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OR OTHER EXTRINSIC EVIDENCE OF ANY NATURE SHALL BE USED TO CONTRADICT, VARY, SUPPLEMENT OR MODIFY ANY TERM OF THIS GUARANTY AGREEMENT. No amendment of or supplement to this Guaranty Agreement, or waiver or modification of, or consent under, the terms hereof shall be effective unless in writing and signed by the Guarantors, the Administrative Agent and the Required Lenders; except that without the agreement of the Guarantors, the Administrative Agent or any Lender, any Material Restricted Subsidiary may be added hereto as a "Guarantor" by its execution and delivery of a Subsidiary Joinder Agreement. Notwithstanding the foregoing, no Guarantor shall be released from its obligations under this Guaranty Agreement without the prior written consent of all the Lenders, except that the Administrative Agent may, without the consent or agreement of any Lender, release a Guarantor if such Guarantor or its assets have been sold to a third party not affiliated with the Borrower or any other Guarantor in a transaction permitted by Section 5.11 of the Credit Agreement.

22. TERM OF GUARANTY AGREEMENT. Subject to the release provisions of paragraph 21, this Guaranty Agreement and all guarantees, covenants and agreements of the Guarantors contained herein shall continue in full force and effect and shall not be discharged until such time as all of the Guaranteed Obligations shall be paid or otherwise discharged in full and all commitments of the Lenders and the Issuing Bank under any Transaction Document terminated.

23. SURVIVAL. All warranties, representations and covenants made by the Guarantors herein or in any certificate or other instrument delivered by such Guarantors on their behalf under this Guaranty Agreement shall be considered to have been relied upon by the Administrative Agent, the Lenders and the Issuing Bank and shall survive the execution and delivery of this Guaranty Agreement, regardless of any investigation made by, or on behalf of, the Administrative Agent, the Lender or the Issuing Bank.

24. FURTHER ASSURANCES. Each Guarantor hereby agrees to execute and deliver all such instruments and take all such action as the Administrative Agent may from time to time reasonably request in order to effectuate fully the purposes of this Guaranty Agreement.

25. EXERCISE OF REMEDIES. Each Guarantor agrees that the Administrative Agent, the Issuing Bank and the Lenders may exercise any and all rights granted to any of them under the Credit Agreement without affecting the validity or enforceability of this Guaranty Agreement.

26. GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF TEXAS.

27. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTY AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE

EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

28. NO WAIVER. No failure on the part of the Administrative Agent, the Issuing Bank or any Lender to exercise, and no delay in exercising, any right, power, or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

29. RELIANCE. Each Guarantor recognizes that the Administrative Agent, the Issuing Bank and the Lenders are relying upon this Guaranty Agreement and the undertakings of each Guarantor hereunder in making extensions of credit to the Borrower under the Credit Agreement and further recognizes that the execution and delivery of this Guaranty Agreement is a material inducement to the Administrative Agent, the Issuing Bank and the Lenders in entering into the Credit Agreement and continuing to extend credit thereunder. Each Guarantor hereby acknowledges that there are no conditions to the full effectiveness of this Guaranty Agreement.

IN WITNESS WHEREOF, each Guarantor has caused this Guaranty Agreement to be duly executed and delivered as of the 29th day of June 2001.

GUARANTORS:

LENNOX INDUSTRIES INC.
SERVICE EXPERTS INC.
ARMSTRONG AIR CONDITIONING INC.
EXCEL COMFORT SYSTEMS INC.

By: ______________________________________

Name: ______________________________________

Authorized officer for each Guarantor

EXHIBIT E

SUBSIDIARY JOINDER AGREEMENT

This SUBSIDIARY JOINDER AGREEMENT (the "Agreement") dated as of _______ __, 200_ is executed by the undersigned ("Debtor") for the benefit of THE CHASE MANHATTAN BANK in its capacity as administrative agent for the Lenders party to the hereafter identified Credit Agreement (in such capacity herein, the "Administrative Agent") and for the benefit of such Lenders in connection with that certain 364 Day Revolving Credit Facility Agreement dated as of January 25, 2001, among the Administrative Agent, Lennox International Inc. (the "Borrower"), and the Lenders party thereto (as modified, the "Credit Agreement", and capitalized terms not otherwise defined herein being used herein as defined in the Credit Agreement).

The Debtor is a newly formed or newly acquired Material Restricted Subsidiary or, as a result of a change in assets, has become a Material Restricted Subsidiary and is required to execute this Subsidiary Joinder Agreement pursuant to the Credit Agreement.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor hereby agrees as follows:

1. The Debtor hereby assumes all the obligations of a "Guarantor" under the Subsidiary Guaranty ("Guaranty") and agrees that it is a "Guarantor" and bound as a "Guarantor" under the terms of the Guaranty as if it had been an original signatory thereto. In accordance with the forgoing and for valuable consideration, the receipt and adequacy of which are hereby acknowledged, Debtor irrevocably and unconditionally guarantees to the Administrative Agent, the Issuing Bank and the Lenders the full and prompt payment and performance of the Guaranteed Obligations (as defined in the Guaranty) upon the terms and conditions set forth in the Guaranty.

2. This Agreement shall be deemed to be part of, and a modification to, the Guaranty and shall be governed by all the terms and provisions of the Credit Agreement and the Guaranty, which terms are incorporated herein by reference, are ratified and confirmed and shall continue in full force and effect as valid and binding agreements of Debtor enforceable against Debtor. The Debtor hereby waives notice of the Administrative Agent's, the Issuing Bank's or any Lender's acceptance of this Agreement.

IN WITNESS WHEREOF, the Debtor has executed this Agreement as of the day year first written above.

DEBTOR:

By: -------------------------------------

Name: --------------------------------

Title: --------------------------------

Solo

SCHEDULE 2.01

LENDER NAME	COMMITMENT	TITLE
The Chase Manhattan Bank	18,615,384.62	Administrative Agent
Wachovia Bank, N.A.	17,769,230.77	Syndication Agent
The Bank of Nova Scotia	12,692,307.69	Documentation Agent
The Northern Trust Company	5,076,923.08	Managing Agent
Royal Bank of Canada	13,538,461.54	Managing Agent
Bank of Tokoyo - Mitsubishi, Ltd.	4,230,769.23	Co-Agent
ABN AMRO Bank, N.V.	10,576,923.08	Co-Agent
UBS AG, Stamford Branch	21,153,846.15	Co-Agent
First Union National Bank	16,923,076.92	Participant

The Bank of New York	4,230,769.23	Participant
Firstar Bank N.A.	12,692,307.69	Participant
TOTAL	137,500,000.00	

Solo

SCHEDULE 3.05

LENNOX INTERNATIONAL INC. SUBSIDIARIES
AS OF MAY 31, 2001

R = Restricted
MR = Material Restricted
UR = Unrestricted

NAME	OWNERSHIP	JURISDICTION OF INC.	LOCATION OF SUBSTANTIAL OPERATING ASSETS	RESTRICTED/ UNRESTRICTED
Lennox Industries Inc.	100%	Iowa	United States	MR
SEE ANNEX A				
Heatcraft Inc	100%	Mississippi	United States	R
LGL de Mexico, S.A. de C.V	1%	Mexico	Mexico	UR
Lennox Participacoes Ltda	1%	Brazil	Brazil	UR
Frigo-Bohn do Brasil Ltda	99%	Brazil	Brazil	UR
Heatcraft do Brazil Ltda	84.47%	Brazil	Brazil	UR
SIWA S.A	100%	Brazil	Brazil	UR
LPAC Corp.	5%	Delaware	N/A	R
Livernois Engineering Co.	100%	Michigan	United States	R
Heatcraft Advanced Techologies Inc.	100%	Delaware	United States	R
Heatcraft Heat Transfer Inc.	100%	Delaware	United States	R
Advanced Distributor Products LLC	100%	Delaware	United States	R
Heatcraft Refrigeration Products LLC	100%	Delaware	United States	R
Armstrong Air Conditioning Inc.	100%	Ohio	United States	MR
Jensen-Klich Supply Co.	100%	Nebraska	United States	R
Armstrong Distributors Inc.	100%	Delaware	United States	R
LPAC Corp.	5%	Delaware	N/A	R
Allied Air Enterprises Inc.	100%	Delaware	United States	R
Heatcraft Technologies Inc.	100%	Delaware	United States	R
LGL Peru S.A.C	10%	Peru	Peru	UR
LPAC Corp.	80%	Delaware	N/A	R
Strong LGL Columbia Ltda	50%	Columbia	Columbia	UR
Excel Comfort Systems Inc.	100%	Delaware	United States	MR
National Air Systems, Inc.	100%	California	United States	R
Service Experts Inc.	100%	Delaware	United States	MR
SEE ANNEX C				
Lennox Inc.	100%	Canada	Canada	UR
Lennox Canada Inc.	100%	Canada	Canada	UR
SEE ANNEX B				
Lennox Global Ltd.	100%	Delaware	United States	UR
SEE ANNEX D				

SCHEDULE 3.05
ANNEX A

LENNOX INDUSTRIES INC. SUBSIDIARIES

NAME	OWNERSHIP	JURISDICTION OF INC.	LOCATION OF SUBSTANTIAL OPERATING ASSETS	RESTRICTED/ UNRESTRICTED
Lennox Industries (Canada) Ltd.	100%	Canada	Canada	UR
LHP Holdings Inc.	100%	Delaware	United States	R
Lennox Hearth Products Inc.	100%	California	United States	R
Marcomp				
Securite Cheminees International Ltee	100%	Canada	Canada	UR
SARL Cheminees Securite	100%	France	France	UR
Security Chimneys UK Limited	100%	UK	UK	UR
Security USA	100%		United States	R
The Earth Stove, Inc.	100%	Oregon	United States	R
Products Acceptance Corporation	100%	Iowa	N/A	R

Lennox Manufacturing Inc.	100%	Delaware	United States	R
Lennox Finance Inc.	100%	Canada	Canada	UR
LPAC Corp.	10%	Delaware	N/A	R

SCHEDULE 3.05
ANNEX B

LENNOX CANADA INC. SUBSIDIARIES

The following are all in Canada, owned 100% by Lennox Canada Inc. and Unrestricted Subsidiaries:

Bradley Air Conditioning Limited
Valley Refrigeration Limited
Dearie Contracting Inc.
Dearie Martino Contractors Ltd.
Foster Air Conditioning Limited
Bryant Heating & Cooling Co. Ltd.
Byrant Newco Inc.
Montwest Air Ltd.
Fahrhall Mechanical Contractors Limited
Arpi’s Industries Canada Ltd.
  Arpi's Holdings Ltd.
  Advance Mechanical Ltd.
Welldone Plumbing, Heating & Air Conditioning

SCHEDULE 3.05
ANNEX C

SERVICE EXPERTS INC. SUBSIDIARIES

The following are all in the United States, owned 100% by Service Experts Inc. and Restricted Subsidiaries:

A. Frank Woods and Sons LLC – Virginia
AC/DAC, L.L.C. – Tennessee
Academy Air Service Experts, Inc. – Tennessee
Ainsley & Son Heating LLC – Ohio
Air Conditioning and Heating, LLC – Tennessee
Air Engineers, Inc. – Florida
Air Experts LLC – Georgia
Air Experts LLC – Ohio
Air Systems of Florida, Inc. – Florida
Aire-Tech LLC – Ohio
Airmaster Heating & Air Conditioning LLC – Michigan
Allbritten Plumbing, Heating and Air Conditioning Service, Inc. – Tennessee
Alliance Mechanical Heating & Air Conditioning, Inc. – California
Andros Refrigeration LLC – Arizona
Andy Lewis Heating & Air Conditioning LLC – North Carolina
Andy Lewis Heating & Air Conditioning, Inc. – Georgia
Arrow Heating & Air Conditioning, Inc. – Wisconsin
Artic Aire of Chico, Inc. – California
Atlantic Air Conditioning and Heating LLC – Maryland
Atmostemp LLC – New Jersey
Austin Brothers, Inc. – Tennessee
Barlow Heating and Air Conditioning LLC – Delaware
Bartels Heating & Air Conditioning LLC – Colorado
Becht Heating & Cooling LLC – Delaware
Ben Peer Heating LLC – New York
Berkshire Air Conditioning LLC – Tennessee
Berkshire Heating & Cooling LLC – Delaware (to merge out on 6/23/01)
Blue Springs Heating & Air Conditioning LLC – Missouri
Broad Ripple Heating & Air Conditioning Inc. – Indiana
Burnsville Heating & Air Conditioning LLC – Minnesota
C. Iapaluccio Company LLC – Delaware
C. Woods Company LLC – Delaware
Calverley Air Conditioning & Heating LLC – Delaware
Chanin Air LLC – Florida
Chief/Bauer Heating & Air Conditioning LLC – Delaware
Claire’s Air Conditioning and Refrigeration, Inc. – Tennessee

Climate Control LLC - Alabama
Climate Design Systems LLC - Tennessee
Climate Masters Service LLC - Colorado
Coastal Air Conditioning Service LLC - Georgia
Comfort Masters Heating & Cooling LLC - Delaware
Comfort Tech Cooling & Heating LLC - Tennessee
Comfortech, Inc. - Tennessee
Contractor Success Group, Inc. - Missouri - Merged out?
Controlled Comfort LLC - Nebraska
Cook Heating & Air Conditioning LLC - Michigan
Cook Heating and Air Conditioning LLC - Delaware
Cool Breeze LLC - Ohio

Cool Power LLC - New York
D.A. Bennett LLC - New York
Dan Jacobs Heating & Cooling LLC - Pennsylvania
Davis the Plumber LLC - New Mexico
Dial One Raymond Plumbing, Heating & Cooling, Inc. - Tennessee
DiMarco Mechanical LLC - Ohio
Dodge Heating & Air Conditioning LLC - Georgia
Doler Plumbing & Heating LLC - Delaware
Economy Heating & Air Conditioning LLC - Pennsylvania
Edison Heating and Cooling LLC - New Jersey
Epperson LLC - South Carolina
Eveready LLC - Virginia
Falso Service Experts LLC - New York
Fras-Air Contracting LLC - New Jersey
Freschi Air Systems, Inc. - Tennessee
Frosty Mechanical Contractors LLC - Delaware - to become Service Experts
of the Berkshires LLC
Future Acquisition Sub, Inc. - Tennessee
Gables Air Conditioning LLC - Florida
General Conditioning LLC - New Jersey
General Conditioning Plumbing, Inc. - New Jersey
Getzschman Heating & Sheet Metal Contractors LLC - Nebraska
Golden Seal Heating & Air Conditioning LLC - Delaware
Gordon's Specialty Company LLC - Oklahoma
Gray Refrigeration LLC - Delaware
Greenwood Heating & A/C LLC - Washington
Gregory's Plumbing Co. LLC - Oklahoma
H.S. Stevenson & Sons LLC - Ohio
Holmes Sales & Service LLC - Iowa
Industrial Building Services, Inc. - Florida
International Service Leadership Inc. - Delaware
Jack Nelson Co. LLC - Oklahoma
Jansen Heating and Air Conditioning LLC - Delaware
Jebco Heating & Air Conditioning LLC - Colorado
JM Mechanical LLC - Delaware
John P. Timmerman Co. LLC - Ohio
K & S Heating, Air Conditioning & Plumbing LLC - Minnesota
Kiko Heating & Air Conditioning LLC - Ohio
Klawinski LLC - Delaware
Knochelmann Plumbing, Heating & Air LLC - Kentucky
Kozon LLC - Tennessee
Kruger's Heating & Air Conditioning LLC - Delaware
Lake Arbor Heating LLC - Colorado
Lee Voisard Plumbing & Heating LLC - Ohio
Local Furnace LLC - Colorado - to become Service Experts of Fort Collins LLC
Marco Cooling and Refrigeration LLC - Florida
Mathews Heating & Air Conditioning LLC - Tennessee
Matz Heating & Air Conditioning LLC - New York
McPhee Service Experts, Inc. - Colorado
Midland Heating and Air Conditioning LLC - South Carolina
Miller Refrigeration, A/C, & Htg. Co. - North Carolina
National Air Systems, Inc. - California
Neal Harris Heating, Air Conditioning & Plumbing LLC - Missouri
Norrell Heating and Air Conditioning LLC - Alabama
Pardee Refrigeration LLC - South Carolina

Parker-Pearce Service Experts LLC - Maryland
Parrott Mechanical, Inc. - Idaho
Peachtree Service Experts LLC - Georgia
Peitz Heating and Cooling LLC - South Dakota
PTM Enterprises LLC - Georgia
R&M Climate Control LLC - Tennessee

Roland J. Down LLC - New York
Rolf Griffin Heating & Air Conditioning LLC - Delaware
Russell Mechanical LLC - Delaware
Ryan Heating LLC - Missouri
S & W Air Conditioning LLC - Tennessee
San Antonio Air Conditioning LLC - Delaware
Sanders Indoor Comfort LLC - South Carolina
Sanders Service Experts, Inc. - Tennessee
Sedgwick Heating & Air Conditioning LLC - Minnesota
SEI Management Company, LLC - Tennessee
SEIIN GP, Inc. - Indiana
SEITN GP, Inc. - Tennessee
Service Experts DFW LLC - Tennessee
Service Experts LLC - Florida
Service Experts of Arkansas LLC - Arkansas
Service Experts of Clearwater, Inc. - Tennessee
Service Experts of Denver LLC - Colorado
Service Experts of Imperial Valley, Inc. - California
Service Experts of Indiana, L.P. - Tennessee
Service Experts of Indianapolis, Inc. - Indiana
Service Experts of Northeast Louisiana LLC - Louisiana
Service Experts of Northwest Louisiana LLC - Louisiana
Service Experts of Palm Springs, Inc. - California
Service Experts of the Triangle LLC - North Carolina
Service Experts of Salt Lake City LLC - Tennessee
Service Experts of the Bay Area, Inc. - California
Service Experts of Utah LLC - Delaware
Service Experts of Washington LLC - Delaware
Service Experts Services, LLC - Tennessee
Service Now, Inc. - California
Shumate Mechanical LLC - Georgia
Steel City Heating & Air LLC - Alabama
Strand Brothers LLC - Tennessee
Strogen's HVAC LLC - New Hampshire
Sunbeam Service Experts LLC - New York
Sylvester's Corp. - Indiana
Sylvester's, L.P. - Tennessee
Teays Valley Heating and Cooling LLC - West Virginia
The McElroy Service Company LLC - Nebraska
TML LLC - Idaho
Total Comfort Specialists - California
Triton Mechanical LLC - New York
Valentine Heating & Air Conditioning LLC - Georgia
Venture International, Inc. - Tennessee
Vogt Heating & Air Conditioning LLC - Minnesota
Wangsgaard A-Plus, Inc. - Utah
Wesley G. Wood LLC - Pennsylvania

SCHEDULE 3.05
ANNEX D

LENNOX GLOBAL LTD. SUBSIDIARIES
ALL LENNOX GLOBAL SUBSIDIARIES ARE UNRESTRICTED SUBSIDIARIES

NAME	OWNERSHIP	JURISDICTION OF INC.	LOCATION OF SUBSTANTIAL OPERATING ASSETS
LGL Asia-Pacific Pte. Ltd.	100%	Rep. of Singapore	Singapore
Lennox Global (Wuxi) Co. Ltd.	100%	China	
LGL Europe Holding Co.	100%	Delaware	N/A
SEE ATTACHED ANNEX E			
UK Industries Inc.	100%	Delaware	N/A
LGL de Mexico, S.A. de C.V	99%	Mexico	Mexico
Lennox Participacoes Ltda	99%	Brazil	Brazil
Frigo-Bohn do Brasil Ltda	1%	Brazil	Brazil
Strong LGL Dominicana, S.A	100%	Dominican Republic	Dominican Republic
Strong LGL Colombia Ltda	50%	Colombia	Columbia
LGL Belgium S.P.R.L	.4%	Belgium	Belgium
LGL (Thailand) Ltd.	100%	Thailand	Thailand
LGL Peru S.A.C	90%	Peru	Peru
LGL Australia (US) Inc.	100%	Delaware	Delaware
SEE ATTACHED ANNEX F			

SCHEDULE 3.05
ANNEX E

LGL EUROPE HOLDING CO. SUBSIDIARIES
(ALL UNRESTRICTED SUBSIDIARIES)

NAME	OWNERSHIP	JURISDICTION OF INC.	LOCATION OF SUBSTANTIAL OPERATING ASSETS
LGL Holland B.V	100%	Holland	Holland
Friga-Coil S.R.O	50%	Czech Republic	Czech Republic
Ets. Brancher S.A	70%	France	France
Frinotec S.A	99.68%	France	France
LGL France S.A	100%	France	France
Herac Ltd.	100%	United Kingdom	N/A
SCI Groupe Brancher	100%	France	France
Hyfra Ind. GmbH	0.1%	Germany	Germany
LGL Germany GmbH	100%	Germany	Germany
Friga-Bohn Warmeaustauscher GmbH	100%	Germany	Germany
Hyfra Ind. GmbH	99.9%	Germany	Germany
Lennox Deutschland GmbH	100%	Germany	Germany
Lennox Global Spain S.L	100%	Spain	Spain
Lennox Refrigeration Spain S A.	90.1%	Spain	Spain
Aldo Marine	70%	Spain	Spain
Lennox Espana, S.A	100%	Spain	Spain
Redi sur Andalucia	70%	Spain	Spain
LGL Refrigeration Italia s.r.l	80%	Italy	Italy
LGL Polska Spzoo	100%	Poland	Poland
LGL Belgium S.P.R.L	99.6%	Belgium	Belgium
Lennox Benelux B.V	100%	Netherlands	Netherlands
Lennox Benelux N.V	100%	Belgium	Belgium
HCF Lennox Limited	100%	United Kingdom	United Kingdom
Lennox Industries (UK)	100%	United Kingdom	United Kingdom
Environheat Limited	100%	United Kingdom	N/A
Lennox Janka a.s	100%	Czech Republic	Czech Republic
Friga Coil s.r.o	50%	Czech Republic	Czech Republic
Janka Slovensko, s.r.o	100%	Slovak Republic	Slovak Republic

SCHEDULE 3.05
ANNEX F
LGL AUSTRALIA (US) INC. SUBSIDIARIES
(ALL UNRESTRICTED SUBSIDIARIES, EXCEPT AS NOTED)

NAME	OWNERSHIP	JURISDICTION OF INC.	LOCATION OF SUBSTANTIAL OPERATING ASSETS
LGL Co Pty Ltd	100%	Australia	Australia
LGL Australia Investment Pty Ltd	100%	Australia	Australia
LGL Australia Finance Pty Ltd	10%	Australia	Australia
LGL Australia Finance Pty Ltd	90%	Australia	Australia
LGL Australia Holdings Pty Ltd	100%	Australia	Australia
Lennox Australia Pty. Ltd.	100%	Australia	Australia
LGL (Australia) Pty Ltd	100%	Australia	Australia
LGL Refrigeration Pry. Ltd	100%	Australia	Australia
James N Kirby Pty Ltd*	100%	Australia	Australia
Kirby Refrigeration Pty. Ltd (Albury)	75%	Australia	Australia
Kirby Refrigeration Pty. Ltd (Sunshine Coast)	75%	Australia	Australia
Kirby Refrigeration Pty. Ltd (Gold Coast)	75%	Australia	Australia
Kirby Refrigeration Pty. Ltd (Tasmania)	75%	Australia	Australia
Kirby Refrigeration Pty. Ltd (Hobart)	100%	Australia	Australia
Refrigeration & Heating Wholesale Pty Ltd (Vid)	100%	Australia	Australia
Refrigeration & Heating Wholesale Pty Ltd (SA)	100%	Australia	Australia
R&H Wholesale Pty Ltd	100%	Australia	Australia
Kirby Refrigeration Pty. Ltd.(NT)	75%	Australia	Australia
Kirby Tubes & Contract Coils Pty Ltd	100%	Australia	Australia
Kirby Sheet Metal Pty Ltd	100%	Australia	Australia
Kirby Central Warehouse Pty. Ltd.	100%	Australia	Australia
J.N.K. Pty Limited	100%	Australia	Australia
P.R.L. Pty Limited	100%	Australia	Australia
Kirby USA Inc.	100%	North Carolina	United States**
JNK Draughting Pty Limited	100%	Australia	Australia

P.R.L Sales Pty Limited	100%	Australia	Australia
Air Safe Pty Limited	100%	Australia	Australia
James N. Kirby Limited (NZ)	100%	New Zealand	New Zealand

*Stock is pledged to seller of company to secure a portion of the purchase price and other obligations incurred in connection with the acquisition

**Restricted

SCHEDULE 3.05A

MATERIAL RESTRICTED SUBSIDIARY CAPITALIZATION

	Common Stock Authorized	Common Stock Par Value (per share)	Preferred Stock Authorized	Preferred Stock Par Value (per share)	Issued and Outstanding Capital Stock
Armstrong Air Conditioning Inc.	2,000	$1.00	N/A	N/A	1,030 shares
Excel Comfort Systems Inc.	1,000	$1.00	N/A	N/A	1,000 shares
Lennox Industries Inc.	1,500,000	$1.00	99,253	$10.00	994,394 shares of common stock
Service Experts Inc.	1,000	$0.01	N/A	N/A	1,000 shares

SCHEDULE 3.06 FINANCIAL STATEMENTS

1. Audited consolidated and consolidating financial statements for the Borrower and its Subsidiaries for the fiscal years ended December 31, 1997 through December 31, 2000.

2. Unaudited quarterly consolidated and consolidating financial statements for the Borrower and its Subsidiaries for the period ended March 31, 2001.

SCHEDULE 3.13

LENNOX INTERNATIONAL INC.
AND RESTRICTED SUBSIDIARIES
INDEBTEDNESS AS OF
May 26, 2001 (except as noted)

A. LENNOX INTERNATIONAL INC.

(1)	Note Purchase Agreement dated as of December 1, 1993 among Lennox International Inc. and the Noteholders identified at the end thereof, pursuant to which Lennox International Inc. delivered its 6.73% Senior Promissory Notes due 2008	$88,889,000
(2)	Note Purchase Agreement dated as of July 6, 1995 between Lennox International Inc. and Teachers Insurance and Annuity Association of America, pursuant to which Lennox International Inc. delivered its 7.06% Senior Promissory Notes due 2005.	20,000,000
(3)	Guaranty dated September 19, 1995 from Lennox International Inc. to First Bank of Natchitoches & Trust Company and Regions Bank of Louisiana guaranteeing 50% of debt of Alliance Compressors to such Banks under a Promissory Note dated September 19, 1995.	475,000
(4)	Guaranty of 50% of amounts due from Alliance Compressors under a master Equipment Lease Agreement dated March 28, 1995 with NationsBanc Leasing Corporation	176,762
(5)	Note Purchase Agreement dated as of April 3, 1998, between Lennox International Inc. and the Noteholders identified therein, pursuant to which Lennox International Inc. delivered its:	
	6.56% Senior Notes due April 3, 2005	25,000,000
	6.75% Senior Notes due April 3, 2008	50,000,000
(6)	Revolving Credit Facility Agreement dated as of July 29, 1999	240,000,000
(7)	Revolving Credit Facility Agreement dated as of January 25, 2000	115,700,000
(8)	Master Shelf Agreement dated as of October 15, 1999 between Lennox International Inc. and Prudential Insurance Company of America, pursuant to which Lennox International Inc. delivered its:	
	7.75% Senior Notes due August 25, 2005	25,000,000
	8.00% Senior Notes due June 1, 2010	35,000,000

(9)	Promissory Note dated April 18, 2001 from Lennox International Inc to Mizuho Financial Group	5,000,000

B. SERVICE EXPERTS INC.

Convertible Notes and miscellaneous debt related to original acquisitions of centers	9,981,479
C. MISCELLANEOUS OTHER DEBT -(estimate)]	125,000
TOTAL OUTSTANDING INDEBTEDNESS OF LENNOX INTERNATIONAL INC. AND RESTRICTED SUBSIDIARIES	$615,347,241

SCHEDULE 5.13

EXISTING LIENS

JURISDICTION	SECURED PARTY	UCC-1 FILE NO.	DATE FILED
	DEBTOR: LENNOX INDUSTRIES INC.		
Texas Secretary of State	Wachovia Bank, N.A., as Administrative Agent for the Secured Parties 191 Peachtree Street, N.E Mail Code GA 04-23 Atlanta, GA 30303	00-00521016	6/16/00
	DEBTOR: ARMSTRONG AIR CONDITIONING INC		
Ohio Secretary of State	Wachovia Bank, N.A., as Administrative Agent for the Secured Parties 191 Peachtree Street, N.E Mail Code GA 04-23 Atlanta, GA 30303	AP322733	3/27/01
Huron County, Ohio	Wachovia Bank, N.A., as Administrative Agent for the Secured Parties 191 Peachtree Street, N.E Mail Code GA 04-23 Atlanta, GA 30303	000084073	3/27/01

[Execution Copy]

As of June 29, 2001

The Prudential Insurance Company of America
c/o Prudential Capital Group
2200 Ross Avenue, Suite 4200E
Dallas, TX 75201
Attention: Managing Director

U.S. Private Placement Fund
Prudential Private Placement Investors, Inc.
Four Gateway Center
100 Mulberry Street
Newark, NJ 07102-4069

Teachers Insurance and Annuity
Association of America
730 Third Avenue
New York, New York 10017
Attention: Securities Division, Private Placements

CIG & Co.
c/o CIGNA Investments, Inc.
900 Cottage Grove Road
Hartford, Connecticut 06152-2307
Attention: Private Securities Division - S-307

United of Omaha Life Insurance Company
Mutual of Omaha Insurance Company
Companion Life Insurance Company
United World Life Insurance Company
Mutual of Omaha Plaza
Omaha, NE 68175
Attention: Investment Division

First Colony Life Insurance Company
General Electric Capital Assurance Company
GE Life and Annuity Assurance Company
c/o GE Financial Assurance
Two Union Square
601 Union Street
Seattle, WA 98101-2336

Re: Lennox International Inc.
7.06% Senior Promissory Notes Due 2005; 6.73% Senior Promissory Notes Due 2008; 6.56% Senior Notes Due 2005; and 6.75% Senior Notes Due 2008

Ladies and Gentlemen:

Reference is made to:

(i) nine separate Note Purchase Agreements, dated as of December 1, 1993 (as each has been amended, the "**1993 Note Agreements**"), between the Company and each of The Prudential Insurance Company of America, Connecticut General Life Insurance Company, Connecticut General Life Insurance Company, on behalf of One or More Separate Accounts, United of Omaha Life Insurance Company, Mutual of Omaha Insurance Company, Companion Life Insurance Company, United World Life Insurance Company, First Colony Life Insurance Company, General Electric Capital Assurance Company (as a successor), and GE Life and Annuity Assurance Company (as a successor) (collectively, and together with their respective successors and assigns, the "**1993 Holders**");

(ii) the Note Purchase Agreement, dated as of July 6, 1995 (as each has been amended, the "**1995 Note Agreements**"), between the Company and Teachers Insurance and Annuity Association of America (together with its successors and assigns, the "**1995 Holder**");

(iii) eight separate Note Purchase Agreements, dated as of April 3, 1998 (as each has been amended, the "**1998 Note Agreements**"), between the Company and each of The Prudential Insurance Company of America, U.S. Private Placement Fund, Teachers Insurance and Annuity Association of America, Connecticut General Life Insurance Company, Connecticut General Life Insurance Company, on behalf of One or More Separate Accounts, CIGNA Property and Casualty Insurance Company, United of Omaha Life Insurance Company and Companion Life Insurance Company (collectively, and together with their respective successors and assigns, the "**1998 Holders**");

(iv) the letter agreement dated July 29, 1999 (the "**1999 Amendment Agreement**") among the Company and the Holders (as defined below) amending the Note Agreements (as defined below) to add the "Additional Covenants" set forth in Schedule A to the 1999 Amendment;

(v) the letter agreement dated January 23, 2001 among the Company and the Holders amending certain definitions and covenants in the Note Agreements;

(vi) the Fourth Amendment to Revolving Credit Facility dated as of June

29, 2001, which amends the Revolving Credit Facility Agreement dated as of July 29, 1999 (as amended or otherwise modified by the First Amendment to Revolving Credit Facility Agreement dated as of August 6, 1999, the Second Amendment to Revolving Credit Facility Agreement dated as of January 25, 2000 and the Third Amendment to Revolving Credit Facility Agreement dated as of January 23, 2001, the "**1999 Credit Agreement**"), entered into among the Company, the lenders listed in Schedule 2.01 thereto (the "**1999 Lenders**"), The Chase Manhattan Bank, as administrative agent, Wachovia Bank, N.A., as syndication agent, and The Bank of Nova Scotia, as documentation agent;

(vii) the 364 Day Revolving Credit Facility Agreement dated as of January 25, 2000 (as so amended, the "**364 Day Facility**"), entered into among the Company, Chase Bank of Texas, National Association [now The Chase Manhattan Bank], as administrative agent, the other agents named therein and the lenders named therein (the "**2000 Lenders**", and together with the 1999 Lenders, the "**Lenders**"), as the same has been and may hereafter be amended or otherwise modified; and

(viii the Letter Amendment No. 3 to Master Shelf Agreement dated as of June 29, 2001, which amends the Master Shelf Agreement dated as of October 15, 1999 (as so amended, the "**Shelf Agreement**"), entered into between the Company and The Prudential Insurance Company of America;

The 1993 Note Agreements, 1995 Note Agreement and 1998 Note Agreements are collectively referred to herein as the "**Note Agreements**". The 1993 Holders, 1995 Holder and 1998 Holders are collectively referred to herein as the "**Holders**". The senior notes issued and outstanding under each of the Note Agreements are collectively referred to herein as the "**Notes**". Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Note Agreements (including Schedule A to the 1999 Amendment Agreement).

The Company has requested the Holders to enter into this letter agreement (this "**Second 2001 Amendment Agreement**") to evidence amendment of the Note Agreements as set forth herein. Such amendment shall become effective as set forth in Section 3. Therefore, the Holders and the Company hereby agree as follows:

1. Amendment to Definitions. Subject to Section 3 hereof, the definitions in each of the Note Agreements are hereby modified as follows:

"Adjusted EBITDA"" Clause (ii) of the definition of the term Adjusted EBITDA is hereby amended to read as follows:

"(ii) to the extent deducted in computing such consolidated net income (or loss), without duplication, the sum of (a) any deduction for (or less any gain from) income or franchise taxes included in determining such consolidated net income (or loss); plus (b) interest expense (including the interest portion of Capital Leases) deducted in determining such consolidated net income (or loss); plus (c) amortization and depreciation expense deducted in determining such consolidated net income (or loss); ≥plus (d) any non-recurring and non cash charges resulting from the application of GAAP that requires a charge against earnings for the impairment of goodwill to the extent not already added back or not included in determining such consolidated net income (or loss); "minus,"

"Consolidated Net Income" Clauses (f) and (g) of the definition of the term "Consolidated Net Income" are hereby amended to read as follows, and clause (h) is hereby added to the end of such definition to read as follows:

"(f) any non-recurring loss arising from the sale or other disposition of assets recorded (i) during the fiscal quarter ended June 30, 2001, but only to the extent that the aggregate amount of such losses plus the restructuring charges allowed in clause (g)(i) hereof for such fiscal quarter is less than $32,400,000; and (ii) after June 30, 2001, in an aggregate amount not to exceed $25,000,000;

(g) any non-recurring restructuring charges recorded (i) during the fiscal quarter ended June 30, 2001, but only to the extent that the aggregate amount of such restructuring charges plus the losses allowed in clause (f)(i) hereof for such fiscal quarter is less than $32,400,000; and (ii) after June 30, 2001, in an aggregate amount not to exceed $25,000,000 provided that cash charges included in such restructuring charges shall not exceed $12,500,000; and

(h) any non-recurring and non-cash charges resulting from the application of GAAP that requires a charge against earnings for the impairment of goodwill."

"EBITDA" The definition of the term EBITDA is hereby amended to read as follows:

"EBITDA" means, for any period, the total of the following calculated for the Company and the Restricted Subsidiaries without duplication on a consolidated basis in accordance with GAAP consistently applied for such period: (a) Consolidated Net Income from operations; plus (b) any deduction for (or less any gain from) income or franchise taxes included in determining

Consolidated Net Income; plus (c) interest expense (including the interest portion of Capital Leases) deducted in determining Consolidated Net Income; plus (d) amortization and depreciation expense deducted in determining Consolidated Net Income; plus (e) any non-recurring and non-cash charges resulting from application of GAAP that requires a charge against earnings for the impairment of goodwill to the extent not already added back or not included in determining Consolidated Net Income.

"Existing Note Purchase Agreements" The definition of the term Existing Note Purchase Agreements is hereby amended to read as follows:

"Existing Note Purchase Agreements" means (i) the Note Purchase Agreements dated as of December 1, 1993 between the Company and the institutional investors parties thereto, (ii) the Note Purchase Agreement dated as of July 6, 1995 between the Company and the institutional investor party thereto and (iii) the Note Purchase Agreements dated as of April 3, 1998 between the Company and the institutional investors parties thereto.

"Material Adverse Effect" The definition of the term Material Adverse Effect is hereby amended to read as follows:

"Material Adverse Effect" shall mean a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Restricted Subsidiaries taken as a whole, or (b) the ability of the Company to perform its obligations under this Agreement and the Notes and the ability of the Material Restricted Subsidiaries to perform their respective obligations under the Subsidiary Guaranty, taken as a whole, or (c) the validity or enforceability of this Agreement, the Notes, the Pledge Agreement or the Subsidiary Guaranty.

The following definitions are hereby added to the Note Agreements:

"1999 Lenders" means the lenders listed in Schedule 2.01 to the Revolving Credit Facility Agreement dated as of July 29, 1999, as amended, among the Company, The Chase Manhattan Bank, as administrative agent, Wachovia Bank, N.A., as syndication agent, and The Bank of Nova Scotia, as documentation agent.

"364 Day Facility" means that certain 364 Day Revolving Credit Facility Agreement dated as of January 25, 2000 among the Company, Chase Bank of Texas, National Association [now The Chase Manhattan Bank], as administrative agent, the other agents named therein and the lenders named therein, as the same has been and may hereafter be amended or otherwise modified.

"Approved Receivables Securitization" means one or more receivables securitizations or other receivables sale programs as long as the aggregate amount of the commitments to purchase receivables under all such programs does not at any time exceed $225,000,000.

"Collateral Agent" means The Chase Manhattan Bank, as collateral agent under the terms of the Intercreditor Agreement (for the benefit of the holders of the Notes, the holders of the Shelf Notes, the 1999 Lenders and the lenders under the 364 Day Facility and any other lenders which become entitled to the benefits of the Liens granted in the Pledge Agreement under the terms of the Intercreditor Agreement), and its successors and assigns in such capacity.

"Credit Agreement" means the Revolving Credit Facility Agreement dated as of July 29, 1999, entered into among the Company, the lenders listed in Schedule 2.01 thereto, The Chase Manhattan Bank, as administrative agent, Wachovia Bank, N.A., as syndication agent, and The Bank of Nova Scotia, as documentation agent, as the same has been and may hereafter be amended or otherwise modified.

"Intercreditor Agreement" means that certain Intercreditor Agreement to be executed pursuant to Section 9.11 hereof initially among the Company, the Material Restricted Subsidiaries, The Chase Manhattan Bank, as collateral agent thereunder, the administrative agent for the 1999 Lenders and the lenders under the 364 Day Facility, the holders of the Notes and the holders of the Shelf Notes, as the same may be amended or otherwise modified from time to time.

"Master Shelf Agreement" means that certain Master Shelf Agreement, dated as of October 15, 1999, between the Company and The Prudential Insurance Company of America, as the same may be amended or otherwise modified from time to time.

"Material Restricted Subsidiary" means Lennox Industries Inc., Armstrong Air Conditioning Inc., Excel Comfort Systems Inc., Service Experts Inc. and each other Restricted Subsidiary (except LPAC Corp.) the book value (determined in accordance with GAAP) of whose total assets equals or exceeds ten percent (10%) of the book value

(determined in accordance with GAAP) of the consolidated total assets of the Company and all Subsidiaries as determined as of the last day of each fiscal quarter.

"Material Transfer" means, with respect to the Company or any Restricted Subsidiary, any transaction or group of related transactions having a

value in excess of $10,000,000 in which such Person sells, conveys, transfers or leases (as lessor) any of its property, including capital stock of, or a Security issued by, a Subsidiary; provided, that the term "Material Transfer" shall not include the sale of receivables sold by the Company and the Restricted Subsidiaries under an Approved Receivables Securitization. For purposes of this definition the term "value" of any property transferred shall be equal to the transfer price specified in the applicable sale, lease or other transfer documents for the property in question.

"Pledge Agreement" means that certain Pledge Agreement to be executed by the Company and in favor of the Collateral Agent pursuant to Section 9.11 hereof, as the same may be modified from time to time.

"Second 2001 Amendment" means the letter agreement dated as of June 29, 2001, as the same may be modified from time to time, among the Company and the holders of the Notes to amend certain provisions and covenants of this Agreement and the Existing Note Purchase Agreements.

"Shelf Notes" means the senior notes issued from time to time pursuant to the Master Shelf Agreement.

"Subsidiary Guaranty" means the guaranty of the Material Restricted Subsidiaries in favor of the holders of the Notes and the holders of the Shelf Notes, substantially in the form of Exhibit A to the Second 2001 Amendment, as the same may be modified pursuant to one or more Subsidiary Joinder Agreements and as the same may otherwise be modified from time to time.

"Subsidiary Joinder Agreement" means an agreement which has been or will be executed by a Material Restricted Subsidiary adding it as a party to the Subsidiary Guaranty.

2. Amendments to Additional Covenants and Additional Defaults. Subject to Section 3 hereof, the 1998 Note Agreements, Schedule A to the letter agreement dated April 3, 1998 (the "**1998 Schedule A**") and Schedule A to the 1999 Amendment Agreement (the "**1999 Schedule A**") are hereby amended as follows:

(a) The first paragraph of Section 3(a) of the 1999 Schedule A is hereby amended to read in its entirety as follows:

"Coverage Ratio. As of the end of each fiscal quarter, the Company shall not permit the ratio of Cash Flow for the four (4) fiscal quarters then ending to Interest Expenses for such period to be less than (i) 2.65 to 1.00 for the fiscal quarter ended June 30, 2001; (ii) 2.75 to 1.00 for the fiscal quarter ended

September 30, 2001; and (iii) 3.00 to 1.00 for all fiscal quarters ending thereafter. As used herein the following terms have the following meanings:"

(b) Section 3(b) of the 1999 Schedule A is hereby amended to read in its entirety as follows:

"Consolidated Indebtedness to Adjusted EBITDA. As of the last day of each fiscal quarter during the periods described below, the Company shall not permit the ratio of Consolidated Indebtedness outstanding as of such day to the Adjusted EBITDA for the four (4) fiscal quarters then ended to exceed: (i) 3.90 to 1.00 for the fiscal quarter ended June 30, 2001; (ii) 3.75 to 1.00 for the fiscal quarters ended September 30, 2001 and December 31, 2001; (iii) 3.50 to 1.00 for the fiscal quarters ended March 31, 2002 and June 30, 2002; (iv) 3.25 to 1.00 for the fiscal quarters ended September 30, 2002 and December 31, 2002; and (v) 3.00 to 1.00 for all fiscal quarters ending after December 31, 2002."

(c) Section 7.2(a) of the 1998 Note Agreements and the 1998 Schedule A are hereby amended by adding the phrase "the then existing Material Restricted Subsidiaries and" immediately after the phrase "in order to establish".

(d) A new Section 9.10 is hereby added to the 1998 Note Agreements and the 1998 Schedule A as follows:

"**9.10. Interest Rate.** Effective as of June 29, 2001, the interest rates prior to the occurrence of any Event of Default with respect to all

Notes shall be immediately and automatically increased by 0.25% per annum for so long as any amount shall remain outstanding under such Notes. If upon any subsequent delivery of the compliance certificate pursuant to Section 7.2(a) of the 1998 Note Agreements and the 1998 Schedule A in connection with the financial statements of the Company and its Restricted Subsidiaries required to be delivered pursuant to Section 7.1 of such Schedule, the Consolidated Indebtedness to Adjusted EBITDA Ratio of the Company as set forth in Section 3(b) of the 1999 Schedule A shall be less than or equal to 3.00 to 1.00 (the "**Reset Event**"), then the interest rates with respect to such Notes shall be immediately and automatically reduced by 0.25% per annum commencing upon the date such compliance certificate is delivered, with such interest rates to be subject to increase again by 0.25% per annum at any time that such ratio exceeds 3.00 to 1.00 (and, if so increased then reduced again when such ratio shall be less than or equal to 3.00 to 1.00), and with such interest rates never to be less than the respective interest rates in effect with respect to the Notes on June 28, 2001. If an Event of Default occurs prior to any Reset Event, then the Default Rate shall also be increased by 0.25% for so long as such Event of Default is continuing.

(e) A new Section 9.11 is hereby added to the 1998 Note Agreements and the 1998 Schedule A as follows:

"9.11. Post-Closing Agreements; New Material Restricted Subsidiaries.

(a) Items Due by August 15, 2001. On or before August 15, 2001, the Company shall deliver or cause to be delivered each of the following items, each of which must be in form and substance satisfactory to the Required Holders:

(i) to the Holders, the Intercreditor Agreement executed by all the parties thereto, and the Pledge Agreement executed by the Company pursuant to which the Company shall have pledged to the Collateral Agent all the capital stock of each Material Restricted Subsidiary; to the Collateral Agent, certificates representing all shares of the capital stock of the Material Restricted Subsidiaries pledged pursuant to the Pledge Agreement together with undated stock powers duly executed in blank for all such certificates; to counsel for the Holders, UCC, tax and judgment Lien search reports listing all documentation on file against the Company and each Material Restricted Subsidiary in each jurisdiction in which it has its principal place of business and jurisdiction of organization; to the Collateral Agent, such executed documentation as the Collateral Agent may deem necessary to perfect or protect the Liens under the Pledge Agreement, including, without limitation, financing statements under the UCC and other applicable documentation under the laws of any jurisdiction with respect to the perfection of such Liens; and duly executed UCC-3 Termination Statements and such other documentation as shall be necessary to terminate or release all Liens encumbering the collateral pledged pursuant to the Pledge Agreement. To assist the Company in complying with the requirements of this paragraph, the Holders agree to use commercially reasonable efforts to cause the Required Lenders to approve an Intercreditor Agreement which is in form and substance satisfactory to them on or before August 15, 2001.

(ii) a favorable written opinion from counsel to the Company and the Material Restricted Subsidiaries addressed to the holders as to such matters relating to the Intercreditor Agreement, the Pledge Agreement, the collateral pledged pursuant thereto and the capitalization of the Material Restricted Subsidiaries as the Required Holders may request (and the Company hereby instructs its counsel to deliver such opinion to the holders for their benefit);

(iii) a certificate of the Secretary or an Assistant Secretary of the Company certifying that attached thereto is a true and complete copy of resolutions, duly adopted by the Board of Directors authorizing the execution, delivery and performance of the Pledge Agreement, the Intercreditor Agreement and the transactions contemplated thereby, and that such resolutions have not been modified, rescinded or amended and are in full force and effect; and

(iv) a certificate of the Secretary or an Assistant Secretary of each Material Restricted Subsidiary certifying that attached thereto is a true and complete copy of resolutions, duly adopted by the Board of Directors authorizing the execution, delivery and performance of the Intercreditor Agreement and that such resolutions have not been modified, rescinded or amended and are in full force and effect.

(b) New Material Restricted Subsidiaries. Within forty-five (45) days after the end of each fiscal quarter, the Company shall cause each Material Restricted Subsidiary created or acquired during the fiscal quarter then ending, and each Restricted Subsidiary that, as a

result of a change in assets became a Material Restricted Subsidiary during such fiscal quarter (any such Material Restricted Subsidiary, herein a "**New Material Subsidiary**"), to execute and deliver to the Holders a Subsidiary Joinder Agreement joining it as a guarantor under the Subsidiary Guaranty and such other documentation, including, but not limited to, corporate resolutions, charter and bylaws of such New Material Subsidiary and an opinion of counsel for such New Material Subsidiary, as the Required Holders may reasonably request in order to cause such New Material Subsidiary to evidence or otherwise implement the guaranty of the repayment of the obligations contemplated by the Subsidiary Guaranty and this Agreement. In addition, within forty-five (45) days after the end of a fiscal quarter in which a New Material Subsidiary has been created, acquired or comes into existence, the Company shall take such action as the Collateral Agent may request to cause the capital stock of each such New Material Subsidiary to be pledged to the Collateral Agent under the Pledge Agreement, including without limitation, the proper completion, execution and delivery of an amendment under the terms of the Pledge Agreement, the delivery of the stock certificates evidencing the stock to be pledged, along with stock powers executed in blank, Uniform Commercial Code Financing Statements and such other documentation as the Collateral Agent may reasonably request to cause such stock to be pledged under the Pledge Agreement and for such pledge to be perfected and protected."

(f) A new Section 9.12 to the 1998 Note Agreements and 1998 Schedule A is hereby added as follows:

"**9.12. Use of Material Transfer Proceeds.** Immediately after giving effect to a Transfer authorized under Section 10.3(c) that is a Material Transfer, 60% of the net, after tax proceeds of such Transfer shall be used to reduce the outstanding indebtedness under any Senior Secured Credit Facility or Facilities. The Company shall have the option of determining the Senior Secured Credit Facility or Facilities to which to apply such proceeds. The term "Senior Secured Credit Facilities" means the Note Agreements, the Master Shelf Agreement, the Credit Agreement, the 364 Day Facility and any other facility providing Indebtedness which refinances any of the foregoing or is entitled under the Intercreditor Agreement to the benefits of the Liens granted under the Pledge Agreement."

(g) A new Section 9.13 to the 1998 Note Agreements and 1998 Schedule A is hereby added as follows:

"**9.13. Subsequent Indebtedness.** If the Company wants any Indebtedness that is hereafter incurred to be entitled under the Intercreditor Agreement to the benefits of the Liens granted under the Pledge Agreement, the Company shall use the proceeds of such Indebtedness to reduce the commitments under the revolving Senior Secured Credit Facilities in existence on June 29, 2001 and/or the outstanding indebtedness under any other Senior Secured Credit Facilities in existence on June 29, 2001. The Company shall have the option of determining which Senior Secured Credit Facility or Facilities to which to apply such proceeds."

(h) The last sentence of Section 10.3 is deleted in its entirety, the "." at the end of clause (c) is deleted and replaced with "; or" and a new clause (d) is added to the end of Section 10.3, to read as follows:

"(d) such Transfer is the sale of receivables, or undivided interests therein, pursuant to an Approved Receivables Securitization."

(i) The last paragraph of Section 10.4 is deleted in its entirety from the 1998 Note Agreements and the 1998 Schedule A and replaced with the following:

"In addition to and not in limitation of the other provisions of this Section 10.4, from June 29, 2001 until the date that the Consolidated Indebtedness to Adjusted EBITDA Ratio is less than 3.00 to 1.00 as calculated for any fiscal quarter after March 31, 2001 and established by the delivery of a Covenant Compliance Certificate under Section 7.2(a) (such period being the "**Restriction Period**"), the Company shall not permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume, guarantee, or otherwise become

directly or indirectly liable with respect to or otherwise permit any Indebtedness, except Indebtedness of such Subsidiaries disclosed on Schedule 10.4 and additional Indebtedness in an aggregate amount not to exceed $10,000,000 for all Restricted Subsidiaries during the Restriction Period. For purposes of this Section 10.4 any Person becoming a Restricted Subsidiary after the date of this Agreement shall be deemed to have incurred all of its then outstanding Indebtedness at the time it becomes a Restricted Subsidiary."

(j) Sections 10.5(f), (g) and (i) are deleted in their entirety from the 1998 Note Agreements and the 1998 Schedule A and replaced with the following:

"(f) Liens on property or assets of the Company (other than the

capital stock of the Material Restricted Subsidiaries) or any of its Restricted Subsidiaries securing Indebtedness or other obligations owing to the Company or to a Wholly Owned Restricted Subsidiary;"

"(g) financing statements filed in respect of operating leases, liens granted under capital leases in existence as of June 29, 2001 provided that the amount secured thereby does not exceed $25,000, other Liens existing on June 29, 2001 and described on Schedule 10.5 and Liens granted to the Collateral Agent under the Pledge Agreement;"

"(i) other Liens not otherwise permitted by Subsections (a) through (h) above, provided that (i) the fair market value of the assets subject to such other Liens shall not exceed $15,000,000, (ii) such Liens secure Indebtedness of the Company or a Restricted Subsidiary permitted hereby, (iii) the aggregate principal amount of the Indebtedness secured by all Liens granted under the permissions of this clause (i) does not exceed $10,000,000 and (iv) immediately after giving effect to the creation thereof, no Default or Event of Default shall exist."

(k) Section 10.6 of the 1998 Note Agreements and the 1998 Schedule A is amended to add the following to the end thereof:

"In addition to the foregoing restrictions, the Company will not, and will not permit any of its Restricted Subsidiaries to, redeem or otherwise acquire any of its stock or other equity interests or any warrants, rights or other options to purchase such stock or other equity interests except:

(a) when solely in exchange for such stock or other equity interests;

(b) when made contemporaneously from the net proceeds of a sale of such stock or other equity interests;

(c) the repurchase of up to 577,500 shares of the Company's capital stock for an aggregate purchase price not to exceed $7,500,000 in connection with its obligation to do so arising in connection with the documentation of its acquisition of James N Kirby Pty Ltd;

(d) the repurchase by LPAC Corp. from Restricted Subsidiaries of LPAC Corp.'s preferred stock with proceeds of collections on accounts receivable in connection with an Approved Receivables Securitization; and

(e) other redemptions or acquisitions of such stock or equity interests if, as of the date of the payment thereof, the Consolidated Indebtedness to Adjusted EBITDA Ratio is less than 3.00 to 1.00 as calculated for any fiscal quarter: (i) that has elapsed since March 31, 2001; (ii) that has ended before the date of payment; and (iii) for which a Covenant Compliance Certificate under Section 7.2(a) has been delivered."

(l) A new Section 10.12 to the 1998 Note Agreements and the 1998 Schedule A is hereby added as follows:

"**10.12. Restrictions On Transfers to Unrestricted Subsidiaries.** In addition to the other limitations of this Agreement, from June 29, 2001 until the date that the Consolidated Indebtedness to Adjusted EBITDA Ratio is less than 3.00 to 1.00 as calculated for any fiscal quarter after March 31, 2001 and established by the delivery of a Covenant Compliance Certificate under Section 7.2(a) (such period, herein the "Section 10.12 Restriction Period"), the Company will not, and will not permit any Restricted Subsidiary to, consummate any Unrestricted Subsidiary Transfer except:

(a) the sale of inventory to Unrestricted Subsidiaries in the ordinary course of business;

(b) payments made to Unrestricted Subsidiaries after June 30, 2001 in an aggregate amount not to exceed $30,500,000 to be used to satisfy the obligations owed to the seller(s) arising under the documentation governing the acquisition of James N Kirby Pty Ltd; and

(c) if no Default or Event of Default exists or would result therefrom, Unrestricted Subsidiary Transfers, in addition to the Transfers described in clauses (a) and (b) above, provided that the aggregate amount of the Unrestricted Subsidiary Transfers consummated during the Section 10.12 Restriction Period under this clause (c) shall not exceed

$60,000,000. The aggregate amount of the Unrestricted Subsidiary Transfers for purposes of determining compliance with this clause (c) as of any date shall equal the sum of the following: (i) the aggregate outstanding amount of all loans, advances and extensions of credit made by the Company and the Restricted Subsidiaries to Unrestricted Subsidiaries and outstanding on such date; plus (ii) the aggregate amount of all obligations of the Unrestricted Subsidiaries outstanding on such date that are guaranteed by the Company or any Restricted Subsidiary or secured by a Lien granted by the Company or a Restricted Subsidiary; plus (iii) the aggregate Fair Market Value (determined for each Unrestricted Subsidiary Transfer as of the date of the applicable Unrestricted Subsidiary Transfer) of all other property (i.e., other than the property described in clauses (i) and (ii) of this sentence) disposed of during the Restriction Period in Unrestricted Subsidiary Transfers consummated under this clause (c).

The term "Unrestricted Subsidiary Transfer" means, a transaction in any form in which an Unrestricted Subsidiary receives (either directly or indirectly) anything (including money or other property) of value from the Company or any Restricted Subsidiary, including, any loan, advance or other extension of credit; any sale, lease, or other disposition of assets; any merger, consolidation or other corporate combination; any purchase or repurchase of stocks, bonds, notes, debentures or other securities or any other capital contribution or investment; any transaction in which a Person provides a Guaranty or grants Liens to secure obligations or Indebtedness of another Person. All covenants in this Agreement shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants (including this Section 10.12), the fact that it would be permitted by an exception to, or be otherwise within the limitations of, another covenant shall not avoid the occurrence of a Default if such action is taken or such condition exists."

(m) Section 11(c) is deleted in its entirety from the 1998 Note Agreements and the 1998 Schedule A and replaced with the following:

"the Company defaults in the performance of or compliance with any term applicable to the Company and contained in Sections 7.1(d), 9.6, 9.11, 10.2 through 10.12 or in Sections 3(a), 3(b) or 4 of the 1999 Schedule A, or contained in the Pledge Agreement, or any Material Restricted Subsidiary defaults in the performance of or compliance with any term applicable to it contained in clause (c) of paragraph 6 of the Subsidiary Guaranty; or"

(n) Section 11(d) is deleted in its entirety from the 1998 Note Agreements and the 1998 Schedule A and replaced with the following:

"(i) the Company defaults in the performance of or compliance with any term contained herein (other than those referred to in paragraphs (a), (b) and (c) of this Section 11) or contained in the Intercreditor Agreement or with any Additional Covenant and such default is not remedied within 30 days after the earlier of (A) a Responsible Officer obtaining actual knowledge of such default and (B) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (d) of Section 11) or (ii) any Material Restricted Subsidiary defaults in the performance of or compliance with any term contained in the Subsidiary Guaranty (other than those referred to in paragraphs (a), (b) and (c) of this Section 11) or contained in the Intercreditor Agreement or with any Additional Covenant and such default is not remedied within 30 days after the earlier of (A) a Responsible Officer obtaining actual knowledge of such default and (B) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (d) of Section 11); or"

(o) Section 11(e) is deleted in its entirety from the 1998 Note Agreements and the 1998 Schedule A and replaced with the following:

"(e) any representation or warranty made in writing by or on behalf of the Company or any Material Restricted Subsidiary or by any officer of the Company or any Material Restricted Subsidiary in this Agreement, the Pledge Agreement, the Intercreditor Agreement, the Subsidiary Guaranty or any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made; or"

(p) A new Section 11(k) is hereby added to the 1998 Note Agreements and the 1998 Schedule A as follows:

"the occurrence of an Event of Default (as defined in the Intercreditor Agreement); or"

(q) A new Section 11(l) is hereby added to the 1998 Note Agreements and the 1998 Schedule A as follows:

"either the Subsidiary Guaranty or the Pledge Agreement shall for any reason cease to be in full force and effect and valid, binding and enforceable in accordance with its terms, or the Company or any Material Restricted Subsidiary shall so state in writing."

(r) A new sentence is added to end of Section 12.2 of the 1998 Note Agreements and the 1998 Schedule A as follows:

"In addition to the other rights and remedies that the holders of Notes may have upon the occurrence of an Event of Default, the Required Holders may direct the Collateral Agent to exercise the rights and remedies available to the Collateral Agent under the Intercreditor Agreement and the Pledge Agreement."

3. Effectiveness of Amendment Agreement; Counsel Fees and Expenses. This Second 2001 Amendment Agreement shall be effective upon the satisfaction of the following conditions:

(a) the Required Holders under each of the 1993 Note Agreements, 1995 Note Agreement and 1998 Note Agreements at the time outstanding shall have executed a counterpart of this Second 2001 Amendment Agreement;

(b) the Company shall have furnished to each of the Holders evidence of the satisfaction of clause (a);

(c) the Holders shall have received a Subsidiary Guaranty executed by each of the Material Restricted Subsidiaries as of the date hereof;

(d) the Holders shall have received a favorable legal opinion or opinions from Bennack & Lowden L.L.P., special counsel to the Company and the Material Restricted Subsidiaries, satisfactory to such Holder;

(e) the Holders shall have received certified copies of the resolutions of the Board of Directors of the Company authorizing this Second 2001 Amendment Agreement, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Second 2001 Amendment Agreement;

(f) the Holders shall have received certified copies of the resolutions of the Board of Directors of each Material Restricted Subsidiary authorizing the Subsidiary Guaranty, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to the Subsidiary Guaranty;

(g) the Holders shall have received a certificate of the Secretary or Assistant Secretary of the Company certifying the names and true signatures of the officers of the Company authorized to sign this Second 2001 Amendment Agreement and the other documents to be delivered by the Company hereunder;

(h) the Holders shall have received evidence satisfactory to them that the 1999 Credit Agreement, the 364 Day Facility and the Master Shelf Agreement shall have been

amended in a manner similar to the manner in which the Note Agreements are proposed to be amended as herein contemplated and the amendments of the 1999 Credit Agreement, 364 Day Facility and Master Shelf Agreement shall be in form and substance satisfactory to the Holders; and

(i) the Company shall have paid to each of the Holders an amendment fee by wire transfer of immediately available funds in an amount equal to the product of 0.25% and the aggregate principal amount of such Holder's outstanding Notes on the date on which this Second 2001 Amendment Agreement becomes effective.

4. Continued Effectiveness of Second 2001 Amendment Agreement; Release.

(a) Except for Sections 9.10, each of the Additional Covenants and Additional Defaults set forth in Section 2 hereof shall remain in effect only as long as the Company is bound by a substantially similar covenant or event of default contained in the 1999 Credit Agreement or the 364 Day Facility or any other agreement creating or evidencing Indebtedness (collectively, the "**Additional Agreements**"), including but not limited to any covenant or event of default contained in any amendment to or refinancing of the 1999 Credit Agreement, the 364 Day Facility or any Additional Agreement. If the Company ceases to be bound by any such Additional Covenant or Additional Default in all Additional Agreements, this Second 2001 Amendment Agreement shall, without further action on the part of the Company or any Holder, be deemed to be amended automatically to delete such Additional Covenant or Additional Default.

(b) The Holders agree that if the Lenders release the obligations of the guarantors under their respective guaranty of Material Restricted Subsidiaries and no new guaranties of Material Restricted Subsidiaries are executed in favor of the Lenders, then the Holders agree to release the obligations of the Guarantors under the Subsidiary Guaranty.

5. Representations and Warranties. The Company represents and warrants to the Holders that:

(a) The Company has all requisite corporate power to execute, deliver and perform its obligations under this Second 2001 Amendment Agreement. The Company has duly executed and delivered this Second 2001 Amendment Agreement, and this Second 2001 Amendment Agreement constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

(b) Neither the execution and delivery of this 2001 Second Amendment Agreement by the Company, nor the consummation of the transactions contemplated hereby, nor fulfillment of nor compliance with the terms and provisions hereof or thereof will conflict with, or result in a breach of the terms, conditions or provisions of, or

constitute a default under, or result in any violation of, or, except as contemplated by the Pledge Agreement or herein, result in the creation of any security interest, lien or other encumbrance upon any of the properties or assets of the Company or any of its Subsidiaries pursuant to, the charter or bylaws of the Company or any of its Subsidiaries, any award of any arbitrator or any agreement, instrument, order, judgment, decree, statute, law, rule or regulation to which the Company or any of its Subsidiaries is subject.

(c) Except for notice given to and consents required from the 1999 Lenders, the lenders under the 364 Day Facility and the holders of the Shelf Notes, neither the nature of the business conducted by the Company, nor any of its properties, nor any relationship between the Company and any other Person, nor any circumstance in connection with the transactions contemplated by this Second 2001 Amendment Agreement is such as to require any authorization, consent, approval, exemption or other action by or notice to or filing with any court or administrative or governmental body or any other Person in connection with the execution and delivery of this Second 2001 Amendment Agreement or the fulfillment of or compliance with the terms and provisions hereof.

(d) Upon the effectiveness of this Second 2001 Amendment Agreement, no Event of Default or Default shall have occurred and be continuing.

6. Miscellaneous.

(a) Except as expressly amended by this Second 2001 Amendment Agreement, the Note Agreements shall remain in full force and effect. This Second 2001 Amendment Agreement shall be binding upon and inure to the benefit of the Holders and their respective successors and permitted assigns.

(b) Other than as expressly set forth herein, the execution, delivery and effectiveness of this Second 2001 Amendment Agreement shall not operate as a waiver of any right, power or remedy of any Holder nor constitute a waiver of any provision of the Note Agreements, the Notes or any other document, instrument or agreement executed and delivered in connection with this Second 2001 Amendment Agreement.

(c) The Company confirms its agreement, pursuant to each of the Note Agreements, to pay all costs and expenses of the Holders related to this Second 2001 Amendment Agreement, the Intercreditor Agreement, the Pledge Agreement and the Subsidiary Guaranty and all matters contemplated herein, including without limitation the reasonable fees and expenses of the Holders' special counsel.

(d) This Second 2001 Amendment Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State

of New York, excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

(e) This Second 2001 Amendment Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same document. Delivery of this Second 2001 Amendment Agreement may be made by facsimile transmission of a duly executed counterpart copy hereof.

[*signature pages follow*]

If the foregoing correctly describes our understanding with respect to the subject matter of this Second 2001 Amendment Agreement, please execute this letter in the place indicated below.

Very truly yours,

LENNOX INTERNATIONAL INC.

By: ------------------------------
Name: Richard A. Smith
Title: Executive Vice President and Chief Financial Officer

ACCEPTED AND AGREED:

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: -----------------------------
Name: Ric E. Abel
Title: Vice President

U.S. PRIVATE PLACEMENT FUND
By: Prudential Private Placement Investors, L.P., Investment Advisor
By: Prudential Private Placement Investors, Inc., its General Partner

By: --------------------------------------
Name: Ric E. Abel
Title: Vice President

TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA

By: -------------------------------
Name: ---------------------------
Title: ---------------------------

CIG & CO.

By: -------------------------------
Name: ---------------------------
Title: ---------------------------

UNITED OF OMAHA LIFE INSURANCE COMPANY

By: -------------------------------
Name: Curtis R. Caldwell
Title: First Vice President

MUTUAL OF OMAHA INSURANCE COMPANY

By:

Name: Curtis R. Caldwell
Title: First Vice President

COMPANION LIFE INSURANCE COMPANY

By:

Name: Curtis R. Caldwell
Title: Authorized Signer

UNITED WORLD LIFE INSURANCE COMPANY

By:

Name: Curtis R. Caldwell
Title: Authorized Signer

FIRST COLONY LIFE INSURANCE COMPANY

By:

Name: Morian C. Mooers
Title: Assistant Vice President and Investment Officer

GENERAL ELECTRIC CAPITAL ASSURANCE COMPANY

By:

Name: Morian C. Mooers
Title: Investment Officer

GE LIFE AND ANNUITY ASSURANCE COMPANY

By:

Name: Morian C. Mooers
Title: Investment Officer

cc: Companion Life Insurance Company
Attention: Financial Division
401 Theodore Fremd Avenue
Rye, NY 10580-1493

Exhibit A

Form of Subsidiary Guaranty

Schedule 10.4

LENNOX INTERNATIONAL INC.
AND RESTRICTED SUBSIDIARIES
INDEBTEDNESS AS OF
May 26, 2001 (except as noted)

A. LENNOX INTERNATIONAL INC.

(1)	Note Purchase Agreement dated as of December 1, 1993 among Lennox International Inc. and the Noteholders identified at the end thereof, pursuant to which Lennox International Inc. delivered its 6.73% Senior Promissory Notes due 2008	$88,889,000
(2)	Note Purchase Agreement dated as of July 6, 1995 between Lennox International Inc. and Teachers Insurance and Annuity Association of America, pursuant to which Lennox International Inc. delivered its 7.06% Senior Promissory Notes due 2005.	20,000,000
(3)	Guaranty dated September 19, 1995 from Lennox International Inc. to First Bank of Natchitoches & Trust Company and Regions Bank of Louisiana guaranteeing 50% of debt of Alliance Compressors to such Banks under a Promissory Note dated September 19, 1995.	475,000
(4)	Guaranty of 50% of amounts due from Alliance Compressors under a master Equipment Lease Agreement dated March 28, 1995 with NationsBanc Leasing Corporation	176,762
(5)	Note Purchase Agreement dated as of April 3, 1998, between Lennox International Inc. and the Noteholders identified therein, pursuant to which Lennox International Inc. delivered its:	
	6.56% Senior Notes due April 3, 2005	25,000,000
	6.75% Senior Notes due April 3, 2008	50,000,000
(6)	Revolving Credit Facility Agreement dated as of July 29, 1999	240,000,000
(7)	Revolving Credit Facility Agreement dated as of January 25, 2000	115,700,000
(8)	Master Shelf Agreement dated as of October 15, 1999 between Lennox International Inc. and Prudential Insurance Company of America, pursuant to which Lennox International Inc. delivered its:	
	7.75% Senior Notes due August 25, 2005	25,000,000
	8.00% Senior Notes due June 1, 2010	35,000,000
(9)	Promissory Note dated April 18, 2001 from Lennox International Inc to Mizuho Financial Group	5,000,000

B. SERVICE EXPERTS INC.

Convertible Notes and miscellaneous debt related to original	9,981,479

acquisitions of centers

C. MISCELLANEOUS OTHER DEBT -(estimate)]	125,000
TOTAL OUTSTANDING INDEBTEDNESS OF LENNOX INTERNATIONAL INC. AND RESTRICTED SUBSIDIARIES	$615,347,241

SCHEDULE 10.5

EXISTING LIENS

Jurisdiction	Secured Party	Ucc-1 File No.	Date Filed
	DEBTOR: LENNOX INDUSTRIES INC.		
Texas Secretary of State	Wachovia Bank, N.A., as Administrative Agent for the Secured Parties 191 Peachtree Street, N.E Mail Code GA 04-23 Atlanta, GA 30303	00-00521016	6/16/00

DEBTOR: ARMSTRONG AIR CONDITIONING INC

Ohio Secretary of State	Wachovia Bank, N.A., as Administrative Agent for the Secured Parties 191 Peachtree Street, N.E Mail Code GA 04-23 Atlanta, GA 30303	AP322733	3/27/01
Huron County, Ohio	Wachovia Bank, N.A., as Administrative Agent for the Secured Parties 191 Peachtree Street, N.E Mail Code GA 04-23 Atlanta, GA 30303	000084073	3/27/01

LETTER AMENDMENT NO. 3
TO
MASTER SHELF AGREEMENT DATED AS OF OCTOBER 15, 1999
(Lennox International Inc.)

As of June 29, 2001

The Prudential Insurance Company of America
c/o Prudential Capital Group
2200 Ross Avenue, Suite 4200E
Dallas, TX 75201
Attention: Managing Director

U.S. Private Placement Fund
Prudential Private Placement Investors, Inc.
Four Gateway Center
100 Mulberry Street
Newark, NJ 07102-4069

Ladies and Gentlemen:

We refer to the Master Shelf Agreement dated as of October 15, 1999, as amended by Letter Amendment No. 1 dated February 28, 2000 and Letter Amendment No. 2 dated January 23, 2001 (as so amended, the "**Shelf Agreement**"), among the undersigned, Lennox International Inc. (the "**Company**") and The Prudential Insurance Company of America ("**Prudential**"). Unless otherwise defined herein, the terms defined in the Agreement shall be used herein as therein defined. Each of you is a Holder of Notes issued pursuant to the Shelf Agreement.

The Company has requested the Holders to enter into this Letter Amendment No. 3 ("**Amendment No. 3**") to evidence amendment of the Shelf Agreement as set forth herein. Such amendment shall become effective as set forth in Section 3. Therefore, the Holders and the Company hereby agree as follows:

1. **Amendment to Definitions**. Subject to Section 3 hereof, the definitions in the Shelf Agreement are hereby modified as follows:

Adjusted EBITDA. Clause (ii) of the definition of " Adjusted EBITDA" is amended in full to read as follows:

"(ii) to the extent deducted in computing such consolidated net income (or loss), without duplication, the sum of (a) any deduction for (or less any gain from) income or franchise taxes included in determining such consolidated net income (or loss); plus (b) interest expense (including the interest portion of Capital Leases) deducted in determining such consolidated net income (or loss); plus (c) amortization and depreciation expense deducted in determining such consolidated net income (or loss); plus (d) any non-recurring and non cash charges resulting from the application of GAAP that requires a charge against earnings for the impairment of goodwill to the extent not already added back or not included in determining such consolidated net income (or loss); minus,"

Consolidated Net Income. Clauses (f) and (g) of the definition of "Consolidated Net Income" are amended in full to read as follows and clause (h) is hereby added to the end of such definition to read as follows:

"(f) any non-recurring loss arising from the sale or other disposition of assets recorded (i) during the fiscal quarter ended June 30, 2001, but only to the extent that the aggregate amount of such losses plus the restructuring charges allowed in clause (g)(i) hereof for such fiscal quarter is less than $32,400,000; and (ii) after June 30, 2001, in an aggregate amount not to exceed $25,000,000;

(g) any non-recurring restructuring charges recorded (i) during the fiscal quarter ended June 30, 2001, but only to the extent that the aggregate amount of such restructuring charges plus the losses allowed in clause (f)(i) hereof for such fiscal quarter is less than $32,400,000; and (ii) after June 30, 2001, in an aggregate amount not to exceed $25,000,000 but provided that cash charges included in such restructuring charges shall not exceed $12,500,000; and

(h) any non-recurring and non-cash charges resulting from the application of GAAP that requires a charge against earnings for the impairment of goodwill."

EBITDA. The definition of "EBITDA" is hereby amended in full to read as follows:

"**EBITDA**" means, for any period, the total of the following calculated for the Company and the Restricted Subsidiaries without duplication on a consolidated basis in accordance with GAAP consistently applied for such period: (a) Consolidated Net Income from operations; plus (b) any deduction for (or less any gain from) income or franchise taxes included in determining Consolidated Net Income; plus (c) interest expense (including the

interest portion of Capital Leases) deducted in determining Consolidated Net Income;

plus (d) amortization and depreciation expense deducted in determining Consolidated Net Income; plus (e) any non-recurring and non-cash charges resulting from application of GAAP that requires a charge against earnings for the impairment of goodwill to the extent not already added back or not included in determining Consolidated Net Income.

Material Adverse Effect. The definition of "Material Adverse Effect" is hereby amended in full to read as follows:

"**Material Adverse Effect**" shall mean a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Restricted Subsidiaries taken as a whole, or (b) the ability of the Company to perform its obligations under this Agreement and the Notes and the ability of the Material Restricted Subsidiaries to perform their respective obligations under the Subsidiary Guaranty taken as a whole, or (c) the validity or enforceability of this Agreement, the Notes, the Pledge Agreement or the Subsidiary Guaranty.

Prudential Affiliate. The definition of "Prudential Affiliate" is hereby amended in full to read as follows:

"Prudential Affiliate" shall mean (i) any corporation or other entity controlling, controlled by, or under common control with, Prudential and (ii) any managed account or investment fund which is managed by Prudential or a Prudential Affiliate described in clause (i) of this definition. For purposes of this definition, the terms "control", "controlling" and "controlled" shall mean the ownership, directly or through subsidiaries, of a majority of a corporation's or other entity's Voting Stock or equivalent voting securities or interests.

The following definitions are hereby added to the Agreement:

"**1999 Lenders**" means the lenders listed in Schedule 2.01 to the Revolving Credit Facility Agreement dated as of July 29, 1999, as amended, among the Company, The Chase Manhattan Bank, as administrative agent, Wachovia Bank, N.A., as syndication agent, and The Bank of Nova Scotia, as documentation agent.

"**364 Day Facility**" means that certain 364 Day Revolving Credit Facility Agreement dated as of January 25, 2000 among the Company, Chase Bank of Texas, National Association [now The Chase Manhattan Bank], as administrative agent, the other agents named therein and the lenders named therein, as the same has been and may hereafter be amended or otherwise modified.

"**Approved Receivables Securitization**" means one or more receivables securitizations or other receivables sale programs as long as the aggregate amount of

the commitments to purchase receivables under all such programs does not at any time exceed $225,000,000.

"**Collateral Agent**" means The Chase Manhattan Bank, as collateral agent under the terms of the Intercreditor Agreement (for the benefit of the Holders, the Noteholders, the 1999 Lenders and the lenders under the 364 Day Facility and any other lenders which become entitled to the benefits of the Liens granted in the Pledge Agreement under the terms of the Intercreditor Agreement), and its successors and assigns in such capacity.

"**Credit Agreement**" means the Revolving Credit Facility Agreement dated as of July 29, 1999, entered into among the Company, the lenders listed in Schedule 2.01 thereto, The Chase Manhattan Bank, as administrative agent, Wachovia Bank, N.A., as syndication agent, and The Bank of Nova Scotia, as documentation agent, as the same has been and may hereafter be amended or otherwise modified.

"**Intercreditor Agreement**" means that certain Intercreditor Agreement to be executed pursuant to Section 9.11 hereof initially among the Company, the Material Restricted Subsidiaries, The Chase Manhattan Bank, as collateral agent thereunder, the administrative agent for the 1999 Lenders and the lenders under the 364 Day Facility, the Holders and the Noteholders, as the same may be amended or otherwise modified from time to time.

"**Material Restricted Subsidiary**" means Lennox Industries Inc., Armstrong Air Conditioning Inc., Excel Comfort Systems Inc., Service Experts Inc. and each other Restricted Subsidiary (except LPAC Corp.) the book value (determined in accordance with GAAP) of whose total assets equals or exceeds 10% of the book value (determined in accordance with GAAP) of the consolidated total assets of the Company and all Subsidiaries as determined as of the last day of each fiscal quarter.

"**Material Transfer**" means, with respect to the Company or any Restricted Subsidiary, any transaction or group of related transactions having a value in excess of $10,000,000 in which such Person sells, conveys, transfers or leases (as lessor) any of its property, including capital stock of, or a Security issued by, a Subsidiary; provided that the term "Material Transfer" shall not include the sale of receivables sold by the Company and the Restricted Subsidiaries under an Approved Receivables Securitization. For purposes of this definition the term "value" of any property transferred shall be equal to the transfer price specified in the applicable sale, lease or other transfer documents for the property in question.

"**Note Agreements**" means (i) nine separate Note Purchase Agreements,

dated as of December 1, 1993 (as amended, the "**1993 Note Agreements**"), between the Company and each of Prudential, Connecticut General Life Insurance Company, Connecticut General Life Insurance Company, on behalf of One or More Separate Accounts, Life Insurance Company of North America, United of Omaha Life Insurance Company, Mutual of Omaha Insurance Company, Companion Life Insurance Company, United World Life Insurance Company, First Colony Life Insurance Company, General Electric Capital Assurance Company (as a successor), and GE Life and Annuity Assurance Company (as a successor) (collectively, and together with their respective successors and assigns, the "**1993 Holders**"); (ii) the Note Purchase Agreement, dated as of July 6, 1995 (as amended, the "**1995 Note Agreement**"), between the Company and Teachers Insurance and Annuity Association of America (together with its successors and assigns, the "**1995 Holder**"); (iii) eight separate Note Purchase Agreements, dated as of April 3, 1998 (as amended, the "**1998 Note Agreements**"), between the Company and each of Prudential, U.S. Private Placement Fund, Teachers Insurance and Annuity Association of America, Connecticut General Life Insurance Company, Connecticut General Life Insurance Company, on behalf of One or More Separate Accounts, CIGNA Property and Casualty Insurance Company, United of Omaha Life Insurance Company and Companion Life Insurance Company (collectively, and together with their respective successors and assigns, the "**1998 Holders**"); (iv) the letter agreement dated July 29, 1999 (the "**1999 Amendment Agreement**") among the Company and the 1993 Holders, 1995 Holder and 1998 Holders (collectively referred to herein as the "**Noteholders**") amending the Note Agreements to add the "Additional Covenants" set forth in Schedule A to the 1999 Amendment Agreement.

"**Letter Amendment No. 3**" means the Letter Amendment No. 3 dated as of June 29, 2001, as the same may be modified from time to time, among the Company and the Holders to amend certain provisions and covenants of this Agreement.

"**Pledge Agreement**" means that certain Pledge Agreement to be executed by the Company and in favor of the Collateral Agent pursuant to Section 9.11 hereof, as the same may otherwise be modified from time to time.

"**Subsidiary Guaranty**" means the guaranty of the Material Restricted Subsidiaries in favor of the Holders and the Noteholders, substantially in the form of Exhibit A to Letter Amendment No. 3, as the same may be modified pursuant to one or more Subsidiary Joinder Agreements and as the same may be otherwise modified from time to time.

"**Subsidiary Joinder Agreement**" means an agreement which has been or will be executed by a Material Restricted Subsidiary adding it as a party to the

Subsidiary Guaranty.

2. **Amendments to Covenants and Events of Default**. Subject to Section 3 hereof the Shelf Agreement is hereby amended as follows:

7.2. Officer's Certificate. Section 7.2(a) is hereby amended by adding the phrase "the then existing Material Restricted Subsidiaries

and" immediately after the phrase "in order to establish".

9.10. Interest Rate. Section 9.10 is hereby added to the Shelf Agreement to read as follows:

"**9.10 Interest Rate.** Effective as of June 29, 2001, the interest rates prior to the occurrence of any Event of Default with respect to all Notes shall be immediately and automatically increased by 0.25% per annum for so long as any amount shall remain outstanding under the Notes. If upon any subsequent delivery of the compliance certificate pursuant to Section 7.2(a) in connection with the financial statements of the Company and its Restricted Subsidiaries required to be delivered pursuant to Section 7.1, the Consolidated Indebtedness to Adjusted EBITDA Ratio of the Company as set forth in Section 10.12.3(b) of this Agreement shall be less than or equal to 3.00 to 1.00 (the "**Reset Event**"), then the interest rates with respect to such Notes shall be immediately and automatically reduced by 0.25% per annum commencing upon the date such compliance certificate is delivered, with such interest rates to be subject to increase again by 0.25% per annum at any time that such ratio exceeds 3.00 to 1.00 (and, if so increased then reduced again when such ratio shall be less than or equal to 3.00 to 1.00), and with such interest rates never to be less than the respective interest rates in effect with respect to the Notes on June 28, 2001. If an Event of Default occurs prior to any Reset Event, then the Default Rate shall also be increased by 0.25% for so long as such Event of Default is continuing."

9.11. Post-closing Agreements; New Material Restricted Subsidiaries. Section 9.11 is hereby added to the Shelf Agreement to read as follows:

"**9.11. Post-closing Agreements; New Material Restricted Subsidiaries.**

(a) **<u>Items Due by August 15, 2001</u>**. On or before August 15, 2001, the Company shall deliver or cause to be delivered each of the following items, each of which must be in form and substance satisfactory to the Required Holders:

(i) to the Holders, the Intercreditor Agreement executed by all the parties thereto, and the Pledge Agreement executed by the Company pursuant to which the Company shall have pledged to the Collateral Agent all the capital stock of each Material Restricted Subsidiary; to the

Collateral Agent, certificates representing all shares of the capital stock of the Material Restricted Subsidiaries pledged pursuant to the Pledge Agreement together with undated stock powers duly executed in blank for all such certificates; to counsel for the Holders, UCC, tax and judgment Lien search reports listing all documentation on file against the Company and each Material Restricted Subsidiary in each jurisdiction in which it has its principal place of business and jurisdiction of organization; to the Collateral Agent, such executed documentation as the Collateral Agent may deem necessary to perfect or protect the Liens under the Pledge Agreement, including, without limitation, financing statements under the UCC and other applicable documentation under the laws of any jurisdiction with respect to the perfection of such Liens; and duly executed UCC-3 Termination Statements and such other documentation as shall be necessary to terminate or release all Liens encumbering the collateral pledged pursuant to the Pledge Agreement. To assist the Company in complying with the requirements of this paragraph, the Holders agree to use commercially reasonable efforts to cause the Required Holders to approve an Intercreditor Agreement which is in form and substance satisfactory to them on or before August 15, 2001.

(ii) a favorable written opinion from counsel to the Company and the Material Restricted Subsidiaries addressed to the holders as to such matters relating to the Intercreditor Agreement, the Pledge Agreement, the collateral pledged pursuant thereto and the capitalization of the Material Restricted Subsidiaries as the Required Holders may request (and the Company hereby instructs its counsel to deliver such opinion to the holders for their benefit);

(iii) a certificate of the Secretary or an Assistant Secretary of the Company certifying that attached thereto is a true and complete copy of resolutions, duly adopted by the Board of Directors authorizing the execution, delivery and performance of the Pledge Agreement, the Intercreditor Agreement and the transactions contemplated thereby, and that such resolutions have not been modified, rescinded or amended and are in full force and effect; and

(iv) a certificate of the Secretary or an Assistant Secretary of each Material Restricted Subsidiary certifying that attached thereto is a true and complete copy of resolutions, duly adopted by the Board of Directors authorizing the execution, delivery and performance of the Intercreditor Agreement and that

such resolutions have not been modified, rescinded or amended and are in full force and effect.

(b) New Material Restricted Subsidiaries. Within 45 days after the end of each fiscal quarter, the Company shall cause each Material Restricted Subsidiary created or acquired during the fiscal quarter then ending, and each Restricted Subsidiary that, as a result of a change in assets became a Material Restricted Subsidiary during such fiscal quarter (any such Material Restricted Subsidiary, herein a "**New Material Subsidiary**"), to execute and deliver to the Holders a Subsidiary Joinder Agreement joining it as a guarantor under the Subsidiary Guaranty and such other documentation, including, but not limited to, corporate resolutions, charter and bylaws of such New Material Subsidiary and an opinion of counsel for such New Material Subsidiary, as the Required Holders may reasonably request in order to cause such New Material Subsidiary to evidence or otherwise implement the guaranty of the repayment of the obligations contemplated by the Subsidiary Guaranty and this Agreement. In addition, within 45 days after the end of a fiscal quarter in which a New Material Subsidiary has been created, acquired or comes into existence, the Company shall take such action as the Collateral Agent may request to cause the capital stock of each such New Material Subsidiary to be pledged to the Collateral Agent under the Pledge Agreement, including without limitation, the proper completion, execution and delivery of an amendment under the terms of the Pledge Agreement, the delivery of the stock certificates evidencing the stock to be pledged, along with stock powers executed in blank, Uniform Commercial Code Financing Statements and such other documentation as the Collateral Agent may reasonably request to cause such stock to be pledged under the Pledge Agreement and for such pledge to be perfected and protected."

9.12. Use of Material Transfer Proceeds. Section 9.12 is hereby added to the Shelf Agreement to read as follows:

"**9.12. Use of Material Transfer Proceeds.** Immediately after giving effect to a Transfer authorized under Section 10.3(c) that is a Material Transfer, 60% of the net, after tax proceeds of such Transfer shall be used to reduce the outstanding indebtedness under any Senior Secured Credit Facility or Facilities. The Company shall have the option of determining the Senior Secured Credit Facility or Facilities to which to apply such proceeds. The term "Senior Secured Credit Facilities" means this Agreement, the Note Agreements, the Credit Agreement, the 364 Day Facility and any other facility providing Indebtedness which refinances any of the foregoing or is entitled under the Intercreditor Agreement to the benefits of the Liens granted under the Pledge Agreement."

9.13. Subsequent Indebtedness. Section 9.13 is hereby added to the Shelf Agreement to read as follows:

"**9.13. Subsequent Indebtedness.** If the Company wants any

Indebtedness that is hereafter incurred to be entitled under the Intercreditor Agreement to the benefits of the Liens granted under the Pledge Agreement, the Company shall use the proceeds of such Indebtedness to reduce the commitments under the revolving Senior Secured Credit Facilities in existence on June 29, 2001 and/or the outstanding indebtedness under any other Senior Secured Credit Facilities in existence on June 29, 2001. The Company shall have the option of determining which Senior Secured Credit Facility or Facilities to which to apply such proceeds."

10.3 Sale of Assets, Etc. The last sentence of Section 10.3 is deleted in its entirety, the "." at the end of clause (c) is deleted and replaced with "; or" and a new clause (d) is added to the end of Section 10.3 to read as follows:

"(d) such Transfer is the sale of receivables, or undivided interests therein, pursuant to an Approved Receivables Securitization."

10.4. Incurrence of Indebtedness. The last paragraph of Section 10.4 is deleted in its entirety from the Shelf Agreement and replaced with the following:

"In addition to and not in limitation of the other provisions of this Section 10.4, from June 29, 2001 until the date that the Consolidated Indebtedness to Adjusted EBITDA Ratio is less than 3.00 to 1.00 as calculated for any fiscal quarter after March 31, 2001 and established by the delivery of a Covenant Compliance Certificate under Section 7.2(a) (such period being the "**Restriction Period**"), the Company shall not permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume, guarantee, or otherwise become directly or indirectly liable with respect to or otherwise permit any Indebtedness, except Indebtedness of such Subsidiaries disclosed on Schedule 10.4 and additional Indebtedness in an aggregate amount not

to exceed $10,000,000 for all Restricted Subsidiaries during the Restriction Period. For purposes of this Section 10.4 any Person becoming a Restricted Subsidiary after the date of this Agreement shall be deemed to have incurred all of its then outstanding Indebtedness at the time it becomes a Restricted Subsidiary."

10.5. Liens. Sections 10.5(f), (g) and (i) are deleted in their entirety from the Shelf Agreement and replaced with the following:

"(f) Liens on property or assets of the Company (other than the capital stock of the Material Restricted Subsidiaries) or any of its Restricted Subsidiaries securing Indebtedness or other obligations owing to the Company or to a Wholly Owned Restricted Subsidiary;"

"(g) financing statements filed in respect of operating leases, liens

granted under capital leases in existence as of June 29, 2001 provided that the amount secured thereby does not exceed $25,000, other Liens existing on the date of this Agreement and described on Schedule 10.5 and Liens granted to the Collateral Agent under the Pledge Agreement;"

"(i) other Liens not otherwise permitted by Subsections (a) through (h) above, provided that (i) the fair market value of the assets subject to such other Liens shall not exceed $15,000,000, (ii) such Liens secure Indebtedness of the Company or a Restricted Subsidiary permitted hereby, (iii) the aggregate principal amount of the Indebtedness secured by all Liens granted under the permissions of this clause (i) does not exceed $10,000,000 and (iv) immediately after giving effect to the creation thereof, no Default or Event of Default shall exist."

10.6. Restricted Payments. Section 10.6 is amended to add the following to the end thereof:

"In addition to the foregoing restrictions, the Company will not, and will not permit any of its Restricted Subsidiaries to, redeem or otherwise acquire any of its stock or other equity interests or any warrants, rights or other options to purchase such stock or other equity interests except:

(a) when solely in exchange for such stock or other equity interests;

(b) when made contemporaneously from the net proceeds of a sale of such stock or other equity interests;

(c) the repurchase of up to 577,500 shares of the Company's capital stock for an aggregate purchase price not to exceed $7,500,000 in connection with its obligation to do so arising in connection with the documentation of its acquisition of James N Kirby Pty Ltd;

(d) the repurchase by LPAC Corp. from Restricted Subsidiaries of LPAC Corp.'s preferred stock with proceeds of collections on accounts receivable in connection with an Approved Receivables Securitization; and

(e) other redemptions or acquisitions of such stock or equity interests if, as of the date of the payment thereof, the Consolidated Indebtedness to Adjusted EBITDA Ratio is less than 3.00 to 1.00 as calculated for any fiscal quarter: (i) that has elapsed since March 31, 2001; (ii) that has ended before the date of payment; and (iii) for which a Covenant Compliance Certificate under Section 7.2(a) has been delivered."

10.12.3. Financial Covenants. Section 10.12.3(a) of the Shelf Agreement is hereby amended in full to read as follows:

"(a) **Coverage Ratio.** As of the end of each fiscal quarter, the Company shall not permit the ratio of Cash Flow for the four fiscal quarters then ending to Interest Expenses for such period to be less than (i) 2.65 to 1.00 for the fiscal quarter ended June 30, 2001; (ii) 2.75 to 1.00 for the fiscal quarter ended September 30, 2001; and (iii) 3.00 to 1.00 for all fiscal quarters ending thereafter."

Section 10.12.3(b) of the Shelf Agreement is amended in full to read as follows:

"(b) **Consolidated Indebtedness to Adjusted Ebitda.** As of the last day of each fiscal quarter during the periods described below, the Company shall not permit the ratio of Consolidated Indebtedness outstanding as of such day to the Adjusted EBITDA for the four fiscal quarters then ended to exceed: (i) 3.90 to 1.00 for the fiscal quarter ended June 30, 2001; (ii) 3.75 to 1.00 for the fiscal quarters ended

September 30, 2001 and December 31, 2001; (iii) 3.50 to 1.00 for the fiscal quarters ended March 31, 2002 and June 30, 2002; (iv) 3.25 to 1.00 for the fiscal quarters ended September 30, 2002 and December 31, 2002; and (v) 3.00 to 1.00 for all fiscal quarters ending after December 31, 2002. For the purposes of this Section 10.12.3, the following terms shall have the indicated meanings:"

10.12.5. Restrictions On Transfers to Unrestricted Subsidiaries. Section 10.12.5 is hereby added to the Shelf Agreement to read as follows:

"**10.12.5. Restrictions On Transfers to Unrestricted Subsidiaries.** In addition to the other limitations of this Agreement, from June 29, 2001 until the date that the Consolidated Indebtedness to Adjusted EBITDA Ratio is less than 3.00 to 1.00 as calculated for any fiscal quarter after March 31, 2001 and established by the delivery of a Covenant Compliance Certificate under Section 7.2(a) (such period, herein the "**Section 10.12 Restriction Period**"), the Company will not, and will not permit any Restricted Subsidiary to, consummate any Unrestricted Subsidiary Transfer except:

(a) the sale of inventory to Unrestricted Subsidiaries in the ordinary course of business;

(b) payments made to Unrestricted Subsidiaries after June 30, 2001 in an aggregate amount not to exceed $30,500,000 to be used to satisfy the obligation owed to the seller(s) arising under the documentation

governing the acquisition of James N Kirby Pty Ltd; and

(c) if no Default or Event of Default exists or would result therefrom, Unrestricted Subsidiary Transfers, in addition to the Transfers described in clauses (a) and (b) above, provided that the aggregate amount of the Unrestricted Subsidiary Transfers consummated during the Section 10.12 Restriction Period under this clause (c) shall not exceed $60,000,000. The aggregate amount of the Unrestricted Subsidiary Transfers for purposes of determining compliance with this clause (c) as of any date shall equal the sum of the following: (i) the aggregate outstanding amount of all loans, advances and extensions of credit made by the Company and the Restricted Subsidiaries to Unrestricted Subsidiaries and outstanding on such date; plus (ii) the aggregate amount of all obligations of the Unrestricted Subsidiaries outstanding on such date that are guaranteed by the Company or any Restricted Subsidiary or secured by a Lien granted by the Company or a Restricted Subsidiary; plus (iii) the aggregate Fair Market Value (determined for each Unrestricted Subsidiary Transfer as of the date of the applicable Unrestricted Subsidiary Transfer) of all other property (i.e., other than the property described in clauses (i) and (ii) of this sentence) disposed of during the Restriction Period in Unrestricted Subsidiary Transfers consummated under this clause (c).

The term "Unrestricted Subsidiary Transfer" means, a transaction in any form in which an Unrestricted Subsidiary receives (either directly or indirectly) anything (including money or other property) of value from the Company or any Restricted Subsidiary, including, any loan, advance or other extension of credit; any sale, lease, or other disposition of assets; any merger, consolidation or other corporate combination; any purchase or repurchase of stocks, bonds, notes, debentures or other securities or any other capital contribution or investment; any transaction in which a Person provides a Guaranty or grants Liens to secure obligations or Indebtedness of another Person. All covenants in this Agreement shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants (including this Section 10.12), the fact that it would be permitted by an exception to, or be otherwise within the limitations of, another covenant shall not avoid the occurrence of a Default if such action is taken or such condition exists."

11. Events of Default. Sections 11(c), (d) and (e) of the Shelf Agreement are amended in full to read as follows:

"(c) the Company defaults in the performance of or compliance with any term applicable to the Company and contained in Sections 7.1(d), 9.6, 9.11, 10.2 through 10.11 or 10.12.2, 10.12.3, 10.12.4 or 10.12.5 or contained in the Pledge Agreement, or any Material Restricted Subsidiary defaults in the

performance of or compliance with any term applicable to it contained in clause (c) of paragraph 6 of the Subsidiary Guaranty; or

(d) (i) the Company defaults in the performance of or compliance with any term contained herein (other than those referred to in paragraphs (a), (b) and (c) of this Section 11) or contained in the Intercreditor Agreement or with any Additional Covenant and such default is not remedied within 30 days after the earlier of (A) a Responsible Officer obtaining actual knowledge of such default and (B) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (d) of Section 11) or (ii) any Material Restricted Subsidiary defaults in the performance of or compliance with any term contained in the Subsidiary Guaranty (other than those referred to in paragraphs (a), (b) and (c) of this Section 11) or contained in the Intercreditor Agreement or with any Additional Covenant and such default is not remedied within 30 days after the earlier of (A) a Responsible Officer obtaining actual knowledge of such default and (B) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (d) of Section 11); or

(e) any representation or warranty made in writing by or on behalf of the Company or any Material Restricted Subsidiary or by any officer of the Company or any Material Restricted Subsidiary in this Agreement, the Pledge Agreement, the Intercreditor Agreement, the Subsidiary Guaranty, or in any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made; or"

Section 11(k) is hereby added to the Shelf Agreement to read as follows:

"(k) the occurrence of an Event of Default (as defined in the Intercreditor Agreement); or"

Section 11(l) is hereby added to the Shelf Agreement to read as follows:

"(l) either the Subsidiary Guaranty or the Pledge Agreement shall for any reason cease to be in full force and effect and valid, binding and enforceable in accordance with its terms, or the Company or any Material Restricted Subsidiary shall so state in writing."

12. Remedies On Default, Etc. A new sentence is added to end of Section 12.2 as follows:

"In addition to the other rights and remedies that the holders of Notes may

have upon the occurrence of an Event of Default, the Required Holders may direct the Collateral Agent to exercise the rights and remedies available to the Collateral Agent under the Intercreditor Agreement and the Pledge Agreement."

3. **Effectiveness of Amendment Agreement; Counsel Fees and Expenses**. This Amendment No. 3 shall be effective upon the satisfaction of the following conditions:

(i) the Holders shall have received a Subsidiary Guaranty executed by each of the Material Restricted Subsidiaries as of the date hereof;

(ii) the Holders shall have received a favorable legal opinion or opinions from Bennack & Lowden L.L.P., special counsel to the Company and the Material Restricted Subsidiaries, satisfactory to such Holder;

(iii) the Holders shall have received certified copies of the resolutions of the Board of Directors of the Company authorizing this Amendment No. 3, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Amendment No. 3;

(iv) the Holders shall have received certified copies of the resolutions of the Board of Directors of each Material Restricted Subsidiary authorizing the Subsidiary Guaranty, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to the Subsidiary Guaranty;

(v) the Holders shall have received a certificate of the Secretary or Assistant Secretary of the Company certifying the names and true signatures of the officers of the Company authorized to sign this Amendment No. 3 and the other documents to be delivered by the Company hereunder;

(vi) the Holders shall have received evidence satisfactory to them that the Credit Agreement, the 364 Day Facility and the Note Agreements shall have been amended in a manner similar to the manner in which the Shelf Agreement is proposed to be amended as herein contemplated and the amendments of the Credit Agreement, the 364 Day Facility and Note Agreements shall be in form and substance satisfactory to the Holders; and

(xiii) the Company shall have paid to each of the Holders an amendment fee by wire transfer of immediately available funds in an amount equal to the product of 0.25% and the aggregate principal amount of such Holder's outstanding Notes on the date on which this Amendment No. 3 becomes effective.

4. **Continued Effectiveness of Amendment No. 3; Release**.

(a) Except for Section 9.10, each of the Covenants and Events of Default set forth in Section 2 hereof shall remain in effect only as long as the Company is bound by a substantially

similar covenant or event of default contained in the Credit Agreement or the 364 Day Facility or any other agreement creating or evidencing Indebtedness (collectively, the "Additional Agreements"), including but not limited to any covenant or event of default contained in any amendment to or refinancing of the Credit Agreement, the 364 Day Facility or any Additional Agreement. If the Company ceases to be bound by any such Covenant or Event of Default in all Additional Agreements, this Amendment No. 3 shall, without further action on the part of the Company or any Holder, be deemed to be amended automatically to delete such Additional Covenant or Event of Default.

(ii) The Holders agree that if the 1999 Lenders and the lenders party to the 364 Day Facility release the obligations of the guarantors under their respective guaranty of Material Restricted Subsidiaries and no new guaranties of Material Restricted Subsidiaries are executed in favor of the Lenders, then the Holders agree to release the obligations of the Guarantors under the Subsidiary Guaranty.

5. **Representations and Warranties**. The Company represents and warrants to the Holders that:

(i) The Company has all requisite corporate power to execute, deliver and perform its obligations under this Amendment No. 3. The Company has duly executed and delivered this Amendment No. 3, and this Amendment No. 3 constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

(ii) Neither the execution and delivery of this Amendment No. 3 by the Company, nor the consummation of the transactions contemplated hereby, nor fulfillment of nor compliance with the terms and provisions hereof or thereof will conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of, or except as contemplated by the Pledge Agreement or herein, result in the creation of any security interest, lien or other encumbrance upon any of the properties or assets of the Company or any of its Subsidiaries pursuant to, the charter or bylaws of the Company or any of its Subsidiaries, any award of any arbitrator or any agreement, instrument, order, judgment, decree, statute, law, rule or regulation to which the Company or any of its Subsidiaries is subject.

(iii) Except for notice given to and consents required from the 1999 Lenders, the lenders under the 364 Day Facility and the Noteholders, neither the nature of the business conducted by the Company, nor any of its properties, nor any relationship between the Company and any other Person, nor any circumstance in connection with the transactions contemplated by this Amendment No. 3 is such as to require any authorization, consent, approval, exemption or other action by or notice to or filing with any court or administrative or governmental body or any other Person in connection with the execution and delivery of any amendment document or the fulfillment of or compliance with the terms and provisions hereof or thereof.

(iv) Upon the effectiveness of this Amendment No. 3, no Event of Default or Default shall have occurred and be continuing.

6. **Miscellaneous**.

(i) Except as expressly amended by this Amendment No. 3, the Shelf Agreement shall remain in full force and effect. This Amendment No. 3 shall be binding upon and inure to the benefit of the Holders and their respective successors and permitted assigns.

(ii) Other than as expressly set forth herein, the execution, delivery and effectiveness of this Amendment No. 3 shall not operate as a waiver of any right, power or remedy of any Holder nor constitute a waiver of any provision of the Shelf Agreement, the Notes or any other document, instrument or agreement executed and delivered in connection with this Amendment No. 3.

(iii) The Company confirms its agreement, pursuant to Section 15.1 of the Shelf Agreement, to pay all costs and expenses of the Holders related to this Amendment No. 3, the Intercreditor Agreement, the Pledge Agreement and the Subsidiary Guaranty and all matters contemplated herein, including without

limitation the reasonable fees and expenses of the Holders' special counsel.

(iv) This Amendment No. 3 shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

(v) This Amendment No. 3 may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same document. Delivery of this Amendment No. 3 may be made by telecopy of a duly executed counterpart copy hereof.

If the foregoing correctly describes our understanding with respect to the subject matter of this Amendment No. 3, please execute this letter in the place indicated below.

Very truly yours,

LENNOX INTERNATIONAL INC.

By:

Name: Richard A. Smith
Title: Executive Vice President and Chief Financial Officer

ACCEPTED AND AGREED:

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By:

Name: Ric E. Abel
Title: Vice President

U.S. PRIVATE PLACEMENT FUND
By: Prudential Private Placement Investors, L.P., Investment Advisor
By: Prudential Private Placement Investors, Inc., its General Partner

By:

Name: Ric E. Abel
Title: Vice President

Exhibit A

Form of Subsidiary Guaranty

Schedule 10.4

LENNOX INTERNATIONAL INC.
AND RESTRICTED SUBSIDIARIES
INDEBTEDNESS AS OF
May 26, 2001 (except as noted)

A. LENNOX INTERNATIONAL INC.

(1)	Note Purchase Agreement dated as of December 1, 1993 among Lennox International Inc. and the Noteholders identified at the end thereof, pursuant to which Lennox International Inc. delivered its 6.73% Senior Promissory Notes due 2008	$88,889,000
(2)	Note Purchase Agreement dated as of July 6, 1995 between Lennox International Inc. and Teachers Insurance and Annuity Association of America, pursuant to which Lennox International Inc. delivered its 7.06% Senior Promissory Notes due 2005.	20,000,000
(3)	Guaranty dated September 19, 1995 from Lennox International Inc. to First Bank of Natchitoches & Trust Company and Regions Bank of Louisiana guaranteeing 50% of debt of Alliance Compressors to	475,000

such Banks under a Promissory Note dated September 19, 1995.

(4)	Guaranty of 50% of amounts due from Alliance Compressors under a master Equipment Lease Agreement dated March 28, 1995 with NationsBanc Leasing Corporation	176,762
(5)	Note Purchase Agreement dated as of April 3, 1998, between Lennox International Inc. and the Noteholders identified therein, pursuant to which Lennox International Inc. delivered its:	
	6.56% Senior Notes due April 3, 2005	25,000,000
	6.75% Senior Notes due April 3, 2008	50,000,000
(6)	Revolving Credit Facility Agreement dated as of July 29, 1999	240,000,000
(7)	Revolving Credit Facility Agreement dated as of January 25, 2000	115,700,000
(8)	Master Shelf Agreement dated as of October 15, 1999 between Lennox International Inc. and Prudential Insurance Company of America, pursuant to which Lennox International Inc. delivered its:	
	7.75% Senior Notes due August 25, 2005	25,000,000
	8.00% Senior Notes due June 1, 2010	35,000,000
(9)	Promissory Note dated April 18, 2001 from Lennox International Inc to Mizuho Financial Group	5,000,000
B.	SERVICE EXPERTS INC.	
	Convertible Notes and miscellaneous debt related to original acquisitions of centers	9,981,479
C.	MISCELLANEOUS OTHER DEBT	125,000
	TOTAL OUTSTANDING INDEBTEDNESS OF LENNOX INTERNATIONAL INC. AND RESTRICTED SUBSIDIARIES	$615,347,241

Schedule 10.5

EXISTING LIENS

JURISDICTION	SECURED PARTY	UCC-1 FILE NO.	DATE FILED
	DEBTOR: LENNOX INDUSTRIES INC.		
Texas Secretary of State	Wachovia Bank, N.A., as Administrative Agent for the Secured Parties 191 Peachtree Street, N.E Mail Code GA 04-23 Atlanta, GA 30303	00-00521016	6/16/00
	DEBTOR: ARMSTRONG AIR CONDITIONING INC		
Ohio Secretary of State	Wachovia Bank, N.A., as Administrative Agent for the Secured Parties 191 Peachtree Street, N.E Mail Code GA 04-23 Atlanta, GA 30303	AP322733	3/27/01
Huron County, Ohio	Wachovia Bank, N.A., as Administrative Agent for the Secured Parties 191 Peachtree Street, N.E Mail Code GA 04-23 Atlanta, GA 30303	000084073	3/27/01