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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):  
**July 25, 2007**

**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 2.02 Results of Operations and Financial Condition.**

On July 25, 2007, Lennox International Inc. (the "Company") issued a press release announcing its financial results for the quarter ended June 30, 2007. A copy of such press release is furnished as Exhibit 99.1 to this report.

Pursuant to the rules and regulations of the Securities and Exchange Commission, the press release attached hereto as Exhibit 99.1 is deemed to be furnished and shall not be deemed to be "filed" under the Securities Exchange Act of 1934.

**Item 9.01 Financial Statements and Exhibits.**

**(c) Exhibits.**

| <b>EXHIBIT<br/>NUMBER</b> | <b>DESCRIPTION</b>                 |
|---------------------------|------------------------------------|
| 99.1                      | Press release dated July 25, 2007. |

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**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: July 25, 2007

By: /s/ Kenneth C. Fernandez

Name: Kenneth C. Fernandez

Title: Associate General Counsel

**Lennox International Reports Solid Second Quarter 2007 Results**

- Diluted earnings per share, adjusted, of \$0.87; GAAP of \$0.85
- Three of the four business segments exceed expectations
- Residential markets soft for remainder of the year; revised full year outlook
- Lennox International to open new manufacturing operation in Mexico
- Announced new \$500 million share repurchase plan; to be completed by end of 3Q08

DALLAS, July 25 — Lennox International Inc. (NYSE: LII) today reported solid financial results for the second quarter of 2007.

Revenue for the second quarter was \$1,042 million, up 3% year over year. Reported diluted earnings per share on an adjusted basis, a non-GAAP measure, were \$0.87 versus \$0.77 in the year ago quarter. Diluted earnings per share on a GAAP basis were \$0.85 compared to \$0.91 in the year ago quarter.

“We had a solid quarter, with adjusted diluted earnings per share up 13% over last year,” said Todd Bluedorn, LII CEO. “Three of our four businesses had both strong top and bottom line growth, exceeding our expectations. Through a continued focus on cost discipline, our residential business performed well operationally despite being adversely impacted by the weak housing market and cooler weather.

“We expect continued good performance in the back half of the year from our Commercial, Refrigeration, and Service Experts businesses, but we expect softness in the residential market to last longer than we anticipated. As a result, we are taking appropriate actions to adjust our full year GAAP guidance downward from \$2.50 — \$2.60, to \$2.40 to \$2.50, or growth of 6% to 11% when compared with 2006 GAAP earnings of \$2.26.”

(Note: See attached schedules for full financial details, reconciliations of non-GAAP financial measures, and a description of adjusting items.)

**FINANCIAL HIGHLIGHTS**

**Revenue:** Second quarter revenue was \$1,042 million, an increase of 3% from \$1,013 million in the year ago quarter.

**Gross Profit:** Gross profit for the second quarter 2007 was \$289 million compared to \$270 million in the year ago quarter, year over year growth of 7%.

**Net Income:** For the second quarter of 2007, adjusted net income was \$62 million, or \$0.87 diluted earnings per share, compared to \$58 million, or \$0.77 diluted earnings per share in the second quarter of 2006. On a GAAP basis, second quarter of 2007 net income was \$60 million, or \$0.85 diluted earnings per share, compared to \$68 million, or \$0.91 diluted earnings per share in the year ago quarter.

Excluded from adjusted net income for the second quarter of 2007 are net adjustments of \$2 million (after tax), which includes \$4 million from the elimination of an executive position, \$1 million from the completion of the facility consolidation in South Carolina and a (\$3) million income tax benefit from a change in estimated gain from prior year.

**Free Cash Flow and Total Debt:** Cash generated from operations was \$70 million and the company invested \$15 million in capital expenditures, resulting in free cash flow of \$55 million for the second quarter of 2007. Total debt as of June 30, 2007 was \$178 million resulting in a total debt-to-capital ratio of 17%. During the quarter, the company purchased 850,000 shares of LII stock using \$29 million of cash.

The company is committed to improving shareholder returns through a balanced and disciplined approach to investing cash. LII today announced its board of directors has approved a new share repurchase plan for \$500 million to be completed by the end of third quarter 2008. Based on the closing price on July 24, 2007, a \$500 million repurchase would represent over 20% of the company's market capitalization. (See company release dated July 25, 2007, "Lennox International announces new \$500 million share repurchase plan; to be completed by the end of third quarter 2008")

## **BUSINESS SEGMENT HIGHLIGHTS**

### **Residential Heating and Cooling**

Second quarter 2007 revenue from the Residential Heating and Cooling business segment was \$498 million, a decrease of 8% from \$543 million in the year ago quarter. Segment profit was \$60 million resulting in a segment profit margin of 12%, compared to \$73 million and a segment profit margin of 13% in the year ago quarter. These results reflect the softness in the residential new construction market and unseasonable weather. In particular, the Hearth Products business is more exposed to residential new construction and was disproportionately impacted. Cost reduction initiatives resulted in lower SG&A and other operating expenses.

The company recently announced plans to open a new 300,000 sq. ft. low cost operation in Saltillo, Mexico to manufacture some of its residential heating and cooling products. The projected capital commitment is approximately \$45 million over three years and is expected to lead to cost reductions of over \$13 million by 2009, increasing to over \$20 million per annum by 2010. (See press release dated July 20, 2007, "Lennox International opens new manufacturing operation in Mexico")

### **Commercial Heating and Cooling**

The Commercial Heating and Cooling business segment had strong year over year revenue growth of 24%, from \$188 million for the second quarter of 2006 to \$233 million for the second quarter of 2007. Segment profit grew 56% to \$30 million for the second quarter of 2007 from \$19 million for the year ago quarter. Second quarter 2007 segment profit margin increased 300 bps to 13% from 10% for the year ago quarter. Year over

year growth was fueled by increased demand in international markets, a favorable product mix shift in North America, and benefits realized from certain cost saving.

### **Service Experts**

Revenue in the Service Experts business segment increased \$6 million, or 4%, to \$184 million for the second quarter 2007 from \$178 million for the year ago quarter. Segment profit increased to \$13 million for the second quarter of 2007 from \$9 million for the second quarter of 2006. Segment profit margin increased 200 bps to 7% for the second quarter of 2007 from 5% for the second quarter of 2006. The improvement in revenue and segment profit was primarily driven by a change in product mix, an increase in sales volumes, and cost reduction efforts.

### **Refrigeration**

Revenue in the Refrigeration business segment grew 16% to \$151 million from \$131 million for the second quarter of 2007 compared to the second quarter of 2006. Sales improved across the segment from a combination of increased unit volumes and price. Favorable market conditions in Australia and Europe, along with market growth in South America, provided for increased unit volumes. Segment profit increased to \$16 million from \$14 million in the year ago quarter. Segment profit margin remained relatively flat at 11%. While the Refrigeration business segment decreased expenses as a result of cost saving initiatives, the business segment incurred incremental expenses associated with expanding international operations, including strategic growth initiatives in Asia.

### **FULL YEAR OUTLOOK**

Revised Guidance: Revenue growth range of 2% to 4%. Full year, diluted GAAP earnings per share of \$2.40 to \$2.50.

Previous Guidance: Revenue growth range of 6% to 8%. Full year, diluted GAAP earnings per share of \$2.50 to \$2.60.

### **CONFERENCE CALL INFORMATION**

A conference call to discuss the company's second quarter results will be held this morning at 9:30 a.m. (CDT). To listen, please call the conference call line at 612-332-0335 ten minutes prior to the scheduled start time and use reservation number 880641. This conference call will also be webcast on Lennox International's web site at <http://www.lennoxinternational.com>.

If you are unable to participate in this conference call, a replay will be available from 2:45 p.m. (Central) July 25, 2007 through August 1, 2007 by dialing 800-475-6701 (USA) or 320-365-3844 (International) using access code 880641. This call will also be archived on the company's web site.

Lennox International Inc. is a global leader in the heating, air conditioning, and refrigeration markets. Lennox International stock is traded on the New York Stock Exchange under the symbol "LII." Additional information is available at: <http://www.lennoxinternational.com> or by contacting Karen Fugate, vice president, investor relations, at 972-497-6670.

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to numerous risks and uncertainties including the impact of higher raw material prices, LII's ability to implement price increases for its products and services, and the impact of unfavorable weather and a decline in new construction activity on the demand for products and services that could cause actual results to differ materially from such statements. For information concerning these risks and uncertainties, see LII's publicly available filings with the Securities and Exchange Commission. LII disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



**LENNOX INTERNATIONAL INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**For the Three Months and Six Months Ended June 30, 2007 and 2006**  
**(Unaudited, in millions, except per share data)**

|   | For the<br>Three Months Ended<br>June 30, |                | For the<br>Six Months Ended<br>June 30, |                |
|---|---|----------------|---|----------------|
|   | 2007                                      | 2006           | 2007                                    | 2006           |
| NET SALES                                       | \$ 1,041.8                                | \$ 1,012.9     | \$ 1,833.3                              | \$ 1,821.4     |
| COST OF GOODS SOLD                              | 752.7                                     | 742.6          | 1,339.6                                 | 1,342.0        |
| Gross profit                                    | 289.1                                     | 270.3          | 493.7                                   | 479.4          |
| OPERATING EXPENSES:                             |   |                |   |                |
| Selling, general and administrative expenses    | 197.3                                     | 201.2          | 388.4                                   | 389.1          |
| (Gains), losses and other expenses, net         | (3.3)                                     | (27.2)         | (4.0)                                   | (44.3)         |
| Restructuring charges                           | 7.6                                       | 2.3            | 9.9                                     | 8.6            |
| Equity in earnings of unconsolidated affiliates | (3.5)                                     | (2.9)          | (6.2)                                   | (5.0)          |
| Operational income                              | 91.0                                      | 96.9           | 105.6                                   | 131.0          |
| INTEREST EXPENSE, net                           | 2.0                                       | 1.8            | 2.9                                     | 2.4            |
| OTHER EXPENSE (INCOME), NET                     | 0.1                                       | —              | 0.1                                     | —              |
| Income before income taxes                      | 88.9                                      | 95.1           | 102.6                                   | 128.6          |
| PROVISION FOR INCOME TAXES                      | 28.6                                      | 26.8           | 33.7                                    | 39.3           |
| Net income                                      | <u>\$ 60.3</u>                            | <u>\$ 68.3</u> | <u>\$ 68.9</u>                          | <u>\$ 89.3</u> |
| NET INCOME PER SHARE:                           |   |                |   |                |
| Basic   | \$ 0.89                                   | \$ 0.96        | \$ 1.02                                 | \$ 1.25        |
| Diluted   | \$ 0.85                                   | \$ 0.91        | \$ 0.97                                 | \$ 1.18        |
| AVERAGE SHARES OUTSTANDING:                     |   |                |   |                |
| Basic   | 68.0                                      | 71.5           | 67.7                                    | 71.4           |
| Diluted   | 71.2                                      | 75.2           | 71.1                                    | 75.4           |
| CASH DIVIDENDS DECLARED PER SHARE               | \$ 0.13                                   | \$ 0.11        | \$ 0.26                                 | \$ 0.22        |

**LENNOX INTERNATIONAL INC. AND SUBSIDIARIES**  
**SEGMENT REVENUES AND OPERATING PROFIT**  
**For the Three Months and Six Months Ended June 30, 2007 and 2006**  
**(Unaudited, in millions)**

|  | For the<br>Three Months Ended<br>June 30, |                   | For the<br>Six Months Ended<br>June 30, |                   |
|--|---|-------------------|---|-------------------|
|  | 2007                                      | 2006              | 2007                                    | 2006              |
| <i>Net Sales</i>   |   |                   |   |                   |
| Residential Heating & Cooling  | \$ 497.9                                  | \$ 542.5          | \$ 859.1                                | \$ 961.8          |
| Commercial Heating & Cooling   | 232.8                                     | 187.8             | 395.5                                   | 326.1             |
| Service Experts  | 184.2                                     | 177.8             | 328.0                                   | 318.8             |
| Refrigeration  | 151.3                                     | 130.8             | 292.5                                   | 257.3             |
| Eliminations (A)   | (24.4)                                    | (26.0)            | (41.8)                                  | (42.6)            |
|  | <u>\$ 1,041.8</u>                         | <u>\$ 1,012.9</u> | <u>\$ 1,833.3</u>                       | <u>\$ 1,821.4</u> |
| <i>Segment Profit (Loss) (B)</i>   |   |                   |   |                   |
| Residential Heating & Cooling  | \$ 59.6                                   | \$ 73.0           | \$ 79.5                                 | \$ 115.2          |
| Commercial Heating & Cooling   | 30.2                                      | 19.3              | 38.8                                    | 27.5              |
| Service Experts  | 13.0                                      | 9.2               | 9.2                                     | 2.7               |
| Refrigeration  | 16.3                                      | 14.3              | 28.8                                    | 26.3              |
| Corporate and other  | (20.1)                                    | (20.5)            | (40.7)                                  | (45.1)            |
| Eliminations (A)   | —   | (0.4)             | (0.2)                                   | (0.3)             |
| Subtotal that includes segment profit and eliminations                                   | <u>99.0</u>                               | <u>94.9</u>       | <u>115.4</u>                            | <u>126.3</u>      |
| Reconciliation to income before income taxes:  |   |                   |   |                   |
| (Gains), losses and other expenses, net  | (3.3)                                     | (27.2)            | (4.0)                                   | (44.3)            |
| Restructuring charges  | 7.6                                       | 2.3               | 9.9                                     | 8.6               |
| Interest expense, net  | 2.0                                       | 1.8               | 2.9                                     | 2.4               |
| Other expense (income), net  | 0.1                                       | —                 | 0.1                                     | —                 |
| Less: Realized gains on settled futures contracts not designated as cash flow hedges (C) | 1.2                                       | 22.9              | 1.7                                     | 32.0              |
| Less: Foreign currency exchange gains (losses) (C)                                       | 2.5                                       | —                 | 2.2                                     | (1.0)             |
|  | <u>\$ 88.9</u>                            | <u>\$ 95.1</u>    | <u>\$ 102.6</u>                         | <u>\$ 128.6</u>   |

- (A) Eliminations consist of intercompany sales between business segments, such as products sold to Service Experts by the Residential Heating & Cooling segment.
- (B) The Company defines segment profit (loss) as a segment's income (loss) from continuing operations before income taxes included in the accompanying Consolidated Statements of Operations; excluding (gains), losses and other expenses, net; restructuring charges; goodwill impairment; interest expense, net; and other expense (income), net; less (plus) realized gains (losses) on settled futures contracts not designated as cash flow hedges and foreign currency exchange gains (losses).
- (C) Realized gains (losses) on settled futures contracts not designated as cash flow hedges and foreign currency gains (losses) are a component of (Gains), Losses and Other Expenses, net in the accompanying Consolidated Statements of Operations.

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
As of June 30, 2007 and December 31, 2006  
(In millions, except share and per share data)

|  | June 30,<br>2007<br>(unaudited) | December 31,<br>2006     |
|--|---------------------------------|--------------------------|
| <b>ASSETS</b>  |                                 |                          |
| <b>CURRENT ASSETS:</b>   |                                 |                          |
| Cash and cash equivalents  | \$ 120.1                        | \$ 144.3                 |
| Short-term investments   | 23.9                            | —                        |
| Accounts and notes receivable, net   | 637.2                           | 502.6                    |
| Inventories  | 377.9                           | 305.5                    |
| Deferred income taxes  | 20.2                            | 22.2                     |
| Other assets   | 52.4                            | 43.8                     |
| Total current assets   | <u>1,231.7</u>                  | <u>1,018.4</u>           |
| PROPERTY, PLANT AND EQUIPMENT, net   | 294.7                           | 288.2                    |
| GOODWILL, net  | 252.3                           | 239.8                    |
| DEFERRED INCOME TAXES  | 105.8                           | 104.3                    |
| OTHER ASSETS   | 76.3                            | 69.1                     |
| <b>TOTAL ASSETS</b>  | <u><b>\$ 1,960.8</b></u>        | <u><b>\$ 1,719.8</b></u> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                                 |                          |
| <b>CURRENT LIABILITIES:</b>  |                                 |                          |
| Short-term debt  | \$ 5.0                          | \$ 1.0                   |
| Current maturities of long-term debt   | 11.3                            | 11.4                     |
| Accounts payable   | 381.0                           | 278.6                    |
| Accrued expenses   | 314.5                           | 326.3                    |
| Income taxes payable   | 15.2                            | 33.8                     |
| Total current liabilities  | <u>727.0</u>                    | <u>651.1</u>             |
| LONG-TERM DEBT   | 161.8                           | 96.8                     |
| POSTRETIREMENT BENEFITS, OTHER THAN PENSIONS   | 12.3                            | 12.9                     |
| PENSIONS   | 51.3                            | 49.6                     |
| OTHER LIABILITIES  | 117.2                           | 105.0                    |
| Total liabilities  | <u>1,069.6</u>                  | <u>915.4</u>             |
| <b>COMMITMENTS AND CONTINGENCIES STOCKHOLDERS' EQUITY:</b>   |                                 |                          |
| Preferred stock, \$.01 par value, 25,000,000 shares authorized, no shares issued or outstanding  | —                               | —                        |
| Common stock, \$.01 par value, 200,000,000 shares authorized, 78,797,443 shares and 76,974,791 shares issued for 2007 and 2006, respectively | 0.8                             | 0.8                      |
| Additional paid-in capital   | 747.7                           | 706.6                    |
| Retained earnings  | 365.0                           | 312.5                    |
| Accumulated other comprehensive income (loss)  | 33.7                            | (5.1)                    |
| Treasury stock, at cost, 11,142,647 shares and 9,818,904 for 2007 and 2006, respectively   | (256.0)                         | (210.4)                  |
| Total stockholders' equity   | <u>891.2</u>                    | <u>804.4</u>             |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>  | <u><b>\$ 1,960.8</b></u>        | <u><b>\$ 1,719.8</b></u> |

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES

Reconciliation to U.S. GAAP (Generally Accepted Accounting Principles) Measures  
(Unaudited, in millions, except per share and ratio data)

Reconciliation of Net Income to Adjusted Net Income

|  | For the Three Months Ended June 30, 2007 |  |                       |  |             |
|--|--|--|-----------------------|--|-------------|
|  | As Reported                              | Net Change in Unrealized Losses on Open Futures Contracts and Other Items, Net | Restructuring Charges | Change in Estimated Tax Gain from Prior Year | As Adjusted |
| NET SALES  | \$ 1,041.8                               | \$ —   | \$ —                  | \$ —   | \$ 1,041.8  |
| COST OF GOODS SOLD   | 752.7                                    | —  | —                     | —  | 752.7       |
| Gross profit   | 289.1                                    | —  | —                     | —  | 289.1       |
| OPERATING EXPENSES: Selling, general and administrative expenses | 197.3                                    | —  | —                     | —  | 197.3       |
| (Gains), losses and other expenses, net <sup>1</sup>             | (3.3)                                    | (0.4)  | —                     | —  | (3.7)       |
| Restructuring charges  | 7.6                                      | —  | (7.6)                 | —  | —           |
| Equity in earnings of unconsolidated affiliates                  | (3.5)                                    | —  | —                     | —  | (3.5)       |
| Operational income   | 91.0                                     | 0.4  | 7.6                   | —  | 99.0        |
| INTEREST EXPENSE, net  | 2.0                                      | —  | —                     | —  | 2.0         |
| OTHER EXPENSE (INCOME), NET                                      | 0.1                                      | —  | —                     | —  | 0.1         |
| Income before income taxes                                       | 88.9                                     | 0.4  | 7.6                   | —  | 96.9        |
| PROVISION FOR INCOME TAXES                                       | 28.6                                     | 0.1  | 2.8                   | 3.2  | 34.7        |
| Net income (loss)  | \$ 60.3                                  | \$ 0.3   | \$ 4.8                | \$ (3.2)                                     | \$ 62.2     |
| NET INCOME (LOSS) PER SHARE — DILUTED                            | \$ 0.85                                  | \$ —   | \$ 0.07               | \$ (0.05)                                    | \$ 0.87     |

Note: Management uses adjusted net income, which is not defined by U.S. GAAP, to measure the Company's operating performance and to analyze year-over-year changes in operating income with and without the effects of certain (gains), losses and other expenses, net, restructuring charges, and certain income tax items. Management believes that excluding these effects is helpful in assessing the overall performance of the Company.

<sup>1</sup>(Gains), losses and other expenses, net include the following:

|   | For the Three Months Ended June 30, 2007 |                         |                       |
|---|--|-------------------------|-----------------------|
|   | Pre-tax (Gain) Loss                      | Tax (Benefit) Provision | After-tax (Gain) Loss |
| Realized gains on settled futures contracts               | \$ (1.2)                                 | \$ 0.5                  | \$ (0.7)              |
| Net change in unrealized losses on open futures contracts | 0.3                                      | (0.1)                   | 0.2                   |
| Foreign currency exchange gain                            | (2.5)                                    | 0.8                     | (1.7)                 |
| Other items, net  | 0.1                                      | —                       | 0.1                   |
| (Gains), losses and other expenses, net                   | \$ (3.3)                                 | \$ 1.2                  | \$ (2.1)              |

**For the Three Months Ended June 30, 2006**

|   | <u>As Reported</u> | <u>Net Change in<br/>Unrealized Gains on<br/>Open Futures<br/>Contracts</u> | <u>Restructuring<br/>Charges</u> | <u>Reversal of<br/>Valuation Allowance<br/>for Deferred Tax<br/>Assets, Net</u> | <u>As Adjusted</u> |
|---|--------------------|---|----------------------------------|---|--------------------|
| NET SALES   | \$ 1,012.9         | \$ —  | \$ —                             | \$ —  | \$ 1,012.9         |
| COST OF GOODS SOLD  | 742.6              | —   | —                                | —   | 742.6              |
| Gross profit  | 270.3              | —   | —                                | —   | 270.3              |
| OPERATING EXPENSES: Selling, general and<br>administrative expenses | 201.2              | —   | —                                | —   | 201.2              |
| (Gains), losses and other expenses, net <sup>2</sup>                | (27.2)             | 4.3   | —                                | —   | (22.9)             |
| Restructuring charges   | 2.3                | —   | (2.3)                            | —   | —                  |
| Equity in earnings of unconsolidated affiliates                     | (2.9)              | —   | —                                | —   | (2.9)              |
| Operational income (loss)   | 96.9               | (4.3)   | 2.3                              | —   | 94.9               |
| INTEREST EXPENSE, net   | 1.8                | —   | —                                | —   | 1.8                |
| Income (loss) before income taxes                                   | 95.1               | (4.3)   | 2.3                              | —   | 93.1               |
| PROVISION FOR (BENEFIT FROM) INCOME<br>TAXES                        | 26.8               | (1.7)   | 0.8                              | 9.1   | 35.0               |
| Net income (loss)   | <u>\$ 68.3</u>     | <u>\$ (2.6)</u>   | <u>\$ 1.5</u>                    | <u>\$ (9.1)</u>   | <u>\$ 58.1</u>     |
| NET INCOME (LOSS) PER SHARE —<br>DILUTED                            | <u>\$ 0.91</u>     | <u>\$ (0.04)</u>  | <u>\$ 0.02</u>                   | <u>\$ (0.12)</u>  | <u>\$ 0.77</u>     |

<sup>2</sup>(Gains), losses and other expenses, net include the following:

|  | <b>For the Three Months Ended June 30, 2006</b> |                          |                       |
|--|---|--------------------------|-----------------------|
|  | <u>Pre-tax Gain</u>                             | <u>Tax<br/>Provision</u> | <u>After-tax Gain</u> |
| Realized gains on settled futures contracts              | \$ (22.9)                                       | \$ 8.6                   | \$ (14.3)             |
| Net change in unrealized gains on open futures contracts | (4.3)   | 1.7                      | (2.6)                 |
| (Gains), losses and other expenses, net                  | <u>\$ (27.2)</u>                                | <u>\$ 10.3</u>           | <u>\$ (16.9)</u>      |

**For the Six Months Ended June 30, 2007**

|   | <u>As Reported</u> | <u>Net Change in<br/>Unrealized Gains on<br/>Open Futures Contracts<br/>and Other Items, Net</u> | <u>Restructuring<br/>Charges</u> | <u>Change in Estimated<br/>Tax Gain from Prior<br/>Year</u> | <u>As Adjusted</u> |
|---|--------------------|--|----------------------------------|---|--------------------|
| NET SALES   | \$ 1,833.3         | \$ —   | \$ —                             | \$ —  | \$ 1,833.3         |
| COST OF GOODS SOLD  | 1,339.6            | —  | —                                | —   | 1,339.6            |
| Gross profit  | 493.7              | —  | —                                | —   | 493.7              |
| OPERATING EXPENSES: Selling, general and<br>administrative expenses | 388.4              | —  | —                                | —   | 388.4              |
| (Gains), losses and other expenses, net <sup>3</sup>                | (4.0)              | 0.1  | —                                | —   | (3.9)              |
| Restructuring charges   | 9.9                | —  | (9.9)                            | —   | —                  |
| Equity in earnings of unconsolidated affiliates                     | (6.2)              | —  | —                                | —   | (6.2)              |
| Operational income (loss)   | 105.6              | (0.1)  | 9.9                              | —   | 115.4              |
| INTEREST EXPENSE, net   | 2.9                | —  | —                                | —   | 2.9                |
| OTHER EXPENSE (INCOME), NET   | 0.1                | —  | —                                | —   | 0.1                |
| Income (loss) before income taxes                                   | 102.6              | (0.1)  | 9.9                              | —   | 112.4              |
| PROVISION FOR INCOME TAXES  | 33.7               | —  | 3.6                              | 3.2   | 40.5               |
| Net income (loss)   | <u>\$ 68.9</u>     | <u>\$ (0.1)</u>  | <u>\$ 6.3</u>                    | <u>\$ (3.2)</u>   | <u>\$ 71.9</u>     |
| NET INCOME (LOSS) PER SHARE —<br>DILUTED                            | <u>\$ 0.97</u>     | <u>\$ —</u>  | <u>\$ 0.09</u>                   | <u>\$ (0.05)</u>  | <u>\$ 1.01</u>     |

<sup>3</sup>(Gains), losses and other expenses, net include the following:

|  | <b>For the Six Months Ended June 30, 2007</b> |                          |                                  |
|--|---|--------------------------|----------------------------------|
|  | <u>Pre-tax (Gain) Loss</u>                    | <u>Tax<br/>Provision</u> | <u>After-tax (Gain)<br/>Loss</u> |
| Realized gains on settled futures contracts              | \$ (1.7)                                      | \$ 0.6                   | \$ (1.1)                         |
| Net change in unrealized gains on open futures contracts | (0.3)   | 0.1                      | (0.2)                            |
| Foreign currency exchange gain                           | (2.2)   | 0.8                      | (1.4)                            |
| Other items, net   | 0.2   | (0.1)                    | 0.1                              |
| (Gains), losses and other expenses, net                  | <u>\$ (4.0)</u>                               | <u>\$ 1.4</u>            | <u>\$ (2.6)</u>                  |

|   | For the Six Months Ended June 30, 2006 |   |                                  |   |                    |
|---|--|---|----------------------------------|---|--------------------|
|   | <u>As Reported</u>                     | <u>Net Change in<br/>Unrealized Gains on<br/>Open Futures<br/>Contracts</u> | <u>Restructuring<br/>Charges</u> | <u>Reversal of<br/>Valuation Allowance<br/>for Deferred Tax<br/>Assets, Net</u> | <u>As Adjusted</u> |
| NET SALES   | \$ 1,821.4                             | \$ —  | \$ —                             | \$ —  | \$ 1,821.4         |
| COST OF GOODS SOLD  | 1,342.0                                | —   | —                                | —   | 1,342.0            |
| Gross profit  | 479.4                                  | —   | —                                | —   | 479.4              |
| OPERATING EXPENSES: Selling, general and<br>administrative expenses | 389.1                                  | —   | —                                | —   | 389.1              |
| (Gains), losses and other expenses, net <sup>4</sup>                | (44.3)                                 | 13.2  | —                                | —   | (31.1)             |
| Restructuring charges   | 8.6                                    | —   | (8.6)                            | —   | —                  |
| Equity in earnings of unconsolidated affiliates                     | (5.0)                                  | —   | —                                | —   | (5.0)              |
| Operational income (loss)   | 131.0                                  | (13.2)  | 8.6                              | —   | 126.4              |
| INTEREST EXPENSE, net   | 2.4                                    | —   | —                                | —   | 2.4                |
| Income (loss) before income taxes                                   | 128.6                                  | (13.2)  | 8.6                              | —   | 124.0              |
| PROVISION FOR (BENEFIT FROM) INCOME<br>TAXES                        | 39.3                                   | (4.9)   | 3.0                              | 9.1   | 46.5               |
| Net income (loss)   | <u>\$ 89.3</u>                         | <u>\$ (8.3)</u>   | <u>\$ 5.6</u>                    | <u>\$ (9.1)</u>   | <u>\$ 77.5</u>     |
| NET INCOME (LOSS) PER SHARE —<br>DILUTED                            | <u>\$ 1.18</u>                         | <u>\$ (0.10)</u>  | <u>\$ 0.07</u>                   | <u>\$ (0.12)</u>  | <u>\$ 1.03</u>     |

<sup>4</sup>(Gains), losses and other expenses, net include the following:

|  | For the Six Months Ended June 30, 2006 |                                    |                                  |
|--|--|------------------------------------|----------------------------------|
|  | <u>Pre-tax (Gain) Loss</u>             | <u>Tax (Benefit)<br/>Provision</u> | <u>After-tax (Gain)<br/>Loss</u> |
| Realized gains on settled futures contracts              | \$ (32.1)                              | \$ 12.0                            | \$ (20.1)                        |
| Net change in unrealized gains on open futures contracts | (13.2)                                 | 4.9                                | (8.3)                            |
| Foreign currency exchange loss                           | 1.0                                    | (0.3)                              | 0.7                              |
| (Gains), losses and other expenses, net                  | <u>\$ (44.3)</u>                       | <u>\$ 16.6</u>                     | <u>\$ (27.7)</u>                 |

#### Free Cash Flow

|   | For the Three Months<br>Ended<br>June 30, 2007 | For the Six Months<br>Ended<br>June 30, 2007 |
|---|--|--|
| Net cash provided by (used in) operating activities | \$ 69.8  | \$ (5.3)                                     |
| Purchase of property, plant and equipment           | (15.1)   | (25.0)                                       |
| Free cash flow                                      | <u>\$ 54.7</u>                                 | <u>\$ (30.3)</u>                             |

## Operational Working Capital

|  | June 30,<br>2007 | June 30,<br>2007<br>Trailing<br>12 Mo. Avg. | June 30,<br>2006 | June 30,<br>2006<br>Trailing<br>12 Mo. Avg. |
|--|------------------|---|------------------|---|
| Accounts and Notes Receivable, Net             | \$ 637.2         |   | \$ 611.0         |   |
| Allowance for Doubtful Accounts                | 18.4             |   | 18.4             |   |
| Accounts and Notes Receivable, Gross           | 655.6            | \$ 570.2                                    | 629.4            | \$ 552.4                                    |
| Inventories                                    | 377.9            |   | 348.4            |   |
| Excess of current Cost Over Last-in, First-out | 73.9             |   | 58.7             |   |
| Inventories as Adjusted                        | 451.8            | 430.6                                       | 407.1            | 351.8                                       |
| Accounts Payable                               | (381.0)          | (341.6)                                     | (353.3)          | (323.1)                                     |
| Operating Working Capital (a)                  | 726.4            | 659.2                                       | 683.2            | 581.1                                       |
| Net Sales, Trailing Twelve Months (b)          | 3,727.3          | 3,727.3                                     | 3,641.1          | 3,641.1                                     |
| Operational Working Capital Ratio (a/b)        | 19.5%            | 17.7%                                       | 18.8%            | 16.0%                                       |

Note: Management uses free cash flow and operational working capital, which are not defined by U.S. GAAP, to measure the Company's operating performance. Free cash flow and operational working capital are also two of several measures used to determine incentive compensation for certain employees.