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

**FORM 8-K**

**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of report (date of earliest event reported):  
September 22, 2008

**LENNOX INTERNATIONAL INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-15149**  
(Commission File Number)

**42-0991521**  
(IRS Employer  
Identification No.)

**2140 Lake Park Blvd.**  
**Richardson, Texas 75080**  
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code:  
**(972) 497-5000**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01 Entry into a Material Definitive Agreement.**

On September 22, 2008, Lennox International Inc. (the “Company”), Lennox Procurement Company Inc. (“Procurement”), Lennox Industries Inc. (“Industries”), Allied Air Enterprises Inc. (“Allied”), Service Experts LLC (“Service Experts”), Lennox Global Ltd. (“Global”), BTMU Capital Corporation (“BTMU”) and Compass Bank (“Compass”) entered into a First Omnibus Amendment to Operative Documents (the “Omnibus Amendment”), pursuant to which certain agreements entered into in connection with the lease of the Company’s corporate headquarters (the “Lease”) have been amended. On the same day, MHCB (USA) Leasing and Finance Corporation assigned all of its rights and obligations under a Participation Agreement related to the acquisition, financing and lease of the Company’s corporate headquarters and certain related documents to Compass, and Compass assumed all of those rights and obligations.

The Omnibus Amendment, among other things, (i) amends the Lease and the Participation Agreement to make certain terms contained therein consistent with terms contained in the Company’s revolving credit agreement and (ii) provides for certain increases in the amount of rent required to be paid under the Lease. In connection with the Omnibus Amendment, Industries, Allied, Service Experts and Global (each a wholly-owned subsidiary of the Company and collectively, the “Subsidiary Guarantors”), entered into a Subsidiary Guaranty dated as of September 22, 2008 (the “Subsidiary Guaranty”), in favor of BTMU and certain other parties, pursuant to which the Subsidiary Guarantors agreed to guarantee, jointly and severally, the obligations under the Lease and certain related documents.

Copies of the Omnibus Amendment and the Subsidiary Guaranty are filed herewith as Exhibits 10.1 and 10.2, respectively. The foregoing descriptions of the Omnibus Amendment and the Subsidiary Guaranty do not purport to be complete, and are qualified in their entirety by reference to the full text of such documents, as applicable, which are incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits.**

(d) *Exhibits.*

<u>EXHIBIT NUMBER</u>	<u>DESCRIPTION</u>
10.1	— First Omnibus Amendment to Operative Documents, dated as of September 22, 2008, among Lennox International Inc., Lennox Procurement Company Inc., Lennox Industries Inc., Allied Air Enterprises Inc., Service Experts LLC, Lennox Global Ltd., BTMU Capital Corporation and Compass Bank.
10.2	— Subsidiary Guaranty, dated as of September 22, 2008, made by Lennox Industries Inc., Allied Air Enterprises Inc., Service Experts LLC and Lennox Global Ltd., as guarantors, in favor of BTMU Capital Corporation and the other parties specified therein.

**SIGNATURES**

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 hereunto duly authorized.

LENNOX INTERNATIONAL INC.

Date: September 25, 2008

By: /s/ Kenneth C. Fernandez

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Name: Kenneth C. Fernandez

Title: Associate General Counsel

## INDEX TO EXHIBITS

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## FIRST OMNIBUS AMENDMENT TO OPERATIVE DOCUMENTS

This FIRST OMNIBUS AMENDMENT TO OPERATIVE DOCUMENTS (this "Amendment") is being entered into as of September 22, 2008, among BTMU CAPITAL CORPORATION, a corporation organized under the laws of the State of Delaware ("Lessor"), LENNOX PROCUREMENT COMPANY INC., a corporation organized under the laws of the State of Delaware ("Lessee"), LENNOX INTERNATIONAL INC., a Delaware corporation ("Parent Guarantor"), LENNOX INDUSTRIES INC., an Iowa corporation, ALLIED AIR ENTERPRISES INC., a Delaware corporation, SERVICE EXPERTS LLC, a Delaware limited liability company, and LENNOX GLOBAL LTD., a Delaware corporation (collectively, "Subsidiary Guarantors" and, together with the Parent Guarantor, collectively, "Guarantors"), and COMPASS BANK, an Alabama banking corporation ("Compass"), as successor Administrative Agent ("Agent") to MHCBS (USA) Leasing and Finance Corporation ("MHCBS") (in its former capacity as Administrative Agent, "Original Agent"), and as successor Lender ("Lender") to MHCBS (in its former capacity as Lender, "Original Lender").

**RECITALS**

A. On June 22, 2006, Lessor acquired the Property (as defined in the Participation Agreement, as defined below) and subsequently leased the Property to Lessee pursuant to that certain Lease Agreement dated as of June 22, 2006 (the "Original Lease Agreement" and, as amended by this Amendment, the "Lease Agreement"). In connection therewith Parent Guarantor, Lessee, Lessor, Original Agent and Original Lender entered into that certain Participation Agreement, dated as of June 22, 2006 (the "Original Participation Agreement" and, as amended by this Amendment, the "Participation Agreement") whereby the parties documented the transaction, including the acquisition of the Property, the lease and the financing of the acquisition of the Property by Original Lender. Original Lender provided financing for the acquisition of the Property pursuant to that certain Credit Agreement, dated as of June 22, 2006 (the "Original Credit Agreement" and, as amended by this Amendment, the "Credit Agreement"), originally entered into among Lessor, Original Agent and Original Lender, and currently among Lessor, Agent and Lender. Capitalized terms used but not defined herein have the meanings set forth in the Participation Agreement (including Appendix A thereto, as amended hereby).

B. Pursuant to that certain Assignment and Assumption Agreement (the "Assignment Agreement"), dated as of the date hereof, between MHCBS and Compass, MHCBS assigned all of its rights and obligations as Lender and Administrative Agent under the Participation Agreement, Credit Agreement, Note and the other Operative Documents to Compass.

C. In connection with the Assignment Agreement, Lender has requested to modify certain terms of the Operative Documents and, in consideration for assuming the Loan, requires that Subsidiary Guarantors execute and deliver the Subsidiary Guaranty.

D. Lessee has informed Lessor, Agent and Lender that its parent, Parent Guarantor, amended and restated its credit facility pursuant to that certain Third Amended and Restated Revolving Credit Facility Agreement, dated as of October 12, 2007 (the "Revolving Credit").

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Facility Agreement”) among Parent Guarantor, the lenders party thereto and Bank of America, N.A., as administrative agent, and, in connection therewith, Lessee has requested that Lessor agree to amend certain Operative Documents in order to be consistent with certain terms and provisions of the Revolving Credit Facility Agreement.

E. The parties hereto are willing to agree to such amendments, in each case subject to the performance and observance in full of each of the covenants, terms and conditions, and in reliance upon the representations and warranties, set forth herein.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Lessor, the Lessee, the Agent and the Lenders hereby agree as follows:

**Section 1. Amendments to the Original Lease Agreement.** Subject to the covenants, terms and conditions set forth in this Amendment, and in reliance upon the representations and warranties contained herein, Lessee and Lessor hereby amend the Original Lease Agreement as follows, and Lender and Agent hereby consent to the following amendments:

(a) **Amendment to Schedule 1.** Schedule 1 to the Original Lease Agreement entitled the “Basic Rent Schedule” is hereby deleted in its entirety and replaced with Schedule 1 attached hereto.

(b) **Amendment to Section 2.1.** The references to the term “Permitted Encumbrances” in the first paragraph of Section 2.1 of the Original Lease Agreement shall be deleted and replaced with the term “Permitted Lien”.

(c) **Amendment to Assignment and Subleasing.** The last paragraph of Article IX of the Original Lease Agreement is hereby amended and restated in its entirety to read as follows:

“This Lease shall not be mortgaged or pledged by Lessee, nor shall Lessee mortgage or pledge any interest in the Leased Property or any portion thereof, other than as contemplated by this Lease. Any such mortgage or pledge shall be void.”

(d) **Amendment to Events of Default.** Clauses (f), (g), (k) and (l) of Article XII of the Original Lease Agreement are hereby amended and restated in their entirety to read as follows:

“(f) Guarantor, Lessee or any Subsidiary of Guarantor (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to

any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; provided, however, that, except with respect to Lessee, this clause (f) shall not apply to any Subsidiary of the Guarantor the book value of whose total assets (determined in accordance with GAAP) is less than \$25,000,000.”

“(g) a court or Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Guarantor, Lessee or any of Guarantor’s Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Guarantor, Lessee or any of Guarantor’s Subsidiaries, or any such petition shall be filed against the Guarantor, Lessee or any of Guarantor’s Subsidiaries and such petition shall not be dismissed within 60 days; provided, however, that, except with respect to Lessee, this clause (g) shall not apply to any Subsidiary of Guarantor the book value of whose total assets (determined in accordance with GAAP) is less than \$25,000,000.”

“(k) a final judgment or judgments for the payment of money aggregating in excess of \$40,000,000 (to the extent not covered by independent, third-party insurance as to which the insurer does not dispute coverage) are rendered against one or more of Guarantor and its Subsidiaries and which judgments are not, within sixty (60) days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within sixty (60) days after the expiration of such stay.”

“(l) Guarantor or any Subsidiary: (i) is in default (as principal or as guarantor or other surety) in the payment of any principal of, or premium or make-whole amount or interest on, or other amount in respect of, any Subject Indebtedness or (ii) is in default in the performance of or compliance with any term of any evidence of any Subject Indebtedness or of any mortgage, indenture, or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition, such Subject Indebtedness: (A) has become, or has been declared, due and payable before its stated maturity or before its regularly scheduled dates of payment; or (B) the holder or holders of any such Indebtedness or any trustee or agent acting on its or their behalf is permitted to declare such Indebtedness due and payable before its stated maturity or before its regularly scheduled dates of payment or to terminate any commitment relating thereto.”

**Section 2. Amendment to the Original Participation Agreement.** Subject to the covenants, terms and conditions set forth in this Amendment, and in reliance upon the representations and warranties contained herein, the parties hereto hereby amend the Original Participation Agreement as follows:

(a) **Amendment to Initial Paragraph.** The reference to “LENNOX INTERNATIONAL INC., a Delaware corporation (together with its successors and permitted assigns, “Guarantor”)” in the initial paragraph of the Original Participation Agreement shall be deleted and replaced with the following: “LENNOX INTERNATIONAL INC., a Delaware corporation (together with its successors and permitted assigns, “Parent Guarantor”)”.

(b) **Amendment and Restatement of Section 5.3(d).** Section 5.3(d) of the Original Participation Agreement shall be amended and restated in its entirety as follows:

“(d) Provisions of the Lennox Revolver Incorporated by Reference. Guarantor shall at all times comply with the following Sections of the Lennox Revolver (as construed for purposes of this subsection in accordance with the provisions set forth below), all of which Sections are hereby incorporated by reference:

- (1) Section 5.01 (which is titled “Compliance with Laws”);
- (2) Section 5.02 (which is titled “Insurance”);
- (3) Section 5.03 (which is titled “Maintenance of Properties and Lines of Business”);
- (4) Section 5.04 (which is titled “Payment of Taxes”);
- (5) Section 5.05 (which is titled “Corporate Existence, etc.”);
- (6) Section 5.08 (which is titled “Environmental Matters”);
- (7) subject to the qualification set out below, Section 5.09 (which is titled “Transactions with Affiliates”);
- (8) Section 5.10 (which is titled “Merger, Consolidation, etc.”), subject to the qualification that, immediately upon the expiration or termination of the Lennox Revolver, (x) references in clauses (c) and (d) thereof to “in an acquisition permitted by Section 5.23” shall be deemed to be replaced by the phrase “in connection with any acquisition” and (y) the proviso at the end thereof shall be deemed to have been deleted;
- (9) Section 5.11 (which is titled “Sale of Assets, etc.”);
- (10) Section 5.12 (which is titled “Indebtedness”), subject to the qualification that the first proviso thereto shall be deemed to have been deleted;
- (11) Section 5.13 (which is titled “Liens”);



- (12) Section 5.14 (which is titled “Restricted Payments”);
- (13) Section 5.15 (which is titled “Financial Covenants”);
- (14) Section 5.16 (which is titled “Limitation on Restrictive Agreements”), subject to the qualification that the provisions thereof shall not apply to any of the Operative Documents;
- (15) Section 5.17 (which is titled “Preferred Stock of Subsidiaries”);
- (16) Section 5.18 (which is titled “Financial and Business Information”), subject to the qualification that (x) references therein to the “Administrative Agent” shall be deemed to refer to Lessor and the Administrative Agent and (y) references therein to “Lender” shall be deemed to refer to Lessor or the Administrative Agent;
- (17) Section 5.19 (which is titled “Inspection; Confidentiality”), subject to the qualification that references therein to the “Administrative Agent” and “Lender” shall in each case be deemed to refer to Lessor and the Administrative Agent;
- (18) Section 5.20 (which is titled “Books and Records”); and
- (19) Section 5.21 (which is titled “New Material Subsidiaries”), subject to the qualification that (x) references therein to the “Subsidiary Joinder Agreement” shall be deemed to refer to the Subsidiary Joinder Agreement (as defined in the Subsidiary Guaranty), (y) references therein to the “Subsidiary Guaranty” shall be deemed to refer to the Subsidiary Guaranty and (z) references therein to the “Administrative Agent” shall be deemed to refer to Lessor and the Administrative Agent;

*provided, however*, (i) notwithstanding anything to the contrary set forth above, Sections 5.12 (which is titled “Indebtedness”), 5.13 (which is titled “Liens”) and 5.14 (which is titled “Restricted Payments”) of the Lennox Revolver shall not be deemed to be incorporated by reference into Section 5.3(d) of this Agreement until and unless the Lennox Revolver shall expire or terminate, whereupon immediately following such expiration or termination such Sections will automatically be deemed to be incorporated by reference into Section 5.3(d) of this Agreement (subject to the qualifications set forth above) without any action being taken by Guarantor, Lessor, Lessee, the Lenders, the Administrative Agent or any other party, and (ii) notwithstanding the incorporation of Section 5.09 of the Lennox Revolver into this Agreement by reference, for purposes of this Agreement, such Section 5.09 will not be construed to restrict any payments or transactions between Guarantor and any Subsidiary or between any Subsidiaries of Guarantor that, according to Section 5.16 of the Lennox Revolver (which is titled “Limitation on Restrictive Agreements”), are not to be restricted.

For purposes of determining requirements, calculations, Lease Defaults or Lease Events of Defaults established in this Agreement or other Operative Documents by reference to the Lennox Revolver, the Lennox Revolver will be construed as if:

- the Lennox Revolver continued indefinitely (and obligations of Guarantor remained outstanding thereunder), notwithstanding any expiration or termination thereof;

- no amendment, restatement or modification of, or waiver or consent under, the Lennox Revolver (each, a “Lennox Revolver Amendment”) had been executed or granted after September 22, 2008 other than a Lennox Revolver Amendment approved in writing by Lessor and the Required Lenders; *provided, however*, that (i) if the Lessor or any of its Affiliates is a party to the Lennox Revolver and Lessor or such Affiliate provides its consent to a Lennox Revolver Amendment, then such consent will constitute Lessor’s written approval of such Lennox Revolver Amendment for purposes of this Agreement and the other Operative Documents without the necessity of any further action and (ii) if any Lender or any of such Lender’s Affiliates is a party to the Lennox Revolver and such Lender or such Affiliate provides its consent to a Lennox Revolver Amendment, then such consent will constitute such Lender’s written approval of such Lennox Revolver Amendment for purposes of this Agreement and the other Operative Documents without the necessity of any further action;

- the Lennox Revolver required Lessee to deliver to Lessor and Administrative Agent copies of the notices, certificates and other documents required by the provisions listed above during the time frames prescribed by such provisions for delivery to the administrative agent or lenders under the Lennox Revolver (except that (i) in cases where the Lennox Revolver requires notice of any Default or Event of Default, such requirement will be construed to require notice of a Lease Default or Lease Event of Default, and (ii) any certificate of compliance or similar notice required of Guarantor by the Lennox Revolver will include such modifications as may be appropriate to allow Lessor and Administrative Agent to determine compliance with the Operative Documents by Lessee and Guarantor and applicable calculations required under the Operative Documents, rather than Guarantor’s compliance with the Lennox Revolver and calculations required under the Lennox Revolver);

- the Lennox Revolver required Lessor’s and Required Lender’s approval or consent to anything for which the Lennox Revolver requires the consent or approval of any agent or lender thereunder, including any document, instrument or provision that any of the Sections listed above describes as being “in form and substance satisfactory to” (or by words of like effect) any agent or lender thereunder.”

**Section 3. Amendment to the Original Credit Agreement.** Subject to the covenants, terms and conditions set forth in this Amendment, and the representations contained herein, Lessor, Agent and Lender hereby amend the Original Credit Agreement as follows, and Lessee and Guarantor consent to the following amendments:

(a) **Amendment to Section 4.1.** The following sentences shall be added to the end of Section 4.1 of the Original Credit Agreement:

“In connection with that certain First Omnibus Amendment to Operative Documents, dated as of September 22, 2008, Lessor hereby agrees to cause the existing Interest Rate Swap Agreement to accurately reflect the

Applicable Margin. For the avoidance of doubt, Lender hereby confirms that The Bank of Tokyo, Ltd., a New York agency is a satisfactory counterparty to the Interest Rate Swap Agreement.”

**Section 4. Amendments to Appendix A to the Operative Documents.** Subject to the covenants, terms and conditions set forth in this Amendment and in reliance upon the representations and warranties contained herein, the parties hereto hereby amend Appendix A to the Lease Agreement, Participation Agreement and Credit Agreement (“Appendix A”) as follows:

(a) **Interpretation.** With respect to each definition contained in Section 4 of this Amendment that is defined as “has the meaning set forth in the Lennox Revolver”, all references to “Borrower” in the Lennox Revolver shall be deemed to mean “Parent Guarantor” for purposes of such definition.

(b) **Amendment and Restatement of Definitions.** The definitions of “Adjusted EBITDA,” “Applicable Margin,” “Appraisal,” “Consolidated Indebtedness,” “Consolidated Net Income,” “Debt to Adjusted EBITDA Ratio,” “EBITDA,” “Equity Interests,” “Guarantor,” “Guarantor Document,” “Guaranty,” “Interest Expenses,” “Lennox Revolver,” “Loan,” “Prime Rate,” “Subject Indebtedness” and “Surrender Obligation” found in Appendix A are hereby amended and restated in their entirety to read as follows:

“‘**Adjusted EBITDA**’ has the meaning set forth in the Lennox Revolver.”

“‘**Applicable Margin**’ with respect to interest on the Loan and Yield on the Equity Investment, shall mean the applicable basis point spread set forth below corresponding to the Debt to Adjusted EBITDA Ratio of Guarantor in effect as of the most recent Calculation Date:

<i>Pricing Level</i>	<i>Debt to Adjusted EBITDA Ratio</i>	<i>Applicable Margin on Loan (basis points)</i>	<i>Applicable Margin on Equity Investment (basis points)</i>
I	Less than or equal to 1.00 to 1.00	117.5	180
II	Less than or equal to 1.50 to 1.0 but greater than 1.00 to 1.0	125	200
III	Less than or equal to 2.00 to 1.0 but greater than 1.50 to 1.0	132.5	225
IV	Less than or equal to 2.50 to 1.0 but greater than 2.00 to 1.0	140	275
V	Less than 3.00 to 1.00 but greater than 2.50 to 1.0	152	300
VI	Greater than 3.00 to 1.00	167	325

The Applicable Margin for interest on the Loan and Yield on the Equity Investment shall, in each case, be determined and adjusted as of each Calculation Date. Each Applicable Margin shall be effective from one Calculation date until the next Calculation Date. The initial Applicable Margin, which shall be from and including September 22,

2008, shall be based on Pricing Level I (as shown above) and shall remain at Pricing Level I until the first Calculation Date after September 22, 2008 and, thereafter, the Pricing Level shall be determined as set forth herein.”

“**Appraisal**’ means an Appraisal as defined in Section 3(e) of the Participation Agreement and which complies with 12 C.F.R. ¶ 323 et seq. and FIRREA.”

“**Assignment of Guaranty**’ means, collectively, the Assignment of Parent Guaranty and the Assignment of Subsidiary Guaranty.

“**Consolidated Indebtedness**’ has the meaning set forth in the Lennox Revolver.”

“**Consolidated Net Income**’ has the meaning set forth in the Lennox Revolver.”

“**Debt to Adjusted EBITDA Ratio**’ has the meaning set forth in the Lennox Revolver.”

“**EBITDA**’ has the meaning set forth in the Lennox Revolver.”

“**Equity Interests**’ has the meaning set forth in the Lennox Revolver.”

“**Guarantor**’ means, Parent Guarantor and/or Subsidiary Guarantors, as the context may require, provided, however, in Section 13.3 of the Lease Agreement references to Guarantor shall refer only to the Parent Guarantor.”

“**Guarantor Document**’ is defined in Section 4.3(a) of the Participation Agreement.”

“**Guaranty**’ means, the Parent Guaranty and/or the Subsidiary Guaranty, as the context may require; provided, however, in Section 13.3 of the Lease Agreement references to Guaranty shall refer only to the Parent Guaranty.”

“**Interest Expenses**’ has the meaning set forth in the Lennox Revolver.”

“**Lease Balance**’ means, as of any date of determination and subject to Section 2.5(c) of the Participation Agreement, an amount equal to the aggregate sum of the outstanding principal amount of the Equity Investment and the Loan. The Lease Balance as of September 22, 2008 equals \$41,202,994.25.”

“**Lennox Revolver**” means the Third Amended and Restated Revolving Credit Facility Agreement dated as of October 12, 2007, among Guarantor, as borrower, Bank of America, N.A., as administrative agent, JPMorgan Chase Bank, N.A. and Wachovia Bank, National Association, as co-syndication agents, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Wells Fargo Bank, N.A., as co-documentation agents, and U.S. Bank National Association and The Bank of Nova Scotia, as co-managing agents, and Banc of America Securities LLC and J.P. Morgan Securities, Inc., as joint lead arrangers and joint book managers, and the lenders party thereto, as amended, supplemented or otherwise modified from time to time.”

“**Loan**” means the term loan made to Lessor by Lender in an amount equal to \$32,962,395.40.”

“**Prime Rate**” means the per annum rate announced from time to time in New York City by The Bank of Tokyo – Mitsubishi UFJ, Ltd. as its prime rate, changing as and when said prime rate shall change.

“**Subject Indebtedness**” has the meaning set forth in the Lennox Revolver.”

(c) **Amendment to Defined Term.** The defined term “Permitted Allocation” found in Appendix A is hereby amended by replacing the word “Allocation” with the word “Alterations”.

(d) **Additional Definitions.** Appendix A is hereby amended by adding the following definitions in the correct alphabetical order thereto:

“**Assignment of Subsidiary Guaranty**” means the Assignment of Subsidiary Guaranty, dated as of September 22, 2008, from Lessor to Administrative Agent, and consented to by each Subsidiary Guarantor.

“**Assignment of Parent Guaranty**” means the Assignment of Parent Guaranty, dated as of June 22, 2006, from Lessor to Administrative Agent, and consented to by Parent Guarantor.

“**Event of Default**” means a Lease Event of Default, Loan Event of Default and/or an Event of Default as defined in the Guaranty, as the context may require.

“**Indebtedness**” has the meaning set forth in the Lennox Revolver.”

“**Lennox Revolver Amendment**” is defined in Section 5.3(d) of the Participation Agreement.”

“**Parent Guarantor**” means Lennox International Inc., a Delaware corporation.

“**Parent Guaranty**” means that certain Guaranty, dated as of June 22, 2006 by Parent Guarantor in favor of Lessor, the Lenders, Administrative Agent and Indemnitees.

“**Subsidiary Guarantors**” means, collectively, Lennox Industries Inc., an Iowa corporation, Allied Air Enterprises Inc., a Delaware corporation, Service Experts LLC, a Delaware limited liability company, Lennox Global Ltd., a Delaware corporation, and any other Subsidiary of the Parent Guarantor required to become a party to the Subsidiary Guaranty, and “Subsidiary Guarantor” means any of the foregoing.”

“**Subsidiary Guaranty**” means that certain Subsidiary Guaranty, dated as of September 22, 2008 by Subsidiary Guarantors in favor of Lessor, the Lenders, Administrative Agent and Indemnitees.

(e) **Deletion of Definition.** Appendix A is hereby amended by deleting the first definition of “Lien” appearing therein.

**Section 5. Amendments to Operative Documents.** Notwithstanding anything to the contrary contained in any Operative Document, each of the Operative Documents is hereby amended as follows: (1) all references in each Operative Document to the “Participation Agreement” shall be deemed to refer to the Original Participation Agreement as amended hereby, (2) all references in each Operative Document to the “Lease Agreement” shall be deemed to refer to the Original Lease Agreement as amended hereby, (3) all references in each Operative Document to the “Credit Agreement” shall be deemed to refer to the Original Credit Agreement as amended hereby, (4) all references in each Operative Document to “Appendix A” shall be deemed to refer to Appendix A as amended hereby, (5) all references in each Operative Document to the “Operative Documents” shall be deemed to refer to the Operative Documents as such Operative Documents been amended pursuant to the terms hereof and shall include the Assignment of the Subsidiary Guaranty and all other amendments, documents and assignment executed in connection herewith, and (6) all references in each Operative Document to “Lender” or “Administrative Agent” shall mean Compass Bank, an Alabama banking corporation, in its capacity as Lender or Administrative Agent, as applicable.

**Section 6. Conditions Precedent.** The parties hereto agree that this Amendment shall not be effective until the satisfaction in full of each of the following conditions precedent, each in a manner satisfactory to the Agent in its reasonable discretion:

(a) **Execution and Delivery of this Amendment.** The Agent shall have received a counterpart of this Amendment executed and delivered by Lessor, each Guarantor, Lessee, Agent and Lender.

(b) **Execution and Delivery of Other Documents.** The Agent shall have received a counterpart of the following documents executed and delivered by Lessor, each Guarantor, Lessee, Agent and/or Lender, as applicable:

(i) Allonge to Note;

- (ii) Subsidiary Guaranty;
- (iii) Assignment of Subsidiary Guaranty;
- (iv) Assignment of Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing; and
- (v) Assignment of and Amendment No. 1 to Assignment of Lease Agreement.

(c) **Representations and Warranties.** Each of the representations and warranties made in this Amendment shall be true and correct on and as of the date hereof, as if made on and as of such date, both before and after giving effect to the amendments set forth herein.

**Section 7. Representations and Warranties.**

(a) **Representations and Warranties of Lessee.** To induce the parties hereto to enter into this Amendment, Lessee represents and warrants to Lessor, Agent and Lender as follows:

(i) **No Defaults.** After giving effect to this Amendment, no Lease Event of Default exists.

(ii) **Binding Effect.** This Amendment, the Lease Agreement and the Participation Agreement constitute the legal, valid and binding obligations of the Lessee, and, as applicable, the Parent Guarantor, enforceable against the Lessee, and, as applicable, the Parent Guarantor, in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles of general applicability.

(iii) **Authorization.** The execution, delivery and performance of this Amendment has been authorized by all requisite corporate action on the part of the Lessee and Parent Guarantor and will not violate the Lessee's charter or by-laws.

(iv) **Bring-Down of Representation.** All of the representations contained in Section 4.1 of the Original Participation Agreement are true, correct and complete as of the date hereof, provided, that, for the purposes of the foregoing representation, references to "this Agreement" contained in the representations in Section 4.1 shall be deemed to include a reference to this Amendment; and all references to the "Operative Documents" therein shall refer to the Operative Documents as amended pursuant to this Amendment and the other amendments being executed and delivered in connection herewith.

(b) **Representations and Warranties of Lessor.** To induce the parties hereto to enter into this Amendment, Lessor represents and warrants to Lessee, each Guarantor, Agent and Lender that all of the representations contained in Section 4.2 of the Participation Agreement are true, correct and complete as of the date hereof, provided, that, for the purposes of the foregoing representation, references to "this Agreement" contained in the representations in Section 4.2 shall be deemed to include a reference to this Amendment; and all references to the "Operative

Documents” therein shall refer to the Operative Documents as amended pursuant to this Amendment and the other amendments being executed and delivered in connection herewith.

(c) **Representations and Warranties of Parent Guarantor.** To induce the parties hereto to enter into this Amendment, Parent Guarantor represents and warrants to Lessor, Agent and Lender as follows:

(i) Each Subsidiary Guarantor is a wholly owned Subsidiary of Parent Guarantor.

(ii) All of the representations contained in Section 4.3 of the Original Participation Agreement (other than the representation contained in Section 4.3(f) thereof) are true, correct and complete as of the date hereof, provided, that, for the purposes of the foregoing representation, references to “Guarantor” contained therein shall be deemed to refer to Parent Guarantor; references to the “Guaranty” contained therein shall be deemed to refer to the Parent Guaranty; references to “this Agreement” contained therein shall be deemed to include a reference to this Amendment; and all references to the “Operative Documents” therein shall refer to the Operative Documents as amended pursuant to this Amendment and the other amendments being executed and delivered in connection herewith. With respect to the representation in Sections 4.3(h) and (i) of the Participation Agreement, the references to “December 31, 2005” shall be deleted and replaced with “December 31, 2007”.

(iii) The expected post-retirement benefit obligation (determined as of the last day of the Borrower’s most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by Section 4980B of the Code) of Guarantor and its Subsidiaries was approximately \$17,628,620 as of December 31, 2007.

(d) **Representations and Warranties of Subsidiary Guarantors.** To induce the parties hereto to enter into this Amendment, each Subsidiary Guarantor represents and warrants to Lessor, Agent and Lender as follows:

(i) **Organization; Corporate Powers.** Each Subsidiary Guarantor (i) is a corporation duly organized and validly existing under the laws of the state of its existence, and (ii) has all requisite legal power and authority to enter into this Amendment, the Subsidiary Guaranty and each other Operative Document to which it is a party (the “Subsidiary Guarantor Documents”), to perform and observe the terms and conditions hereof, and has all requisite legal power and authority to own its properties and conduct its business as currently conducted except for such licenses, permits and approvals which would not, individually or in the aggregate, have a material adverse effect on such Subsidiary Guarantor’s ability to perform the Guaranteed Obligations (as defined in the Subsidiary Guaranty). Each Subsidiary Guarantor is qualified to do business as a foreign corporation in all jurisdictions where its ownership of property or the nature of its business required such qualification except where the failure to do so could not reasonably be expected to have a Material Adverse Effect on such Subsidiary Guarantor. Each Subsidiary Guarantor Document has been duly authorized, executed and delivered by each Subsidiary Guarantor that is a party thereto and constitutes the legal, valid and binding obligation of such Subsidiary Guarantor enforceable against such Subsidiary Guarantor in accordance with



its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization and other laws of general application relating to or affecting the enforcement of creditors' rights and general principles of equity.

(ii) **Litigation.** No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending against or, to the knowledge of any Subsidiary Guarantor, threatened against or affecting any Subsidiary Guarantor or any of its Subsidiaries (A) as to which there is a reasonable possibility of an adverse determination that could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect or (B) which in any manner draws into question the validity or enforceability of this Amendment or any other Operative Document.

(iii) **Conflicts.** No Subsidiary Guarantor is subject to any Contractual Obligation or restriction or to any order, rule, regulation, writ, injunction or decree of any court or Governmental Authority or to any Applicable Law which materially and adversely affects its ability to perform the Guaranteed Obligations (as defined in the Subsidiary Guaranty). The execution, delivery and performance by each Subsidiary Guarantor of each Subsidiary Guarantor Document to which it is a party do not and will not (i) conflict or result in a breach of or constitute a default under (A) any Applicable Law in effect as of the date of delivery of such Subsidiary Guarantor Documents, (B) the articles of incorporation or by-laws of such Subsidiary Guarantor, (C) any material agreement or instrument to which such Subsidiary Guarantor is a party or by which it is bound, or (D) any order, writ, injunction or decree of any court or other Governmental Authority, or (ii) result in the creation or imposition of any Lien upon such Subsidiary Guarantor's property pursuant to such agreement or instrument.

(iv) **Approvals.** The execution, delivery and performance by each Subsidiary Guarantor of each Subsidiary Guarantor Document to which it is a party do not require (i) any stockholder approval or the consent or approval of any of such Subsidiary Guarantor's creditors (except as have already been obtained in writing), or (ii) any authorization, consents, or approvals of, or filings with, any Governmental Authority, except for such authorization, consents, approvals or filings which have been obtained and are in full force and effect.

(v) **Solvency.** Each Subsidiary Guarantor is and, upon consummation of the transactions contemplated by this Amendment and the Subsidiary Guaranty, will be, Solvent. Transactions are in furtherance of each Subsidiary Guarantor's ordinary business purposes and in furtherance of its corporate purposes with no contemplation of insolvency and with no intent to hinder, delay or defraud any of its present or future creditors.

**Section 8. Successor Administrative Agent.** Pursuant to Section 6.3 of the Credit Agreement, Lender hereby appoints Compass as successor Administrative Agent under the Credit Agreement, and Compass Bank hereby accepts the appointment as successor Administrative Agent and represents that it satisfies the requirements for a successor Administrative Agent pursuant thereto.

**Section 9. Reaffirmation of the Parent Guaranty.** Parent Guarantor hereby acknowledges and consents to the amendments to the Operative Documents set forth herein as well as the amendments executed in connection herewith and reaffirms its obligations under the

Parent Guaranty. The Parent Guaranty shall remain in full force and effect and shall not be released, discharged or affected by (i) any extension granted by any Guaranty Beneficiary of the time for any payment by the Subsidiary Guarantors, (ii) any modification or amendment of the obligations of the Subsidiary Guarantors under the Subsidiary Guaranty, (iii) the release of Subsidiary Guarantors from their performance under the Subsidiary Guaranty, (iv) any merger or consolidation of any Subsidiary Guarantor or the sale, lease or transfer of any of the assets of any Subsidiary Guarantor, or (v) any change in the corporate relationship between Guarantor and any Subsidiary Guarantor.

**Section 10. Miscellaneous.**

(a) **Headings.** Section and subsection headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose or be given any substantive effect.

(b) **Limitation of Liability.** The parties hereto agree that notwithstanding anything to the contrary contained herein, Lessor's liability hereunder is limited as set forth in Section 8.10 of the Participation Agreement.

(c) **APPLICABLE LAW.** THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

(d) **Counterparts.** This Amendment may be executed in any number of counterparts and by any combination of the parties hereto in separate counterparts, each of which counterparts shall be an original and all of which taken together shall constitute one and the same Amendment. Delivery of this Amendment may be made by telecopy or electronic transmission of a duly executed counterpart copy hereof; provided that any such delivery by electronic transmission shall be effective only if transmitted in .pdf format, .tif format or other format in which the text is not readily modifiable by any recipient thereof.

(e) **FINAL AGREEMENT.** THIS AMENDMENT REPRESENTS THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

*[Remainder of this page blank; signature pages follow]*

IN WITNESS WHEREOF, the undersigned have each caused this Amendment to be duly executed and delivered and attested by their respective officers thereunto duly authorized as of the day and year first above written.

**BTMU CAPITAL CORPORATION**, as Lessor

By: /s/ Cheryl A. Behan  
Name: Cheryl A. Behan  
Title: Senior Vice President

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**LENNOX PROCUREMENT COMPANY INC.,**  
as Lessee

By: /s/ Gary A. Larson  
Name: Gary A. Larson  
Title: Treasurer

**LENNOX INTERNATIONAL INC.,** as Parent Guarantor

By: /s/ Gary A. Larson  
Name: Gary A. Larson  
Title: Treasurer

**LENNOX INDUSTRIES INC.,** as a Subsidiary Guarantor

By: /s/ Gary A. Larson  
Name: Gary A. Larson  
Title: Treasurer

**ALLIED AIR ENTERPRISES INC.,** as a Subsidiary  
Guarantor

By: /s/ Gary A. Larson  
Name: Gary A. Larson  
Title: Treasurer

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**SERVICE EXPERTS LLC**, as a Subsidiary Guarantor

By: /s/ Gary A. Larson

Name: Gary A. Larson

Title: Treasurer

**LENNOX GLOBAL LTD.**, as a Subsidiary Guarantor

By: /s/ Gary A. Larson

Name: Gary A. Larson

Title: Treasurer

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**COMPASS BANK**, as Agent and Lender

By: /s/ Thomas Blake  
Name: Thomas Blake  
Title: Senior Vice President

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SCHEDULE 1  
BASIC RENT SCHEDULE

<b>Payment Date</b>	<b>Period</b>	<b>Basic Rent</b>	<b>Additional Payment</b>	<b>Basic Rent plus Additional Payment</b>
6/22/2006	0			
9/22/2006	1	705,704.28	824,059.89	1,529,764.17
12/22/2006	2	564,563.43		564,563.43
3/22/2007	3	560,098.67		560,098.67
6/22/2007	4	559,602.59		559,602.59
9/22/2007	5	559,602.59		559,602.59
12/22/2007	6	559,602.59		559,602.59
3/22/2008	7	559,602.59		559,602.59
6/22/2008	8	664,456.29		664,456.29
9/22/2008	9	699,503.23		699,503.23
12/22/2008	10	741,283.07		741,283.07
3/22/2009	11	741,283.07		741,283.07
6/22/2009	12	741,283.07		741,283.07
9/22/2009	13	741,283.07		741,283.07
12/22/2009	14	741,283.07		741,283.07
3/22/2010	15	741,283.07		741,283.07
6/22/2010	16	741,283.07		741,283.07
9/22/2010	17	741,283.07		741,283.07
12/22/2010	18	741,283.07		741,283.07
3/22/2011	19	741,283.07		741,283.07
6/22/2011	20	741,283.07		741,283.07
9/22/2011	21	741,283.07		741,283.07
12/22/2011	22	741,283.07		741,283.07
3/22/2012	23	741,283.07		741,283.07
6/22/2012	24	741,283.07		741,283.07
9/22/2012	25	741,283.07		741,283.07
12/22/2012	26	741,283.07		741,283.07
3/22/2013	27	741,283.07		741,283.07
6/22/2013	28	741,283.07		741,283.07

**SUBSIDIARY GUARANTY**

THIS SUBSIDIARY GUARANTY, dated as of September 22, 2008 (together with all amendments and supplements hereto, this "Guaranty"), is made by LENNOX INDUSTRIES INC., an Iowa corporation, ALLIED AIR ENTERPRISES INC., a Delaware corporation, SERVICE EXPERTS LLC, a Delaware limited liability company, LENNOX GLOBAL LTD., a Delaware corporation, and each other Subsidiary of Parent Guarantor which, pursuant to Section 5.3(d) (19) of the Participation Agreement, becomes a "Guarantor" hereunder pursuant to a Subsidiary Joinder Agreement in the form of Exhibit A hereto (a "Subsidiary Joinder Agreement"), on a joint and several basis (collectively, together with their respective successors and assigns, "Guarantors" and each, individually, a "Guarantor"), each having an address at 2140 Lake Park Boulevard., Richardson, TX 75080, in favor of BTMU CAPITAL CORPORATION, a Delaware corporation (together with its successors and assigns, "Lessor"), having an address at 111 Huntington Avenue, Suite 400, Boston, MA 02199, and the INDEMNITEES, as such term is defined in the Lease (hereinafter defined) (Lessor and each Indemnitee are each a "Guaranty Beneficiary" and, collectively, "Guaranty Beneficiaries"). Terms not otherwise defined herein shall have the meanings set forth in Appendix A to the Lease.

## Preliminary Statement

Lessor entered into a Lease Agreement dated as of June 22, 2006 with Lennox Procurement Company Inc., a Delaware corporation, as lessee (together with its successors and assigns, and together with each other Lessee from time to time, collectively, "Lessee") relating to the Leased Property (such Lease Agreement, as supplemented or amended from time to time, together with any Memorandum of Lease related thereto, herein called the "Lease"). Pursuant to the terms of the Lease, Lessee has leased the Leased Property from Lessor for a term of years, as more particularly set forth in the Lease. Pursuant to the terms of the Participation Agreement, Lessor acquired the Land and Improvements and leased the same to Lessee, which has leased the same from Lessor and otherwise agreed to perform certain obligations relating thereto, all as more particularly set forth in the Lease and other Operative Documents.

Lennox International Inc., a Delaware corporation ("Parent Guarantor"), is the owner, directly or indirectly, of all of the issued and outstanding stock of Lessee. Parent Guarantor executed and delivered that certain Guaranty dated as of June 22, 2006 (the "Parent Guaranty") in favor of the Guaranty Beneficiaries wherein it agreed to, among other things, unconditionally and irrevocably guaranty the prompt payment and performance of all debts, duties and obligations of Lessee under the Lease, the Participation Agreement and all other Operative Documents. Parent Guarantor is the owner, directly or indirectly, of all of the issued and outstanding stock of each Guarantor and, as a result, the Guarantors and Lessee are under common control.

Pursuant to that certain Assignment and Assumption Agreement dated as of the date hereof (the "Assignment Agreement"), and other instruments, MHCB (USA) Leasing and Finance Corporation ("MHCB") assigned all of its rights and obligations as Lender and Administrative Agent under the Operative Documents to Compass Bank ("Lender"), and Lender assumed such rights and obligations.

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In connection with the Assignment Agreement, the Lessee and Parent Guarantor desire to amend certain terms of the Operative Documents and the parties are simultaneously herewith executing and delivering that certain First Omnibus Amendment to Operative Documents dated as of the date hereof by and among Lessor, Parent Guarantor, Guarantors, Lessee and Lender (the "Omnibus Amendment").

In order to induce Lessor and Lender to enter into the Omnibus Amendment, and to induce Lender to assume all of the rights and obligations of MHC B under the Operative Documents pursuant to the Assignment Agreement and other instruments, the Guarantors are entering into this Guaranty with respect to the obligations of Lessee under the Lease and the other Operative Documents.

NOW, THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Guarantor agrees as follows:

1. Each Guarantor, jointly with the other Guarantors and severally, unconditionally and irrevocably guaranties, as primary obligor and not merely as surety, to Guaranty Beneficiaries, the prompt payment and performance of all debts, duties, liabilities and obligations of Lessee (pecuniary or otherwise) including, without limitation, all obligations in respect of Rent, Lease Balance, Purchase Amount, End of Term Adjustment, fees, expenses and indemnities, under the Lease, the Participation Agreement and all other Operative Documents (all of the foregoing payment and performance obligations, collectively, the "Guaranteed Obligations") as and when the same shall become due and payable and in the manner required of Lessee. This Guaranty is an irrevocable, absolute, present, primary, continuing, unlimited and unconditional promise with respect to the full and punctual payment and performance by Lessee of each of the Guaranteed Obligations, and is not a promise of collectibility only, and is in no way conditional upon the requirement that any Guaranty Beneficiary first attempt to collect payment or demand performance from Lessee or that any Guaranty Beneficiary resort to any security or other means of obtaining such payment or performance or upon any other contingency. If for any reason (i) any such sums shall not be paid promptly by Lessee when due, or (ii) any such covenant, agreement, term or condition is not performed or observed by Lessee in accordance with the Lease, the Participation Agreement or any other Operative Document, each Guarantor, shall, without notice or demand of any nature, pay the same by wire transfer of immediately available federal funds to the Person or Persons entitled thereto pursuant to the provisions of said instruments and shall perform and observe or cause to be promptly performed and observed every such covenant, agreement, term and condition, in each case regardless of (i) any defenses or rights of set-off or counterclaims which any Guarantor or Lessee may have or assert, other than the defense of payment and performance in full of the Guaranteed Obligations, (ii) whether any Guaranty Beneficiary shall have taken any steps to enforce any rights against Lessee or any other remedy thereunder as a result of the default of Lessee thereunder and (iii) any other event, condition, contingency or circumstance whatsoever. Each Guarantor also agrees to pay to such Persons such further amounts as shall be sufficient to cover the costs and expenses of collecting such sums or any part thereof, or of otherwise enforcing or protecting the rights of such Persons under the Lease, the Participation Agreement, the other Operative Documents and this Guaranty, including reasonable fees and expenses of its attorneys and to Lessor and its attorneys for all services rendered in that connection and in any related proceeding.

Notwithstanding anything herein or in any other Operative Document to the contrary, in any action or proceeding involving any state corporate law, or any state or federal bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if, as a result of applicable law relating to fraudulent conveyance or fraudulent transfer, including Section 548 of the Bankruptcy Code or any applicable provisions of comparable state law (collectively, "Fraudulent Transfer Laws"), the obligations of any Guarantor under this Section 1 would otherwise, after giving effect to (a) all other liabilities of such Guarantor, contingent or otherwise, that are relevant under such Fraudulent Transfer Laws and (b) the value as assets of such Guarantor (as determined under the applicable provisions of such Fraudulent Transfer Laws) of any rights of subrogation, contribution, reimbursement, indemnity or similar rights held by such Guarantor pursuant to (i) applicable requirements of law, (ii) Section 5 hereof or (iii) any other contractual obligations providing for an equitable allocation among such Guarantor and other Affiliates of the Lessee of obligations arising under this Guaranty or other guaranties of the obligations by such parties, be held or determined to be void, invalid or unenforceable, on account of its liability under this Section 1, then the amount of such liability shall, without any further action by such Guarantor, any Guaranty Beneficiary, or any other Person, be automatically limited and reduced to the highest amount that is valid and enforceable as determined in such action or proceeding.

2. The obligations, covenants, agreements and duties of each Guarantor under this Guaranty shall be absolute and unconditional, shall not be subject to any counterclaim, setoff, deduction, diminution, abatement, recoupment, suspension, deferment, reduction or defense based upon any claim that any Guarantor or any other Person may have against Lessee, any Guaranty Beneficiary or any other Person, and, until the payment or performance in full of the Guaranteed Obligations, shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected by, any circumstance or condition whatsoever (whether or not any Guaranty Beneficiary, any Guarantor or Lessee shall have any knowledge or notice thereof), including, without limitation, the happening from time to time of any of the following, although without notice to, or the consent of, any Guarantor:

- (a) the waiver by any Guaranty Beneficiary of the performance or observance by Lessee, any Guarantor or any other party of any of the agreements, covenants, terms or conditions contained in the Lease, the Participation Agreement, this Guaranty or any other instrument or Operative Document;
- (b) the extension, in whole or in part, of the time for payment by Lessee, Parent Guarantor or any Guarantor of any sums owing or payable under the Lease, the Participation Agreement, this Guaranty or any other Operative Document, as applicable, or of any other sums of obligations under or arising out of or on account of the Lease, the Participation Agreement, this Guaranty or any other Operative Document or the renewal or extension of either thereof;
- (c) any assignment or subsequent reassignment of the Lease, the Participation Agreement, this Guaranty or any other Operative Document, in whole or in part, or the leasing or subletting of the Leased Property or any part thereof;

- (d) the modification or amendment (whether material or otherwise) of any of the obligations of Lessee, Parent Guarantor or any Guarantor under the Lease, the Participation Agreement, this Guaranty or any other Operative Document, as applicable;
- (e) the taking or the omission by Lessee of any of the acts referred to in the Lease, the Participation Agreement, this Guaranty or any other Operative Document (including, without limitation, any such acts or omissions to which Lessor or Administrative Agent has given any consent referred to herein or therein);
- (f) any failure, omission or delay on the part of any Guaranty Beneficiary to enforce, assert or exercise any right, power or remedy conferred on or available to such Guaranty Beneficiary in or by the Lease, the Participation Agreement, any other Operative Document, this Guaranty or any other instrument, or any action on the part of any Guaranty Beneficiary granting indulgence or extension in any form whatsoever;
- (g) the voluntary or involuntary liquidation, dissolution, sale of all or substantially all of the assets, marshaling of assets and liabilities, receivership, conservatorship, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceeding affecting, any Guaranty Beneficiary, Lessee, Parent Guarantor, any Guarantor or any other Person or any of their respective assets;
- (h) the release of Lessee, Parent Guarantor or any Guarantor from the performance or observance of any of the agreements, covenants, terms or conditions contained in the Lease, the Participation Agreement, this Guaranty or any other Operative Document, as applicable, by operation of law or otherwise, or any assignment or reassignment thereof or of this Guaranty, as applicable, or any invalidity or unenforceability of the Lease, the Participation Agreement, this Guaranty or any other Operative Document;
- (i) any defect in the title, or any damage to or loss or destruction of, or any interruption or cessation in the use of the Leased Property or any portion thereof by Lessee for any reason whatsoever (including, without limitation, any governmental prohibition or restriction, condemnation, requisition, or any other act on the part of any governmental authority) regardless of the duration thereof (even though such duration would otherwise constitute a frustration of the Lease, the Participation Agreement or any other Operative Document, as the case may be), whether or not resulting from accident and whether or not without fault on the part of Lessee or any other Person;
- (j) the inability of any Guaranty Beneficiary to enforce any provision of the Lease, the Participation Agreement or any other Operative Document against Lessee for any reason including due to any invalidity thereof or claim thereof;

- (k) any merger or consolidation of Lessee, Parent Guarantor or any Guarantor into or with any other Person or any sale, lease or transfer of any of the assets of Lessee, Parent Guarantor or any Guarantor to any other Person;
- (l) any change in the corporate relationship between any Guarantor, Parent Guarantor and Lessee;
- (m) the acceptance and release by any Guaranty Beneficiary of any other security or guarantor for any obligation hereunder;
- (n) any value, estimation, termination, rejection, discharge or disaffirmance by any Person (including trustees, trustees in bankruptcy, liquidators or representatives) of the Guaranteed Obligations in connection with any insolvency, bankruptcy, reorganization or liquidation of Lessee or any proceeding relating thereto;
- (o) any determination or claim that any Guaranty Beneficiary's claims against Lessee are or may be limited by Section 502(b)(6) of the Bankruptcy Code, as amended, or to any similar or successor provision of law upon any rejection of the Lease, the Participation Agreement or any other Operative Document in a bankruptcy proceeding filed by or against Lessee;
- (p) any failure (except to the extent by reason of a Lessor Lien) or recharacterization of title with respect to any Guaranty Beneficiary's, Lessee's or any other Person's interest in the Leased Property or other property relative to the Transaction; or
- (q) any other occurrence or circumstance whatsoever, whether similar or dissimilar to the foregoing and any other circumstance that might otherwise constitute a legal or equitable defense or discharge of the liabilities of a guarantor or surety or that might otherwise limit recourse against any Guarantor.

The obligations of each Guarantor set forth herein constitute the full recourse obligations of such Guarantor enforceable against such Guarantor to the full extent of all its assets and properties. In no event shall the obligations of any Guarantor hereunder be subordinated in any manner to any other full recourse obligations of such Guarantor.

3. Each Guarantor unconditionally waives (i) notice of any of the matters referred to in Section 2, (ii) all notices that may be required by statute, rule of law or otherwise, now or hereafter in effect, to preserve intact any rights against such Guarantor, including, without limitation, any demand, presentment and protest, proof of notice of non-payment under the Lease, the Participation Agreement or any other Operative Document and notice of Default or Event of Default under the Lease, the Participation Agreement, this Guaranty or any other Operative Document, or any failure on the part of Lessee or any other party to perform and comply with any covenant, agreement, term or condition of the Lease, the Participation Agreement or any other Operative Document, (iii) any right to the enforcement, assertion or exercise against Lessee of any right, power, privilege or remedy conferred in the Lease, the Participation Agreement, any other Operative Document or otherwise, (iv) any requirement of diligence on the part of any Guaranty Beneficiary or any other Person, (v) any requirement that

any Guaranty Beneficiary take any steps to enforce any rights against Lessee, the Parent Guarantor or any other party under the Lease, the Participation Agreement, or any other Operative Document or any other remedy thereunder or any other requirement to exhaust any remedies or to mitigate the damages resulting from any Default or Event of Default under the Lease, the Participation Agreement, any other Operative Document or this Guaranty, (vi) any notice of any sale, transfer or other disposition of any right, title to or interest in the Lease, the Participation Agreement or any other Operative Document or the Leased Property covered thereby by any Guaranty Beneficiary, (vii) all rights and defenses of such Guarantor as a surety under the laws of the states in which the Leased Property is located, as the same may be amended, and (viii) any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge, release or defense of a guarantor or surety, or that might otherwise limit recourse against such Guarantor hereunder.

4. In each case, until all of the Guaranteed Obligations are fully and finally paid and performed, each Guarantor hereby waives (i) any claim, right or remedy that such Guarantor may now or hereafter acquire against Lessee that arises hereunder and/or by reason of any one or more payments or acts of performance by such Guarantor hereunder, including without limitation, any claim, remedy or right of subrogation, reimbursement, exoneration, contribution, indemnification or participation in any claim, right or remedy of any Guaranty Beneficiary against Lessee or any security that any Guaranty Beneficiary now has or hereafter acquires, whether or not such claim, right or remedy arises in equity, under contract, by statute, under common law or otherwise, (ii) any right to enforce any remedy which Lessee or any other guarantor of Lessee's obligations now has or may hereafter have against any Guaranty Beneficiary or its assigns, and (iii) any right to enforce or exercise the benefit of and any right to participate in, any security now or hereafter held by any Guaranty Beneficiary. If any amount shall nevertheless be paid to any Guarantor by any such Person in violation of this Guaranty, such amount shall be held by such Guarantor in trust for the benefit of Guaranty Beneficiaries and shall forthwith be paid to the Guaranty Beneficiary to whom such amount is due. Each Guarantor further waives any defense to the recovery by any Guaranty Beneficiary from such Guarantor of any deficiency or otherwise to the enforcement of this Guaranty after a judicial or nonjudicial sale or other disposition of any security for or any of the obligations of Lessee under the Lease, the Participation Agreement or any other Operative Document even though such a sale may prevent such Guarantor from exercising rights of subrogation, if any, contribution or reimbursement against Lessee or any other party. No payment hereunder by any Guarantor shall give rise to any claim by such Guarantor against any Guaranty Beneficiary, except for payments made in error by such Guarantor to the extent such payments are in excess of amounts due hereunder. Unless and until all obligations of Lessee under and pursuant to the Lease, the Participation Agreement and the other Operative Documents, and of Guarantors hereunder, shall have been discharged by payment or performance in full, no Guarantor shall assign or otherwise transfer any such claim against Lessee to any other Person.

5. To the extent that any Guarantor shall be required hereunder to pay a portion of the Guaranteed Obligations exceeding the amount such Guarantor would otherwise have paid if such Guarantor had paid the aggregate amount of the Guaranteed Obligations in the same proportion as such Guarantor's Net Worth at the date enforcement is sought hereunder bears to the aggregate Net Worth of all the Guarantors at the date enforcement is sought hereunder, then such Guarantor shall be reimbursed by such other Guarantors for the amount of such excess, pro

rata, based on the respective Net Worths of such other Guarantors at the date enforcement hereunder is sought. As used in this Section 5, the “Net Worth” of each Guarantor means, at any time, the remainder of (i) the fair value of such Guarantor’s assets (other than any rights to contribution), minus (ii) the fair value of such Guarantor’s liabilities (other than its liabilities under its guaranty of the Guaranteed Obligations).

6. The following events shall constitute Events of Default under this Guaranty:

- (i) Guarantors shall fail to pay or perform any Guaranteed Obligation pursuant to this Guaranty upon demand therefor, or
- (ii) the occurrence of a Lease Event of Default;

then, in each such case, so long as the same shall be continuing, any Guaranty Beneficiary may, at its option, declare this Guaranty in default, and at any time thereafter, any Guaranty Beneficiary shall be entitled to exercise any remedy available to it at law or in equity. No express or implied waiver by any Guaranty Beneficiary of an Event of Default hereunder shall in any way be, or be construed to be a waiver of any further or subsequent Event of Default. Each Guarantor hereby waives any right now or hereinafter conferred upon it by statute or otherwise which may limit or modify any of any Guaranty Beneficiary’s rights and remedies contained herein. Each Guarantor agrees to give written notice to Lessor and Administrative Agent (a) of any Event of Default hereunder promptly after the occurrence thereof and (b) of any Event of Default hereunder, any Event of Default under the Lease, or any breach or default of any provision of the Participation Agreement or any other Operative Document, promptly after any Responsible Officer of such Guarantor obtains Actual Knowledge of the occurrence thereof.

7. Without in any way limiting or otherwise affecting its Guaranteed Obligations contained herein, each Guarantor also agrees in the event of a Default or Event of Default under the Lease, such Guarantor may and, in the event of the rejection or disaffirmation of the Lease by Lessee as debtor in possession or Lessee’s trustee in bankruptcy pursuant to any Bankruptcy Law, shall and does hereby (without the necessity of any further agreement or act), assume all obligations and liabilities of Lessee under the Lease to the same extent as if it had been originally named instead of Lessee as a party to such documents and there had been no such rejection or disaffirmance; and such Guarantor shall confirm such assumption in writing at the request of any Guaranty Beneficiary upon or after such rejection or disaffirmance. Such Guarantor, upon such assumption, will have all rights and obligations of Lessee under the Lease. From and after the date of such assumption, as provided in this Section 6, all provisions of this Guaranty shall continue in full force and effect as separate and independent undertakings of such Guarantor, binding upon and enforceable against such Guarantor without regard to the validity or enforceability of such assumption, and all provisions of this Guaranty applicable to the Lease and to Guaranty Beneficiaries and Lessee in respect of the Lease shall also apply to such assumption and to any Guaranty Beneficiaries and such Guarantor in respect of such assumption to the same extent and in the same manner as such provisions are applicable to the Lease and to Guaranty Beneficiaries and Lessee in respect of the Lease.

8. It is agreed that the liabilities and obligations of Guarantors hereunder are primary and those of a principal, and are enforceable either before, simultaneously with or after

proceeding against Lessee or against any property or security available to any Guaranty Beneficiary.

9. Upon the satisfaction in full of the Guaranteed Obligations, this Guaranty shall terminate (other than those provisions expressly stated to survive such termination) without delivery of any instrument of performance of any act by any party. The Guaranty Beneficiaries will thereafter, upon any Guarantor's request and at such Guarantor's expense, execute and deliver to such Guarantor such documents as such Guarantor shall reasonably request to evidence such termination.

10. This Guaranty may not be modified or amended except by a written agreement duly executed by each Guarantor with the consent in writing of Lessor, Administrative Agent and each Lender in accordance with Section 8.4 of the Participation Agreement. Neither this Guaranty, nor any of the obligations of any Guarantor hereunder may be assigned to any Person or entity by any Guarantor.

11. Each Guarantor understands and acknowledges that Lessor has and may enter into one or more financings to finance or refinance the acquisition of the Leased Property pursuant to which Lessor has and may encumber its interests in the Lease and Leased Property. In connection with any such financing, each Guarantor understands and acknowledges that Lessor may assign its rights in and to this Guaranty and each Guarantor hereby agrees that: (i) Lessor may assign its rights hereunder to the Administrative Agent in connection therewith; (ii) in connection with any such assignment by Lessor, such Guarantor will consent in writing thereto; and (iii) from and after such assignment, the rights and benefits of Lessor hereunder shall inure to the benefit of, and be exercisable by any assignee, pursuant to and in accordance with the terms of such assignment.

12. Each Guarantor agrees that from time to time so long as this Guaranty is in effect (but not more frequently than annually, except upon and after the occurrence of a Default or Event of Default), it will promptly, but in no event later than fifteen (15) days after written request by any Guaranty Beneficiary, or any assignee, execute, acknowledge and deliver to such party a certificate stating: (i) that this Guaranty is unmodified and in full force and effect (or if there have been modifications, that this Guaranty is in full force and effect as modified, and identifying such modification agreements); (ii) whether or not there is an existing Default or Event of Default hereunder and, if there is any such Default or Event of Default, specifying the nature and extent thereof; and (iii) whether or not there are any setoffs, defenses or counterclaims against enforcement of the obligations to be performed hereunder existing in favor of Guarantor. Each Guarantor further agrees that it will upon fifteen (15) days prior notice from Lessor execute and deliver to Lessor's mortgagee a certificate stating the above.

13. All agreements, representations and warranties contained herein or made in writing by Guarantors shall survive the execution and delivery of this Guaranty.

14. This Guaranty shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

15. THIS GUARANTY SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK). THIS GUARANTY AND THE OTHER OPERATIVE DOCUMENTS CONSTITUTE THE ENTIRE UNDERSTANDING AMONG THE PARTIES HERETO WITH RESPECT TO THE SUBJECT MATTER HEREOF AND SUPERSEDE ANY PRIOR AGREEMENTS, WRITTEN OR ORAL, WITH RESPECT THERETO.

**ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS GUARANTY OR ANY OTHER OPERATIVE DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY GUARANTOR SHALL BE BROUGHT AND MAINTAINED IN THE COURTS OF THE STATE OF NEW YORK, NEW YORK COUNTY OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY LEASED PROPERTY MAY BE BROUGHT, AT THE OPTION OF THE PERSON ENFORCING THIS GUARANTY, IN THE COURTS OF ANY JURISDICTION WHERE SUCH LEASED PROPERTY MAY BE FOUND. EACH GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK, NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION. EACH GUARANTOR IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK. EACH GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT ANY GUARANTOR HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, SUCH GUARANTOR HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS GUARANTY AND THE OTHER OPERATIVE DOCUMENTS.**



16. Any provision of this Guaranty which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

17. Any notice to be given under this Guaranty shall be given in the manner provided in the Participation Agreement, addressed to any Guaranty Beneficiary at its address set forth in the Participation Agreement, or to any Guarantor at its address set forth below:

Lennox Industries Inc.  
2140 Lake Park Boulevard  
Richardson, Texas 75080  
Attn: Gregg Moseman  
Phone: 972-497-6935  
Fax: 972-497-5774  
Email: gregg.moseman@lennoxintl.com

Allied Air Enterprises Inc.  
2140 Lake Park Boulevard  
Richardson, Texas 75080  
Attn: Gregg Moseman  
Phone: 972-497-6935  
Fax: 972-497-5774  
Email: gregg.moseman@lennoxintl.com

Service Experts LLC  
2140 Lake Park Boulevard  
Richardson, Texas 75080  
Attn: Gregg Moseman  
Phone: 972-497-6935  
Fax: 972-497-5774  
Email: gregg.moseman@lennoxintl.com

Lennox Global Ltd.  
2140 Lake Park Boulevard  
Richardson, Texas 75080  
Attn: Gregg Moseman  
Phone: 972-497-6935  
Fax: 972-497-5774  
Email: gregg.moseman@lennoxintl.com

18. EACH GUARANTOR HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY. THIS WAIVER IS KNOWINGLY, INTENTIONALLY AND VOLUNTARILY MADE BY EACH GUARANTOR; AND EACH GUARANTOR FURTHER ACKNOWLEDGES THAT IT HAS BEEN REPRESENTED (OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED) IN THE SIGNING OF THIS GUARANTY AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

*[Balance of page intentionally left blank/signature page follows]*

IN WITNESS WHEREOF, each Guarantor has caused this Guaranty to be executed under seal and delivered as of the day and year first above written.

LENNOX INDUSTRIES INC., an Iowa corporation

By: /s/ Gary A. Larson

Name: Gary A. Larson

Title: Treasurer

ALLIED AIR ENTERPRISES INC., a Delaware corporation

By: /s/ Gary A. Larson

Name: Gary A. Larson

Title: Treasurer

SERVICE EXPERTS LLC, a Delaware limited liability company

By: /s/ Gary A. Larson

Name: Gary A. Larson

Title: Treasurer

LENNOX GLOBAL LTD., a Delaware corporation

By: /s/ Gary A. Larson

Name: Gary A. Larson

Title: Treasurer

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**EXHIBIT A**

**SUBSIDIARY JOINDER AGREEMENT**

This SUBSIDIARY JOINDER AGREEMENT (this "Agreement") dated as of \_\_\_\_\_, 20 \_\_\_\_\_ is executed by the undersigned ("New Guarantor") for the benefit of the Guaranty Beneficiaries (as defined in the Subsidiary Guaranty (defined below)). Capitalized terms not otherwise defined herein have the meanings assigned to them in the Subsidiary Guaranty.

New Guarantor is required to execute this Subsidiary Joinder Agreement pursuant to Section 5.3(d)(19) of the Participation Agreement.

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

1. New Guarantor hereby (a) assumes all the obligations of a "Guarantor" under that certain Subsidiary Guaranty dated as of September 22, 2008 executed by the Guarantors party thereto in favor of the Guaranty Beneficiaries (as amended, restated, supplemented or otherwise modified from time to time, the "Subsidiary Guaranty"), (b) agrees that it is a "Guarantor" and bound as a "Guarantor" under the terms of the Subsidiary Guaranty as if it had been an original signatory thereto, and (c) consents and agrees to that certain Assignment of Subsidiary Guaranty dated as of September 22, 2008 executed by Lessor, Lender and acknowledged by the Guarantors party thereto as a "Guarantor" and agrees to be bound by the terms thereof as if it had been an original signatory thereto. In accordance with the foregoing and for valuable consideration, the receipt and adequacy of which are hereby acknowledged, New Guarantor irrevocably and unconditionally guarantees to the Guaranty Beneficiaries the full and prompt payment and performance of the Guaranteed Obligations upon the terms and conditions set forth in the Subsidiary Guaranty. New Guarantor hereby represents and warrants that each of the representations and warranties contained in Section 7(d) of the First Omnibus Amendment to Operative Documents, dated as of September 22, 2008, among the parties thereto are true and correct as to New Guarantor on and as of the date hereof (after giving effect to this Agreement) as if made on and as of such date.

2. This Agreement shall be deemed to be part of, and a modification to, the Subsidiary Guaranty and shall be governed by all the terms and provisions of the Subsidiary Guaranty, which terms are incorporated herein by reference, are ratified and confirmed and shall be in full force and effect as valid and binding agreements of New Guarantor enforceable against New Guarantor. New Guarantor hereby waives notice of any Guaranty Beneficiary's acceptance of this Agreement.

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

New Guarantor:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_