UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2021

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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.01 par value per share	LII	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 15, 2021, the number of shares outstanding of the registrant’s common stock, par value $0.01 per share, was 36,596,665.

LENNOX INTERNATIONAL INC.
FORM 10-Q
For the three and nine months ended September 30, 2021

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Part I - Financial Information
Item 1. ***Financial Statements***

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES
Consolidated Balance Sheets

(Amounts in millions, except shares and par values)	As of September 30, 2021 (Unaudited)	As of December 31, 2020
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 39.4	$ 123.9
Short-term investments	4.9	5.1
Accounts and notes receivable, net of allowances of $10.6 and $9.6 in 2021 and 2020, respectively	580.6	448.3
Inventories, net	461.0	439.4
Other assets	99.0	70.9
Total current assets	1,184.9	1,087.6
Property, plant and equipment, net of accumulated depreciation of $918.2 and $880.6 in 2021 and 2020, respectively	480.3	464.3
Right-of-use assets from operating leases	177.1	194.4
Goodwill	186.7	186.9
Deferred income taxes	10.3	13.2
Other assets, net	84.2	86.1
Total assets	**$ 2,123.5**	**$ 2,032.5**
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Current maturities of long-term debt	$ 300.6	$ 9.9
Current operating lease liabilities	54.2	55.0
Accounts payable	401.6	340.3
Accrued expenses	344.0	296.1
Total current liabilities	1,100.4	701.3
Long-term debt	977.6	970.7
Long-term operating lease liabilities	126.2	142.8
Pensions	99.3	92.5
Other liabilities	154.8	142.3
Total liabilities	**2,458.3**	**2,049.6**
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, $0.01 par value, 25,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock, $0.01 par value, 200,000,000 shares authorized, 87,170,197 shares issued	0.9	0.9
Additional paid-in capital	1,127.5	1,113.2
Retained earnings	2,669.1	2,385.8
Accumulated other comprehensive loss	(101.4)	(97.2)
Treasury stock, at cost, 50,581,517 shares and 48,820,969 shares for 2021 and 2020, respectively	(4,030.9)	(3,419.8)
Total stockholders' deficit	**(334.8)**	**(17.1)**
Total liabilities and stockholders' deficit	**$ 2,123.5**	**$ 2,032.5**

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

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(Unaudited)

(Amounts in millions, except per share data)	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Net sales	**$ 1,059.9**	**$ 1,055.0**	**$ 3,229.3**	**$ 2,720.1**
Cost of goods sold	764.7	731.7	2,294.5	1,955.3
Gross profit	295.2	323.3	934.8	764.8
Operating Expenses:				
Selling, general and administrative expenses	134.2	151.8	447.4	412.7
Losses (gains) and other expenses, net	2.1	3.4	4.7	5.6
Restructuring charges	0.3	0.1	1.6	10.6
Loss from natural disasters, net of insurance recoveries	—	4.9	—	7.6
Income from equity method investments	(4.1)	(4.0)	(11.6)	(11.2)
Operating income	**162.7**	**167.1**	**492.7**	**339.5**
Pension settlements	0.3	0.3	1.1	0.3
Interest expense, net	6.5	6.5	18.8	22.2
Other expense (income), net	1.1	1.1	2.9	3.3
Income from continuing operations before income taxes	154.8	159.2	469.9	313.7
Provision for income taxes	28.5	27.5	89.4	68.8
Income from continuing operations	**126.3**	**131.7**	**380.5**	**244.9**
Discontinued Operations:				
Loss from discontinued operations before income taxes	—	—	(0.1)	(0.9)
Income tax benefit	—	—	—	(0.6)
Loss from discontinued operations	—	—	(0.1)	(0.3)
Net income	**$ 126.3**	**$ 131.7**	**$ 380.4**	**$ 244.6**
Earnings per share – Basic:				
Income from continuing operations	$ 3.43	$ 3.44	$ 10.17	$ 6.39
Loss from discontinued operations	—	—	—	(0.01)
Net income	$ 3.43	$ 3.44	$ 10.17	$ 6.38
Earnings per share – Diluted:				
Income from continuing operations	$ 3.41	$ 3.42	$ 10.10	$ 6.35
Loss from discontinued operations	—	—	—	(0.01)
Net income	$ 3.41	$ 3.42	$ 10.10	$ 6.34
Weighted Average Number of Shares Outstanding - Basic	**36.8**	**38.3**	**37.4**	**38.3**
Weighted Average Number of Shares Outstanding - Diluted	**37.0**	**38.6**	**37.7**	**38.6**

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

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(Unaudited)

(Amounts in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income	**$ 126.3**	**$ 131.7**	**$ 380.4**	**$ 244.6**
Other comprehensive (loss) income:				
Foreign currency translation adjustments	(6.7)	6.0	(5.1)	(11.8)
Net change in pension and post-retirement liabilities	(1.8)	(2.1)	(7.1)	(4.5)
Reclassification of pension and post-retirement benefit losses into earnings	1.8	1.4	6.0	4.4
Pension settlements	0.3	0.3	1.1	0.3
Share of equity method investments other comprehensive income	—	(1.2)	—	(1.2)
Net change in fair value of cash flow hedges	6.3	3.2	26.9	(3.2)
Reclassification of cash flow hedge (gains) losses into earnings	(7.8)	0.4	(21.3)	5.5
Other comprehensive (loss) income before taxes	(7.9)	8.0	0.5	(10.5)
Tax expense	(0.4)	(1.2)	(4.7)	(0.6)
Other comprehensive (loss) income, net of tax	**(8.3)**	**6.8**	**(4.2)**	**(11.1)**
Comprehensive income	**$ 118.0**	**$ 138.5**	**$ 376.2**	**$ 233.5**

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

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
For the three and nine months ended September 30, 2021 and 2020 (Unaudited)
(In millions, except per share data)

(For the three months ended September 30, 2021)	Common Stock Issued	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock at Cost		Total Stockholders' Deficit
					Shares	Amount	
Balance as of June 30, 2021	**$ 0.9**	**$ 1,128.9**	**$ 2,576.6**	**$ (93.1)**	**50.0**	**$ (3,826.6)**	**$ (213.3)**
Net income	—	—	126.3	—	—	—	126.3
Dividends, $0.92 per share	—	—	(33.8)	—	—	—	(33.8)
Foreign currency translation adjustments	—	—	—	(6.7)	—	—	(6.7)
Pension and post-retirement liability changes, net of tax expense of $0.6	—	—	—	(0.4)	—	—	(0.4)
Stock-based compensation expense	—	(0.6)	—	—	—	—	(0.6)
Change in cash flow hedges, net of tax benefit of $0.2	—	—	—	(1.2)	—	—	(1.2)
Treasury shares reissued for common stock	—	(0.8)	—	—	0.6	1.6	0.8
Treasury stock purchases	—	—	—	—	—	(205.9)	(205.9)
Balance as of September 30, 2021	**$ 0.9**	**$ 1,127.5**	**$ 2,669.1**	**$ (101.4)**	**50.6**	**$ (4,030.9)**	**$ (334.8)**

(For the three months ended September 30, 2020)	Common Stock Issued	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock at Cost		Total Stockholders' Deficit
					Shares	Amount	
Balance as of June 30, 2020	**$ 0.9**	**$ 1,102.4**	**$ 2,201.5**	**$ (121.7)**	**48.9**	**$(3,412.0)**	**$ (228.9)**
Net income	—	—	131.7	—	—	—	131.7
Dividends, $0.77 per share	—	—	(29.5)	—	—	—	(29.5)
Foreign currency translation adjustments	—	—	—	6.0	—	—	6.0
Pension and post-retirement liability changes, net of tax benefit of $0.1	—	—	—	(0.3)	—	—	(0.3)
Share of equity method investments other comprehensive income	—	—	—	(1.2)	—	—	(1.2)
Stock-based compensation expense	—	8.0	—	—	—	—	8.0
Change in cash flow hedges, net of tax expense of $1.3	—	—	—	2.3	—	—	2.3
Treasury shares reissued for common stock	—	(1.0)	—	—	(0.1)	1.7	0.7
Treasury stock purchases	—	—	—	—	0.1	(4.5)	(4.5)
Balance as of September 30, 2020	**$ 0.9**	**$ 1,109.4**	**$ 2,303.7**	**$ (114.9)**	**48.9**	**$(3,414.8)**	**$ (115.7)**

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

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
For the three and nine months ended September 30, 2021 and 2020 (Unaudited)
(In millions, except per share data)

(For the nine months ended September 30, 2021)	Common Stock Issued	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock at Cost Shares	Treasury Stock at Cost Amount	Total Stockholders' Deficit
Balance as of December 31, 2020	**$ 0.9**	**$ 1,113.2**	**$ 2,385.8**	**$ (97.2)**	**48.8**	**$ (3,419.8)**	**$ (17.1)**
Net income	—	—	380.4	—	—	—	380.4
Dividends, $2.61 per share	—	—	(97.1)	—	—	—	(97.1)
Foreign currency translation adjustments	—	—	—	(5.1)	—	—	(5.1)
Pension and post-retirement liability changes, net of tax expense of $3.8	—	—	—	(3.8)	—	—	(3.8)
Stock-based compensation expense	—	16.8	—	—	—	—	16.8
Change in cash flow hedges, net of tax expense of $0.9	—	—	—	4.7	—	—	4.7
Treasury shares reissued for common stock	—	(2.5)	—	—	(0.1)	5.0	2.5
Treasury stock purchases	—	—	—	—	1.9	(616.1)	(616.1)
Balance as of September 30, 2021	**$ 0.9**	**$ 1,127.5**	**$ 2,669.1**	**$ (101.4)**	**50.6**	**$ (4,030.9)**	**$ (334.8)**

(For the nine months ended September 30, 2020)	Common Stock Issued	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock at Cost Shares	Treasury Stock at Cost Amount	Total Stockholders' Deficit
Balance as of December 31, 2019	**$ 0.9**	**$ 1,093.5**	**$ 2,148.7**	**$ (103.8)**	**48.6**	**$ (3,309.5)**	**$ (170.2)**
Cumulative effect adjustment upon adoption of new accounting standard (ASC 2016-13)	—	—	(1.3)	—	—	—	(1.3)
Net income	—	—	244.6	—	—	—	244.6
Dividends, $2.31 per share	—	—	(88.3)	—	—	—	(88.3)
Foreign currency translation adjustments	—	—	—	(11.8)	—	—	(11.8)
Pension and post-retirement liability changes, net of tax	—	—	—	0.2	—	—	0.2
Share of equity method investments other comprehensive income				(1.2)			(1.2)
Stock-based compensation expense	—	18.4	—	—	—	—	18.4
Change in cash flow hedges, net of tax benefit of $0.5	—	—	—	1.7	—	—	1.7
Treasury shares reissued for common stock	—	(2.5)	—	—	(0.2)	4.8	2.3
Treasury stock purchases	—	—	—	—	0.5	(110.1)	(110.1)
Balance as of September 30, 2020	**$ 0.9**	**$ 1,109.4**	**$ 2,303.7**	**$ (114.9)**	**48.9**	**$ (3,414.8)**	**$ (115.7)**

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

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Unaudited)

(Amounts in millions)	For the Nine Months Ended September 30, 2021	2020
Cash flows from operating activities:		
Net income	$ 380.4	$ 244.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Income from equity method investments	(11.6)	(11.2)
Dividends from affiliates	9.1	9.3
Restructuring charges, net of cash paid	1.1	3.5
Provision for credit losses	4.3	5.0
Unrealized losses on derivative contracts	(0.2)	0.5
Stock-based compensation expense	16.8	18.4
Depreciation and amortization	53.3	55.4
Deferred income taxes	(2.2)	5.6
Pension expense	8.4	7.7
Pension contributions	(1.1)	(2.8)
Other items, net	0.1	2.0
Changes in assets and liabilities:		
Accounts and notes receivable	(139.5)	(69.3)
Inventories	(21.1)	137.6
Other current assets	(13.1)	2.0
Accounts payable	65.0	(2.4)
Accrued expenses	49.4	29.6
Income taxes payable / (receivable), net	(10.3)	6.8
Other, net	7.5	3.9
Net cash provided by operating activities	**396.3**	**446.2**
Cash flows from investing activities:		
Proceeds from the disposal of property, plant and equipment	0.7	0.7
Purchases of property, plant and equipment	(68.5)	(55.9)
Proceeds from (purchases of) short-term investments	0.2	(1.3)
Net cash used in investing activities	**(67.6)**	**(56.5)**
Cash flows from financing activities:		
Short-term debt payments	—	(4.6)
Short-term debt borrowings	—	4.6
Asset securitization borrowings	504.0	91.0
Asset securitization payments	(214.0)	(376.0)
Long-term debt payments	(3.0)	(5.4)
Long-term debt borrowings	—	600.0
Borrowings from credit facility	1,021.4	1,509.5
Payments on credit facility	(1,012.5)	(1,980.5)
Payments of deferred financing costs	—	(7.1)
Proceeds from employee stock purchases	2.5	2.2
Repurchases of common stock	(600.0)	(100.0)
Repurchases of common stock to satisfy employee withholding tax obligations	(16.1)	(10.1)
Cash dividends paid	(92.8)	(88.6)
Net cash used in financing activities	**(410.5)**	**(365.0)**
(Decrease) increase in cash and cash equivalents	(81.8)	24.7
Effect of exchange rates on cash and cash equivalents	(2.7)	(7.0)
Cash and cash equivalents, beginning of period	123.9	37.3
Cash and cash equivalents, end of period	**$ 39.4**	**$ 55.0**
Supplemental disclosures of cash flow information:		
Interest paid	$ 17.7	$ 19.0
Income taxes paid (net of refunds)	$ 101.6	$ 55.1

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

1. General:

References in this Quarterly Report on Form 10-Q to "we," "our," "us," "LII," or the "Company" refer to Lennox International Inc. and its subsidiaries, unless the context requires otherwise.

Basis of Presentation

The accompanying unaudited Consolidated Balance Sheet as of September 30, 2021, the accompanying unaudited Consolidated Statements of Operations for the three and nine months ended September 30, 2021 and 2020, the accompanying unaudited Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2021 and 2020, the accompanying unaudited Consolidated Statements of Stockholders' Deficit for the three and nine months ended September 30, 2021 and 2020, and the accompanying unaudited Consolidated Statements of Cash Flows for the nine months ended September 30, 2021 and 2020 should be read in conjunction with our audited consolidated financial statements and footnotes included in our Annual Report on Form 10-K for the year ended December 31, 2020.

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. The accompanying consolidated financial statements contain all material adjustments, consisting principally of normal recurring adjustments, necessary for a fair presentation of our financial position, results of operations and cash flows. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to applicable rules and regulations, although we believe 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 that may be expected for a full year.

Our fiscal quarterly periods are comprised of approximately 13 weeks, but the number of days per quarter may vary year-over-year. Our quarterly reporting periods usually end on the Saturday closest to the last day of March, June and September. Our fourth quarter and fiscal year ends on December 31, regardless of the day of the week on which December 31 falls. For convenience, the 13-week periods comprising each fiscal quarter are denoted by the last day of the respective calendar quarter.

Use of Estimates

The preparation of financial statements requires us to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. Such estimates include the valuation of accounts receivable, inventories, goodwill, intangible assets and other long-lived assets, contingencies, guarantee obligations, indemnifications, and assumptions used in the calculation of income taxes, pension and post-retirement medical benefits, self-insurance and warranty reserves, and stock-based compensation, among others. These estimates and assumptions are based on our best estimates and judgment.

We evaluate these estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. We believe these estimates and assumptions to be reasonable under the circumstances and will adjust such estimates and assumptions when facts and circumstances dictate. Volatile equity, foreign currency and commodity markets combine to increase the uncertainty inherent in such estimates and assumptions. Future events and their effects cannot be determined with precision and actual results could differ significantly from these estimates. Changes in these estimates will be reflected in the financial statements in future periods.

Impact of COVID-19 Pandemic

A novel strain of coronavirus (“COVID-19”) has surfaced and spread around the world, including to the United States. In March 2020, the World Health Organization declared COVID-19 a pandemic. Currently the COVID-19 pandemic has disrupted our business operations and caused a significant unfavorable impact on our results of operations in 2020. The COVID-19 pandemic is creating supply chain disruptions and higher employee absenteeism in our factories and distribution locations.

As the COVID-19 pandemic continues, health concern risks remain. We cannot predict whether any of our manufacturing, operational or distribution facilities will experience any future disruptions, or how long such disruptions would last. It also remains unclear how various national, state, and local governments will react if the distribution of vaccines is slower than expected or new variants of the virus become more dominant. If the COVID-19 pandemic worsens or the pandemic continues longer than presently expected, COVID 19 could impact our results of operations, financial position and cash flows.

Recently Adopted Accounting Guidance

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. ASU 2019-02, in an effort to reduce complexity in accounting for income taxes, removes certain exceptions for measuring intraperiod tax allocations, foreign subsidiary equity method investments and interim period tax losses. ASU 2019-12 is effective for calendar year-end public business entities on January 1, 2021. The adoption of ASU 2019-12 did not have a material impact on our financial statements.

2. Reportable Business Segments:

We operate in three reportable business segments of the heating, ventilation, air conditioning and refrigeration ("HVACR") industry. Our segments are organized primarily by the nature of the products and services we provide. The following table describes each segment:

Segment	Product or Services	Markets Served	Geographic Areas
Residential Heating & Cooling	Furnaces, air conditioners, heat pumps, packaged heating and cooling systems, indoor air quality equipment, comfort control products, replacement parts and supplies	Residential Replacement; Residential New Construction	United States Canada
Commercial Heating & Cooling	Unitary heating and air conditioning equipment, applied systems, controls, installation and service of commercial heating and cooling equipment, and variable refrigerant flow commercial products	Light Commercial	United States Canada
Refrigeration	Condensing units, unit coolers, fluid coolers, air cooled condensers, air handlers, process chillers, controls, and compressorized racks	Light Commercial; Food Preservation; Non-Food/Industrial	United States Canada Europe

We use segment profit or loss as the primary measure of profitability to evaluate operating performance and to allocate capital resources. We define segment profit or loss as a segment's income or loss from continuing operations before income taxes included in the accompanying Consolidated Statements of Operations, excluding certain items. The reconciliation in the table below details the items excluded.

Our corporate costs include those costs related to corporate functions such as legal, internal audit, treasury, human resources, tax compliance and senior executive staff. Corporate costs also include the long-term stock-based incentive awards provided to employees throughout LII. We record these stock-based awards as corporate costs because they are determined at the discretion of the Board of Directors and based on the historical practice of doing so for internal reporting purposes.

Any intercompany sales and associated profit (and any other intercompany items) are eliminated from segment results. There were no significant intercompany eliminations for the periods presented.

Segment Data

Net sales and segment profit (loss) for each segment, along with a reconciliation of segment profit (loss) to Operating income, are shown below (in millions):

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Net sales				
Residential Heating & Cooling	$ 711.0	$ 722.0	$ 2,155.3	$ 1,808.8
Commercial Heating & Cooling	211.5	207.9	663.4	574.6
Refrigeration	137.4	125.1	410.6	336.7
	$ 1,059.9	**$ 1,055.0**	**$ 3,229.3**	**$ 2,720.1**
Segment profit (loss) [(1)]				
Residential Heating & Cooling	$ 144.0	$ 153.0	$ 430.1	$ 312.8
Commercial Heating & Cooling	22.6	38.8	95.3	93.1
Refrigeration	14.5	13.0	35.8	22.6
Corporate and other	(16.3)	(28.3)	(59.2)	(61.3)
Total segment profit	164.8	176.5	502.0	367.2
Reconciliation to Operating income:				
Special product quality adjustments	(1.1)	—	(1.0)	(1.0)
Loss from natural disasters, net of insurance recoveries	—	4.9	—	7.6
Items in Losses (gains) and other expenses, net that are excluded from segment profit (loss) [(1)]	2.9	4.4	8.7	10.5
Restructuring charges	0.3	0.1	1.6	10.6
Operating income	**$ 162.7**	**$ 167.1**	**$ 492.7**	**$ 339.5**

[(1)] We define segment profit (loss) as a segment's operating income included in the accompanying Consolidated Statements of Operations, excluding:

- The following items in Losses (gains) and other expenses, net:
  - Net change in unrealized losses (gains) on unsettled futures contracts,
  - Special legal contingency charges,
  - Asbestos-related litigation,
  - Environmental liabilities,
  - Charges incurred related to COVID-19 pandemic; and
  - Other items, net,
- Special product quality adjustments
- Loss from natural disasters, net of insurance recoveries; and
- Restructuring charges.

3. 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 our stock-based compensation plans.

The computations of basic and diluted earnings per share for Income from continuing operations were as follows (in millions, except per share data):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income	**$ 126.3**	**$ 131.7**	**$ 380.4**	**$ 244.6**
Exclude: Income from discontinued operations	—	—	0.1	0.3
Income from continuing operations	**$ 126.3**	**$ 131.7**	**$ 380.5**	**$ 244.9**
Weighted-average shares outstanding – basic	**36.8**	**38.3**	**37.4**	**38.3**
Add: Potential effect of dilutive securities attributable to stock-based payments	0.2	0.3	0.3	0.3
Weighted-average shares outstanding – diluted	**37.0**	**38.6**	**37.7**	**38.6**
Earnings per share – Basic:				
Income from continuing operations	$ 3.43	$ 3.44	$ 10.17	$ 6.39
Income from discontinued operations	—	—	—	(0.01)
Net income	$ 3.43	$ 3.44	$ 10.17	$ 6.38
Earnings per share – Diluted:				
Income from continuing operations	$ 3.41	$ 3.42	$ 10.10	$ 6.35
Income from discontinued operations	—	—	—	(0.01)
Net income	$ 3.41	$ 3.42	$ 10.10	$ 6.34

The following stock appreciation rights and restricted stock units were outstanding but not included in the diluted earnings per share calculation because the assumed exercise of such rights would have been anti-dilutive (in millions, except for per share data):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Weighted-average number of shares	—	0.1	—	0.1
Price per share	$—	$257.08	$—	$257.08

4. Commitments and Contingencies:

Leases

We determine if an arrangement is a lease at inception. Operating leases are included in our Consolidated Balance Sheets as Right-of-use assets from operating leases, Current operating lease liabilities and Long-term operating lease liabilities. Finance leases are included in Property, plant and equipment, Current maturities of long-term debt and Long-term debt in our Consolidated Balance Sheets. We do not recognize a right-of-use asset and lease liability for leases with a term of 12 months or less. We do not separate non-lease components from lease components to which they relate and have accounted for the combined lease and non-lease components as a single lease component.

Many of our lease agreements contain renewal options; however, we do not recognize right-of-use assets or lease liabilities for renewal periods unless it is determined that we are reasonably certain of renewing the lease at inception or when a triggering event occurs. Some of our lease agreements contain rent escalation clauses (including index-based escalations), rent holidays, capital improvement funding or other lease concessions. We recognize our minimum rental expense on a straight-line basis based on the fixed components of a lease arrangement. We amortize this expense over the term of the lease beginning with the date of initial possession. Variable lease components represent amounts that are not fixed in nature and are not tied to an index or rate, and are recognized as incurred. Under certain of our third-party service agreements, we control a specific space or underlying asset used in providing the service by the third-party service provider. These arrangements meet the definition under ASC 842 and therefore are accounted for under ASC 842.

In determining our right-of-use assets and lease liabilities, we apply a discount rate to the minimum lease payments within each lease agreement. ASC 842 requires us to use the rate of interest that a lessee would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. When we cannot readily determine the discount rate implicit in the lease agreement, we utilize our incremental borrowing rate. To estimate our specific incremental borrowing rates over various tenors (ranging from 1-year through 30-years), a comparable market yield curve consistent with our credit quality was calibrated to our publicly outstanding debt instruments.

We lease certain real and personal property under non-cancelable operating leases. Approximately 75% of our right-of-use assets and lease liabilities relate to our leases of real estate with the remaining amounts primarily relating to our leases of IT equipment, fleet vehicles and manufacturing and distribution equipment.

Product Warranties and Product Related Contingencies

We provide warranties to customers for some of our products and record liabilities for the estimated future warranty-related costs based on failure rates, cost experience and other factors. We periodically review the assumptions used to determine the product warranty liabilities and will adjust the liabilities in future periods for changes in experience, as necessary.

Liabilities for estimated product warranty costs related to continuing operations are included in the following captions on the accompanying Consolidated Balance Sheets (in millions):

	As of September 30, 2021	As of December 31, 2020
Accrued expenses	$ 38.4	$ 37.7
Other liabilities	94.7	82.1
Total warranty liability	**$ 133.1**	**$ 119.8**

The changes in product warranty liabilities related to continuing operations for the nine months ended September 30, 2021 were as follows (in millions):

Total warranty liability as of December 31, 2020	**$ 119.8**
Warranty claims paid	(28.1)
Changes resulting from issuance of new warranties	37.2
Changes in estimates associated with pre-existing liabilities	4.2
Changes in foreign currency translation rates and other	—
Total warranty liability as of September 30, 2021	**$ 133.1**

We have incurred, and will likely continue to incur, product costs not covered by insurance or our suppliers' warranties, which are not included in the tables immediately above. Also, to satisfy our customers and protect our brands, we have repaired or replaced installed products experiencing quality-related issues, and will likely continue such repairs and replacements. Liabilities for such quality related issues are not material.

Litigation

We are involved in a number of claims and lawsuits incident to the operation of our businesses. Insurance coverages are maintained and estimated costs are recorded for such claims and lawsuits, including costs to settle claims and lawsuits, based on experience involving similar matters and specific facts known.

Some of these claims and lawsuits allege personal injury or health problems resulting from exposure to asbestos that was integrated into certain of our products. We have never manufactured asbestos and have not incorporated asbestos-containing components into our products for several decades. A substantial majority of these asbestos-related claims have been covered by insurance or other forms of indemnity or have been dismissed without payment. The remainder of our closed cases have been resolved for amounts that are not material, individually or in the aggregate. Our defense costs for asbestos-related claims are generally covered by insurance. However, our insurance coverage for settlements and judgments for asbestos-related claims varies depending on several factors and are subject to policy limits. We may have greater financial exposure for future settlements and judgments. The following table summarizes the expenses, net of probable insurance recoveries, for known and future asbestos-related litigation recorded in Losses (gains) and other expenses, net in the Consolidated Statements of Operations (in millions):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Loss (gain) for asbestos-related litigation, net	$ 1.8	$ 2.4	$ 4.5	$ 1.9

It is management's opinion that none of these claims or lawsuits or any threatened litigation will have a material adverse effect on our financial condition, results of operations or cash flows. Claims and lawsuits, however, involve uncertainties and it is possible that their eventual outcome could adversely affect our results of operations for a particular period.

5. Stock Repurchases:

Our Board of Directors has authorized a total of $4.0 billion to repurchase shares of our common stock (collectively referred to as the "Share Repurchase Plans"), including a $1.0 billion share repurchase authorization in July 2021. Under this program, we may repurchase shares from time to time in open market transactions and in privately negotiated transactions based on business, market, applicable legal requirements and other considerations. The repurchase program does not require the repurchase of a specific number of shares and may be terminated at any time. As of September 30, 2021, $846 million was available for repurchase under the Share Repurchase Plans.

On February 4, 2021, we entered into a fixed dollar accelerated share repurchase transaction (the "ASR Agreement") with Wells Fargo Bank, to effect an accelerated stock buyback of our common stock. Under the ASR Agreement, we paid Wells Fargo Bank $200.0 million and Wells Fargo Bank delivered to us common stock representing approximately 85% of the shares expected to be purchased under this ASR Agreement. The ASR was completed in April 2021 and Wells Fargo Bank delivered a total of 0.7 million shares of common stock repurchased under this ASR Agreement.

On May 3, 2021, we entered into an ASR Agreement with Bank of America, to effect an accelerated stock buyback of our common stock. Under the ASR Agreement, we paid Bank of America $200.0 million and Bank of America delivered to us common stock representing approximately 85% of the shares expected to be purchased under this ASR Agreement. The ASR was completed in June 2021 and Bank of America delivered a total of 0.6 million shares of common stock repurchased under this ASR Agreement.

On August 2, 2021, we entered into an ASR Agreement with Bank of America, to effect an accelerated stock buyback of our common stock. Under the ASR Agreement, we paid Bank of America $200.0 million and Bank of America delivered to us common stock representing approximately 85% of the shares expected to be purchased under this ASR Agreement. The ASR was completed in September 2021 and Bank of America delivered a total of 0.6 million shares of common stock repurchased under this ASR Agreement.

We also repurchased shares for $16.1 million during the nine months ended September 30, 2021 from employees who tendered their shares to satisfy minimum tax withholding obligations upon the vesting and exercise of stock-based compensation awards.

6. Revenue Recognition:

The following table disaggregates our revenue by business segment by geography which provides information as to the major source of revenue. See Note 2 for additional information on our reportable business segments and the products and services sold in each segment.

	For the Three Months Ended September 30, 2021			
Primary Geographic Markets	**Residential Heating & Cooling**	**Commercial Heating & Cooling**	**Refrigeration**	**Consolidated**
United States	$ 655.0	$ 194.0	$ 81.2	$ 930.2
Canada	56.0	16.8	—	72.8
Other international	—	0.7	56.2	56.9
Total	**$ 711.0**	**$ 211.5**	**$ 137.4**	**$ 1,059.9**

Primary Geographic Markets	For the Three Months Ended September 30, 2020 Residential Heating & Cooling	Commercial Heating & Cooling	Refrigeration	Consolidated
United States	$ 665.6	$ 184.6	$ 67.2	$ 917.4
Canada	56.4	22.7	—	79.1
Other international	—	0.6	57.9	58.5
Total	**$ 722.0**	**$ 207.9**	**$ 125.1**	**$ 1,055.0**

Primary Geographic Markets	For the Nine Months Ended September 30, 2021 Residential Heating & Cooling	Commercial Heating & Cooling	Refrigeration	Consolidated
United States	$ 1,976.8	$ 605.0	$ 239.1	$ 2,820.9
Canada	178.5	57.6	—	236.1
Other international	—	0.8	171.5	172.3
Total	**$ 2,155.3**	**$ 663.4**	**$ 410.6**	**$ 3,229.3**

Primary Geographic Markets	For the Nine Months Ended September 30, 2020 Residential Heating & Cooling	Commercial Heating & Cooling	Refrigeration	Consolidated
United States	$ 1,681.8	$ 518.9	$ 188.0	$ 2,388.7
Canada	127.0	54.8	—	181.8
Other international	—	0.9	148.7	149.6
Total	**$ 1,808.8**	**$ 574.6**	**$ 336.7**	**$ 2,720.1**

Residential Heating & Cooling - We manufacture and market a broad range of furnaces, air conditioners, heat pumps, packaged heating and cooling systems, equipment and accessories to improve indoor air quality, comfort control products, replacement parts and supplies and related products for both the residential replacement and new construction markets in North America. These products are sold under various brand names and are sold either through direct sales to a network of independent installing dealers, including through our network of Lennox stores or to independent distributors. For the three months ended September 30, 2021 and 2020, direct sales represented 73% and 74% of revenues, and sales to independent distributors represented the remainder. For the nine months ended September 30, 2021 and 2020, direct sales represented 72% and 75% of revenues, and sales to independent distributors represented the remainder. Given the nature of our business, customer product orders are fulfilled at a point in time and not over a period of time.

Commercial Heating & Cooling - In North America, we manufacture and sell unitary heating and cooling equipment used in light commercial applications, such as low-rise office buildings, restaurants, retail centers, churches and schools. These products are distributed primarily through commercial contractors and directly to national account customers in the planned replacement, emergency replacement and new construction markets. Revenue for the products sold is recognized at a point in time when control transfers to the customer, which is generally at time of shipment. Lennox National Account Services provides installation, service and preventive maintenance for HVAC national account customers in the United States and Canada. Revenue related to service contracts is recognized as the services are performed under the contract based on the relative fair value of the services provided. For the three months ended September 30, 2021 and 2020, equipment sales represented 81% and 83% of revenues and the remainder of our revenue was generated from our service business. For the nine months ended September 30, 2021 and 2020, equipment sales represented 83% and 84% of revenues and the remainder of our revenue was generated from our service business.

Refrigeration - We manufacture and market equipment for the global commercial refrigeration markets under the Heatcraft Worldwide Refrigeration name. Our products are used in the food retail, food service, cold storage as well as non-food refrigeration markets. We sell these products to distributors, installing contractors, engineering design firms, original equipment manufacturers and end-users. In Europe, we also manufacture and sell unitary heating and cooling products and applied systems. Substantially all segment revenue was related to these types of equipment and systems and is recognized at a point in time when control transfers to the customer, which is generally at time of shipment. Less than 1% of segment revenue relates to services for start-up and commissioning activities.

Variable Consideration - We engage in cooperative advertising, customer rebate, and other miscellaneous programs that result in payments or credits being issued to our customers. We record these customer discounts and incentives as a reduction of sales when the sales are recorded. For certain cooperative advertising programs, we also receive an identifiable benefit (goods or services) in exchange for the consideration given, and, accordingly, record a ratable portion of the expenditure to Selling, general and administrative ("SG&A") expenses. All other advertising, promotions and marketing costs are expensed as incurred.

Other Judgments and Assumptions - We apply the practical expedient in ASC 606-10-50-14 and do not disclose information about remaining performance obligations that have original expected durations of one year or less. Applying the practical expedient in ASC 340-40-25-4, we recognize the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that we otherwise would have recognized is one year or less. These costs are included in SG&A expenses. ASC 606-10-32-18 allows us to not adjust the amount of consideration to be received in a contract for any significant financing component if we expect to receive payment within twelve months of transfer of control of goods or services. We have elected this expedient as we expect all consideration to be received in one year or less at contract inception. We have also elected not to provide the remaining performance obligations disclosures related to service contracts in accordance with the practical expedient in ASC 606-10-55-18. We recognize revenue in the amount to which the entity has a right to invoice and have adopted this election to not provide the remaining performance obligations related to service contracts.

Contract Assets - We do not have material amounts of contract assets since revenue is recognized as control of goods is transferred or as services are performed. There are a small number of installation services that may occur over a period of time, but that period of time is generally very short in duration and right of payment does not exist until the installation is completed. Any contract assets that may arise are recorded in Other assets, net in our Consolidated Balance Sheets.

Contract Liabilities - Our contract liabilities consist of advance payments and deferred revenue. Our contract liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period. We classify advance payments and deferred revenue as current or noncurrent based on the timing of when we expect to recognize revenue. Generally all contract liabilities are expected to be recognized within one year and are included in Accrued expenses in our Consolidated Balance Sheets. The noncurrent portion of deferred revenue is included in Other liabilities in our Consolidated Balance Sheets.

Net contract liabilities consisted of the following:

	September 30, 2021	December 31, 2020	$ Change	% Change
Contract liabilities - current	$ (8.3)	$ (5.5)	$ (2.8)	50.9 %
Contract liabilities - noncurrent	(5.2)	(5.6)	0.4	(7.1)%
Total	$ (13.5)	$ (11.1)	$ (2.4)	

For the three months ended September 30, 2021 and 2020, we recognized revenue of $0.6 million and $1.4 million and for the nine months ended September 30, 2021 and 2020 we recognized revenue of $2.9 million and $5.9 million related to our contract liabilities at January 1, 2021 and 2020, respectively. Impairment losses recognized in our receivables and contract assets were de minimis in 2021 and 2020.

7. Other Financial Statement Details:

Inventories:

The components of inventories are as follows (in millions):

	As of September 30, 2021	As of December 31, 2020
Finished goods	$ 264.1	$ 280.1
Work in process	9.6	6.5
Raw materials and parts	254.7	207.8
Subtotal	528.4	494.4
Excess of current cost over last-in, first-out cost	(67.4)	(55.0)
Total inventories, net	**$ 461.0**	**$ 439.4**

Goodwill:

The changes in the carrying amount of goodwill in 2021, in total and by segment, are summarized in the table below (in millions):

	Balance at December 31, 2020	Changes in foreign currency translation rates	Balance at September 30, 2021
Residential Heating & Cooling	$ 26.1	$ —	$ 26.1
Commercial Heating & Cooling	61.1	—	61.1
Refrigeration	99.7	(0.2)	99.5
Total Goodwill	**$ 186.9**	**$ (0.2)**	**$ 186.7**

We monitor our reporting units for indicators of impairment throughout the year to determine if a change in facts or circumstances warrants a re-evaluation of our goodwill. We have not recorded any goodwill impairments for the nine months ended September 30, 2021.

Derivatives:

Objectives and Strategies for Using Derivative Instruments

Commodity Price Risk - We utilize a cash flow hedging program to mitigate our exposure to volatility in the prices of metal commodities used in our production processes. Our hedging program includes the use of futures contracts to lock in prices, and as a result, we are subject to derivative losses should the metal commodity prices decrease and gains should the prices increase. We utilize a dollar cost averaging strategy so that a higher percentage of commodity price exposures are hedged near-term and lower percentages are hedged at future dates. This strategy allows for protection against near-term price volatility while allowing us to adjust to market price movements over time.

Interest Rate Risk - A portion of our debt bears interest at variable rates, and as a result, we are subject to variability in the cash paid for interest. To mitigate a portion of that risk, we may choose to engage in an interest rate swap hedging strategy to eliminate the variability of interest payment cash flows. We are not currently hedged against interest rate risk.

Foreign Currency Risk - Foreign currency exchange rate movements create a degree of risk by affecting the U.S. dollar value of assets and liabilities arising in foreign currencies. We seek to mitigate the impact of currency exchange rate movements on certain short-term transactions by periodically entering into foreign currency forward contracts.

Cash Flow Hedges

We have foreign exchange forward contracts and commodity futures contracts designated as cash flow hedges that are scheduled to mature through February 2023. Unrealized gains or losses from our cash flow hedges are included in Accumulated other comprehensive loss ("AOCL") and are expected to be reclassified into earnings within the next 18 months based on the prices of the commodities and foreign currencies at the settlement dates. We recorded the following amounts in AOCL related to our cash flow hedges (in millions):

	As of September 30, 2021		As of December 31, 202	
Unrealized gains on unsettled contracts	$	(16.1)	$	(10.5
Income tax expense		3.2		2.
Gains included in AOCL, net of tax [(1)]	$	(12.9)	$	(8.

[(1)] Assuming commodity prices and foreign currency exchange rates remain constant, we expect to reclassify $12.6 million of derivative gains as of September 30, 2021 into earnings within the next 12 months.

Stock-Based Compensation:

We issue various long-term incentive awards, including performance share units, restricted stock units and stock appreciation rights under the Lennox International Inc. 2019 Incentive Plan, as amended and restated. Stock-based compensation expense related to continuing operations is included in Selling, general and administrative expenses in the accompanying Consolidated Statements of Operations as follows (in millions):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Stock-based compensation expense [(1)]	$ (0.6)	$ 8.0	$ 16.8	$ 18.4

[(1)] All expense was recorded in our Corporate and Other business segment.

8. Pension Benefit Plans:

The components of net periodic benefit cost for pension benefits were as follows (in millions):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Service cost	$ 1.5	$ 1.4	$ 4.6	$ 4.2
Interest cost	1.0	1.6	4.1	5.0
Expected return on plan assets	(1.7)	(2.0)	(7.1)	(6.2)
Amortization of prior service cost	0.1	—	0.1	0.1
Recognized actuarial loss	1.8	1.4	6.0	4.3
Other	—	0.1	(0.4)	—
Settlements and curtailments	0.3	0.3	1.1	0.3
Net periodic benefit cost	**$ 3.0**	**$ 2.8**	**$ 8.4**	**$ 7.7**

9. Income Taxes:

As of September 30, 2021, we had approximately $3.4 million in total gross unrecognized tax benefits. All of this amount, if recognized, would be recorded through the Consolidated Statements of Operations.

We are currently under examination for our U.S. federal income taxes under the Internal Revenue Service's Compliance Assurance Program for 2020 and are subject to examination by numerous other taxing authorities in the U.S. and in foreign jurisdictions. We are generally no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by taxing authorities for years prior to 2014.

10. Lines of Credit and Financing Arrangements:

The following table summarizes our outstanding debt obligations and their classification in the accompanying Consolidated Balance Sheets (in millions):

	As of September 30, 2021		As of December 31, 2020	
Current maturities of long-term debt:				
Asset securitization program	$	290.0	$	—
Finance lease obligations		10.6		10.1
Debt issuance costs		—		(0.2)
Total current maturities of long-term debt	$	300.6	$	9.9
Long-Term Debt:				
Finance lease obligations		27.8		29.3
Domestic credit facility		9.0		—
Senior unsecured notes		950.0		950.0
Debt issuance costs		(9.2)		(8.6)
Total long-term debt	$	977.6	$	970.7
Total debt	$	1,278.2	$	980.6

Short-Term Debt

Foreign Obligations

Through several of our foreign subsidiaries, we have facilities available to assist us in financing seasonal borrowing needs for our foreign locations. We had no outstanding foreign obligations as of September 30, 2021 or December 31, 2020 and there were no borrowings or repayments on these facilities during the nine months ended September 30, 2021.

Asset Securitization Program

Under the Asset Securitization Program (“ASP”), we are eligible to sell beneficial interests in a portion of our trade accounts receivable to a financial institution for cash. The ASP contains a provision whereby we retain the right to repurchase all of the outstanding beneficial interests transferred. As a result of the repurchase right, the transfer of the receivables under the ASP is not accounted for as a sale. Accordingly, the cash received from the transfer of the beneficial interests in our trade accounts receivable is reflected as secured borrowings in the accompanying Consolidated Balance Sheets and proceeds received are included in cash flows from financing activities in the accompanying Consolidated Statements of Cash Flows. Our continued involvement with the transferred assets includes servicing, collection and administration of the transferred beneficial interests. The accounts receivable securitized under the ASP are high-quality domestic customer accounts that have not aged significantly. The receivables represented by the retained interest that we service are exposed to the risk of loss for any uncollectible amounts in the pool of receivables transferred under the ASP.

We renewed the ASP in November 2019, extending its term to November 2021 and increasing the maximum securitization amount to a range from $250.0 million to $400.0 million, depending on the period. The maximum capacity under the ASP is the lesser of the maximum securitization amount or 100% of the net pool balance less allowances, as defined by the ASP. Eligibility for securitization is limited based on the amount and quality of the qualifying accounts receivable and is calculated monthly. The eligible amounts available and beneficial interests sold were as follows (in millions):

	As of September 30, 2021		As of December 31, 2020	
Eligible amount available under the ASP on qualified accounts receivable	$	369.8	$	279.1
Less: Beneficial interest transferred		(290.0)		—
Remaining amount available	$	79.8	$	279.1

We pay certain discount fees to use the ASP and to have the facility available to us. These fees relate to both the used and unused portions of the securitization. The used fee is based on the beneficial interests sold and calculated on either the average LIBOR rate or floating commercial paper rate determined by the purchaser of the beneficial interest, plus a program fee of 0.70%. The average rates as of September 30, 2021 and December 31, 2020 were 0.78% and zero%, respectively. The unused fee is based on 101% of the maximum available amount less the beneficial interest transferred and is calculated at a rate ranging between 0.25% and 0.35%, depending on the available borrowings, throughout the term of the agreement. We recorded these fees in Interest expense, net in the accompanying Consolidated Statements of Operations.

The ASP contains certain restrictive covenants relating to the quality of our accounts receivable and cross-default provisions with our existing credit facility, senior unsecured notes and any other indebtedness we may have over $75.0 million. The administrative agent under the ASP is also a participant in our existing credit facility. The participating financial institutions have investment grade credit ratings. As of September 30, 2021, we believe we were in compliance with all covenant requirements.

Long-Term Debt

Domestic Credit Facility

In July 2021, we entered into a new Credit Agreement (the “Credit Agreement”) with JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders party thereto, which refinanced and replaced the Seventh Amended and Restated Credit Facility, among the Company, JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders party thereto.

The Credit Agreement consists of a $750.0 million unsecured revolving credit facility. We had outstanding borrowings of $9.0 million as well as $2.0 million committed to standby letters of credit as of September 30, 2021. Subject to covenant limitations, $739.0 million was available for future borrowings.

Our weighted average borrowing rate on the facility was as follows:

	As of September 30, 2021	As of December 31, 2020
Weighted average borrowing rate	1.38 %	— %

The Credit Agreement provides for revolving credit commitments of $750 million with sublimits for swingline loans of up to $65 million, letters of credit up to $100 million and revolving loans in certain non-U.S. currencies up to the U.S. dollar equivalent of $40 million. The Credit Agreement will expire and outstanding loans will be required to be repaid in July 2026, unless maturity is extended by the lenders pursuant to two one-year extension options that we may request under the Credit Agreement. At our request and subject to certain conditions, the revolving credit commitments under the Credit Agreement may be increased by up to a total of $350 million to the extent that existing or new lenders agree to provide additional commitments.

The Credit Agreement is guaranteed by certain of our subsidiaries and contains customary covenants applicable to us and our subsidiaries including limitations on indebtedness, liens, dividends, stock repurchases, mergers and sales of all or substantially all of our assets. In addition, the Credit Agreement contains a financial covenant requiring us to maintain, as of the last day of each fiscal quarter for the four prior fiscal quarters, a Total Net Leverage Ratio of no more than 3.50 to 1.00 (or, at our election, on up to two occasions following a material acquisition, 4.00 to 1.00). The Credit Agreement is subject to customary events of default, including non-payment of principal or other amounts under the Credit Agreement, material inaccuracy of representations and warranties, breach of covenants, cross-default to other indebtedness in excess of $75 million, judgements in excess of $75 million, certain voluntary and involuntary bankruptcy events, and the occurrence of a change of control. As of September 30, 2021, we believe we were in compliance with all covenant requirements.

Senior Unsecured Notes

We issued two series of senior unsecured notes on July 30, 2020 for $300.0 million each, which will mature on August 1, 2025 (the "2025 Notes") and August 1, 2027 (the "2027 Notes") with interest being paid semi-annually on February and August at 1.35% and 1.70% respectively, per annum. We also issued $350.0 million of senior unsecured notes in November 2016 (the "2023 Notes," and together with the 2025 Notes and the 2027 Notes, the "Notes") which will mature on November 15, 2023 with interest being paid semi-annually on May 15 and November 15 at 3.00% per annum.

All the Notes are guaranteed, on a senior unsecured basis, by certain of our subsidiaries that guarantee indebtedness under our Credit Agreement. The indenture governing the Notes contains covenants that, among other things, limit our ability and the ability of the subsidiary guarantors to: create or incur certain liens; enter into certain sale and leaseback transactions; and enter into certain mergers, consolidations and transfers of substantially all of our assets. The indenture also contains a cross default provision which is triggered if we default on other debt of at least $75.0 million in principal which is then accelerated, and such acceleration is not rescinded within 30 days of the notice date. As of September 30, 2021, we believe we were in compliance with all covenant requirements.

11. Comprehensive Income (Loss):

The following table provides information on items not reclassified in their entirety from AOCL to Net income in the accompanying Consolidated Statements of Operations (in millions):

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020	Affected Line Item(s) in the Consolidated Statements of Operations
(Losses) Gains on Cash Flow Hedges:					
Derivatives contracts	$ 7.8	$ (0.4)	$ 21.3	$ (5.5)	Cost of goods sold; Losses (gains) and other expenses, net
Income tax (expense) benefit	(1.8)	0.1	(4.9)	1.4	Provision for income taxes
Net of tax	$ 6.0	$ (0.3)	$ 16.4	$ (4.1)	
Defined Benefit Plan items:					
Pension and post-retirement benefit costs	$ (1.8)	$ (1.4)	$ (6.0)	$ (4.4)	Cost of goods sold; Selling, general and administrative expenses
Pension settlements	(0.3)	(0.3)	(1.1)	(0.3)	Pension settlements
Income tax benefit	0.6	0.4	1.8	1.1	Provision for income taxes
Net of tax	$ (1.5)	$ (1.3)	$ (5.3)	$ (3.6)	
Total reclassifications from AOCL	**$ 4.5**	**$ (1.6)**	**$ 11.1**	**$ (7.7)**	

The following table provides information on changes in AOCL, by component (net of tax), for the nine months ended September 30, 2021 (in millions):

	Gains (Losses) on Cash Flow Hedges	Share of equity method investments other comprehensive income	Defined Benefit Pension Plan Items	Foreign Currency Translation Adjustments	Total AOCL
Balance as of December 31, 2020	**$ 8.2**	**$ (1.2)**	**$ (82.7)**	**$ (21.5)**	**$ (97.2)**
Other comprehensive income (loss) before reclassifications	21.1	—	(9.1)	(5.1)	6.9
Amounts reclassified from AOCL	(16.4)	—	5.3	—	(11.1)
Net other comprehensive income (loss)	4.7	—	(3.8)	(5.1)	(4.2)
Balance as of September 30, 2021	**$ 12.9**	**$ (1.2)**	**$ (86.5)**	**$ (26.6)**	**$ (101.4)**

12. Fair Value Measurements:

Fair Value Hierarchy

The methodologies used to determine the fair value of our financial assets and liabilities at September 30, 2021 were the same as those used at December 31, 2020.

Assets and Liabilities Carried at Fair Value on a Recurring Basis

Derivatives were classified as Level 2 and primarily valued using estimated future cash flows based on observed prices from exchange-traded derivatives. We also considered the counterparty's creditworthiness, or our own creditworthiness, as appropriate. Adjustments were recorded to reflect the risk of credit default, however, they were insignificant to the overall value of the derivatives. Refer to Note 7 for more information related to our derivative instruments.

Other Fair Value Disclosures

The carrying amounts of Cash and cash equivalents, Short-term investments, Accounts and notes receivable, net, Accounts payable, and Short-term debt approximate fair value due to the short maturities of these instruments. The carrying amount of our Domestic Credit Facility in Long-term debt also approximates fair value due to its variable-rate characteristics.

The fair value of our senior unsecured notes in Long-term debt, classified as Level 2, was based on the amount of future cash flows using current market rates for debt instruments of similar maturities and credit risk. The following table presents their fair value (in millions):

	As of September 30, 2021	As of December 31, 2020
Senior unsecured notes	$ 974.8	$ 971.6

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

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are based on information currently available to management as well as management’s assumptions and beliefs as of the date such statements were made. All statements, other than statements of historical fact, included in this Quarterly Report on Form 10-Q constitute forward-looking statements, including but not limited to statements identified by forward-looking terminology, such as the words “may,” “will,” “should,” “plan,” “anticipate,” “believe,” “intend,” “estimate” and “expect” and similar expressions. Such statements reflect our current views with respect to future events, based on what we believe are reasonable assumptions; however, such statements are subject to certain risks and uncertainties.

In addition to the specific uncertainties discussed elsewhere in this Quarterly Report on Form 10-Q, the risk factors set forth in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020, and those set forth in Part II, “Item 1A. Risk Factors” of this report, if any, may affect our performance and results of operations. 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. We disclaim 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, except as required by law.

Business Overview

We operate in three reportable business segments of the heating, ventilation, air conditioning and refrigeration (“HVACR”) industry. Our reportable segments are Residential Heating & Cooling, Commercial Heating & Cooling, and Refrigeration. For additional information regarding our reportable segments, see Note 2 in the Notes to the Consolidated Financial Statements.

Our fiscal quarterly periods are comprised of approximately 13 weeks, but the number of days per quarter may vary year-over-year. Our quarterly reporting periods usually end on the Saturday closest to the last day of March, June and September. Our fourth quarter and fiscal year ends on December 31, regardless of the day of the week on which December 31 falls. 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 respective calendar quarter.

We sell our products and services through a combination of direct sales, distributors and company-owned parts and supplies stores. The demand for our products and services is seasonal and significantly impacted by the weather. Warmer than normal summer temperatures generate demand for replacement air conditioning and refrigeration products and services, and colder than normal winter temperatures have a similar effect on heating products and services. Conversely, cooler than normal summers and warmer than normal winters depress the demand for HVACR products and services. In addition to weather, demand for our products and services is influenced by national and regional economic and demographic factors, such as interest rates, the availability of financing, regional population and employment trends, new construction, general economic conditions, and consumer spending habits and confidence. A substantial portion of the sales in each of our business segments is attributable to replacement business, with the balance comprised of new construction business.

The principal elements of cost of goods sold are components, raw materials, factory overhead, labor, estimated warranty costs, and freight and distribution costs. The principal raw materials used in our manufacturing processes are steel, copper and aluminum. In recent years, pricing volatility for these commodities and related components, including the impact of imposed tariffs on the import of certain of our raw materials and components, has impacted us and the HVACR industry in general. We seek to mitigate the impact of volatility in commodity prices through a combination of price increases, commodity contracts, improved production efficiency and cost reduction initiatives. We also partially mitigate volatility in the prices of these commodities by entering into futures contracts and fixed forward contracts.

Impact of COVID-19 Pandemic

A novel strain of coronavirus (“COVID-19”) has surfaced and spread around the world, including to the United States. In March 2020, the World Health Organization declared COVID-19 a pandemic. Currently the COVID-19 pandemic has disrupted our business operations and caused a significant unfavorable impact on our results of operations in 2020. The COVID-19 pandemic is creating supply chain disruptions and higher employee absenteeism in our factories and distribution locations.

As the COVID-19 pandemic continues, health concern risks remain. We cannot predict whether any of our manufacturing, operational or distribution facilities will experience any future disruptions, or how long such disruptions would last. It also remains unclear how various national, state, and local governments will react if the distribution of vaccines is slower than expected or new variants of the virus become more dominant. If the COVID-19 pandemic worsens or the pandemic continues longer than presently expected, COVID 19 could impact our results of operations, financial position and cash flows.

Financial Overview

Results for the third quarter of 2021 were driven by overall year over year sales increases while profit decreased. Net sales decreased 2% and segment profit decreased $9 million for the Residential Heating & Cooling segment. Net sales increased 2% and segment profit decreased $16 million for the Commercial Heating & Cooling segment. Net sales increased 10% and segment profit increased $2 million for the Refrigeration segment.

Financial Highlights

- Net sales increased $5 million to $1,060 million in the third quarter of 2021 driven by favorable price and mix partially offset by lower sales volume.
- Operating income in the third quarter of 2021 decreased $4 million to $163 million primarily driven by rising costs partially offset by higher net sales.
- Net income for the third quarter of 2021 decreased $6 million to $126 million.
- Diluted earnings per share from continuing operations were $3.41 per share in the third quarter of 2021 compared to $3.42 per share in the third quarter of 2020.
- For the nine months ended September 30, 2021, we returned $93 million to shareholders through dividend payments and repurchased $600 million of common stock through our share repurchase program.

Third Quarter of 2021 Compared to Third Quarter of 2020 - Consolidated Results

The following table provides a summary of our financial results, including information presented as a percentage of net sales:

	For the Three Months Ended September 30,				
	Dollars (in millions)		Percent Change Fav/(Unfav)	Percent of Sales	
	2021	2020		2021	2020
Net sales	**$ 1,059.9**	**$ 1,055.0**	**0.5 %**	**100.0 %**	**100.0 %**
Cost of goods sold	764.7	731.7	(4.5)	72.1	69.4
Gross profit	295.2	323.3	(8.7)	27.9	30.6
Selling, general and administrative expenses	134.2	151.8	11.6	12.7	14.4
Losses (gains) and other expenses, net	2.1	3.4	38.2	0.2	0.3
Restructuring charges	0.3	0.1	(200.0)	—	—
Loss from natural disasters, net of insurance recoveries	—	4.9	100.0	—	0.5
Income from equity method investments	(4.1)	(4.0)	2.5	(0.4)	(0.4)
Operating income	**$ 162.7**	**$ 167.1**	**(2.6)%**	**15.4 %**	**15.8 %**

Net Sales

Net sales for the third quarter of 2021 compared to the third quarter of 2020 were impacted by favorable combined price and mix of 4%, which was partially offset by lower sales volume of 4%.

Gross Profit

Gross profit margins in the third quarter of 2021 decreased 270 basis points ("bps") to 27.9% compared to 30.6% in the third quarter of 2020. Gross margin decreased 220 bps from higher commodity costs, 90 bps from higher freight and distribution costs, 90 bps from factory inefficiencies, 90 bps from higher other product costs, 40 bps from sourcing and engineering-led cost increases, and 20 bps from unfavorable mix. Partially offsetting these decreases was 280 bps from favorable price.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") decreased $18 million to $134 million in the third quarter of 2021 compared to $152 million in the third quarter of 2020 due to lower incentive compensation and other employee costs. As a percentage of net sales, SG&A decreased 170 bps to 12.7%.

Losses (gains) and Other Expenses, Net

Losses (gains) losses and other expenses, net for the third quarter of 2021 and 2020 included the following (in millions):

	For the Three Months Ended September 30,	
	2021	2020
Realized (gains) losses on settled futures contracts	$ (0.2)	$ —
Foreign currency exchange gains	—	(0.4)
Gain on disposal of fixed assets	(0.1)	(0.2)
Other operating income	(0.5)	(0.4)
Net change in unrealized losses (gains) on unsettled futures contracts	0.2	(1.4)
Special legal contingency charges	0.1	0.2
Asbestos-related litigation	1.8	2.4
Environmental liabilities	0.3	0.3
Charges incurred related to COVID-19 pandemic	0.8	3.0
Other items, net	(0.3)	(0.1)
Losses (gains) and other expenses, net (pre-tax)	$ 2.1	$ 3.4

The net change in unrealized (gains) losses on unsettled futures contracts was due to changes in commodity prices relative to the unsettled futures contract prices. For more information on our futures contracts, see Note 7 in the Notes to the Consolidated Financial Statements. For more information on special legal contingency charges and asbestos-related litigation, see Note 4 in the Notes to the Consolidated Financial Statements. The environmental liabilities related to estimated remediation costs for contamination at some of our facilities.

Restructuring Charges

Restructuring charges were immaterial in the third quarter of 2021 and 2020. Restructuring charges related to ongoing cost reduction actions taken in prior periods.

Gains and Losses related to Natural Disasters

The charges recorded during 2020 were for costs incurred related to natural disasters that occurred in prior years.

Income from Equity Method Investments

We participate in two joint ventures that are engaged in the manufacture and sale of compressors, unit coolers and condensing units. We exert significant influence over these affiliates based upon our ownership, but do not control them due to venture partner participation. Accordingly, these joint ventures have been accounted for under the equity method and their financial position and results of operations are not consolidated. Income from equity method investments of $4 million in the third quarter of 2021 was up slightly compared to the third quarter of 2020.

Interest Expense, net

Interest expense, net was $7 million in the third quarter of 2021 and 2020, respectively.

Income Taxes

Our effective tax rate was 18.4% for the third quarter of 2021 compared to 17.3% for the third quarter of 2020. The rate increased primarily due to the tax impact of discrete losses recorded in the third quarter of 2020.

We expect our annual effective tax rate in 2021 to be approximately 20%, after excluding the impact of excess tax benefits recorded under ASU No. 2016-09.

Third Quarter of 2021 Compared to Third Quarter of 2020 - Results by Segment

Residential Heating & Cooling

The following table presents our Residential Heating & Cooling segment's net sales and profit for the third quarter of 2021 and 2020 (dollars in millions):

	For the Three Months Ended September 30,			
	2021	2020	Difference	% Change
Net sales	$ 711.0	$ 722.0	$ (11.0)	(1.5)%
Profit	$ 144.0	$ 153.0	$ (9.0)	(5.9)%
% of net sales	20.3 %	21.2 %		

Net sales decreased 2% in the third quarter of 2021 compared to 2020. Sales volume decreased 6%, which was partially offset by favorable price and mix combined of 4%.

Segment profit in the third quarter of 2021 compared to 2020 decreased $9 million due to $18 million from higher commodity costs, $14 million from lower sales volume, $6 million from unfavorable freight and distribution costs, $4 million from factory inefficiencies, $3 million from sourcing and engineering-led cost increases, and $3 million from higher other product costs. Partially offsetting these declines were $33 million from higher combined price and mix, $5 million from lower SG&A, and $1 million from favorable foreign currency.

Commercial Heating & Cooling

The following table presents our Commercial Heating & Cooling segment's net sales and profit for the third quarter of 2021 and 2020 (dollars in millions):

	For the Three Months Ended September 30,			
	2021	2020	Difference	% Change
Net sales	$ 211.5	$ 207.9	$ 3.6	1.7 %
Profit	$ 22.6	$ 38.8	$ (16.2)	(41.8)%
% of net sales	10.7 %	18.7 %		

Net sales increased 2% in the third quarter of 2021 compared to the third quarter of 2020. Price and mix combine increased 7% and foreign currency improved 1%, which was partially offset by 6% lower sales volume.

Segment profit in the third quarter of 2021 compared to 2020 decreased $16 million due to $7 million from higher other product costs, $5 million from higher factory inefficiencies, $3 million from lower sales volume, $3 million from higher freight and distribution costs, $2 million from higher commodity costs, $1 million from sourcing and engineering-led cost increases, and $1 million from unfavorable foreign currency. Partially offsetting these declines were $6 million from higher combined price and mix.

Refrigeration

The following table presents our Refrigeration segment's net sales and profit for the third quarter of 2021 and 2020 (dollars in millions):

	For the Three Months Ended September 30,			
	2021	2020	Difference	% Change
Net sales	$ 137.4	$ 125.1	$ 12.3	9.8 %
Profit	$ 14.5	$ 13.0	$ 1.5	11.5 %
% of net sales	10.6 %	10.4 %		

Net sales increased 10% in the third quarter of 2021 compared to the third quarter of 2020. Sales volume was 9% higher and combined price and mix improved 1%.

Segment profit in the third quarter of 2021 compared to 2020 increased $2 million compared to 2020 due to $5 million from higher sales volume, $3 million from favorable price and mix combined, and $1 million from higher income from equity method investments. Partially offsetting these increases was $4 million from higher commodity costs, $2 million from higher SG&A, and $1 million from higher freight and distribution costs.

Corporate and Other

Corporate and other expenses decreased $12 million to $16 million in the third quarter of 2021 compared to 2020 primarily due to the timing of variable incentive compensation costs.

Year-to-Date through September 30, 2021 Compared to Year-to-Date through September 30, 2020 - Consolidated Results

The following table provides a summary of our financial results, including information presented as a percentage of net sales:

	For the Nine Months Ended September 30,				
	Dollars (in millions)		Percent Change Fav/(Unfav)	Percent of Sales	
	2021	2020		2021	2020
Net sales	**$ 3,229.3**	**$ 2,720.1**	**18.7**	**100.0 %**	**100.0 %**
Cost of goods sold	2,294.5	1,955.3	(17.3)	71.1	71.9
Gross profit	934.8	764.8	22.2	28.9	28.1
Selling, general and administrative expenses	447.4	412.7	(8.4)	13.9	15.2
Losses (gains) and other expenses, net	4.7	5.6	16.1	0.1	0.2
Restructuring charges	1.6	10.6	84.9	—	0.4
Loss (gain) from natural disasters, net of insurance recoveries	—	7.6	(100.0)	—	0.3
Income from equity method investments	(11.6)	(11.2)	3.6	(0.4)	(0.4)
Operating income	**$ 492.7**	**$ 339.5**	**45.1**	**15.3 %**	**12.5 %**

Net Sales

Net sales increased 19% for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020 due to higher sales volumes of 15%, favorable combined price and mix of 3%, and a 1% increase from to foreign currency.

Gross Profit

Gross profit margins for the nine months ended September 30, 2021 increased 80 bps to 28.9% compared to 28.1% for the nine months ended September 30, 2020. Gross margin increased 160 bps from favorable price, 90 bps from favorable mix, and

40 bps from factory productivity which were partially offset by 130 bps from higher commodity costs, 50 bps from higher other product costs, 20 bps from higher freight and distribution costs, and 10 bps from higher warranty costs.

Selling, General and Administrative Expenses

SG&A increased $34 million to $447 million for the nine months ended September 30, 2021 compared to $413 million for the nine months ended September 30, 2020 primarily due to higher incentive compensation costs and higher other employee related costs. As a percentage of net sales, SG&A decreased 130 bps to 13.9% from 15.2%.

Losses (gains) and Other Expenses, Net

Losses (gains) and other expenses, net for the nine months ended September 30, 2021 and 2020 included the following (in millions):

	Nine Months Ended September 30,	
	2021	2020
Realized (gains) losses on settled futures contracts	$ (0.9)	$ 0.2
Foreign currency exchange gains	(1.6)	(3.0)
Gain on disposal of fixed assets	(0.6)	(0.4)
Other operating income	(0.9)	(1.7)
Net change in unrealized (gains) losses on unsettled futures contracts	0.1	—
Special legal contingency charges	1.0	0.9
Asbestos-related litigation	4.5	1.9
Environmental liabilities	1.8	1.5
Charges incurred related to COVID-19 pandemic	1.9	6.4
Other items, net	(0.6)	(0.2)
Losses (gains) and other expenses, net (pre-tax)	$ 4.7	$ 5.6

The net change in unrealized losses on unsettled futures contracts was due to changes in commodity prices relative to the unsettled futures contract prices. For more information on our futures contracts, see Note 7 in the Notes to the Consolidated Financial Statements. For more information on special legal contingency charges and asbestos-related litigation, see Note 4 in the Notes to the Consolidated Financial Statements. The environmental liabilities related to estimated remediation costs for contamination at some of our facilities.

Restructuring Charges

Restructuring charges were $2 million for the first nine months of 2021 and $11 million for the nine months ended September 30, 2020. Charges primarily relate to several cost reduction actions taken in response to the economic impact of the COVID-19 pandemic on our business.

Gains and Losses related to Natural Disasters

The activity in this account for 2020 related to costs occured for natural disasters in our manufacturing facility in Iowa. There was no activity in 2021.

Income from Equity Method Investments

Income from equity method investments of $12 million for the nine months ended September 30, 2021 was materially consistent with the amount for the nine months ended September 30, 2020.

Interest Expense, net

Interest expense, net was down $3 million for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020 primarily due to lower borrowing costs.

Income Taxes

Our effective tax rate decreased to 19.0% for the nine months ended September 30, 2021 compared to 22.0% for the nine months ended September 30, 2020 primarily due to higher excess tax benefits from stock-based compensation and the recording of a valuation allowance on certain foreign deferred tax assets recorded in the first quarter of 2020.

Year-to-Date through September 30, 2021 Compared to Year-to-Date through September 30, 2020 - Results by Segment

Residential Heating & Cooling

The following table presents our Residential Heating & Cooling segment's net sales and profit for the nine months ended September 30, 2021 and 2020 (dollars in millions):

	Nine Months Ended September 30,			
	2021	2020	Difference	% Change
Net sales	$ 2,155.3	$ 1,808.8	$ 346.5	19.2 %
Profit	$ 430.1	$ 312.8	$ 117.3	37.5 %
% of net sales	20.0 %	17.3 %		

Net sales increased 19% for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. Sales volume was 15% higher, price and mix combined improved 3%, and foreign currency improved 1%.

Segment profit for the first nine months of 2021 compared to 2020 increased $117 million primarily due to $86 million from higher sales volume, $62 million from favorable price, $19 million from higher factory productivity, $6 million from favorable currency exchange, and $5 million from sourcing and engineering-led cost reductions. Partially offsetting these increases were $35 million from higher commodity costs and tariffs, $11 million from higher SG&A, $9 million from higher warranty and other product costs, $4 million from unfavorable mix, and $2 million from freight and distribution.

Commercial Heating & Cooling

The following table presents our Commercial Heating & Cooling segment's net sales and profit for the nine months ended September 30, 2021 and 2020 (dollars in millions):

	Nine Months Ended September 30,			
	2021	2020	Difference	% Change
Net sales	$ 663.4	$ 574.6	$ 88.8	15.5 %
Profit	$ 95.3	$ 93.1	$ 2.2	2.4 %
% of net sales	14.4 %	16.2 %		

Net sales increased 16% for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. Sales volume was 12% higher, price and mix combined improved 3%, and foreign currency improved 1%.

Segment profit for the first nine months of 2021 compared to 2020 increased $2 million primarily due to $24 million from higher sales volume and $9 million from favorable price and mix. Partially offsetting these improvements were $11 million from higher other product costs, $8 million from factory inefficiencies, $4 million from higher freight and distribution costs, $3 million of higher SG&A costs, $3 million from higher commodity costs and tariffs, and $2 million from sourcing and engineering-led cost increases.

Refrigeration

The following table presents our Refrigeration segment's net sales and profit for the nine months ended September 30, 2021 and 2020 (dollars in millions):

	Nine Months Ended September 30,			
	2021	**2020**	**Difference**	**% Change**
Net sales	$ 410.6	$ 336.7	$ 73.9	21.9 %
Profit	$ 35.8	$ 22.6	$ 13.2	58.4 %
% of net sales	8.7 %	6.7 %		

Net sales increased 22% for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. Sales volume was 17% higher, foreign currency improved 3% and combined price and mix was 2% higher.

Segment profit for the first nine months of 2021 compared to 2020 increased $13 million primarily due to $21 million from higher volume, $7 million from favorable price and mix combined, $2 million from sourcing and engineering-led cost reductions, and $1 million from favorable foreign currency exchange. Partially offsetting these increases were $10 million from higher SG&A, $5 million from higher commodity costs, $2 million from higher other product costs, and $1 million from higher freight and distribution expense.

Corporate and Other

Corporate and other expenses decreased $2 million in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020 primarily due to changes in incentive compensation costs.

Liquidity and Capital Resources

Our working capital and capital expenditure requirements are generally met through internally generated funds, bank lines of credit and an asset securitization arrangement. Working capital needs are generally greater in the first and second quarters due to the seasonal nature of our business cycle.

Statement of Cash Flows

The following table summarizes our cash flow activity for the nine months ended September 30, 2021 and 2020 (in millions):

	For the Nine Months Ended September 30,	
	2021	**2020**
Net cash provided by operating activities	$ 396.3	$ 446.2
Net cash used in investing activities	(67.6)	(56.5)
Net cash used in financing activities	(410.5)	(365.0)

Net Cash Provided by Operating Activities - The change in net cash provided by operating activities for the nine months ended September, 30 2021 compared to the same period in 2020 reflects less favorable changes in working capital partially offset by an increase in operating income.

Net Cash Used in Investing Activities - Capital expenditures were $69 million for the nine months ended September 30, 2021 compared to $56 million in the same period of 2020. Capital expenditures in 2021 were primarily related to the expansion of manufacturing capacity and equipment, and investments in systems and software to support the overall enterprise.

Net Cash Used in Financing Activities - Net cash used in financing activities for the nine months ended September 30, 2021 increased to $411 million compared to $365 million in the same period of 2020. The change was primarily due to increased share repurchases in the current year compared to the prior year, which was partially offset by increased net borrowings. We repurchased $600 million of shares for the nine months ended September 30, 2021 and returned $93 million to shareholders through dividend payments. For additional information on share repurchases, refer to Note 5 in the Notes to the Consolidated

Financial Statements.

Debt Position

The following table details our lines of credit and financing arrangements as of September 30, 2021 (in millions):

		Outstanding Borrowings
Current maturities of long-term debt:		
Asset securitization program [2]	$	290.0
Finance lease obligations		10.6
Debt issuance costs		—
Total current maturities of long-term debt	$	300.6
Long-term debt:		
Finance lease obligations		27.8
Domestic credit facility [1]		9.0
Senior unsecured notes		950.0
Debt issuance costs		(9.2)
Total long-term debt		977.6
Total debt	**$**	**1,278.2**

[1] The available future borrowings on our domestic credit facility are $739.0 million, after being reduced by the outstanding borrowings and $2.0 million in outstanding standby letters of credit. Refer to Note 10 in the Notes to the Consolidated Financial Statements related to the terms of the Domestic Credit Facility.

[2] The maximum securitization amount ranges from $250.0 million to $400.0 million, depending on the period. The maximum capacity of the ASP is the lesser of the maximum securitization amount or 100% of the net pool balance less reserves, as defined under the ASP. Refer to Note 10 in the Notes to the Consolidated Financial Statements for more information.

July 2021 Credit Agreement

In July 2021, we entered into the Credit Agreement (the "Credit Agreement") with JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders party thereto, which refinanced and replaced the Prior Credit Agreement, among the Company, JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders party thereto.

The Credit Agreement provides for revolving credit commitments of $750 million with sublimits for swingline loans of up to $65 million, letters of credit up to $100 million and revolving loans in certain non-U.S. currencies up to the U.S. dollar equivalent of $40 million. The Credit Agreement will expire and outstanding loans will be required to be repaid in July 2026, unless maturity is extended by the lenders pursuant to two one-year extension options that we may request under the Credit Agreement. At our request and subject to certain conditions, the revolving credit commitments under the Credit Agreement may be increased by up to a total of $350 million to the extent that existing or new lenders agree to provide additional commitments.

The Credit Agreement is guaranteed by certain of our subsidiaries and contains customary covenants applicable to us and its subsidiaries including limitations on indebtedness, liens, dividends, stock repurchases, mergers and sales of all or substantially all of its assets. In addition, the Credit Agreement contains a financial covenant requiring us to maintain, as of the last day of each fiscal quarter for the four prior fiscal quarters, a Total Net Leverage Ratio of no more than 3.50 to 1.00 (or, at our election, on up to two occasions following a material acquisition, 4.00 to 1.00). The Credit Agreement is subject to customary events of default, including non-payment of principal or other amounts under the Credit Agreement, material inaccuracy of representations and warranties, breach of covenants, cross-default to other indebtedness in excess of $75 million, judgements in excess of $75 million, certain voluntary and involuntary bankruptcy events, and the occurrence of a change of control.

Financial Leverage

We periodically review our capital structure to ensure the appropriate levels of leverage and liquidity. We may access the capital markets, as necessary, based on business needs and to take advantage of favorable interest rate environments or other market conditions. We also evaluate our debt-to-capital and debt-to-EBITDA ratios to determine, among other considerations, the appropriate targets for capital expenditures and share repurchases under our share repurchase programs. Our debt-to-total-capital ratio decreased to 135% at September 30, 2021 from 102% at December 31, 2020.

As of September 30, 2021, our senior credit ratings were Baa2 with a stable outlook, and BBB with a stable outlook, by Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Rating Group ("S&P"), respectively. The security ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. Each rating should be evaluated independently of any other rating. Our goal is to maintain investment grade ratings from Moody's and S&P to help ensure the capital markets remain available to us.

Liquidity

We believe our cash and cash equivalents of $39 million, future cash generated from operations and available future borrowings are sufficient to fund operations, planned capital expenditures, future contractual obligations, potential share repurchases and dividends and other needs in the foreseeable future. Included in our cash and cash equivalents of $39 million as of September 30, 2021 was $18 million of cash held in foreign locations. Our cash held in foreign locations is used for investing and operating activities in those locations, and we generally do not have the need or intent to repatriate those funds to the United States. An actual repatriation in the future from our non-U.S. subsidiaries could be subject to foreign withholding taxes and U.S. state taxes.

Guarantees related to our Debt Obligations

Our senior unsecured notes were issued by Lennox International Inc. (the "Parent") and are unconditionally guaranteed by certain of our subsidiaries (the "Guarantor Subsidiaries") and are not secured by our other subsidiaries. The Guarantor Subsidiaries are 100% owned and consolidated, all guarantees are full and unconditional, and all guarantees are joint and several.

In connection with the Credit Agreement we entered into in July 2021, Heatcraft Technologies Inc., Lennox National Account Services Inc., Lennox Procurement Company Inc. and Lennox Services LLC became additional guarantors of our debt obligations, guaranteeing the payment when due of all monetary obligations under the Credit Agreement and the Notes. In addition, Lennox Switzerland GmbH was released as a guarantor of all monetary obligations under the Credit Agreement and the Notes. These changes did not result in a material change to the Parent and Guarantor Subsidiaries financial information.

Off Balance Sheet Arrangements

An off-balance sheet arrangement is any transaction, agreement or other contractual arrangement involving an unconsolidated entity under which the company has: (1) made guarantees, (2) a retained or a contingent interest in transferred assets, (3) an obligation under derivative instruments classified as equity or (4) any obligation arising out of a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to us, or that engages in leasing, hedging or research and development arrangements with us. We have no off-balance sheet arrangements that we believe may have a material current or future effect on our financial condition, liquidity or results of operations.

Commitments, Contingencies and Guarantees

For information regarding our commitments, contingencies and guarantees, see Note 4 in the Notes to the Consolidated Financial Statements.

Recent Accounting Pronouncements

See Note 1 in the Notes to the Consolidated Financial Statements for disclosure of recent accounting pronouncements and the potential impact on our financial statements and disclosures.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

For quantitative and qualitative disclosures about market risk affecting LII, see "Quantitative and Qualitative Disclosures About Market Risk" in Item 7A of Part II of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020. Our exposure to market risk has not changed materially since December 31, 2020.

Item 4. ***Controls and Procedures***

Disclosure Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our current management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2021, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II - Other Information

Item 1. ***Legal Proceedings***

We are involved in a number of claims and lawsuits incident to the operation of our businesses. Insurance coverages are maintained and estimated costs are recorded for such claims and lawsuits. It is management's opinion that none of these claims or lawsuits will have a material adverse effect, individually or in the aggregate, on our financial position, results of operations or cash flows.

Item 1A. ***Risk Factors***

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risk factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020, which could materially affect our business, financial condition or results of operations. There have been no material changes to our risk factors from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020 and in Form 10-Q for the quarter ended June 30, 2021.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

In the third quarter of 2021, we purchased shares of our common stock as follows:

	Total Number of Shares Purchased [1]	Average Price Paid per Share (including fees)	Total Number of Shares Purchased As Part of Publicly Announced Plans	Approximate Dollar Value of Shares that may yet be Purchased under our Share Repurchase Plans (in millions) [2]
July 1 through July 31	796	$ 329.44	—	$ 1,046.0
August 1 through August 28	530,291	$ 328.54	517,598	$ 846.0
August 29 through September 30	95,268	$ 330.15	90,882	$ 846.0
	626,355		608,480	

(1) Includes 17,875 shares of common stock we repurchased in July, August and September of 2021 to satisfy employee tax-withholding obligations in connection with the exercise of long-term incentive awards.

(2) After $200.0 million related to the repurchase under the ASR agreement executed in August 2021. The stock repurchase was executed pursuant to a previously announced repurchase plan. In July 2021, the Board of Directors authorized an additional $1.0 billion of stock repurchases. See Note 5 in the Notes to the Consolidated Financial Statement for further details.

Item 6. Exhibits

1.1	Underwriting Agreement, dated as of July 22, 2020, by and among the Company, the guarantors party thereto, and J.P. Morgan Securities LLC and Wells Fargo Securities, LLC, as representatives of the several underwriters named therein (filed as Exhibit 1.1 to LII’s Current Report on Form 8-K filed on July 30, 2020, and incorporated herein by reference).
3.1	Restated Certificate of Incorporation of Lennox International Inc. (“LII”) (filed as Exhibit 3.1 to LII’s Registration Statement on Form S-1 (Registration Statement No. 333-75725) filed on April 6, 1999 and incorporated herein by reference).
3.2	Amended and Restated Bylaws of LII (filed as Exhibit 3.1 to LII’s Current Report on Form 8-K filed on December 16, 2013 and incorporated herein by reference).
4.1	Specimen Stock Certificate for the Common Stock, par value $.01 per share, of LII (filed as Exhibit 4.1 to LII’s Amendment to Registration Statement on Form S-1/A (Registration No. 333-75725) filed on June 16, 1999 and incorporated herein by reference).
4.2	Indenture, dated as of May 3, 2010, between LII and U.S. Bank National Association, as trustee (filed as Exhibit 4.3 to LII’s Post-Effective Amendment No. 1 to Registration Statement on S-3 (Registration No. 333-155796) filed on May 3, 2010, and incorporated herein by reference
4.3	Form of Supplemental Indenture among LII, the guarantors party thereto and U.S. Bank National Association, as trustee (filed as Exhibit 4.11 to LII’s Post-Effective Amendment No. 1 to Registration Statement on S-3 (Registration No. 333-155796) filed on May 3, 2010, and incorporated herein by reference).
4.4	Sixth Supplemental Indenture, dated as of November 3, 2016, among LII, each other existing Guarantor under the Indenture, dated as of May 3, 2010, as subsequently supplemented, and US Bank National Association, as trustee (filed as Exhibit 4.2 to LII’s Current Report on Forr 8-K filed on November 3, 2016, and incorporated herein by reference).
4.5	Seventh Supplemental Indenture, dated as of January 23, 2019, among LII Mexico Holdings Ltd., Lennox International Inc., each other existing Guarantor under the Indenture, dated as of May 3, 2010, as subsequently supplemented, and US Bank National Association, as trustee (filed as Exhibit 2.5 to LII's Annual Report on Form 10-K filed on February 19, 2019 and incorporated herein by reference).
4.6	Form of 3.000% Notes due 2023 (filed as Exhibit A in Exhibit 4.2 to LII’s Current Report on Form 8-K filed on November 3, 2016, and incorporated herein by reference).
4.7	Eighth Supplemental Indenture, dated as of May 22, 2020, among Lennox Switzerland GmbH, Lennox International Inc., each other existin Guarantor under the Indenture, dated as of May 3, 2010, as subsequently supplemented, and US Bank National Association, as trustee (filed as Exhibit 4.7 to LII’s Quarterly Report on Form 10-Q filed on July 20, 2020, and incorporated herein by reference).
4.8	Ninth Supplemental Indenture, dated July 30, 2020, among LII, each existing Guarantor under the Indenture, dated as of May 3, 2010, as subsequently supplemented, and U.S. Bank National Association, as trustee (filed as Exhibit 4.2 to LII’s Current Report on Form 8-K filed on July 30, 2020, and incorporated herein by reference).
4.9	Form of 1.350% Notes due 2025 (filed as Exhibit A in Exhibit 4.2 to LII’s Current Report on Form 8-K filed on July 30, 2020, and incorporated herein by reference).
4.10	Form of 1.700% Notes due 2027 (filed as Exhibit B in Exhibit 4.2 to LII’s Current Report on Form 8-K filed on July 30, 2020, and incorporated herein by reference).
10.1	Seventh Amended and Restated Credit Facility Agreement, dated as of July 30, 2020, among Lennox International Inc., a Delaware corporation, the Lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent (filed as Exhibit 10.1 to LII’s Current Report on Form 8-K filed on July 30, 2020, and incorporated herein by reference).
10.2	Credit Agreement, dated as of July 14, 2021, among Lennox International Inc., a Delaware corporation, the Banks party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent (filed as Exhibit 10.1 to LII's Current Report on Form 8-K filed on July 15,2021, and incorporated herein by reference).
10.3	Form of Long-Term Incentive Award Agreement for Non-U.S. Employees (Vice President and Above) (for used under the 2019 Incentive Plan). (filed herewith)
22.1	List of Guarantor Subsidiaries
31.1	Certification of the principal executive officer (filed herewith).
31.2	Certification of the principal financial officer (filed herewith)
32.1	Certification of the principal executive officer and the principal financial officer pursuant to 18 U.S.C. Section 1350 (furnished herewith).
101	INS XBRL Instance Document. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101	SCH Inline XBRL Taxonomy Extension Schema Document
101	CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
101	LAB Inline XBRL Taxonomy Extension Label Linkbase Document
101	PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document

101	DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

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.

By: /s/ Joseph W. Reitmeier
Joseph W. Reitmeier
Chief Financial Officer
(on behalf of registrant and as principal financial officer)

Date: October 25, 2021

Exhibit 10.3

LENNOX INTERNATIONAL INC.

Long-Term Incentive Award Agreement
Non-U.S. Employees – Vice President

THIS AGREEMENT ("**Agreement**") is made as of _________ __, 20__ (the "**Date of Grant**"), by and between Lennox International Inc., a Delaware corporation (the "**Company**"), and __________ ("**Participant**").

The Company has adopted the Lennox International Inc. 2019 Equity and Incentive Compensation Plan (as amended and restated from time to time, the "**Plan**"), the terms of which are incorporated by reference and made a part of this Agreement, for the benefit of eligible employees, Directors, and certain other service providers of the Company and its Subsidiaries (together, "**LII**"). Capitalized terms used and not otherwise defined in this Agreement have the meanings set forth in the Plan.

Pursuant to the Plan, the Committee, which has responsibility for administering the Plan, has determined that it is in the interest of the Company and its Stockholders to make the awards described in this Agreement in order to increase Participant's personal interest in the continued success and progress of the Company, to foster and enhance the long-term profitability of the Company for the benefit of its Stockholders by offering the incentive of long-term rewards, and to encourage Participant to remain in the employ of LII.

The Company and Participant therefore agree as follows:

1. **Grant of Awards**. Subject to and upon the terms of this Agreement and the Plan, the Company grants to Participant on the Date of Grant:

(a) PSU Award – for the performance period beginning on January 1, 20__ and ending on December 31, 20__ (the "**PSU Performance Period**"), an award of _________ performance share units ("**PSUs**," and such award, the "**PSU Award**"). Subject to the degree of attainment of the performance goals approved by the Committee and set forth on **Schedule A** hereto (the "**Performance Goals**"), Participant may earn from 0% to 200% of the PSUs;

(b) RSU Award – an award of __________ service-based Restricted Stock Units ("**RSUs**" and such award, the "**RSU Award**"); and

(c) SAR Award – for the period beginning on the Date of Grant and ending on December __, 20__, the seventh anniversary of the Date of Grant (the "**SAR Exercise Period**"), an award of ___________ Appreciation Rights

(“**SARs**,” and such award, the “**SAR Award**”) with a Base Price of **$____** per SAR (the fair market value of a Common Share on the Date of Grant).

2. **Restrictions on Transfer**. Subject to Section 15 of the Plan, neither the awards evidenced hereby nor any interest therein or in the Common Shares underlying such awards shall be transferable prior to settlement other than by will or pursuant to the laws of descent and distribution.

3. **Conditions for Vesting**.

Subject to Participant’s compliance with the terms of this Agreement:

(a) PSU Award – The PSU Award will vest on the last day of the PSU Performance Period based on the extent that the Performance Goals for the PSUs are achieved for the PSU Performance Period.

(b) RSU Award – The RSU Award will vest on December __, 20__ (the “**RSU Vesting Date**,” and the period from the Date of Grant until the RSU Vesting Date, the “**RSU Restriction Period**”). If the RSU Vesting Date is not a day on which Common Shares are traded on a U.S. national securities exchange or quoted in an inter-dealer quotation system, then the RSU Vesting Date will be the preceding day on which sales of Common Shares were reported.

(c) SAR Award –The SAR Award will vest in accordance with the schedule below (the period from the Date of Grant until the final vesting date, the “**SAR Vesting Period**”).

Date	**SARs Vested**
December __, 20__	33 1/3%
December __, 20__	66 2/3%
December __, 20__	100%

(d) Forfeiture. Any PSU Award, RSU Award, or SAR Award (or portion thereof) that does not become vested as described in this Section 3 will be forfeited, including, except as provided in Section 4, if Participant ceases to be continuously employed with LII prior to the end of the PSU Performance Period, RSU Restriction Period, or SAR Vesting Period, respectively.

4. **Termination of Employment; Change in Control**. Unless otherwise determined by the Committee in its sole discretion, and notwithstanding anything herein to the contrary, the PSU Award, the RSU Award and the SAR Award will be subject to vesting or cancellation in connection with the events specified below:

(a) Except as otherwise provided in Section 4(c), if, prior to the end of the PSU Performance Period, RSU Restriction Period or SAR Exercise Period (as applicable), Participant violates Section 10 of this Agreement or is terminated by LII for Cause (as defined in any applicable employment agreement between LII and Participant or as determined by the Committee in its sole discretion in the absence of any such employment agreement), then, immediately after LII becomes aware of a violation of Section 10 or Participant's termination, the PSU Award, RSU Award or SAR Award will be cancelled.

(b) If, prior to the end of the PSU Performance Period, RSU Restriction Period or SAR Exercise Period (as applicable), Participant terminates employment with LII voluntarily or Participant's employment with LII is terminated by LII not for Cause, then, (i) immediately after Participant's termination, the PSU Award, RSU Award and any unvested SAR Award will be cancelled, and (ii) immediately after Participant's termination, the vested SARs will continue to be exercisable until the earlier of the end of the SAR Exercise Period and 90 days following Participant's termination, and the remainder of the SAR Award will be cancelled.

(c) If, prior to the end of the SAR Exercise Period, Participant's employment with LII is terminated by LII for any reason within one year following a Change in Control, then the vested SARs will continue to be exercisable until the earlier of the end of the SAR Exercise Period and 90 days following Participant's termination, and the remainder of the SAR Award will be cancelled.

(d) If, prior to the end of the PSU Performance Period, RSU Restriction Period or SAR Exercise Period (as applicable), Participant's employment with LII terminates by reason of Participant's retirement, and in connection with such termination of employment (i) Participant is at least 65 years of age, (ii) Participant is at least 62 years of age and has achieved at least 10 years of service with LII, (iii) the number of years of service Participant has achieved with LII plus Participant's age equals at least 80 or (iv) applicable non-U.S. local law requires such termination to be treated as a retirement based on different criteria than those set forth in the preceding clauses (i), (ii) and (iii), then (x) Participant will vest in a pro rata amount of the PSU Award based upon the portion of the PSU Performance Period during which Participant served as an employee of LII and the Company's attainment of its performance goals in accordance with the Performance Goals, determined at the end of the PSU Performance Period, and the remainder of the PSU Award will be cancelled, (y) Participant will vest in a pro rata amount of the RSU Award based upon the portion of the RSU Restriction Period during which Participant served as an employee of LII, determined as of the date of such retirement, and the remainder of the RSU Award will be cancelled, and (z) any vested SARs will continue to be exercisable for the remainder of the SAR Exercise Period, and the remainder of the SAR Award will be cancelled.

(e) If, prior to the end of the PSU Performance Period, RSU Restriction Period or SAR Exercise Period (as applicable), Participant dies or incurs a Disability, then (i) Participant, or in the event of Participant's death, Participant's beneficiary, will vest in a pro rata amount of the PSU Award based upon the portion of the PSU Performance Period during which Participant served as an employee of LII and the Company's attainment of its performance goals in accordance with the Performance Goals (as determined in the sole discretion of the Committee), determined as of the date of death or Disability, and the remainder of the PSU Award will be cancelled, (ii) Participant, or in the event of Participant's death, Participant's beneficiary, will vest in a pro rata amount of the RSU Award based upon the portion of the RSU Restriction Period during which Participant served as an employee of LII, determined as of the date of death or Disability, and the remainder of the RSU Award will be cancelled, and (iii) the SAR Award will become fully vested and exercisable (to the extent not already vested) and will continue to be exercisable for the remainder of the SAR Exercise Period. For purposes of this Agreement, "Disability" means permanently disabled (completely unable to perform Participant's duties as defined in the benefit plans of the Company).

(f) If a Change in Control occurs prior to the end of the PSU Performance Period, RSU Restriction Period or SAR Vesting Period (as applicable), Section 12(b) of the Plan shall apply. If a Change in Control occurs after the end of the PSU Performance Period, RSU Restriction Period or SAR Vesting Period (as applicable), Section 12(b) of the Plan shall not apply.

(g) For purposes of this Agreement, "terminate" means the actual date of notice of the cessation of the employee-employer relationship between Participant and LII for any reason, whether or not proper advance notice has been given.

5. **PSU Payment Timing**.

(a) General. Following the end of the PSU Performance Period the Committee will determine and certify achievement of the Performance Goals. To the extent that any of the Performance Goals are achieved and certified by the Committee, and except as otherwise provided in Section 5(b), vested PSUs will be paid no later than the 15th day of the third month following the end of the PSU Performance Period. Vested PSUs will be paid in the form of one Common Share for each vested PSU.

(b) Other Payment Events. Notwithstanding Section 5(a), to the extent the PSUs are vested (and have not previously been settled) as a result of Section 4(e) in connection with Participant's death or Disability, or as a result of Section 4(f) in connection with a Change in Control, such vested PSUs will be settled by issuing to Participant (or the Participant's beneficiary) one Common Share for each such vested PSU no later than the 15th day of the third month after the date of such vesting event.

6. **RSU Payment Timing**.

(a) General. Except as otherwise provided in Section 6(b), vested RSUs will be paid within 30 days following the RSU Vesting Date. Vested RSUs will be paid in the form of one Common Share for each vested RSU.

(b) Other Payment Events. Notwithstanding Section 6(a), to the extent that the RSUs are vested on the dates set forth below, payment with respect to the RSUs will be made as follows:

(i) to the extent the RSUs are vested (and have not previously been settled) as a result of Section 4(e) in connection with Participant's death or Disability, or as a result of Section 4(f) in connection with a Change in Control, such vested RSUs will be settled by issuing to Participant (or Participant's beneficiary) one Common Share for each such vested RSU within 60 days after the date of such vesting event; but

(ii) notwithstanding Section 6(b)(i), if Section 409A of the Code applies to the RSU Award and settlement is triggered (A) by Disability and such Disability does not constitute "disability" for purposes of Section 409A(a)(2)(C) of the Code or (B) by a Change in Control and such Change in Control does not constitute a "change in control" for purposes of Section 409A(a)(A)(v) of the Code, then payment of the RSUs will be made within 60 days after the earliest to occur of (w) the RSU Vesting Date, (x) Participant's death, (y) Participant's "disability" for purposes of Section 409A(a)(2)(C) of the Code ("**409A Disability**"), or (z) the occurrence of a Change in Control that constitutes a "change in control" for purposes of Section 409A(a)(2)(A)(v) of the Code (a "**409A Change in Control**");

(iii) to the extent the RSUs are vested (and have not previously been settled) as a result of Section 4(d) in connection with Participant's retirement, and following such retirement (A) Participant dies or experiences a 409A Disability or (B) a 409A Change in Control occurs, such vested RSUs will be settled by issuing to Participant (or Participant's beneficiary) one Common Share for each such vested RSU within 60 days after the date of such death, 409A Disability or 409A Change in Control, as applicable; and

(iv) in no event shall Participant be permitted to designate the taxable year of payment for the RSUs.

7. **Exercise of SARs and SARs Payment Timing**. Vested SARs may be exercised in whole or part at any time until expiration, unless terminated earlier pursuant to this Agreement. Within 30 days of the date of exercise, the Company will deliver to Participant for each vested SAR that is being exercised ("**Exercised SAR**") a number of Common Shares equal in value to the excess (if any) of the Exercise Date Value over the Base Price of the SAR; provided that the aggregate number of Common Shares so determined for all Exercised SARs covered by such exercise will be rounded to the nearest whole Common Share. If on the last day of the SAR Exercise Period (or, if earlier, the last day of the 90-day period following termination, if Section 4(b) applies) (i) the fair market value of a Common Share exceeds the Base Price of the SAR, (ii) Participant has not exercised the vested SARs, and (iii) the SAR Award has not otherwise been cancelled, then the vested SARs will be deemed to have been exercised by Participant as of such day, and the Company will settle the Exercised SARs in accordance with this Section 7.

8. **Withholding for Taxes**. To the extent that the Company is required to withhold federal, state, local or foreign taxes or other amounts in connection with the delivery to Participant of Common Shares or any other payment to Participant or any other payment or vesting event under this Agreement, and the amounts available to the Company for such withholding are insufficient, it shall be a condition to the obligation of the Company to make any such delivery or payment that Participant make arrangements satisfactory to the Company for payment of the balance of such taxes or other amounts required to be withheld. Unless otherwise determined by the Committee, such withholding requirement shall be satisfied by retention by the Company of a portion of the Common Shares to be delivered to Participant. The shares so retained shall be credited against such withholding requirement at the fair market value of such Common Shares on the date the applicable benefit is to be included in Participant's income. In no event will the fair market value of the Common Shares to be withheld and/or delivered pursuant to this Section 8 to satisfy applicable withholding taxes exceed the minimum amount of taxes required to be withheld.

9. **Adjustments**. The number of Common Shares subject to each award granted hereunder and the other terms and conditions of the grants evidenced by this Agreement are subject to adjustment as provided in Section 11 of the Plan.

10. **Nonsolicitation Obligations**. For one year following the effective date of Participant's termination of employment with LII (the "**Termination Date**"), Participant will not, directly or indirectly solicit, recruit or hire any person who is an LII employee as of the Termination Date.

If Participant violates this Section 10, LII will be irreparably harmed and entitled to specific performance, injunctive relief, attorneys' fees and costs incurred in obtaining relief, and any other remedy available at law or equity.

11. **No Stockholder Rights**. Participant will not be deemed for any purpose, including voting rights and dividends or dividend equivalents, to be, or to have any of the rights of, a Stockholder with respect to any Common Shares as to which the PSU Award, the RSU Award or the SAR Award relate until such shares are issued or transferred to Participant by the Company. The existence of this Agreement will not affect the right or power of LII or its Stockholders to accomplish any corporate act.

12. **Restrictions Imposed by Law**. Participant agrees that LII will not be obligated to deliver any Common Shares if LII determines that such delivery would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which the Common Shares may be listed or quoted. LII will not be obligated to take any affirmative action to cause the delivery of Common Shares to comply with any such law, rule, regulation or agreement.

13. **Compliance with Section 409A of the Code**. To the extent applicable, it is intended that this Agreement and the Plan comply with or be exempt from the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause this Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force or effect until amended to comply with or be exempt from Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of Participant).

14. **No Right to Future Awards**. The grants of the awards under this Agreement to Participant are voluntary, discretionary awards being made on a one-time basis and they do not constitute commitments to make any future awards. The grants of the awards and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law.

15. **Notice**. Unless LII notifies Participant in writing of a different procedure, any notice or other communication to LII with respect to this Agreement must be in writing and delivered personally or by first class mail, postage prepaid, to the following address:

Lennox International Inc.
c/o Corporate Secretary
2140 Lake Park Boulevard
Richardson, Texas 75080

Any notice or other communication to Participant with respect to this Agreement must be in writing and delivered personally, or sent electronically to Participant or by first class mail, postage prepaid, to Participant's address as listed in the records of the Company on the Date of Grant, unless LII has received written notification from Participant of a change of address.

16. **Amendment**. This Agreement may be supplemented or amended from time to time as approved by the Committee as contemplated by the Plan. Participant's consent shall not be required to an amendment that is deemed necessary by the Company to ensure compliance with Section 409A of the Code or Section 10D of the Exchange Act.

17. **Participant Employment**. Nothing contained in this Agreement, and no action of LII or the Committee, will confer or be construed to confer on Participant any right to continue in the employ of LII or interfere in any way with the right of LII to terminate Participant's employment at any time, with or without cause, subject, however, to the provisions of any employment agreement between Participant and LII.

18. **Governing Law**. This Agreement is governed by the laws of the State of Delaware, USA. Any dispute arising out of or related to this Agreement, or any breach or alleged breach hereof, will be exclusively decided by a state or federal court in the State of Texas in the County of Dallas. Participant irrevocably waives Participant's right, if any, to have any disputes between Participant and the Company arising out of or related to this Agreement decided in any jurisdiction or venue other than a state or federal court in the State of Texas in the County of Dallas. Participant hereby irrevocably consents to the personal jurisdiction of the state courts in the State of Texas in the County of Dallas for the purposes of any action arising out of or related to this Agreement.

19. **Construction**. This Agreement is entered into, and the PSU Award, RSU Award and SAR Award are granted, pursuant to the Plan and are governed by and construed in accordance with the Plan and the administrative interpretations adopted under the Plan. In the event of any inconsistency between the terms of the Plan and this Agreement, the terms of the Plan will control. Notwithstanding anything in this Agreement to the contrary, Participant acknowledges and agrees that this Agreement and the awards described herein are subject to the terms and conditions of the Company's clawback policy as may be in effect from time to time (if any).

20. **Severability and Reformation**. If any restriction or covenant in this Agreement is deemed by a court of competent jurisdiction to be unreasonable or unenforceable as written, the court may modify any unreasonable or unenforceable element of the restriction or covenant to make it reasonable and enforceable or enforce it only to the extent it is reasonable and enforceable. If the court determines that any restriction or covenant in this Agreement is wholly or partially invalid or unenforceable, the remainder of the restrictions or covenants will be given full effect.

21. **Entire Agreement**. This Agreement contains the entire agreement between the parties with respect to the PSU Award, the RSU Award and the SAR Award. If Participant has a written employment agreement which contains provisions that conflict with this Agreement, the terms of the employment agreement will control.

22. **Electronic Delivery**. The Participant consents to the delivery of any documents related to the awards granted hereunder by electronic means and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

23. **Participant Acceptance**. Participant must accept the terms and conditions of this Agreement by electronic signature or by signing in the space below and returning a signed copy to the Company.

24. **Nature of Grant**. Participant agrees that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time; (b) the grant of PSUs, RSUs and SARs (the "**Awards**") is voluntary and occasional and does not create any contractual or other right to receive future grants of Awards, or benefits in substitution of Awards, even if Awards have been granted repeatedly in the past; (c) all decisions with respect to future grants of Awards will be at the sole discretion of the Company; (d) participation in the Plan is voluntary; (e) the Awards are not a part of normal or expected pay package for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; (f) the future value of the underlying shares is unknown and cannot be predicted with certainty; and (g) in consideration of the grant of Awards, no claim or entitlement to compensation or damages will be created by any termination of the Awards or diminution in value of the Awards, and Participant releases LII from any such claim that may arise. If any such claim is found by a court of competent jurisdiction to have been created, then, by signing this Agreement, Participant will be deemed irrevocably to have waived Participant's entitlement to pursue such claim.

25. **Data Privacy**. Participant consents to the collection, use and transfer, in electronic or other form, of Participant's personal data by and among LII for the exclusive purpose of administering Participant's participation in the Plan. Participant understands that: (a) LII holds (but only processes or transfers to the extent required or permitted by local law) the following personal information about Participant: Participant's name, home address and telephone number, date of birth, email address, social insurance number, passport number or other identification number, salary, nationality, job title, any Common Shares or directorships held in the Company, details of all Participant's Awards awarded, canceled, exercised, vested, unvested or outstanding, for the purpose of administering the Plan ("**Data**"); (b) Data may be transferred to any third parties assisting in the administration of the Plan, regardless of whether such persons are located within Participant's country of residence, and that the recipient's

country may have different data privacy laws and protections than Participant's country; and (c) Data will be held only as long as is necessary to administer Participant's participation in the Plan and in accordance with local law. Participant authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom Participant may elect to deposit any shares acquired upon vesting or exercise of the Awards. Participant understands that Participant may, at any time, request the names and addresses of any potential recipients of Data, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw these consents, in any case without cost, by contacting Participant's local human resources representative in writing. Participant understands, however, that refusing or withdrawing Participant's consent may affect Participant's ability to participate in the Plan. For more information on the consequences of refusing or withdrawing consent, Participant understands that Participant may contact Participant's local human resources representative.

26. **No-Waiver.** Any waiver by the Company of a breach of any provision of this Agreement will not operate or be construed as waiver of any subsequent breach.

27. **Other Entities Protected**. This Agreement, including the restrictions on Participant's activities apply to any subsidiary, affiliate, successor and assign of LII to which Participant provides services or about which Participant receives Confidential Information. LII has the right to assign this Agreement at its sole election without the need for further notice to or consent by Participant. Accordingly, this Agreement will inure to the benefit of, and may be enforced by, any and all successors and assigns of LII, including, without limitation, by asset assignment, stock sale, merger, consolidation or other corporate reorganization, and will be binding on Participant, Participant's executors, administrators, personal representatives or other successors in interest. Participant further agrees that Participant's rights are personal and may not be assigned or transferred.

28. **Acknowledgement**. Participant acknowledges that Participant (a) has received a copy of the Plan, (b) has had an opportunity to review the terms of this Agreement and the Plan, (c) understands the terms and conditions of this Agreement and the Plan and (d) agrees to such terms and conditions.

29. **Non-U.S. Addendum.** Notwithstanding any provisions in this Agreement, the PSU Award, the RSU Award and the SAR Award shall also be subject to the special terms and conditions set forth in the Non-U.S. Addendum attached as an appendix to this Agreement (the "**Appendix**") for Participant's country. Moreover, if Participant relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to Participant to the extent the Company determines that the application of such terms and conditions are necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

ACCEPTED:

Signed: ____
«First» «Last»

Date: «Date»

SCHEDULE A

Performance Goals
PSU Performance Period: January 1, 20__ – December 31, 20__

1. Overview. The actual number of Common Shares delivered to the Participant in settlement of the PSUs earned under the Long-Term Incentive Award Agreement between the Company and Participant (the "**Agreement**") will be determined by the Committee in its reasonable discretion following the end of the PSU Performance Period based on actual performance results against the performance goals described below, subject to Section 4 of the Agreement. Any PSUs not earned will be canceled and forfeited. Capitalized terms used in this Statement of Performance Goals that are not specifically defined in this Statement of Performance Goals have the meanings assigned to them in the Agreement.

2. Metrics. 50% of the PSU Award will be earned based upon achievement of Company core net income compound annual growth rate (CAGR) over the three year PSU Performance Period ("**Core Net Income**"), and 50% of the PSU Award will be earned based upon achievement of Company weighted average return on invested capital over the three year PSU Performance Period with the lowest year return on invested capital weighted 20% and the remaining years each weighted 40% ("**ROIC**").

3. Performance Matrix. From 0% to 200% of the PSUs will be earned based on achievement of the Core Net Income and ROIC performance goals during the PSU Performance Period as follows:

PSU Award – Performance Goals			
Performance Level	**Threshold**	**Target**	**Maximum**
Percentage of PSUs Earned	50%	100%	200%
Core Net Income CAGR	**[__]%**	**[__]%**	**[__]%**
ROIC Weighted Average	**[__]%**	**[__]%**	**[__]%**

If Core Net Income or ROIC for the PSU Performance Period falls between two performance levels set forth in the performance matrix above, the number of PSUs earned with respect to such performance metric will be determined based on straight-line mathematical interpolation (rounded down to the nearest whole number of PSUs). If Core Net Income or ROIC for the PSU Performance Period falls below the "Threshold" level set forth in the performance matrix above, no PSUs shall become earned with respect to that metric.

APPENDIX

NON-U.S. ADDENDUM

Additional Terms and Conditions for Equity Grants Under the Lennox International Inc. 2019 Equity and Incentive Compensation Plan
(as amended and restated from time to time)

December 2021

Terms and Conditions

This Non-U.S. Addendum includes additional terms and conditions that govern performance share units ("**PSUs**"), restricted stock units ("**RSUs**"), and stock appreciation rights ("**SARs**", and collectively with PSUs and RSUs, the "**Awards**") granted under the Lennox International Inc. 2019 Equity and Incentive Compensation Plan (as amended and restated from time to time) (referred to as the "**Plan**") to Participants who reside in one of the countries listed below. Certain capitalized terms used but not defined in this Non-U.S. Addendum have the meanings set forth in the Plan and/or your award agreement (the "**Agreement**") that relates to the particular Award(s) granted to you. By accepting your Award(s), you agree to be bound by the terms and conditions contained in the paragraphs below in addition to the terms of the Plan, the Agreement, and the terms of any other document that may apply to you and your Award(s).

Notifications

This Non-U.S. Addendum also includes information regarding exchange controls and certain other issues of which you should be aware with respect to participation in the Plan. The information is based on the securities, exchange control, and other laws in effect in the respective countries as of December 2021. Such laws are often complex and change frequently. As a result, it is strongly recommended that you not rely on the information in this Non-U.S. Addendum as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time you exercise or vest in your Award(s), as applicable, or sell shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to your particular situation, and Lennox International Inc. (the "**Company**") is not in a position to assure you of a particular result. Accordingly, you are advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently working, transferred employment after the Award(s) were granted to you, or are considered a resident of another country for local law purposes, the information contained herein may not apply.

COUNTRY-SPECIFIC LANGUAGE

Below please find country specific language that applies to Participants in the following countries: Canada, China, France, Germany, India, Mexico, the Netherlands, and Spain.

CANADA

Terms and Conditions

Alternative Vesting of Awards. For the purposes of Section 4 of the Agreement, Participant's entitlements to alternative vesting of the Award(s) will be determined on the basis of "not for Cause" where the Cause alleged does not disqualify you from statutory notice of termination or termination pay under minimum employment standards legislation where applicable. This proviso shall also apply to any corresponding definition of Cause in your employment agreement or any related agreements.

Termination Date. Section 4(g) of the Agreement (or Section 4(f), if the Agreement only evidences a grant of RSUs) is revised in its entirety to read as follows:

> "[(f)/(g)] For purposes of this Agreement, "terminate" means the later of: (i) the date that Participant actually ceases to perform services for the Company or a subsidiary or an affiliate, as recorded by the Company or its subsidiary, as applicable; and (ii) the last day of the period during which Participant is entitled to notice of termination under applicable minimum employment standards legislation (the "**Termination Date**"). For greater certainty, the Termination Date shall be determined without reference to any statutory severance or any contractual or common law notice of termination of which Participant is in receipt or may be eligible to receive at common law, pursuant to a contract, or otherwise; and no grants or damages in lieu thereof are payable with respect to any applicable statutory severance period or contractual or common law notice period. Notwithstanding the foregoing, in no event will Participant receive less under the Agreement than that required by applicable minimum employment standards legislation. The Company and its subsidiaries and affiliates reserve the right to terminate the employment of any person, regardless of the effect of such termination of employment on entitlements under the Agreement. Participant hereby waives, and irrevocably releases the Company and its subsidiaries and affiliates from, any claim or entitlement to compensation or damages that may arise from any forfeiture of the award or awards evidenced hereunder as a result of the cessation of vesting on the Termination Date."

Acknowledgement. By accepting the Award(s) subject to the Agreement through the Fidelity web portal (or its successor), you declare that you expressly agree with the provisions regarding termination of employment described in the Plan, the Agreement (including, but not limited to, Section 4 thereof) and the special terms and conditions set forth in this Appendix.

Awards Settled in Shares Only. Notwithstanding anything to the contrary in the Plan and/or the Agreement, you understand that any Award(s) granted to you shall be paid in shares only and do not provide any right for you to receive a cash payment.

The following provision will apply to residents of Quebec:

Language Consent. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention.

Notifications

Additional Restrictions on Resale. In addition to the restrictions on resale and transfer noted in Plan materials, securities purchased under the Plan may be subject to certain restrictions on resale imposed by Canadian provincial securities laws. You are encouraged to seek legal advice prior to any resale of such securities. In general, participants resident in Canada may resell their securities in transactions carried out on exchanges outside of Canada and, in particular, you are generally permitted to sell shares acquired pursuant to the Plan through the designated broker appointed under the Plan, if any, provided that the Company is a foreign issuer that is not public in Canada and the sale of the shares acquired pursuant to the Plan takes place: (i) through an exchange, or a market, outside of Canada, on the distribution date; or (ii) to a person or company outside of Canada. For purposes hereof, a foreign issuer is an issuer that: (a) is not incorporated or existing pursuant to the laws of Canada or any jurisdiction of Canada; (b) does not have its head office in Canada; and (c) does not have a majority of its executive officers or directors ordinarily in Canada.

Form of Payment. Due to legal restrictions in Canada and notwithstanding any language to the contrary in the Plan, grantees are prohibited from surrendering shares that they already own or from attesting to the ownership of shares to pay any tax withholding in connection with the Award(s) granted. Any tax withholding must be paid in cash or by check or by wire transfer of immediately available funds, by a combination of such methods of payment, or by such other methods as may be approved by the Board.

Tax Reporting. The Tax Act and the regulations thereunder require a Canadian resident individual (among others) to file an information return disclosing prescribed information where, at any time in a tax year, the total cost amount of such individual’s “specified foreign property” (which includes shares and options) exceeds Cdn.$100,000. You should consult your own tax advisor regarding this reporting requirement.

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CHINA

Terms and Conditions

SAFE Compliance. This language is added to the end of the provision in the Agreement entitled "Compliance with Section 409A of the Code":

> "It is also intended that the Plan and this Agreement comply with any applicable requirements of the Safe Administration of Foreign Exchange ("**SAFE**") in the People's Republic of China ("**PRC**") and any other laws in effect in the PRC. This Agreement and the Plan shall be administered in a manner consistent with such intent, and any provision that would cause this Agreement or the Plan to fail to meet the applicable SAFE requirements and/or other laws in the PRC shall have no force and effect until amended to comply with the SAFE requirements and/or other laws in the PRC. By accepting this grant of the award(s), Participant consents to any such required amendment in advance."

Notifications

There are no country-specific notifications.

FRANCE

Terms and Conditions

Termination of Continuous Service. This language replaces Section 4(g) of the Agreement (or Section 4(f), if the Agreement only evidences a grant of RSUs):

> "[(f)/(g)] For purposes of this Agreement, any termination of Participant's employment with the Company or a subsidiary for any reason shall be effective on Participant's last day of any period of notice."

Notifications

Exchange Control Information. If you import or export cash (e.g., sales' proceeds received under the Plan) with a value equal to or exceeding €10,000 and do not use a financial institution to do so, you must submit a report to the customs and excise authorities. If you maintain a foreign bank account, you are required to report such account to the French tax authorities when filing your annual tax return.

GDPR. Consult the notice addressing the EU General Data Protection Regulation, which is attached hereto as Attachment A and which replaces the section of the Agreement entitled "Data Privacy."

EU Prospectus Regulation. Attachment B to this Non-U.S. Addendum provides an information statement, as required under the EU Prospectus Regulation, for reliance on the employee share scheme exemption. You should read that document in conjunction with the receipt of your award(s).

GERMANY

Terms and Conditions

There are no country-specific provisions.

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. If you use a German bank to transfer a cross-border payment in excess of €12,500 in connection with the sale of Common Shares acquired under the Plan, the bank will make the report for you. In addition, you must report any receivables, payables, or debts in foreign currency exceeding an amount of €5,000,000 on a monthly basis.

GDPR. Consult the notice addressing the EU General Data Protection Regulation, which is attached hereto as Attachment A and which replaces the section of the Agreement entitled "Data Privacy."

EU Prospectus Regulation. Attachment B to this Non-U.S. Addendum provides an information statement, as required under the EU Prospectus Regulation, for reliance on the employee share scheme exemption. You should read that document in conjunction with the receipt of your award(s).

INDIA

Terms and Conditions

Repatriation of Proceeds. You understand that you must repatriate any proceeds from the sale of Common Shares acquired under the Plan to India and convert the proceeds into local currency within 90 days of receipt. You will receive a foreign inward remittance certificate ("FIRC") from the bank where you deposit the foreign currency. You should maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or your employer requests proof of repatriation.

Notifications

Tax Information. The amount subject to tax at exercise or vesting, as applicable, may partially be dependent upon a valuation of Common Shares from a Merchant Banker in India. If such valuation is required, the Company has no responsibility or obligation to obtain the most favorable valuation possible nor obtain valuations more frequently than required under Indian tax law.

Exchange Control Information. You understand that it is your responsibility to comply with all exchange control laws in India and that you should consult with your own legal advisor about the applicable requirements.

Foreign Asset Reporting. You are responsible for complying with any requirement to report or declare any assets (including Common Shares) that you hold outside of India.

MEXICO

Terms and Conditions

Labor Law Policy and Acknowledgment. In accepting the grant of the Award(s), I expressly recognize that Lennox International Inc., with registered offices at 2140 Lake Park Boulevard, Richardson, Texas 75080, U.S.A., is solely responsible for the administration of the Plan and that my participation in the Plan and acquisition of shares do not constitute an employment relationship between Lennox International Inc. and me since I am participating in the Plan on a wholly commercial basis and my sole employer is **[INSERT NAME OF MEXICAN SUBSIDIARY]**, located at **[INSERT ADDRESS IN MEXICO]**. Based on the foregoing, I expressly recognize that the Plan and the benefits that I may derive from participating in the Plan do not establish any rights between my employer, **[INSERT NAME OF MEXICAN SUBSIDIARY]** and me, do not form part of the employment conditions and/or benefits provided by my employer, and any modification of the Plan or their termination shall not constitute a change or impairment of the terms and conditions of my employment.

I further understand that my participation in the Plan is as a result of a unilateral and discretionary decision of Lennox International Inc.; therefore, Lennox International Inc. reserves the absolute right to amend and/or discontinue my participation at any time without any liability to me.

Finally, I hereby declare that I do not reserve to myself any action or right to bring any claim against Lennox International Inc. for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and I therefore grant a full and broad release to Lennox International Inc., its affiliates, branches, representation offices, its shareholders, officers, agents, or legal representatives with respect to any claim that may arise.

Términos y Condiciones

Política de Ley Laboral y Reconocimiento. Al aceptar el otorgamiento de Award(s), expresamente reconozco que Lennox International Inc., con domicilio ubicado en 2140 Lake Park Boulevard, Richardson, Texas 75080, U.S.A. es el único responsable para la administración de Plan y que mi participación en el Plan y adquisición de acciones no constituye una relación de trabajo entre Lennox International Inc. y el suscrito, toda vez que mi participación en el Plan es totalmente en base a una relación comercial entre mi único patrón **[INSERT NAME OF MEXICAN SUBSIDIARY]**, ubicadas en **INSERT ADDRESS OF MEXICAN SUBSIDIARY]** Derivado de lo anterior, expresamente reconozco que el Plan y beneficios que pudieran derivar de mi participación en el Plan no establece derechos entre mi único patrón [**INSERT NAME OF MEXICAN SUBSIDIARY]** el suscrito, no forman parte de mis condiciones y/o prestaciones de trabajo otorgadas por mi único patrón y cualquier modificación del Plan o su terminación no constituye un cambio o detrimento en los términos y condiciones de mi relación de trabajo.

Adicionalmente, entiendo que mi participación en el Plan es resultado de una decisión unilateral y discrecional de Lennox International Inc.; por lo tanto, Lennox International Inc. se reserva el derecho absoluto de modificar y/o descontinuar mi participación en cualquier tiempo sin ninguna responsabilidad hacia mi.

Finalmente, expresamente declaro que no me reservo acción o derecho que ejercitar en contra de Lennox International Inc. por cualquier daño o perjuicio en relación con cualquier disposición del Plan o los beneficios derivados de dicho Plan y por lo tanto otorgo el finiquito más amplio que en derecho proceda a Lennox International Inc., sus afiliadas, sucursales, oficinas de representación, sus accionistas, funcionarios, agentes o representantes legales, en relación a cualquier demanda que pudiera surgir.

<u>Notifications</u>

There are no country-specific notifications.

<u>THE NETHERLANDS</u>

<u>Terms and Conditions</u>

There are no country-specific provisions.

<u>Notifications</u>

GDPR. Consult the notice addressing the EU General Data Protection Regulation, which is attached hereto as <u>Attachment A</u> and which replaces the section of the Agreement entitled “Data Privacy.”

EU Prospectus Regulation. <u>Attachment B</u> to this Non-U.S. Addendum provides an information statement, as required under the EU Prospectus Regulation, for reliance on the employee share scheme exemption. You should read that document in conjunction with the receipt of your award(s).

SPAIN

Terms and Conditions

There are no country-specific provisions.

Notifications

Exchange Control Information. All acquisitions of foreign shares by Spanish residents must comply with exchange control regulations in Spain. Because of foreign investment requirements, the acquisition of Company shares under the Plan must be declared for statistical purposes to the Spanish Direccion General de Comercio Internacional e Inversiones (the "DGCII"). If you acquire Common Shares through the use of a Spanish financial institution, that institution will automatically make the declaration to the DGCII for you. Otherwise, you must make the declaration by filing a form with the DGCII.

If you import the Common Shares acquired under the Plan into Spain, you must declare the importation of the share certificates to the DGCII.

In addition, you must also file a declaration of the ownership of the shares with the Directorate of Foreign Transactions each January while the shares are owned. These filings are made on standard forms furnished by the Directorate of Foreign Transactions.

When you receive any foreign currency payments (i.e., as a result of the sale of the Common Shares), you must inform the institution receiving the payment of the basis upon which such payment is made and provide certain specific information (e.g., name, address, and fiscal identification number; the name and corporate domicile of the company; the amount of the payment; the type of foreign currency received; the country of origin; and the reason for the payment).

Tax Reporting. If you hold assets (e.g., cash or shares in a bank or brokerage account) or rights outside Spain that exceed €50,000 per type of asset, you must file a Form 720 with the Spanish Tax Authorities by March 31st of each year.

Securities Law Notice. The Award(s) granted under the Plan do not qualify as securities under Spanish regulations. By the grant of the Award(s), no "offer of securities to the public", as defined under Spanish law, has taken place or will take place in Spanish territory. The present document and any other document relating to the offer of the Award(s) under the Plan has not been nor will it be registered with the *Comisión Nacional del Mercado de Valores* (Spanish Securities Exchange Commission), and it does not constitute a public offering prospectus.

GDPR. Consult the notice addressing the EU General Data Protection Regulation, which is attached hereto as Attachment A and which replaces the section of the Agreement entitled "Data Privacy."

EU Prospectus Regulation. Attachment B to this Non-U.S. Addendum provides an information statement, as required under the EU Prospectus Regulation, for reliance on the employee share scheme exemption. You should read that document in conjunction with the receipt of your award(s).

ATTACHMENT A

GDPR Notice for Participants in the EU

RE: Lennox International Inc. 2019 Equity and Incentive Compensation Plan and all other equity plans currently maintained or sponsored by the Company (the “Plans”)

Dear Participant:

The EU General Data Protection Regulation (also known as the “EU GDPR”) came into force on May 25, 2018. For the purposes of the EU GDPR, Lennox International Inc. (the “Company”) wants to make EU-based participants in the Plans aware that the Company holds certain Data (as defined below) about the participants. The Company also wants to explain why the Company holds this Data and to let each participant know how to raise any questions regarding the Company’s use of the Data. The purpose of this communication is to provide participants with this information.

This document constitutes a Notice under the EU GDPR. Copies of this Notice are also available by request using the contact details set out below.

This communication supplements information relating to the use of your Data set out in the relevant agreement, or agreements, including Non-U.S. Addendum, issued to you under the Plans (the “Agreements”). Should there be any inconsistency between the terms of this Notice and the Agreements relating to the Company’s use of your Data, then this Notice is the document that will apply.

The term “Data” as used in this Notice includes your name, home address, email address, date of birth, social insurance number, passport number or other identification number, salary, nationality and job title, as well as details of any shares, directorships, awards or any other equity or share rights you may have in the Company (whether awarded, canceled, exercised, vested, unvested or outstanding).

Data Controller Entity: The Company is the Data Controller. The Company is a Delaware corporation, with its principal United States office at 2140 Lake Park Boulevard, Richardson, Texas 75080, U.S.A.

Purposes: Data is held for the exclusive purpose of implementing, administering and managing your participation in the Plans.

Legitimate Interests: The Company holds the Data for the legitimate interests of implementing, administering and maintaining the Plan and each participant's participation in the Plans.

International Transfers of Data: As the Company is based in the United States and the Agreements are performed in the United States, the Company can only meet its contractual obligations to you under the Agreements if the Data is transferred to the United States. The performance of the contractual obligations of the Company to you is one of the legal bases for the transfer of the Data from the European Union or the United Kingdom to the United States. You should be aware that the United States may have different data privacy laws and protections than the data privacy laws in place in the European Union.

Retention Period: Records relating to the Plans are kept for as long as necessary in accordance with applicable local law requirements.

Other Recipients: To fulfil its obligations under the Agreements, the Company may share Data with its subsidiary companies who employ participants in the Plan, including, but not limited to, Lennox Industries Inc., LGL France S.A.S., LII United Products S. de R.L. de C.V., Hyfra Ind. GmbH, Lennox Benelux B.V., Lennox Deutschland GmbH, Lennox Global LLC, Lennox Global Spain S.L., Lennox India Technology Centre Private Limited, Lennox Industries (Canada) ULC, Lennox Industries (UK), Lennox Mexico Minority Holdings LLC, Lennox Polska s.p.z.o.o., Lennox Portugal, Lda, Lennox Refac, S.A., LGL Deutschland GmbH, LGL Germany GmbH, LGL Holland B.V., and LGL Refrigeration Spain S.A. In addition, Data may be transferred to certain third parties assisting in the implementation, administration and management of the Plan, such as share plan administrators and transfer agents. At your instruction, the Data will be shared with a broker or other third party whom you have instructed the Company to deposit shares or other securities acquired upon the vesting of any awards under the Agreements

Data Subject Rights: Participants have a number of rights under the EU GDPR. Depending upon the circumstances, these may include the right of data portability (where the Company helps a participant move Data to someone else at the participant's request), the right to object to the processing of the Data, the right to require the Company to update and correct the Data, the right to require erasure of the Data and the right for the participant to review the Data held by the Company and to require the Company to cease processing it. You must understand, however, that any such request may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or your withdrawal of consent, please contact the Company using the contact details below.

Data Security: The Company recognizes the importance of treating Data in a lawful, fair and transparent manner. The Company will apply reasonable organizational and security measures to prevent the unlawful processing and/or the accidental loss or destruction of these materials and, in particular, the personal data contained in them.

Contact: If you have any questions concerning this Notice, you should contact Gene Sims or Jessica Hawkins by using the following contact details:

Lennox International Inc.
2140 Lake Park Boulevard
Richardson, Texas 75080

Eugene F. Sims, Jr.
VP, Total Rewards
+1 972-497-6283
Gene.Sims@lennoxintl.com

Jessica Hawkins
Assistant General Counsel, Privacy
+1 972-497-7744
DPO@lennoxintl.com

ATTACHMENT B

Lennox International Inc. 2019 Equity and Incentive Compensation Plan
(Adopted May 23, 2019)

Important Information

Introduction

Eligible employees of Lennox International Inc. (the "Company") and its worldwide affiliates have the opportunity to participate in the Lennox International Inc. 2019 Equity and Incentive Compensation Plan (as amended and restated from time to time) (the "2019 Plan") to obtain rights to shares of the Company's common stock. Under the 2019 Plan, such employees may be granted, among other awards, the following awards: stock appreciation rights ("SARs") that give them the right to receive a certain number of shares of the Company's common stock upon exercise and the satisfaction of vesting and other requirements, restricted stock units ("RSUs") that will enable them to acquire shares of the Company's common stock, upon the satisfaction of vesting and other requirements, and/or performance share units ("PSUs") that will enable them to acquire shares of the Company's common stock, upon the achievement of continued employment and specified performance objectives.

This summary provides details with respect to the 2019 Plan.

Identification of the Issuer

The issuer of the common stock that is offered under the 2019 Plan is Lennox International Inc., a Delaware corporation, whose common stock is traded on the New York Stock Exchange ("NYSE") under the ticker symbol "LII." The Company's address is 2140 Lake Park Boulevard, Texas, 75080 U.S.A. Additional information on the Company can be found on its website at www.lennoxinternational.com.

Stockholder disclosure made by the Company with the U.S. Securities and Exchange Commission (the "SEC") is available on the SEC website (www.sec.gov). Employees may review copies of the filings at https://www.lennoxinternational.com/home/InvestorRelations/SECFilings.html or the SEC website at https://www.sec.gov/edgar/browse/?CIK=1069202&owner=exclude.

Reasons for the Offer

The purposes of offers made under the 2019 Plan are to permit award grants to non-employee directors, officers, and other employees of the Company and its subsidiaries, and certain consultants to the Company and its subsidiaries, and to provide to such persons incentives and rewards for service and/or performance.

Exemption from the Prospectus Regulation

To the extent offers of SARs, RSUs, PSUs and other rights under the 2019 Plan are offers of securities to the public, the Company is exempt from an obligation to publish a prospectus which meets the requirements set forth in Regulation 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the “Prospectus Regulation”). The Prospectus Regulation exempts offers made in the context of an employee share scheme within the European Economic Area (“EEA”) from the obligation to publish a prospectus if the securities are offered to existing or former directors or employees by their employer and certain other conditions are met, including the availability of a short-form disclosure document (the “Employee Share Scheme Exemption”). Accordingly, in reliance on the Employee Share Scheme Exemption, the Company has not prepared or filed a prospectus with any competent regulatory authority in the EEA in relation to offers made under the 2019 Plan and no such prospectus has been published in the EEA.

This document does not constitute a prospectus. Instead, this document contains the information that an issuer must make available to its employees when relying on the Employee Share Scheme Exemption.

Details of the Offer

The Compensation and Human Resources Committee (“Committee”) of the Company’s Board of Directors is responsible for administering the 2019 Plan. The Committee is authorized to interpret the 2019 Plan and to provide for special terms for any SARs, RSUs, PSUs or other awards granted to employees who are foreign nationals or who are employed by the Company or any of its subsidiaries outside of the United States or who provide services to the Company or any subsidiary under an agreement with a foreign nation or agency. Currently, the Company is granting only SARs, RSUs and PSUs outside of the United States. As a result, the details of the offer of SARs, RSUs and PSUs may vary slightly between countries to reflect any special terms or sub-plans adopted by the Committee, as will be set forth in the grant materials provided to employees.

<u>Addressees of the Offer</u>

The offer of SARs, RSUs and PSUs under the 2019 Plan will be made to employees of the Company and its subsidiaries, who are eligible to receive awards under the terms of the 2019 Plan and who are selected by the Committee.

<u>Time Frame of the Offer</u>

Periodically, the Company will offer awards, including SARs, RSUs and PSUs under the 2019 Plan, to eligible employees who have been selected by the Committee. Any employee receiving an award will be provided with a written grant agreement detailing the terms and conditions of the grant. Employees granted SARs, RSUs and PSUs (“Participants”) who remain in the continuous employ of the Company or one of its subsidiaries may generally exercise their SARs and vest in their RSUs or PSUs, thereby acquiring Company common stock after the end of a vesting period that, for SARs and RSUs, will be no less than one year from the date the SARs or RSUs were granted, and, for PSUs, will be no shorter than a one-year performance period, unless certain exceptions apply. All SARs must be exercised prior to the seventh anniversary of the date they were granted.

Minimum and Maximum Amount of Offers

The number of shares subject to SARs will be set out in an award agreement that is provided to employees who receive an offer of SARs under the 2019 Plan. There is no minimum number of shares that must be granted under an SAR award nor any maximum number of shares that could be granted. At the time a Participant exercises SARs, the SARs may be exercised for all or part of the number of shares of common stock covered by the SARs.

The number of shares subject to an RSU or PSU award will be set out in an award agreement that is provided to employees who receive an offer of RSUs or PSUs under the 2019 Plan. There is no minimum number of shares that must be granted under an RSU or PSU award nor any maximum number of shares that could be granted.

The aggregate number of SAR, RSU and PSU awards, along with other awards, that may be granted during the life of the 2019 Plan may not exceed 1,454,000 shares, minus the number of shares subject to awards granted between December 31, 2018 and May 23, 2019 under the Company's 2010 equity plan.

Nature of the Offer

SARs granted under the 2019 Plan give the Participant the right to receive shares of the Company's common stock at a fixed Base Price (as defined below). The SARs may be exercised once a vesting period of at least one year is satisfied. During the vesting period, the Participant must remain in the continuous employ of the Company or one of its subsidiaries, although certain exceptions are made in the event the Participant's employment is terminated due to death, disability or the occurrence of a change in control. Once an SAR is vested, it may be exercised by the Participant until the seventh anniversary of the date of grant (including following retirement), unless the Participant's employment is terminated due to a voluntary termination, a termination without cause by the Company, or a termination that occurs for any reason within one year following a change in control, in which case the vested SARs may be exercised by the Participant until the earlier of the seventh anniversary of the date of grant and 90 days following the Participant's termination of employment.

An RSU or PSU granted under the 2019 Plan represents the Company's unsecured promise to issue one share of the Company's common stock to the Participant upon satisfying continued employment requirements (in the case of an RSU) and satisfying both continued employment requirements and performance goals (in the case of a PSU). During the RSU or PSU vesting period, the Participant must remain in the continuous employ of the Company or one of its subsidiaries, although certain exceptions are made in the event the Participant's employment is terminated due to death, disability or retirement or in the event of a change in control.

Participants are not eligible to receive dividend equivalents with respect to their RSUs or PSUs. Please consult the actual terms and conditions included in the relevant RSU or PSU grant materials for further details about the awards. Participants will not be required to pay any consideration to receive the shares issuable once an RSU or PSU is vested.

An SAR, RSU or PSU may not be transferred and may be exercised by or vest in the Participant only, unless a transfer has been permitted by the Committee or the Board of Directors of the Company. Generally, the Participant may freely transfer the shares of the Company's common stock acquired upon exercise of the SARs or vesting of the RSUs and PSUs; however, the Committee may impose such restrictions on any such shares as it deems advisable, including minimum holding period requirements, restrictions under applicable securities laws, or under the requirements of any stock exchange or market upon which such shares are then listed and/or traded.

Further, SARs, RSUs and PSUs are granted to Participants in the sole discretion of the Company. No employee shall have the right to be selected to receive an SAR, RSU, PSU or any other award under the 2019 Plan or, having been so selected, to receive a future SAR, RSU or PSU. SARs RSUs and PSUs are granted by the Company, and none of the awards create an employment contract nor constitute any part of a Participant's employment contract with the Company or any affiliate of the Company.

Base Price

The price of each share of the Company's common stock subject to an SAR (the "Base Price") will be fixed by the Committee at the time the SAR is granted. The Base Price will not be less than 100% of the fair market value of a share of the Company's common stock on the date that the SARs are granted. The Base Price may be adjusted in the event of a reorganization or change in capitalization of the Company, as set forth in Section 11 of the 2019 Plan. Information on the current fair market value of the Company's shares can be found on the Company website at www.lennoxinternational.com/home/InvestorRelations.

Participants will not be required to pay any cash consideration to receive shares upon exercise of the SARs or vesting of the RSUs and PSUs.

Termination, Suspension or Amendment of the Plan

The Company may at any time repeal the 2019 Plan or amend it within the limits set forth in the 2019 Plan.

Number and Nature of the Securities Offered

SARs, RSUs and PSUs over shares of the Company's common stock will not be granted in excess of the available share limitations set forth in Section 3 of the 2019 Plan. A total of approximately 1,454,000 shares of common stock are available for issuance under the 2019 Plan (minus any shares subject to awards granted between December 31, 2018 and May 23, 2019 under the Company's 2010 equity plan), subject to adjustment in the event of a reorganization or change in capitalization of the Company, as described in Section 11 of the 2019 Plan. The shares that are offered are shares of common stock of the Company, par value $0.01.

The shares are principally traded on the NYSE.

Summary of the Rights Attached to the Shares

The shares delivered to Participants upon exercise of SARs and at or following the vesting of RSUs and PSUs granted under the 2019 Plan are shares of common stock in the Company, which will allow Participants to participate in dividends, to the extent dividends are declared by the Company, and to vote at the Company’s general meetings where each of his or her shares will count as one vote.

Further, once a stockholder, a Participant will have the right to receive certain information from the Company, such as the Company’s annual report to stockholders.

Information on the Plan

Further information on the 2019 Plan can be found at www.netbenefits.com.

Requests for information about the 2019 Plan should be directed to either the participating Company that employs a Participant or to:

Lennox International Inc.
Attn: Total Rewards
2140 Lake Park Boulevard
Richardson, Texas 75080

Eugene F. Sims, Jr.
VP, Total Rewards
+1 972-497-6283
Gene.Sims@lennoxintl.com

Monica Brown
Assistant General Counsel, Securities and Real Estate
Lennox International Inc.

Exhibit 22.1

List of Guarantor Subsidiaries

The following subsidiaries of Lennox International Inc. (the “Company”) are guarantors with respect to the Company’s (1) 3.00% Notes due 2023, (2) 1.35% Notes due 2025, and (3) 1.70% Notes due 2027:

Guarantor	State or Other Jurisdiction of Formation
Advanced Distributor Products LLC	Delaware
Allied Air Enterprises LLC	Delaware
Heatcraft Inc.	Delaware
Heatcraft Refrigeration Products LLC	Delaware
Heatcraft Technologies Inc.	Delaware
Lennox Global LLC	Delaware
Lennox Industries Inc.	Delaware
Lennox National Account Services Inc.	California
Lennox National Account Services, LLC	Florida
Lennox Procurement Company Inc.	Delaware
Lennox Services, LLC	Delaware
LGL Australia (US) Inc.	Delaware
LGL Europe Holding Co.	Delaware

Exhibit 31.1

CERTIFICATION

I, Todd M. Bluedorn, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: October 25, 2021

/s/ Todd M. Bluedorn

Todd M. Bluedorn
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Joseph W. Reitmeier, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: October 25, 2021

/s/ Joseph W. Reitmeier
Joseph W. Reitmeier
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Lennox International Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned, Todd M. Bluedorn, Chief Executive Officer of the Company, and Joseph W. Reitmeier, Chief Financial Officer of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to his or her knowledge:

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

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

/s/ Todd M. Bluedorn
Todd M. Bluedorn
Chief Executive Officer

October 25, 2021

/s/ Joseph W. Reitmeier
Joseph W. Reitmeier
Chief Financial Officer

October 25, 2021

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