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

FORM 10-Q

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

**For the quarterly period ended March 31, 2025
OR**

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

For the transition period from _____ to _____

Commission file number 001-15149

LENNOX INTERNATIONAL INC.

Incorporated pursuant to the laws of the State of Delaware

Internal Revenue Service Employer Identification No. 42-0991521

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

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

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

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

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

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

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of April 14, 2025, the number of shares outstanding of the registrant's common stock, par value \$0.01 per share, was 35,484,828.

LENNOX INTERNATIONAL INC.
FORM 10-Q
For the three months ended March 31, 2025

INDEX

	Page
Part I Financial Information	
Item 1. Financial Statements	
Consolidated Balance Sheets - March 31, 2025 (Unaudited) and December 31, 2024	1
Consolidated Statements of Operations (Unaudited) - Three Months Ended March 31, 2025 and 2024	2
Consolidated Statements of Comprehensive Income (Unaudited) - Three Months Ended March 31, 2025 and 2024	3
Consolidated Statements of Stockholders' Equity (Unaudited) - Three Months Ended March 31, 2025 and 2024	4
Consolidated Statements of Cash Flows (Unaudited) - Three Months Ended March 31, 2025 and 2024	5
Notes to Consolidated Financial Statements (Unaudited)	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	18
Item 3. Quantitative and Qualitative Disclosures About Market Risk	23
Item 4. Controls and Procedures	24
Part II Other Information	
Item 1. Legal Proceedings	24
Item 1A. Risk Factors	24
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	24
Item 5. Other Information	25
Item 6. Exhibits	26

Part I - Financial Information
Item 1. Financial Statements

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Amounts in millions, except shares and par values)

	As of March 31, 2025 (Unaudited)	As of December 31, 2024
ASSETS		
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 217.2	\$ 415.1
Short-term investments	5.7	7.2
Accounts and notes receivable, net of allowances of \$16.2 and \$17.8 in 2025 and 2024, respectively	651.7	661.1
Inventories, net	902.3	704.8
Other current assets	78.1	96.0
Total current assets	1,855.0	1,884.2
Property, plant and equipment, net of accumulated depreciation of \$978.3 and \$956.8 in 2025 and 2024, respectively	810.3	800.1
Right-of-use assets from operating leases	323.1	327.2
Goodwill	220.0	220.0
Deferred income taxes	76.6	75.1
Other assets, net	170.4	165.2
Total assets	\$ 3,455.4	\$ 3,471.8
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Current Liabilities:</i>		
Accounts payable	\$ 576.6	\$ 490.0
Accrued expenses	326.3	435.4
Current maturities of long-term debt	315.2	314.5
Current operating lease liabilities	76.5	73.4
Total current liabilities	1,294.6	1,313.3
Long-term debt	834.2	833.1
Long-term operating lease liabilities	263.9	267.6
Pensions	19.7	18.9
Other liabilities	190.5	188.7
Total liabilities	2,602.9	2,621.6
Commitments and contingencies		
<i>Stockholders' equity:</i>		
Preferred stock, \$0.01 par value, 25,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock, \$0.01 par value, 200,000,000 shares authorized, 87,170,197 shares issued	0.9	0.9
Additional paid-in capital	1,219.0	1,213.3
Retained earnings	4,230.3	4,150.8
Accumulated other comprehensive loss	(80.6)	(93.7)
Treasury stock, at cost, 51,678,069 shares and 51,573,986 shares for 2025 and 2024, respectively	(4,517.1)	(4,421.1)
Total stockholders' equity	852.5	850.2
Total liabilities and stockholders' equity	\$ 3,455.4	\$ 3,471.8

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

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

<i>(Amounts in millions, except per share data)</i>	For the Three Months Ended March 31,	
	2025	2024
Net sales	\$ 1,072.6	\$ 1,047.1
Cost of goods sold	744.1	707.1
Gross profit	328.5	340.0
Operating Expenses:		
Selling, general and administrative expenses	171.3	170.7
Losses and other expenses, net	2.8	3.7
Income from equity method investments	(1.2)	(1.2)
Operating income	155.6	166.8
Pension settlements	0.1	—
Interest expense, net	6.2	11.8
Other expense, net	0.9	0.8
Net income before income taxes	148.4	154.2
Provision for income taxes	28.1	29.9
Net income	\$ 120.3	\$ 124.3
Earnings per share – Basic:	\$ 3.39	\$ 3.49
Earnings per share – Diluted:	\$ 3.37	\$ 3.47
Weighted Average Number of Shares Outstanding - Basic	35.5	35.6
Weighted Average Number of Shares Outstanding - Diluted	35.7	35.8

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

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(Amounts in millions)

	For the Three Months Ended March 31,	
	2025	2024
Net income	\$ 120.3	\$ 124.3
Other comprehensive income (loss):		
Foreign currency translation adjustments	4.2	(3.3)
Net change in pension and post-retirement liabilities	(0.2)	(0.1)
Reclassification of pension and post-retirement benefit losses into earnings	0.4	0.3
Pension settlements	0.1	—
Net change in fair value of cash flow hedges	10.7	0.7
Reclassification of cash flow hedge (gains) losses into earnings	(2.6)	2.0
Other comprehensive income (loss) before taxes	12.6	(0.4)
Tax benefit (expense)	0.5	(0.6)
Other comprehensive income (loss), net of tax	13.1	(1.0)
Comprehensive income	\$ 133.4	\$ 123.3

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

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the three months ended March 31, 2025 and 2024
(Unaudited)
(In millions, except per share data)

	Common Stock Issued	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock at Cost		Total Stockholders' Equity
					Shares	Amount	
<i>(For the three months ended March 31, 2025)</i>							
Balance as of December 31, 2024	\$ 0.9	\$ 1,213.3	\$ 4,150.8	\$ (93.7)	51.6	\$ (4,421.1)	\$ 850.2
Net income	—	—	120.3	—	—	—	120.3
Dividends, \$1.15 per share	—	—	(40.8)	—	—	—	(40.8)
Foreign currency translation adjustments	—	—	—	4.2	—	—	4.2
Pension and post-retirement liability changes	—	—	—	0.2	—	—	0.2
Stock-based compensation expense	—	6.3	—	—	—	—	6.3
Change in cash flow hedges	—	—	—	8.7	—	—	8.7
Treasury shares reissued for common stock	—	(0.6)	—	—	(0.1)	1.7	1.1
Treasury stock purchases	—	—	—	—	0.2	(97.7)	(97.7)
Balance as of March 31, 2025	\$ 0.9	\$ 1,219.0	\$ 4,230.3	\$ (80.6)	51.7	\$ (4,517.1)	\$ 852.5
<i>(For the three months ended March 31, 2024)</i>							
Balance as of December 31, 2023	\$ 0.9	\$ 1,184.6	\$ 3,506.2	\$ (56.9)	51.6	\$ (4,349.5)	\$ 285.3
Net income	—	—	124.3	—	—	—	124.3
Dividends, \$1.10 per share	—	—	(39.4)	—	—	—	(39.4)
Foreign currency translation adjustments	—	—	—	(3.3)	—	—	(3.3)
Pension and post-retirement liability changes	—	—	—	0.1	—	—	0.1
Stock-based compensation expense	—	6.6	—	—	—	—	6.6
Change in cash flow hedges	—	—	—	2.2	—	—	2.2
Treasury shares reissued for common stock	—	(0.6)	—	—	(0.1)	1.7	1.1
Treasury stock purchases	—	—	—	—	—	(8.1)	(8.1)
Balance as of March 31, 2024	\$ 0.9	\$ 1,190.6	\$ 3,591.1	\$ (57.9)	51.5	\$ (4,355.9)	\$ 368.8

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

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Amounts in millions)

	For the Three Months Ended March 31,	
	2025	2024
Cash flows from operating activities:		
Net income	\$ 120.3	\$ 124.3
Adjustments to reconcile net income to net cash used in operating activities:		
Income from equity method investments	(1.2)	(1.2)
Provision for credit losses	1.3	1.8
Unrealized (gains) losses, net on derivative contracts	(0.5)	4.4
Stock-based compensation expense	6.3	6.6
Depreciation and amortization	25.6	24.0
Deferred income taxes	(4.2)	(9.3)
Pension expense	1.1	0.1
Pension contributions	(0.3)	(5.1)
Other items, net	—	(0.1)
Changes in assets and liabilities, net of effects of acquisitions and divestitures:		
Accounts and notes receivable	8.3	(24.9)
Inventories	(197.0)	(125.4)
Other current assets	(1.7)	(7.7)
Accounts payable	85.2	65.0
Accrued expenses	(105.1)	(113.8)
Income taxes payable and receivable, net	27.1	34.7
Leases, net	3.4	(1.1)
Other, net	(4.4)	4.9
Net cash used in operating activities	(35.8)	(22.8)
Cash flows from investing activities:		
Proceeds from the disposal of property, plant and equipment	0.5	0.5
Purchases of property, plant and equipment	(25.5)	(29.5)
Acquisitions, net of cash	—	1.8
Proceeds from (purchases of) investments and other	1.5	(3.5)
Net cash used in investing activities	(23.5)	(30.7)
Cash flows from financing activities:		
Borrowings from debt arrangements	—	303.6
Payments on debt arrangements	(5.0)	(215.1)
Proceeds from employee stock purchases	1.2	1.1
Repurchases of common stock	(85.2)	—
Repurchases of common stock to satisfy employee withholding tax obligations	(11.3)	(8.1)
Cash dividends paid	(40.9)	(39.1)
Net cash (used in) provided by financing activities	(141.2)	42.4
Decrease in cash and cash equivalents	(200.5)	(11.1)
Effect of exchange rates on cash and cash equivalents	2.6	(3.9)
Cash and cash equivalents, beginning of period	415.1	60.7
Cash and cash equivalents, end of period	\$ 217.2	\$ 45.7
Supplemental disclosures of cash flow information:		
Interest paid	\$ 19.2	\$ 21.8
Income taxes paid (net of refunds)	\$ 5.1	\$ 4.0

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

LENNOX INTERNATIONAL INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. General:

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

Basis of Presentation

The accompanying unaudited Consolidated Balance Sheet as of March 31, 2025, the accompanying unaudited Consolidated Statements of Operations for the three months ended March 31, 2025 and 2024, the accompanying unaudited Consolidated Statements of Comprehensive Income for the three months ended March 31, 2025 and 2024, the accompanying unaudited Consolidated Statements of Stockholders' Equity for the three months ended March 31, 2025 and 2024, and the accompanying unaudited Consolidated Statements of Cash Flows for the three months ended March 31, 2025 and 2024 should be read in conjunction with our audited consolidated financial statements and footnotes included in our Annual Report on Form 10-K for the year ended December 31, 2024.

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. The accompanying consolidated financial statements contain all material adjustments, consisting principally of normal recurring adjustments, necessary for a fair presentation of our financial position, results of operations and cash flows. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to applicable rules and regulations, although we believe that the disclosures herein are adequate to make the information presented not misleading. The operating results for the interim periods are not necessarily indicative of the results that may be expected for a full year.

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

Use of Estimates

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

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

2. Reportable Business Segments:

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

Segment	Product or Services	Markets Served	Geographic Areas
<i>Home Comfort Solutions</i>	Furnaces, air conditioners, heat pumps, packaged heating and cooling systems, indoor air quality equipment, comfort control products, replacement parts and supplies	Residential Replacement; Residential New Construction	United States Canada
<i>Building Climate Solutions</i>	Commercial heating, air conditioning and refrigeration systems. Products include rooftop packaged units, variable refrigerant flow systems, heat pumps, air cooled condensing units, air handlers, unit coolers, and process chillers. Services include installation, energy monitoring, service and maintenance, and HVAC recycling.	Light Commercial; Food Preservation; Non-Food Industry	United States Canada

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

Our corporate costs include those costs related to corporate functions such as legal, internal audit, treasury, human resources, tax compliance and senior executive staff. Any intercompany sales and associated profit (and any other intercompany items) are eliminated from segment results. There were no significant intercompany eliminations for the periods presented.

The chief operating decision maker uses segment profit or loss from operations before interest and income taxes, excluding certain items, and return on sales to allocate resources (including employees, financial, or capital resources) for each segment predominantly in the annual budget and forecasting process. The chief operating decision maker considers budget-to-actual variances in segment profit or loss and its individual components as well as return on sales on a monthly basis when evaluating segment performance and making decisions about allocating resources to the segments.

Our chief operating decision maker is Alok Maskara, Chief Executive Officer.

Key financial information for each segment is shown below (in millions):

	Home Comfort Solutions	Business Climate Solutions	Corporate and Other	Total
<i>Three months ended March 31, 2025</i>				
Net Sales ⁽¹⁾	\$ 721.4	\$ 351.2	\$ —	\$ 1,072.6
Cost of Goods Sold	507.2	237.2	(0.3)	744.1
Selling, general and administrative	98.4	60.4	12.5	171.3
Other (income) expense ⁽²⁾	(1.0)	0.1	2.5	1.6
Segment profit (loss)⁽³⁾	\$ 116.8	\$ 53.5	\$ (14.7)	\$ 155.6
<i>Three months ended March 31, 2024</i>				
Net Sales ⁽¹⁾	\$ 674.6	\$ 372.5	\$ —	\$ 1,047.1
Cost of Goods Sold	466.1	241.3	(0.3)	707.1
Selling, general and administrative	97.5	53.6	19.6	170.7
Other (income) expense ⁽²⁾	(1.1)	(0.6)	4.2	2.5
Segment profit (loss)⁽³⁾	\$ 112.1	\$ 78.2	\$ (23.5)	\$ 166.8

⁽¹⁾ On a consolidated basis, no revenue from transactions with a single customer were 10% or greater of our consolidated net sales for any of the periods presented.

⁽²⁾ Other (income) expense is primarily comprised of (income) loss from equity method investments and losses and other expenses, net.

⁽³⁾ We define segment profit (loss) as a segment's operating income (loss) included in the accompanying Consolidated Statements of Operations, excluding:

- Restructuring charges, and;
- Loss (gain) on sale from previous dispositions.

The reconciliations of segment profit to Operating income and Net income before income taxes are presented below (in millions):

	For the Three Months Ended March 31,	
	2025	2024
Total segment profit⁽¹⁾	\$ 155.6	\$ 166.8
Reconciliation to Operating income:		
Restructuring charges	—	—
Loss (gain) on sale from previous dispositions	—	—
Operating income	155.6	166.8
Reconciliation to income before income taxes:		
Pension settlements	0.1	—
Interest expense, net	6.2	11.8
Other expense, net	0.9	0.8
Income before income taxes	\$ 148.4	\$ 154.2

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

- Restructuring charges, and;
- Loss (gain) on sale from previous dispositions.

Total assets by segment are shown below (in millions) as of:

	March 31, 2025	December 31, 2024
Total Assets:		
Home Comfort Solutions	\$ 1,761.6	\$ 1,626.0
Building Climate Solutions	1,108.0	1,052.6
Corporate and Other	585.8	793.2
Total assets	\$ 3,455.4	\$ 3,471.8

The assets in the Corporate and Other segment primarily consist of cash, property, plant and equipment and short-term investments and deferred tax assets. Assets recorded in the operating segments represent those assets directly associated with those segments.

Total capital expenditures by segment are shown below (in millions):

	For the Three Months Ended March 31,	
	2025	2024
Capital Expenditures:		
Home Comfort Solutions	\$ 11.4	\$ 14.2
Building Climate Solutions	6.3	10.4
Corporate and Other	7.8	4.9
Total capital expenditures	<u>\$ 25.5</u>	<u>\$ 29.5</u>

Depreciation and amortization expenses by segment are shown below (in millions):

	For the Three Months Ended March 31,	
	2025	2024
Depreciation and Amortization:		
Home Comfort Solutions	\$ 10.4	\$ 10.8
Building Climate Solutions	7.9	5.7
Corporate and Other	7.3	7.5
Total depreciation and amortization	<u>\$ 25.6</u>	<u>\$ 24.0</u>

The income from equity method investments is shown below (in millions):

	For the Three Months Ended March 31,	
	2025	2024
Income from Equity Method Investments:		
Home Comfort Solutions	\$ 0.7	\$ 0.9
Building Climate Solutions	0.4	0.4
Corporate and Other	0.1	(0.1)
Total income from equity method investments	<u>\$ 1.2</u>	<u>\$ 1.2</u>

Geographic Information

Property, plant and equipment, net for each major geographic area in which we operate, based on the domicile of our operations, are shown below (in millions) as of:

	March 31, 2025	December 31, 2024
Property, Plant and Equipment, net:		
United States	\$ 544.3	\$ 537.3
Mexico	255.7	254.0
Canada	2.8	2.9
Other international	7.5	5.9
Total Property, plant and equipment, net	<u>\$ 810.3</u>	<u>\$ 800.1</u>

3. Earnings Per Share:

Basic earnings per share are computed by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted earnings per share are computed by dividing net income by the sum of the weighted-average number of shares and the number of equivalent shares assumed outstanding, if dilutive, under our stock-based compensation plans.

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

	For the Three Months Ended March 31,	
	2025	2024
Net income	\$ 120.3	\$ 124.3
Weighted-average shares outstanding – basic	35.5	35.6
Add: Potential effect of dilutive securities attributable to stock-based payments	0.2	0.2
Weighted-average shares outstanding – diluted	35.7	35.8
Earnings per share – Basic:	<u>\$ 3.39</u>	<u>\$ 3.49</u>
Earnings per share – Diluted:	<u>\$ 3.37</u>	<u>\$ 3.47</u>

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

	For the Three Months Ended March 31,	
	2025	2024
Weighted-average number of shares	—	—

4. Commitments and Contingencies:

Leases

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

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

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

We lease certain real and personal property under non-cancelable operating leases. Approximately 81% of our right-of-use assets and lease liabilities relate to our leases of real estate with the remaining amounts primarily relating to our leases of IT equipment, fleet vehicles and manufacturing and distribution equipment.

Product Warranties and Product Related Contingencies

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

Liabilities for estimated product warranty costs are included in the following captions on the accompanying Consolidated Balance Sheets (in millions) as of:

	March 31, 2025	December 31, 2024
Accrued expenses	\$ 51.2	\$ 49.1
Other liabilities	111.3	109.4
Total warranty liability	\$ 162.5	\$ 158.4

The changes in product warranty liabilities for the three months ended March 31, 2025 were as follows (in millions):

Total warranty liability as of December 31, 2024	\$ 158.4
Warranty claims paid	(8.0)
Changes resulting from issuance of new warranties	11.4
Changes in estimates associated with pre-existing liabilities	0.6
Changes in foreign currency translation rates and other	0.1
Total warranty liability as of March 31, 2025	\$ 162.5

Litigation

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

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

5. Stock Repurchases:

Our Board of Directors has authorized a total of \$4.0 billion to repurchase shares of our common stock (collectively referred to as the "Share Repurchase Plans"), including a \$1.0 billion share repurchase authorization in July 2021. The Share Repurchase Plans allow us to repurchase shares from time to time in open market transactions and in privately negotiated transactions based on business, market, applicable legal requirements and other considerations. Such repurchases may also be made in compliance with Rule 10b5-1 trading plans entered into by us, which would permit common stock to be repurchased when the Company might otherwise be precluded from doing so under insider trading laws or self-imposed trading restrictions. The Share Repurchase Plans do not require the repurchase of a specific number of shares and may be terminated at any time. As of March 31, 2025, \$406.1 million was available for repurchase under the Share Repurchase Plans.

For the three months ended March 31, 2025, we repurchased 144,532 shares at an aggregate cost, inclusive of fees, of \$85.8 million.

6. Revenue Recognition:

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

For the Three Months Ended March 31, 2025				
Primary Geographic Markets	Home Comfort Solutions	Building Climate Solutions	Corporate and Other	Consolidated
United States	\$ 667.8	\$ 332.6	\$ —	\$ 1,000.4
Canada	53.6	18.6	—	72.2
Other international	—	—	—	—
Total	\$ 721.4	\$ 351.2	\$ —	\$ 1,072.6

For the Three Months Ended March 31, 2024				
Primary Geographic Markets	Home Comfort Solutions	Building Climate Solutions	Corporate and Other	Consolidated
United States	\$ 626.1	\$ 357.3	\$ —	\$ 983.4
Canada	48.5	15.2	—	63.7
Other international	—	—	—	—
Total	\$ 674.6	\$ 372.5	\$ —	\$ 1,047.1

Home Comfort Solutions - We manufacture and market a broad range of furnaces, air conditioners, heat pumps, packaged heating and cooling systems, equipment and accessories to improve indoor air quality, comfort control products, replacement parts and supplies and related products for both the residential replacement and new construction markets in North America. These products are sold under various brand names and are sold either through direct sales to a network of independent installing dealers, including through our network of Lennox stores or to independent distributors. For the three months ended March 31, 2025 and 2024, direct sales represented 73% and 74% of revenues, and sales to independent distributors represented the remainder. Given the nature of our business, customer product orders are fulfilled at a point in time and not over a period of time.

Building Climate Solutions - In North America, we manufacture and sell unitary heating and cooling equipment used in light commercial applications, such as low-rise office buildings, restaurants, retail centers, churches and schools. These products are distributed primarily through commercial contractors and directly to national account customers in the planned replacement, emergency replacement and new construction markets. We manufacture and market equipment for the commercial refrigeration markets under the Heatcraft Worldwide Refrigeration name. Our products are used in the food retail, food service, cold storage as well as non-food refrigeration markets. We sell these products to distributors, installing contractors, engineering design firms, original equipment manufacturers and end-users. We also provide installation, service and preventive maintenance for HVAC national account customers in the United States and Canada, and manufacture curb, curb adapters, drop box diffusers, offers HVAC recycling and salvage services and focuses on multi-family HVAC replacement for expired mechanical assets. Revenue related to service contracts is recognized as the services are performed under the contract based on the relative fair value of the services provided. For the three months ended March 31, 2025 and 2024, equipment sales represented 79% and 83% of revenues and the remainder of our revenue was generated from our service business.

Contract Liabilities - Our contract liabilities consist of advance payments and deferred revenue. Net contract liabilities consisted of the following (in millions) as of:

	March 31, 2025	December 31, 2024
Contract assets	\$ 1.6	\$ 1.2
Contract liabilities - current	(4.6)	(5.0)
Contract liabilities - noncurrent	(8.8)	(8.4)
Total	\$ (11.8)	\$ (12.2)

For the three months ended March 31, 2025 and 2024, we recognized revenue of \$2.3 million and \$5.7 million related to our contract liabilities at January 1, 2025 and 2024, respectively. Impairment losses recognized in our receivables and contract assets were de minimis in 2025 and 2024.

7. Other Financial Statement Details:

Inventories:

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

	March 31, 2025	December 31, 2024
Finished goods	\$ 599.6	\$ 422.6
Work in process	8.1	11.0
Raw materials and parts	441.3	410.7
Subtotal	1,049.0	844.3
Excess of current cost over last-in, first-out cost	(146.7)	(139.5)
Total inventories, net	\$ 902.3	\$ 704.8

Goodwill:

The changes in the carrying amount of goodwill in 2025, in total and by segment, are summarized in the table below (in millions):

	Balance as of December 31, 2024	Goodwill Adjustment	Balance as of March 31, 2025
Home Comfort Solutions	\$ 26.1	\$ —	\$ 26.1
Building Climate Solutions	193.9	—	193.9
Total Goodwill	\$ 220.0	\$ —	\$ 220.0

We monitor our reporting units for indicators of impairment throughout the year to determine if a change in facts or circumstances warrants a re-evaluation of our goodwill. We have not recorded any goodwill impairments for the three months ended March 31, 2025 or in any periods presented for our continuing businesses.

Derivatives:

Objectives and Strategies for Using Derivative Instruments

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

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

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

Cash Flow Hedges

We have foreign exchange forward contracts and commodity futures contracts designated as cash flow hedges that are scheduled to mature through September 2026. Unrealized gains or losses from our cash flow hedges are included in Accumulated other comprehensive loss ("AOCL") and are expected to be reclassified into earnings within the next 18 months based on the prices of the commodities and foreign currencies at the settlement dates. We recorded the following amounts in AOCL related to our cash flow hedges (in millions) as of:

	March 31, 2025	December 31, 2024
Unrealized losses (gains), net on unsettled contracts	\$ (9.4)	\$ 2.0
Income tax (benefit) expense	2.2	(0.6)
Unrealized losses (gains), net included in AOCL, net of tax ⁽¹⁾	<u>\$ (7.2)</u>	<u>\$ 1.4</u>

⁽¹⁾ Assuming commodity prices and foreign currency exchange rates remain constant, we expect to reclassify \$6.6 million of derivative gain as of March 31, 2025 into earnings within the next 12 months.

Stock-Based Compensation:

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

	For the Three Months Ended March 31,	
	2025	2024
Stock-based compensation expense	\$ 6.3	\$ 6.6

Equity awards granted in February 2025 were as follows:

	Shares	Weighed-Average Grant Date Fair Value per Share
Performance Share Units	17,427	\$ 560.53
Restricted Stock Units	19,338	\$ 560.53
Stock Appreciation Rights	37,306	\$ 161.50

8. Pension Benefit Plans:

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

	For the Three Months Ended March 31,	
	2025	2024
Service cost	\$ 0.3	\$ 0.4
Interest cost	2.1	2.2
Expected return on plan assets	(1.8)	(1.9)
Recognized actuarial loss	0.4	0.3
Other	—	0.1
Settlements and curtailments	0.1	—
Net periodic benefit cost	<u>\$ 1.1</u>	<u>\$ 1.1</u>

9. Income Taxes:

As of March 31, 2025, we had approximately \$4.7 million in total gross unrecognized tax benefits. If recognized, \$4.7 million would be recorded through the Consolidated Statements of Operations.

Our effective tax rate was 18.9% for the three months ended March 31, 2025 compared to 19.4% for the three months ended March 31, 2024. The decrease in rate is primarily due to income in low tax jurisdictions.

We are currently under a limited scope audit by the Internal Revenue Service for our 2021 and 2022 tax years. There are also ongoing U.S. state and local audits and other foreign audits covering fiscal years 2018 through 2023. We are generally no

longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by taxing authorities for years prior to 2018.

10. Lines of Credit and Financing Arrangements:

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

	March 31, 2025	December 31, 2024
Current maturities of long-term debt:		
Finance lease obligations	\$ 15.4	\$ 14.9
Senior unsecured notes	300.0	300.0
Debt issuance costs	(0.2)	(0.4)
Total current maturities of long-term debt	\$ 315.2	\$ 314.5
Long-Term Debt:		
Finance lease obligations	\$ 40.0	\$ 39.5
Senior unsecured notes	800.0	800.0
Debt issuance costs	(5.8)	(6.4)
Total long-term debt	\$ 834.2	\$ 833.1
Total debt	\$ 1,149.4	\$ 1,147.6

Commercial Paper Program

On October 25, 2023, we established a commercial paper program (the "Program"), as a replacement to our Asset Securitization Program which expired in November 2023, pursuant to which we may issue short-term, unsecured commercial paper notes (the "CP Notes") under the exemption from registration contained in Section 4(a)(2) of the Securities Act of 1933, as amended. Amounts available under the Program may be borrowed, repaid, and re-borrowed from time to time, with the aggregate face or principal amount of the CP Notes outstanding under the Program at any time not to exceed \$500.0 million. The CP Notes have maturities of up to 397 days from the date of issue and rank pari passu with all of our other unsecured and unsubordinated indebtedness. The net proceeds from issuances of the CP Notes are typically used for general corporate purposes. Our revolving credit facility serves as a liquidity backstop for the repayment of CP Notes outstanding under the Program. There were no CP Notes currently outstanding under the Program as of March 31, 2025.

Credit Agreement

We have an existing \$1.1 billion unsecured revolving credit facility dated as of July 14, 2021 (as amended, the "Credit Agreement"), with JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders party thereto. We had no outstanding borrowings and \$1.7 million committed to standby letters of credit as of March 31, 2025. Subject to covenant limitations, \$1,098.3 million was available for future borrowings after taking into consideration outstanding borrowings under our Program. The Credit Agreement includes a subfacility for swingline loans up to \$65.0 million. The Credit Agreement will expire and outstanding loans will be required to be repaid in July 2026, unless maturity is extended by the lenders pursuant to two one-year extension options that we may request under the Credit Agreement.

The Credit Agreement is guaranteed by certain of our subsidiaries and contains customary covenants applicable to us and our subsidiaries including limitations on indebtedness, liens, dividends, stock repurchases, mergers, and sales of all or substantially all of our assets. In addition, the Credit Agreement contains a financial covenant requiring us to maintain, as of the last day of each fiscal quarter for the four prior fiscal quarters, a Total Net Leverage Ratio of no more than 3.50 to 1.00 (or, at our election, on up to two occasions following a material acquisition, 4.00 to 1.00).

Our Credit Agreement contains customary events of default. These events of default include nonpayment of principal or other amounts, material inaccuracy of representations and warranties, breach of covenants, default on certain other indebtedness or receivables securitizations (cross default), certain voluntary and involuntary bankruptcy events, and the occurrence of a change in control. A cross default under our credit facility could occur if:

- We fail to pay any principal or interest when due on any other indebtedness or receivables securitization exceeding \$75.0 million; or

• We are in default in the performance of, or compliance with any term of any other indebtedness in an aggregate principal amount exceeding \$75.0 million, or any other condition exists which would give the holders the right to declare such indebtedness due and payable prior to its stated maturity.

Each of our major debt agreements contains provisions by which a default under one agreement causes a default in the others (a cross default). If a cross default under our Credit Agreement or our senior unsecured notes were to occur, it could have a wider impact on our liquidity than might otherwise occur from a default of a single debt instrument or lease commitment.

If any event of default occurs and is continuing, the administrative agent, or lenders with a majority of the aggregate commitments may require the administrative agent to, terminate our right to borrow under our Credit Agreement and accelerate amounts due under our Credit Agreement (except for a bankruptcy event of default, in which case such amounts will automatically become due and payable and the lenders' commitments will automatically terminate).

We are currently in compliance with all covenant requirements.

Senior Unsecured Notes

In September 2023, we issued \$500.0 million of senior unsecured notes, which will mature in September 2028 (the "2028 Notes") with interest being paid semi-annually in March and September at 5.50%. We issued two series of senior unsecured notes on July 30, 2020 for \$300.0 million each, which will mature on August 1, 2025 (the "2025 Notes") and August 1, 2027 (the "2027 Notes," and collectively with the 2025 Notes and the 2028 Notes, the "Notes") with interest being paid semi-annually in February and August at 1.35% and 1.70% respectively, per annum.

In the event of a credit rating downgrade below investment grade resulting from a change of control, holders of our senior unsecured notes will have the right to require us to repurchase all or a portion of the senior unsecured notes at a repurchase price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest, if any. All the Notes are guaranteed, on a senior unsecured basis, by certain of our subsidiaries that guarantee indebtedness under our Credit Agreement (the "Guarantor Subsidiaries"). The indenture governing the Notes contains covenants that, among other things, limit our ability and the ability of the Guarantor Subsidiaries to: create or incur certain liens; enter into certain sale and leaseback transactions; and enter into certain mergers, consolidations and transfers of substantially all of our assets. The indenture also contains a cross default provision which is triggered if we default on other debt of at least \$75.0 million in principal which is then accelerated, and such acceleration is not rescinded within 30 days of the notice date. We are currently in compliance with all covenant requirements.

11. Comprehensive Income (Loss):

The following table provides information on items reclassified from AOCL to Net income in the accompanying Consolidated Statements of Operations (in millions):

	For the Three Months Ended March 31,		Affected Line Item(s) in the Consolidated Statements of Operations
	2025	2024	
Gains (Losses) on Cash Flow Hedges:			
Derivatives contracts	\$ 2.6	\$ (2.0)	Cost of goods sold; Losses and other expenses, net
Income tax (expense) benefit	(0.6)	0.5	Provision for income taxes
Net of tax	\$ 2.0	\$ (1.5)	
Defined Benefit Plan items:			
Pension and post-retirement benefit costs	\$ (0.4)	\$ (0.3)	Other expense, net
Pension settlements	(0.1)	—	Pension settlements
Income tax benefit	0.1	0.1	Provision for income taxes
Net of tax	\$ (0.4)	\$ (0.2)	
Total reclassifications from AOCL	\$ 1.6	\$ (1.7)	

The following table provides information on changes in AOCL, by component (net of tax), for the three months ended March 31, 2025 (in millions):

	Gains (Losses) on Cash Flow Hedges	Share of Equity Method Investments Other Comprehensive Income	Defined Benefit Pension Plan Items	Foreign Currency Translation Adjustments	Total AOCL
Balance as of December 31, 2024	\$ (1.5)	\$ 0.4	\$ (45.7)	\$ (46.9)	\$ (93.7)
Other comprehensive income (loss) before reclassifications	10.7	—	(0.2)	5.5	16.0
Amounts reclassified from AOCL	(2.0)	—	0.4	(1.3)	(2.9)
Net other comprehensive income (loss)	8.7	—	0.2	4.2	13.1
Balance as of March 31, 2025	\$ 7.2	\$ 0.4	\$ (45.5)	\$ (42.7)	\$ (80.6)

12. Fair Value Measurements:

Fair Value Hierarchy

The methodologies used to determine the fair value of our financial assets and liabilities as of March 31, 2025 were the same as those used as of December 31, 2024.

Assets and Liabilities Carried at Fair Value on a Recurring Basis

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

Other Fair Value Disclosures

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

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

	March 31, 2025	December 31, 2024
Senior unsecured notes	\$ 1,093.4	\$ 1,093.4

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

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

In addition to the specific uncertainties discussed elsewhere in this Quarterly Report on Form 10-Q, the risk factors set forth in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024, and those set forth in Part II, "Item 1A. Risk Factors" of this report, if any, may affect our performance and results of operations. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may differ materially from those in the forward-looking statements. We disclaim any intention or obligation to update or review any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as required by law.

Business Overview

We operate in two reportable business segments of the HVACR industry, Home Comfort Solutions and Building Climate Solutions. In addition to the two major business segments, Corporate and Other is also reported as a segment. For more detailed information regarding our reportable segments, see Note 2 in the Notes to the Consolidated Financial Statements.

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

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

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

Financial Overview

Results for the first quarter of 2025 were driven by overall year-over-year sales increases while operating income decreased. Net sales increased 7% and segment profit increased \$5 million for our Home Comfort Solutions segment. Net sales decreased 6% and segment profit decreased \$25 million for our Building Climate Solutions segment. Segment loss decreased \$9 million for our Corporate and Other segment.

Financial Highlights

- Net sales of \$1,073 million in the first quarter of 2025 reflected a 2% increase as compared to the same period in 2024.
- Operating income in the first quarter of 2025 decreased \$11 million to \$156 million as higher material costs, primarily related to tariff impacts and factory inefficiencies, and lower sales volumes were partially offset by favorable price and mix.
- Net income for the first quarter of 2025 was \$120 million.
- Diluted earnings per share was \$3.37 per share in the first quarter of 2025 as compared to \$3.47 per share in the same period in 2024.
- For the three months ended March 31, 2025, we returned \$41 million to shareholders through dividend payments.

For 2025, we expect additional pricing gains to overcome tariffs while preserving profit margins and offsetting the impact of potential volume declines.

Three Months Ended March 31, 2025 Compared to Three Months Ended March 31, 2024 - Consolidated Results

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

	For the Three Months Ended March 31,				
	Dollars (in millions)		Percent Change Fav/(Unfav)	Percent of Sales	
	2025	2024		2025	2024
Net sales	\$ 1,072.6	\$ 1,047.1	2.4 %	100.0 %	100.0 %
Cost of goods sold	744.1	707.1	(5.2)	69.4	67.5
Gross profit	328.5	340.0	(3.4)	30.6	32.5
Selling, general and administrative expenses	171.3	170.7	(0.4)	16.0	16.3
Losses and other expenses, net	2.8	3.7	24.3	0.3	0.4
Income from equity method investments	(1.2)	(1.2)	—	(0.1)	(0.1)
Operating income	\$ 155.6	\$ 166.8	(6.7)%	14.5 %	15.9 %

Net Sales

Net sales for the first quarter of 2025 increased 2% as compared to the same period in 2024 primarily due to a 6% increase in price and mix, which was partially offset by a 4% decrease in sales volumes.

Gross Profit

Gross profit margins in the first quarter of 2025 decreased 190 basis points ("bps") to 30.6% as compared to 32.5% in the same period in 2024. Gross margins decreased 270 bps from higher product costs primarily related to tariff impacts and factory inefficiencies and 110 bps from higher freight and distribution costs, which were partially offset by 190 bps from favorable price and mix.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") remained flat at \$171 million in the first quarter of 2025 as compared to the same period in 2024.

Losses (gains) and Other Expenses, Net

Losses (gains) and other expenses, net for the first quarter of 2025 and 2024 included the following (in millions):

	For the Three Months Ended March 31,	
	2025	2024
Foreign currency exchange losses	0.8	1.3
Gain on disposal of fixed assets	(0.1)	(0.4)
Other operating loss	—	0.3
Net change in unrealized losses (gains) on unsettled futures contracts	—	0.1
Environmental liabilities and special litigation charges	2.1	2.4
Losses (gains) and other expenses, net (pre-tax)	\$ 2.8	\$ 3.7

Income from Equity Method Investments

Investments over which we do not exercise control but have significant influence are accounted for using the equity method of accounting. Income from equity method investments was \$1 million in the first quarter of 2025 consistent with 2024.

Interest Expense, net

Interest expense, net decreased to \$6 million in the first quarter of 2025 from \$12 million in the same period in 2024 primarily due to lower borrowings.

Income Taxes

Our effective tax rate was 18.9% for the first quarter of 2025 as compared to 19.4% in the same period in 2024. The decrease in rate is primarily due to income in low tax jurisdictions.

First Quarter of 2025 Compared to First Quarter of 2024 - Results by Segment

Home Comfort Solutions

The following table presents our Home Comfort Solutions segment's net sales and profit for the first quarter of 2025 and 2024 (dollars in millions):

	For the Three Months Ended March 31,		Difference	% Change
	2025	2024		
Net sales	\$ 721.4	\$ 674.6	\$ 46.8	7 %
Profit	\$ 116.8	\$ 112.1	\$ 4.7	4 %
% of net sales	16.2 %	16.6 %		

Net sales increased 7% in the first quarter of 2025 as compared to the same period in 2024 due to favorable price and mix.

Segment profit in the first quarter of 2025 increased \$5 million as compared to the same period in 2024 primarily due to \$31 million from favorable price and mix, which was partially offset by \$15 million from higher product and other material costs, including tariffs, and \$11 million from higher freight and distribution costs and other miscellaneous items.

Building Climate Solutions

The following table presents our Building Climate Solutions segment's net sales and profit for the first quarter of 2025 and 2024 (dollars in millions):

	For the Three Months Ended March 31,		Difference	% Change
	2025	2024		
Net sales	\$ 351.2	\$ 372.5	\$ (21.3)	(6)%
Profit	\$ 53.5	\$ 78.2	\$ (24.7)	(32)%
% of net sales	15.2 %	21.0 %		

Net sales decreased 6% in the first quarter of 2025 as compared to the same period in 2024 primarily due to lower sales volumes of 9% which was partially offset by favorable price and mix of 3%.

Segment profit in the first quarter of 2025 decreased \$25 million as compared to the same period in 2024 primarily due to \$12 million from lower sales volumes, \$14 million from higher costs related to the new factory ramp up, manufacturing inefficiencies at existing facilities, and the impact of tariffs, and \$8 million in investments in emergency replacement sales force and other miscellaneous items, which were partially offset by \$9 million from favorable price and mix.

Corporate and Other

The following table presents our Corporate and Other segment's net sales and loss for the first quarter of 2025 and 2024 (dollars in millions):

	For the Three Months Ended March 31,		Difference	% Change
	2025	2024		
Net sales	\$ —	\$ —	\$ —	— %
Loss	\$ (14.7)	\$ (23.5)	\$ 8.8	37 %

Segment loss decreased \$9 million in the first quarter of 2025 as compared to the same period in 2024 due to a \$7 million reduction in SG&A costs and \$2 million from miscellaneous and other items.

Liquidity and Capital Resources

Our working capital and capital expenditure requirements are generally met through internally generated funds, bank lines of credit and a commercial paper program (as described below). Working capital needs are generally greater in the first and second quarters due to the seasonal nature of our business cycle.

Statement of Cash Flows

The following table summarizes our cash flow activity for the three months ended March 31, 2025 and 2024 (in millions):

	For the Three Months Ended March 31,	
	2025	2024
Net cash used in operating activities	\$ (35.8)	\$ (22.8)
Net cash used in investing activities	(23.5)	(30.7)
Net cash (used in) provided by financing activities	(141.2)	42.4

Net Cash Used In Operating Activities - The change in net cash used in operating activities for the three months ended March 31, 2025 compared to the net cash used in operating activities for the same period in 2024 primarily reflects less favorable changes in working capital.

Net Cash Used In Investing Activities - Capital expenditures were \$26 million for the three months ended March 31, 2025 compared to \$30 million in the same period of 2024. Reduction in capital expenditures was primarily driven by the general expansion of manufacturing capacity and equipment of the Commercial factory in Mexico in 2024.

Net Cash (Used In) Provided By Financing Activities - Net cash used in financing activities for the three months ended March 31, 2025 increased to \$141 million as compared to \$42 million provided by in the same period of 2024. The change was primarily due to changes in net borrowings and repayments of long-term debt and repurchase of common stock through our share repurchase program. We returned \$41 million to shareholders through dividend payments for the three months ended March 31, 2025 and \$39 million in the same period of 2024.

Debt Position

The following table details our lines of credit and financing arrangements as of March 31, 2025 (in millions):

	Outstanding Borrowings
Current maturities of long-term debt:	
Finance lease obligations	\$ 15.4
Senior unsecured notes	300.0
Debt issuance costs	(0.2)
Total current maturities of long-term debt	\$ 315.2
Long-term debt:	
Finance lease obligations	\$ 40.0
Senior unsecured notes	800.0
Debt issuance costs	(5.8)
Total long-term debt	\$ 834.2
Total debt	\$ 1,149.4

Commercial Paper Program

On October 25, 2023, we established a commercial paper program, as a replacement to our Asset Securitization Program which expired in November 2023, pursuant to which we may issue short-term, unsecured commercial paper notes under the exemption from registration contained in Section 4(a)(2) of the Securities Act of 1933, as amended. Amounts available under the Program may be borrowed, repaid, and re-borrowed from time to time, with the aggregate face or principal amount of the CP Notes outstanding under the Program at any time not to exceed \$500.0 million. The CP Notes have maturities of up to 397 days from the date of issue and rank pari passu with all of our other unsecured and unsubordinated indebtedness. The net proceeds from issuances of the CP Notes are typically used for general corporate purposes. Our revolving credit facility serves as a liquidity backstop for the repayment of CP Notes outstanding under the Program. There are no CP Notes currently outstanding under the Program as of March 31, 2025.

Credit Agreement

We have an existing \$1.1 billion unsecured revolving credit facility dated as of July 14, 2021 (as amended, the "Credit Agreement"), with JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders party thereto. We had no outstanding borrowings and \$1.7 million committed to standby letters of credit as of March 31, 2025. Subject to covenant limitations, \$1,098.3 million was available for future borrowings after taking into consideration outstanding borrowings under our Program. The Credit Agreement includes a subfacility for swingline loans up to \$65.0 million. The Credit Agreement will expire and outstanding loans will be required to be repaid in July 2026, unless maturity is extended by the lenders pursuant to two one-year extension options that we may request under the Credit Agreement.

Senior Unsecured Notes

In September 2023, we issued \$500.0 million of senior unsecured notes, which will mature in September 2028 (the "2028 Notes") with interest being paid semi-annually in March and September at 5.50%. We issued two series of senior unsecured notes on July 30, 2020 for \$300.0 million each, which will mature on August 1, 2025 (the "2025 Notes") and August 1, 2027 (the "2027 Notes," and collectively with the 2025 Notes and the 2028 Notes, the "Notes") with interest being paid semi-annually in February and August at 1.35% and 1.70% respectively, per annum.

In the event of a credit rating downgrade below investment grade resulting from a change of control, holders of our senior unsecured notes will have the right to require us to repurchase all or a portion of the senior unsecured notes at a repurchase price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest, if any. All the Notes are guaranteed, on a senior unsecured basis, by the Guarantor Subsidiaries. The indenture governing the Notes contains covenants that, among other things, limit our ability and the ability of the Guarantor Subsidiaries to: create or incur certain liens; enter into certain sale and leaseback transactions; and enter into certain mergers, consolidations and transfers of substantially all of our assets. The indenture also contains a cross default provision which is triggered if we default on other debt of at least \$75.0 million in principal which is then accelerated, and such acceleration is not rescinded within 30 days of the notice date. As of March 31, 2025, we believe we were in compliance with all covenant requirements.

Financial Leverage

We periodically review our capital structure to ensure the appropriate levels of leverage and liquidity. We may access the capital markets, as necessary, based on business needs and to take advantage of favorable interest rate environments or other market conditions. We also evaluate our debt-to-capital and debt-to-EBITDA ratios to determine, among other considerations, the appropriate targets for capital expenditures and share repurchases under our share repurchase programs. Our debt-to-total-capital ratio remains unchanged at 57% as of March 31, 2025, as compared to December 31, 2024.

As of March 31, 2025, our senior credit ratings were Baa2 with a POS outlook, and BBB with a stable outlook, by Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Rating Group ("S&P"), respectively. The security ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. Each rating should be evaluated independently of any other rating. Our goal is to maintain investment grade ratings from Moody's and S&P to help ensure the capital markets remain available to us.

Liquidity

We believe our cash and cash equivalents of \$217.2 million, future cash generated from operations and available borrowing capacity are sufficient to fund operations, planned capital expenditures, future contractual obligations, potential share repurchases and dividends, and other needs in the foreseeable future, including the maturity of \$300.0 million senior unsecured notes on August 1, 2025. Included in our cash and cash equivalents of \$217.2 million as of March 31, 2025 was \$20 million of cash held in foreign locations. Our cash held in foreign locations is used for investing and operating activities in those locations, and we generally do not have the need or intent to repatriate those funds to the United States. An actual repatriation in the future from our non-U.S. subsidiaries could be subject to foreign withholding taxes and U.S. state taxes.

Off Balance Sheet Arrangements

We have no off-balance sheet arrangements that we believe may have a material current or future effect on our financial condition, liquidity or results of operations.

Commitments, Contingencies, and Guarantees

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

Recent Accounting Pronouncements

There were no recent accounting pronouncements that are expected to have a material impact on our financial statements and disclosures.

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

For quantitative and qualitative disclosures about market risk affecting LII, see "Quantitative and Qualitative Disclosures About Market Risk" in Item 7A of Part II of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024. Our exposure to market risk has not changed materially since December 31, 2024.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our current management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2025, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

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

Part II - Other Information

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risk factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024, which could materially affect our business, financial condition or results of operations. There have been no material changes to our risk factors from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024.

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

In the first quarter of 2025, we purchased shares of our common stock as follows:

	Total Number of Shares Purchased	Average Price Paid per Share (including fees)	Total Number of Shares Purchased As Part of Publicly Announced Plans	Approximate Dollar Value of Shares that may yet be Purchased under our Share Repurchase Plans (in millions) ⁽¹⁾
January 1 through January 31	19,990	\$ 631.75	19,990	\$ 479.2
February 1 through February 28	104,587	\$ 588.17	104,587	\$ 417.7
March 1 through March 31	19,955	\$ 582.00	19,955	\$ 406.1
	<u>144,532</u>		<u>144,532</u>	

⁽¹⁾ Since the inception of the Company's share repurchase program in 2008, the Board has authorized share repurchases in an amount not to exceed \$4.0 billion (the "Share Repurchase Plans"). The Share Repurchase Plans do not have an expiration date. See Note 5 in the Notes to the Consolidated Financial Statement for further details.

Item 5. Other Information

Rule 10b5-1 Plan Elections

Sivasankaran Somasundaram, a director, adopted a non-Rule 10b5-1 trading arrangement on February 11, 2025, pursuant to which he elected to receive all of his director retainer to be paid between July 1, 2025 and June 30, 2026 in shares of the Company's common stock. The amount of shares to be awarded will be determined based on the closing price of the Company's common stock on the second Friday of each quarter during the payment period.

John W. Norris, III, a director, adopted a prearranged stock trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act on February 20, 2025. Mr. Norris' plan provides for the sale of approximately 31,899 shares of the Company's common stock between May 22, 2025 and January 25, 2026.

These trading plans were entered into during an open insider trading window and are intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act and the Company's policies regarding transactions in the Company's securities.

Item 6. Exhibits

3.1	Restated Certificate of Incorporation of Lennox International Inc. (“LII”)(filed as Exhibit 3.1 to LII’s Annual Report on Form 10-K filed on February 15, 2022 and incorporated herein by reference).
3.2	Amended and Restated Bylaws of LII (filed as Exhibit 3.2 to LII’s Annual Report on Form 10-K filed on February 15, 2022 and incorporated herein by reference).
4.1	Indenture, dated as of May 3, 2010, between LII and U.S. Bank National Association, as trustee (filed as Exhibit 4.3 to LII’s Post-Effective Amendment No. 1 to Registration Statement on S-3 filed on May 3, 2010 and incorporated herein by reference).
4.2	Ninth Supplemental Indenture, dated as of July 30, 2020, among LII, each existing Guarantor under the Indenture, dated as of May 3, 2010, as subsequently supplemented, and U.S. Bank National Association, as trustee (filed as Exhibit 4.2 to LII’s Current Report on Form 8-K filed on July 30, 2020 and incorporated herein by reference).
4.3	Form of 1.350% Notes due 2025 (filed as Exhibit A in Exhibit 4.2 to LII’s Current Report on Form 8-K filed on July 30, 2020 and incorporated herein by reference).
4.5	Form of 1.700% Notes due 2027 (filed as Exhibit B in Exhibit 4.2 to LII’s Current Report on Form 8-K filed on July 30, 2020 and incorporated herein by reference).
4.6	Tenth Supplemental Indenture, dated as of July 14, 2021, among LII, each existing Guarantor under the Indenture, dated as of May 3, 2010, as subsequently supplemented, and U.S. Bank National Association, as trustee (filed as Exhibit 4.7 to LII’s Annual Report on Form 10-K filed on February 15, 2022 and incorporated herein by reference).
4.7	Eleventh Supplemental Indenture, dated as of September 15, 2023, among LII, the guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee (filed as Exhibit 4.2 to LII’s Current Report on Form 8-K filed on September 15, 2023 and incorporated herein by reference).
4.8	Form of 5.500% Notes due 2028 (filed as Exhibit A in Exhibit 4.2 to LII’s Current Report on Form 8-K filed on September 15, 2023 and incorporated herein by reference).
10.3*	Form of Employment Agreement entered into between LII and certain executive officers of LII (current version)(filed herewith).
10.9*	Form of Long-Term Incentive Award Agreement for U.S. Employees - Vice President and Above (for use under the 2019 Incentive Plan) (2025 version) (filed as Exhibit 10.9 to LII’s Annual Report on Form 10-K filed on February 11, 2025 and incorporated herein by reference).
22.1	List of Guarantor Subsidiaries (filed as Exhibit 22.1 to LII’s Annual Report on Form 10-K filed on February 13, 2024, and incorporated herein by reference).
31.1	Certification of the principal executive officer (filed herewith).
31.2	Certification of the principal financial officer (filed herewith).
32.1	Certification of the principal executive officer and the principal financial officer pursuant to 18 U.S.C. Section 1350 (furnished herewith).
99.1	Lennox International Inc. 2022 Employee Stock Purchase Plan (Amended and Restated Effective July 1, 2025) (filed herewith).
101	INS Inline XBRL Instance Document
101	SCH Inline XBRL Taxonomy Extension Schema Document
101	CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
101	LAB Inline XBRL Taxonomy Extension Label Linkbase Document
101	PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
101	DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Management contract or compensatory plan or arrangement.

SIGNATURE

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

LENNOX INTERNATIONAL INC.

By: /s/ Michael P. Quenzer
Michael P. Quenzer
Chief Financial Officer
(on behalf of registrant and as principal financial officer)

Date: April 23, 2025

[COMPANY LETTERHEAD]

[DATE]

[Name of Employee]
 [Address]
 [Address]

Dear _____,

As a key employee, essential to the company's future profitability, growth, and financial strength, Lennox International Inc. is providing you with this letter agreement (including exhibits) in order to establish the material terms of your employment with Lennox (the "**Agreement**"). The specific commitments of you and Lennox that are set forth in this Agreement are intended as consideration to induce each party to enter into the Agreement. Each party agrees that this consideration is adequate for those commitments.

The term "**Employee**" is used to refer to you in this Agreement where appropriate. The term "**Lennox**" is used to refer to Lennox International Inc., as well as its subsidiaries and related companies. The terms of this Agreement are set forth in the body of this letter Agreement as well as in the Exhibits to this letter, which are incorporated by reference. The specific terms of the Exhibits are controlling should there be any confusion or conflict between them and this letter Agreement. With the signing by both parties of this Agreement, you and Lennox agree to the following:

1. Nature of Employment. You and Lennox have agreed that your employment relationship with Lennox will no longer be "at will" and terminable by either party at any time. Instead, this employment relationship will be governed by the terms of this Agreement for as long as it remains in effect and even after its termination for any provisions, which by their terms survive. The terms agreed upon by you and Lennox provide the consideration and inducement for each party to enter into this Agreement and are described more fully throughout the body of this Agreement and the attached Exhibits A through C.
2. Term of Agreement; Termination Date. [**For new employees:** The Employee's start date will be no later than _____, and Employee will endeavor to commence his employment with Lennox sooner if possible (the "**Employment Start Date**").] This Agreement will become effective on [the Employment Start Date] [_____] (the "**Effective Date**") and will be in effect until December 31 of that year and thereafter for a series of one-year terms.

3. Termination of Employment. Your employment with Lennox may be terminated for a number of reasons prior to the expiration of any term of this Agreement as described below. The rights of each party under each circumstance will vary and are described in the attached Exhibits. More specifically, if Lennox terminates your employment for any reason other than for “Cause,” as defined in Section B.3 of Exhibit A, or if you become permanently disabled, you will be entitled to receive, in addition to any other compensation or benefits described in Section B.2 of Exhibit A, severance benefits consisting of either the **Normal Severance Payment** defined in Section 2 of Exhibit C or the **Enhanced Severance Payment** defined in Section 3 of Exhibit C as determined by those provisions. However, the provisions of Section C.2 of Exhibit A will continue to be effective after the termination of this Agreement regardless of the reason for your termination.
- a. Termination by Employee. You may terminate your employment at any time upon 30 days’ notice to Lennox (or a lesser period if approved by Lennox) of your intent to terminate or not to renew this Agreement and, in that event, Lennox will be obligated only to pay you your Base Salary and other applicable benefits provided to employees in your position that are effective at the time of the voluntary resignation up to the effective date of termination only.
 - b. Termination for Cause. Lennox may terminate your employment at any time for Cause, as defined in Section B.3 of Exhibit A, to be effective immediately upon delivery to you of notice of termination. If Lennox terminates you for Cause, you are only entitled to receive your Base Salary and other applicable benefits provided to employees in your position that are effective at the time of termination up through the effective date of termination.
 - c. Termination Other than for Cause. Your employment may also be terminated by Lennox other than for Cause at any time (including Lennox’s non-renewal of the Agreement) but such a decision triggers certain defined benefits for you. In the event Lennox elects to terminate you under this provision, Lennox agrees to pay either the Normal Severance Payment as defined in Section 2 of Exhibit C or, at your option, the Enhanced Severance Payment as defined in Section 3 of Exhibit C, provided you comply with all requirements described in Section 3 of Exhibit C. These benefits are contractually defined by this Agreement and are not dependent on the other benefits policies of Lennox at the time of your termination.
 - d. Termination as a Result of Disability or Death. Should you die or become permanently disabled (completely unable to perform your duties as defined in the benefit plans of Lennox) during the term of this Agreement, your employment will be terminated effective as of the date of your death or permanent disability.
 - f. Withholdings From Payment/Offset. Any payments made by Lennox to you under Section 3 will be subject to all applicable local, state, federal or foreign taxes, including, without limitation, income tax, withholding tax, and social security tax. Further, to the extent you have, on the date of termination, any outstanding debts or financial obligations to Lennox, including, but not limited to, loans, overpayment of wages, bonuses, or other forms of incentive payments, unauthorized travel or purchasing expenses, or theft of Lennox’s funds or property, you agree that Lennox will be entitled to set off against and withhold from such payments due you for such debts or obligations.

4. Nonpayment upon Breach. Notwithstanding anything in this Agreement to the contrary, at any time after the date of termination, if you, by any intentional or grossly negligent action or omission to act, breach any covenant, agreement, condition, or obligation contained herein, Lennox is entitled to cease making any payments and to cease providing any of the benefits to you under this Agreement. Additionally, Lennox reserves the right to seek repayment of any amounts previously paid hereunder along with recovery of any other damages caused by you.
5. Resolution of Disputes. In the event that any employment dispute as defined in Section A of Exhibit B arises between Lennox and you, the parties will make all efforts to resolve any such dispute through informal means. If these informal attempts at resolution fail, Lennox and you agree to and will submit the dispute to final and binding arbitration pursuant to the policy and terms outlined in Exhibit B, to which the parties expressly agree to be bound. You fully and completely understand and agree that arbitration is the exclusive forum for all such arbitrable disputes and that the parties are giving up all rights to a court trial or jury trial; however, by agreeing to the policy for resolution of disputes outlined in Exhibit B, Lennox and you agree that the parties are not waiving any substantive rights or remedies to which they would otherwise be entitled.
6. Waiver, Modification, and Integration. The waiver by any party hereto of a breach of any provision of this Agreement will not operate or be construed as a waiver of any subsequent breach by any party. This Agreement, which includes all Exhibits referenced or attached, expresses the entire agreement of the parties concerning matters contained herein and supersedes all prior and contemporaneous representations, understandings, and agreement, either oral or in writing, between the parties hereto with respect to such matters and all such prior or contemporaneous representations, understandings, and agreements, both oral and written, are hereby terminated. This Agreement may not be modified, altered, or amended except by written agreement of the Employee and the Chief Executive Officer, except when the Chief Executive Officer is involved, and in that event, an official designated by the Board of Directors for Lennox.
7. Binding Effect. This Agreement will be binding and effective upon Lennox and its successors and permitted assigns, and upon you, your heirs, and representatives. You hereby represent and warrant to Lennox that you have not previously assumed any obligations inconsistent with those contained in this Agreement, including, but not limited to, covenants not to compete with another person, firm, corporation, or other entity.
8. Governing Law, Venue and Personal Jurisdiction. It is the intention of the parties that the laws of the State of Texas should govern the validity of this Agreement, the construction of its terms, and the interpretation of the rights and duties of the parties hereto. The parties agree that venue for all disputes will be in Dallas County, Texas. The parties further agree to submit to personal jurisdiction in Dallas County, Texas.

Sincerely,

LENNOX INTERNATIONAL INC.

Name:

Title:

EMPLOYEE

ACCEPTED AND AGREED this ___ day of _____, ____

[Name]

EXHIBIT A

TERMS OF EMPLOYMENT

- A. Renewal. On January 1 of each year (the “**Anniversary Date**”) after the end of the first term and for each year thereafter, this Agreement will be automatically renewed for an additional year, unless either party notifies the other in writing at least 30 days prior to the Anniversary Date that it does not wish to renew the Agreement. No reason need be given by either party for the non-renewal of the Agreement. If Lennox elects not to renew, however, Employee is nevertheless entitled to the benefits provided in this Agreement, subject to all of its provisions. If Employee elects not to renew, Employee will receive only those benefits provided upon voluntary termination as described in Section 3(a) of the letter Agreement.
- B. Agreements by Lennox.
1. Employee Duties. Lennox will assign to the Employee such duties and responsibilities that it deems appropriate to be performed by an employee holding Employee’s position and/or job title on a permanent basis; provided, however, that Lennox can assign other duties on a temporary basis.
 2. Employee Compensation. Employee will receive a salary of that amount in effect at the initial effective or subsequent renewal dates of this Agreement (as may be, from time to time, adjusted in accordance with Lennox’s applicable salary policies which may be changed by Lennox in its sole discretion), payable in accordance with the then applicable payroll policies and subject to all required and authorized withholdings and deductions (“**Base Salary**”). When calculated on an annual basis, this is referred to as **Annual Base Salary**, and when calculated on a monthly basis, this is referred to as **Monthly Base Salary**. The Base Salary will be set in accordance with Lennox’s policy regarding salaries and will not be reduced during the annual term of the Agreement unless Employee’s job duties are changed, in which circumstance Lennox reserves the right to lessen Employee’s compensation by no more than ten percent for the remainder of the year without such change amounting to a breach or termination of this Agreement. Employee will be eligible for such short-term bonuses, stock options, long-term incentive program payments, and fringe benefits as are applicable to other similarly situated employees pursuant to Lennox’s then applicable policies and plans. Benefits may be subject to periodic review and may be changed by Lennox in its sole discretion.
 3. Termination for Cause Defined. Lennox may terminate Employee’s employment, at any time, for Cause as set forth in Section 3(b) of the body of the letter portion of the Agreement. “**Cause**” is defined as (a) any violation by Employee of Lennox’s written policies as they may exist or be created or modified from time to time in the future, including, as examples and not as a limitation of the policies to which an Employee may be subject, those policies prohibiting discrimination in the workplace, including the prohibition of harassment, on the ground of race, sex, religion, age or any other prohibited basis; (b) any state or federal criminal conviction, including, but not limited to, entry of a plea of nolo contendere or deferred adjudication upon a felony or misdemeanor charge; (c) the commission

by Employee of any material act of misconduct or dishonesty; (d) any intentional or grossly negligent action or omission to act which breaches any covenant, agreement, condition, or obligation contained in this Agreement; or (e) acts that in any way have a direct, substantial, and adverse effect on Lennox's reputation.

Lennox's determination to terminate for Cause is subject to the Employee's rights to a resolution of a dispute of that determination as provided in Exhibit B of this Agreement.

4. Payments upon Disability or Death. In the event Employee dies or becomes permanently disabled during the term of the Agreement, Employee or Employee's designated beneficiaries will be entitled to the payments described in Section 3(c) of the letter portion of the Agreement, together with any other benefits provided to employees in an equivalent position in effect at that time. Should Employee die during the severance period, severance payments will cease on the date of Employee's death (if Employee is receiving the normal severance benefit) or the expiration of the twelfth- or twenty-fourth-month severance period, as applicable (if Employee has agreed to the terms of the enhanced severance benefit). Any payments after Employee's death that may be due hereunder will be paid to Employee's beneficiary named in connection with Exhibit D of this Agreement, or if no such designation has been made by Employee, then to Employee's executors, administrators, heirs, personal representatives, successors, or assigns, as the case may be.

C. Agreements by Employee.

1. Effort and Cooperation. Employee agrees to devote his or her full efforts and time to the performance of this Agreement and will not, without the prior written consent of the Chief Executive Officer, or in the event the Chief Executive Officer is involved, a designee assigned by the Board of Directors, engage in any other employment, business, or other activity that would materially interfere with the performance of his or her duties under this Agreement. Employee further agrees that following his or her termination from employment, Employee will provide reasonable cooperation with and assistance to Lennox in all respects, including, but not limited to, the transition of his or her duties and responsibilities, cooperation on any project for a reasonable period not to exceed six months, or any litigation involving Lennox related to Employee's period of employment at Lennox at any time such litigation may occur. Lennox will reimburse Employee for any reasonable expenses incurred.
2. Protective Covenants. Employee recognizes that Employee's employment by Lennox is one of the highest trust and confidence. In return for the Employee's agreement to the protective covenants herein, Lennox agrees that (i) Employee will become fully familiar with many aspects of Lennox's business, including future changes customarily related to the performance of the duties of Employee's position during the term of the Agreement; (ii) Employee will be given access to proprietary confidential information of Lennox or its customers and other information that is of special and peculiar commercial or competitive value to Lennox or its customers for use in connection with Lennox's business, which proprietary confidential information is for the sole and exclusive benefit of Lennox; (iii) Employee will be given all specialized training necessary to perform his or her assigned duties; and (iv) Employee will be provided with Lennox's

goodwill in dealing with customers, vendors, and potential business contacts. The parties agree and stipulate that the restrictions provided for below in Section C.2 (the “**Protective Covenants**”) are reasonable and necessary to protect Lennox’s legitimate interests and are not an unreasonable restraint on Employee’s ability to earn a living.

Employee acknowledges and agrees that if any such proprietary and confidential information of either Lennox or its customers were to become known by any persons outside of Lennox with a need to have such information, hardship, loss, or irreparable injury and damage could result to Lennox or its customers, which would be difficult if not impossible to measure. Therefore, Employee agrees that (i) it is necessary for Lennox to protect its business and that of its customers from such damage; (ii) the information is of a confidential nature; (iii) the following covenants constitute a reasonable and appropriate means, consistent with the best interests of both Employee and Lennox, to protect Lennox and its customers against such damage and to protect the value of their confidential proprietary information; (iv) the following covenants are agreed to as a term and condition of Employee’s continued employment with Lennox and are supported by adequate consideration from Lennox; and (v) those covenants will apply to and be binding upon Employee as provided herein:

- a. Trade Secrets, Proprietary and Confidential Information. Employee will have access to, and contact with certain trade secrets and confidential and proprietary information of Lennox, including, without limitation, unique skills, concepts, sales presentations, marketing programs, marketing strategy, business practices, methods of operation, systems, sales methods, proposals, customer lists, customer leads, documents identifying past, present and future customers, hiring and training methods, financial and other customer data, lists of agents, and other confidential information (“**Trade Secrets**”). Employee agrees to protect and safeguard the Trade Secrets, business practices, and confidential and proprietary information of Lennox. Employee further agrees and covenants that, except as may be required by Lennox in connection with this Agreement, or with the prior written consent of Lennox, Employee will not, either during his or her employment with Lennox or thereafter, directly or indirectly, use for Employee’s own benefit or for the benefit of another, disclose, disseminate, or distribute to another, any Trade Secret, business practice, or confidential or proprietary information (whether or not acquired, learned, obtained, or developed by Employee alone or in conjunction with others) of Lennox or of others with whom Lennox has a business relationship. Such Trade Secrets, business practices, and confidential and proprietary information include, but are not limited to, Lennox’s patents, trademarks, licenses, and technical information concerning its operations, data bases, Lennox’s sales information and marketing strategy, the identities of Lennox’s customers, contractors, suppliers, and others with whom Lennox has a business relationship, Lennox’s arrangements with such parties, Lennox’s customer lists and Lennox’s pricing policies and strategy. All memoranda, notes, records, drawings, documents, or other writings whatsoever made, compiled, acquired, or received by Employee during the term of Employee’s employment with Lennox, arising out of, in connection with, or related to any activity or business of Lennox, including, but not limited to, Lennox’s customers, contractors, suppliers,

or others with whom Lennox has a business relationship, Lennox's arrangements with such parties, and Lennox's pricing policies and strategy, are, and will continue to be, the sole and exclusive property of Lennox, and will, together with all copies thereof and all advertising literature, be returned and delivered to Lennox by Employee immediately, without demand, upon the termination of the Employee's employment with Lennox or will be returned at any time upon Lennox's demand.

Nothing in this Agreement shall prohibit or limit Employee's ability to make disclosures that are protected by Rule 21F-17 of the Securities and Exchange Act of 1934 or similar provisions of federal law or regulation, including, without limitation, disclosures pursuant to Section 922 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

- b. Non-Competition after Employment. Employee agrees that for a period of 24 complete calendar months following the termination of employment from Lennox for any reason, Employee will not be employed with, or otherwise assist, any Competing Business in any state in the United States, any province in Canada, or in any substantially similar political subdivision of any other country where Employee has assisted Lennox in doing business while employed with Lennox. The foregoing does not prohibit ownership of less than 2% of the outstanding stock of a publicly traded company or passive mutual fund investments so long as Employee's ownership does not involve a controlling interest or other active role in such company. "**Competing Business**" means any person or entity engaged in activities that involve the conception, development, sale, servicing, or production of any goods or services that are substantially similar in form or purpose to Lennox's goods or services or that would otherwise displace the business opportunities for Lennox's goods and services. Person or entity is broadly defined and includes Employee, whether operating as a sole proprietorship or in any other manner.
- c. Conflict of Interest. Employee agrees that for the duration of this Agreement, he will not engage, either directly or indirectly, in any activity that might adversely affect Lennox, including ownership of a material interest in any supplier, contractor, distributor, subcontractor, customer, or other entity with which Lennox does business. Employee further agrees to promptly inform a corporate officer of Lennox as to each offer received by Employee to engage in any such activity and to disclose any other facts of which Employee becomes aware that might involve or give rise to a conflict or potential conflict of interest.
- d. Restrictions on Diverting Employees of Lennox. Employee agrees that during employment with Lennox, and for a period of 24 complete calendar months following the termination of employment, Employee will not, either directly or indirectly (including through the efforts of others), call on, solicit, induce, or attempt to induce any of the employees or officers of Lennox that Employee had knowledge of, or association with, during Employee's employment with Lennox to terminate their association with Lennox.

- e. Restrictions on Diverting Vendors or Contractors. Employee agrees that during his or her employment with Lennox, and for a period of 24 complete calendar months following his or her termination of employment, Employee will not, either directly or indirectly (including through the efforts of others), call on, solicit, or induce any of Lennox's vendors or suppliers that Employee had contact with, direct knowledge of through his or her position with Lennox, or associated with in the course of employment with Lennox to terminate their association with Lennox.
- f. Restrictions on Soliciting Customers. For a period of 24 complete calendar months following the termination of employment, Employee will not directly or indirectly (including through the efforts of others) (i) call on, service, or solicit customers on behalf of a Competing Business; (ii) provide consulting services regarding the same from customers of Lennox that Employee had (a) direct contact with or (b) access to information and files as part of Employee's duties with Lennox within the previous 24 months; or (iii) induce or encourage customers on behalf of a Competing Business not to do business or reduce its business with Lennox.
- g. Disclosure/Limitations. Employee represents and warrants that he or she (i) will not use or disclose in the performance of Employee's duties hereunder, trade secrets or confidential information of any third party that he or she may have obtained prior to signing this Agreement, or (ii) is not limited by the terms of any contract or other restrictions(s) from performing any and all duties for Lennox as contemplated by this Agreement.
- h. Remedies. In the event of breach or threatened breach by Employee of any provision of Section C.2 hereof, Lennox will be entitled to (i) cease any payments under this Agreement as set forth in Section 4 of the letter portion of the Agreement; (ii) relief by temporary restraining order, temporary injunction, and/or permanent injunction; (iii) recovery of all attorneys' fees and costs incurred by Lennox in obtaining such relief; and (iv) any other legal and equitable relief to which it may be entitled, including any and all monetary damages. Lennox has the right to pursue partial enforcement and/or to seek declaratory relief regarding the enforceable scope of this Agreement without penalty and without waiving Lennox's right to pursue any other available remedy.
- i. Survival of Covenants. Each covenant of Employee set forth in Section C.2 will survive the termination of Employee's employment. The existence of any claim or cause of action by Employee against Lennox, whether related to this Agreement or otherwise, will not constitute a defense to the enforcement of the covenants in Section C.2. In the event an enforcement remedy is necessary under Section C.2, the restricted time periods provided for in Section C.2 will commence on the date enforcement is ordered and complied with by Employee and will be extended by the period of noncompliance.
- j. Acknowledgment of Ancillary Agreements and Consideration. Employee acknowledges that his or her agreement to be bound by the protective covenants set forth in Section C.2 is the inducement for Lennox (i) to enter

into the other terms of this Agreement; (ii) to modify existing employment agreements or other contracts, if any, affected by this Agreement; (iii) to initiate or continue the employment of Employee pursuant to the terms of this Agreement; (iv) to provide Employee with initial or continued use or access to confidential proprietary information of Lennox; and (v) to provide the Employee with unique and specialized training regarding Lennox's Trade Secrets, business practices, and marketing strategy, to provide use of goodwill as a representative of Lennox and to ensure business expertise in developing relations with third parties. Employee agrees that each agreement of Lennox set forth in this Agreement is otherwise enforceable and independently sufficient to support all the protective covenants in Section C.2.

- D. Severability. If any provision or restriction contained in this Agreement is determined to be void, illegal or unenforceable, in whole or in part, then it will be modified to conform with the law so as to be enforceable. In the event the provision or restriction is incapable of modification to render it enforceable, the provision or restriction will be stricken, and all other provisions will remain in full force and effect.
- E. Notices. All communications required or allowed under this Agreement will be in writing and will be deemed to have been delivered on the date personally delivered or on the date deposited in the United States Postal Service, postage prepaid, by certified mail, return receipt requested, addressed to you at your then current residential address and to Lennox at:

Lennox International Inc.
2140 Lake Park Blvd.
Richardson, Texas 75080-2254
Attn: Chief Human Resources Officer

EXHIBIT B

POLICY FOR RESOLUTION OF DISPUTES

A. Agreement to Arbitrate.

1. Arbitrable Disputes. This Policy covers any legal dispute between the parties, as set forth below, except for Lennox's right to seek enforcement of Employee's protective covenants set forth in Section C.2 of Exhibit A or Employee's claims related to workers' compensation and/or unemployment insurance. The disputes subject to this policy are all those other disputes between the parties arising from any breach or alleged breach of this Agreement or as to Employee's termination or as to any allegation by the Employee that Lennox has violated any of the Employee's rights under state or federal employment or civil rights laws, or any other laws, statutes, or constitutional provisions, including, but not limited to, the following: unlawful discrimination or harassment; claims based on any purported breach of contractual obligations; claims based on any purported breach of duty arising in tort, including violations of public policy; as well as any actions recognized under common law or the combination of any of these claims; and any claims against supervisors or agents of Lennox for which the supervisors or agents were acting in the course and scope of their employment or making any decisions or comments related to or connected with employment, even if the supervisor or agent was not acting within the course and scope of employment, will be resolved in accordance with the provisions of this Policy for Resolution of Disputes as set forth herein. All arbitrable disputes are subject to applicable statutes of limitations and other affirmative defenses recognized by law. Employee or Lennox may seek a court order to enforce or compel arbitration pursuant to the terms of this Policy.
2. Acceptance of Policy. By accepting or continuing employment with Lennox, for the provision of a term of employment provided by Lennox, for Lennox's agreement to pay a severance package, and for Lennox's agreement to provide Employee access to confidential information, Employee and Lennox agree that arbitration is the exclusive remedy for all arbitrable disputes.
3. Governing Law/Waiver of Rights. THIS POLICY AND AGREEMENT TO ARBITRATE IS MADE PURSUANT TO THE FEDERAL ARBITRATION ACT AND APPLICABLE STATE LAWS REGARDING ARBITRATION AND IS A FULL AND COMPLETE WAIVER OF THE PARTIES' RIGHTS TO A CIVIL COURT ACTION AND RIGHTS TO A TRIAL BY JURY.

B. Request for Arbitration.

1. Attempt at Informal Resolution of Disputes.

- a. Prior to submission of any dispute to arbitration, Lennox and the Employee will attempt to resolve the dispute informally as set forth below.
- b. Lennox and the Employee will select a mutually acceptable mediator from a list provided by an American Arbitration Association Employment Dispute Division or other similar agency who will assist the parties in attempting to reach a settlement of the dispute. The mediator may make settlement suggestions to the parties but will not have the power to impose a settlement upon them. If the dispute is resolved in mediation, the matter will be deemed closed. If the dispute is not resolved in mediation and goes to the next step (binding arbitration), any proposals or compromises suggested by either of the parties or the mediator will not be referred to or have any bearing on the arbitration procedure. The mediator cannot also serve as the arbitrator in the subsequent proceeding unless all parties expressly agree in writing.

2. Arbitration Procedures. The moving party or his/her representative must submit a “**Request for Arbitration**” in writing to the opposing party. If the opposing party is Lennox, it should be sent to the Chief Executive Officer of Lennox. The Request for Arbitration must be submitted within the greater of 300 days or the applicable statute of limitation that would apply if the claim had been brought in court of (i) the termination of employment (including resignation), (ii) the incident giving rise to the dispute or claim, or (iii) in the case of unlawful discrimination, including sexual or other unlawful harassment, the alleged conduct. This time limitation will not be extended for any reason and will not be subject to tolling, equitable or otherwise. If the Request for Arbitration is not submitted in accordance with the aforementioned time limitations, the moving party will not be able to bring its claim to this or any other forum. The Employee can obtain a Request for Arbitration form from the Human Resource Department of Lennox or other party designated by the Chief Executive Officer. Alternatively, the Employee can create his/her own Request for Arbitration form, as long as it clearly states "Request for Arbitration" at the beginning of the first page. The Request for Arbitration must include the following information:

- a. A factual description of the dispute in sufficient detail to advise the non-moving party of the nature of the dispute;
- b. The date when the dispute first arose;
- c. The names, work locations, and telephone numbers of any co-workers or supervisors with knowledge of the dispute; and
- d. The relief requested.

The non-moving party will respond in a timely manner to the Request for Arbitration, so that the parties can begin the process of selecting an arbitrator.

Such response may include any counterclaims that the non-moving party chooses to bring.

3. Selection of the Arbitrator. All disputes will be resolved by a single arbitrator. The arbitrator will be mutually selected by Lennox and the Employee. If the parties cannot agree on an arbitrator, then a list of seven arbitrators, experienced in employment matters, will be provided by the American Arbitration Association. The arbitrator will be selected by the parties who will alternately strike names from the list. The last name remaining on the list will be the arbitrator selected to resolve the dispute. Upon selection, the arbitrator will set an appropriate time, date, and place for the arbitration, after conferring with the parties to the dispute.
4. Arbitrator's Authority. The arbitrator will have the powers enumerated below:
 - a. Ruling on motions regarding discovery, and ruling on procedural and evidentiary issues arising during the arbitration;
 - b. Issuing protective orders on the motion of any party or third-party witness (such protective orders may include, but not be limited to, sealing the record of the arbitration, in whole or in part (including discovery proceedings and motions, transcripts, and the decision and award), to protect the privacy or other constitutional or statutory rights of parties and/or witnesses);
 - c. Determining only the issue(s) submitted to him/her (the issue(s) must be identified in the Request for Arbitration or counterclaims, and any issue(s) not so identified in those documents will be deemed to be and is/are outside the scope of the arbitrator's jurisdiction, and any award involving those issue(s) will be subject to a motion to vacate);
 - d. Shall have no authority to violate state or federal law; and
 - e. Issuing written opinions on the issues raised in the Arbitration.
5. Pleadings.
 - a. A copy of the Request for Arbitration will be forwarded to the arbitrator within five calendar days of his/her selection.
 - b. Within 10 calendar days following submission of the Request for Arbitration to the arbitrator, the non-moving party will respond in writing by answer and/or demurrer to the Request for Arbitration to the arbitrator with a copy to the moving party.
 - c. The answer to the Request for Arbitration will include the following information:
 - (1) a response, by admission or denial, to each claim set forth in the Request for Arbitration;
 - (2) all affirmative defenses asserted to each claim; and

- (3) all counterclaims and any related third-party claims.
 - d. If the non-moving party contends that some or all of the claims set forth in the Request for Arbitration are barred as a matter of law, it may respond by demurrer setting forth the legal authorities in support of its position. If the non-moving party demurs to less than the entire Request for Arbitration, it must answer those claims to which it does not demur at the same time that it submits its demurrer.
 - e. The moving party will have 20 calendar days to oppose the demurrer. Any opposition must be in writing and served on the arbitrator and the non-moving party.
 - f. If the answer alleges a counterclaim, within 20 days of service of the answer, the moving party will answer and/or demur to the counterclaim in writing and serve the answer and/or demurrer on the arbitrator and the non-moving party. If the moving party demurs to any counterclaim, the non-moving party will have 20 calendar days from its receipt of the demurrer to submit a written opposition to the demurrer to the moving party and the arbitrator.
 - g. The arbitrator will rule on demurrer(s) to any claims and/or counterclaims within 15 calendar days of service of the moving and opposition papers.
 - h. If any demurrer is overruled, the moving party must answer those claims to which it demurred within five calendar days of the receipt of the arbitrator's ruling. The answer must be served on the arbitrator and the opposing party.
 - i. When all claims and counterclaims have been answered, the arbitrator will set a time and place for hearing, which will be no earlier than three months from the day on which the parties are notified of the date of hearing, and no later than 12 months from the date on which the arbitrator sets the date for the hearing.
6. Discovery. The discovery process will proceed and be governed as follows:
- a. Parties may obtain discovery by any of the following methods:
 - (1) depositions upon oral examination, one per side as of right, with more permitted if leave is obtained from the arbitrator;
 - (2) written interrogatories, up to a maximum combined total of 20, with the responding party having 20 days to respond;
 - (3) request for production of documents or things or permission to enter upon land or other property for inspection, with the responding party having 20 days to produce the documents and allow entry or to file objections to the request; and

- (4) physical and mental examination, in accordance with the Federal Rules of Civil Procedure, Rule 35(a).
 - b. Any motion to compel production, answers to interrogatories, or entry onto land or property must be made to the arbitrator within 15 days of receipt of objections.
 - c. All discovery requests will be submitted no less than 60 days before the hearing date.
 - d. The scope of discoverable evidence will be in accordance with Federal Rule of Civil Procedure 26(b)(1).
 - e. The arbitrator will have the power to enforce the aforementioned discovery rights and obligations by the imposition of the same terms, conditions, consequences, liabilities, sanctions, and penalties as can or may be imposed in like circumstances in a civil action by a federal court under the Federal Rules of Civil Procedure, except the power to order the arrest or imprisonment of a person.
7. Hearing Procedure. The hearing will proceed according to the American Arbitration Association's Rules with the following amendments:
- a. The arbitrator will rule at the outset of the arbitration on procedural issues that bear on whether the arbitration is allowed to proceed.
 - b. Each party has the burden of proving each element of its claim or counterclaims, and each party has the burden of proving any of its affirmative defenses.
 - c. In addition to, or in lieu of, closing arguments, either party will have the right to present post-hearing briefs, and the due date for exchanging post-hearing briefs will be mutually agreed on by the parties and the arbitrator.
8. Substantive Law. The applicable substantive law will be the law of the State of Texas or federal law. If both federal and state law speak to a cause of action, the Employee will have the right to elect his/her choice of law. However, choice of law in no way affects the procedural aspects of the arbitration, which are exclusively governed by the provisions of this Policy.
9. Opinion and Award. The arbitrator will issue a written opinion and award, in conformance with the following requirements:
- a. The opinion and award must be signed and dated by the arbitrator.
 - b. The arbitrator's opinion and award will decide all issues submitted.
 - c. The arbitrator's opinion and award will set forth the legal principles supporting each part of the opinion.
 - d. The arbitrator will have the same authority to award remedies and damages as provided to a judge and/or jury under parallel circumstances.

10. Enforcement of Arbitrator's Award. Following the issuance of the arbitrator's decision, any party may petition a court to confirm, enforce, correct, or vacate the arbitrator's opinion and award under the Federal Arbitration Act.
11. Fees and Costs. Fees and costs will be allocated in the following manner:
 - a. Each party will be responsible for its own attorneys' fees, except as provided by law.
 - b. The Employee will pay a \$150 filing fee to be paid to the arbitration agency. Lennox will bear the remainder of the arbitrator's fees and any costs associated with the facilities for the arbitration.
 - c. Lennox and the Employee will each bear an equal one-half of any court reporters' fees, assuming both parties want a transcript of the proceeding. If one party elects not to receive a transcript of the proceedings, the other party will bear all of the court reporters' fee. However, such an election must be made when the arrangements for the court reporter are being made.
 - d. Each party will be responsible for its costs associated with discovery.
- C. Confidentiality. Neither party may disclose the existence, content, or resolution of the mediation or arbitration (including the contents of this agreement) to any person or entity without the prior written consent of the other party unless required by law. Both parties will use their best efforts to prevent any publicity or disclosure by any third party, including the Arbitrator. Notwithstanding the above, Employee is permitted to make confidential disclosures as required to his or her accountants, attorneys, spouse, or governmental taxing authorities. As applicable to Lennox, the term "person" or "entity" refers to persons/entities that are not employed or retained by Lennox or do not represent Lennox in a business or professional capacity.
- D. Severability. In the event that any provision of this Policy is determined by a court of competent jurisdiction to be illegal, invalid, or unenforceable to any extent, such term or provision will be enforced to the extent permissible under the law and all remaining terms and provisions of this Policy will continue in full force and effect.

EXHIBIT C

SEVERANCE TERMS

1. Effect of Protective Covenants. The provisions of Section C.2 of Exhibit A of this Agreement will continue in full force and effect regardless of whether Employee continues to be employed by Lennox and regardless of the reason Employee's employment is terminated and regardless of the severance compensation, if any, to which Employee is entitled as set forth below.
2. Normal Severance Compensation. Should Employee be terminated by Lennox other than for Cause (as defined in Section B.3 of Exhibit A) prior to the expiration of the term specified in Section 2 of the letter portion of the Agreement or the Agreement is not renewed by Lennox for any reason, and provided the Employee does not elect and qualify for the Enhanced Severance Payment described in Section 3 of Exhibit C set forth below, Employee will be entitled to receive monthly payments of the greater of the Employee's Monthly Base Salary for the remainder of the Agreement's term or three months of Employee's Monthly Base Salary; provided that (i) if more than six months' severance is required, the first six such monthly payments will be paid in a lump sum on the date six months, two days after the date of termination, and the remaining severance payments paid monthly thereafter or, (ii) if there are fewer than six monthly payments, all such monthly payments will be payable in a lump sum on the date six months, two days after the date of termination. Any such payments will be in addition to any other compensation or benefits applicable to an employee at Employee's level to the extent the Employee would be eligible for such compensation or benefits under the terms of those formal programs which are applicable to all employees at Employee's level in effect at the time of termination and, for any benefits which continue after termination, subject to any modification which is made to such programs applicable to all of the participants at such time. Nothing in this paragraph will be interpreted to extend benefits to Employee past his or her employment to which Employee would have been entitled had Employee remained employed during the period that severance is paid.
3. Enhanced Severance Benefits. If Employee elects and meets the conditions of this Section 3 of Exhibit C and (a) Lennox terminates Employee other than for Cause (including Lennox's non-renewal of the Agreement) or (b) Employee becomes permanently disabled, Lennox agrees to pay an Enhanced Severance Payment and provide the other benefits described below ("Enhanced Severance Benefits"). The Employee must agree to execute a written General Release in a form satisfactory to Lennox of any and all possible claims against Lennox existing at the time of termination in exchange for which Lennox agrees to the following severance provisions:
 - (i) Severance Payment. Lennox agrees to pay Employee's Monthly Base Salary for a period of [**for employees with less than three years' tenure:** 12 months following the date of termination if the termination occurs within the first three years of the Employee's employment, or if it occurs thereafter,] 24 months; provided that the first six such monthly payments shall be payable in a lump sum on the date six months, two days after the date of termination. In addition, Lennox agrees to pay to the Employee, on the date six months and two days after the date of termination, in a lump sum, the total of any short-term bonus payments actually paid to the Employee over the [**for employees with less than three years'**

tenure: twelve (12) month period prior to the date of termination, if the termination occurs within the first three years of the Employee's employment or if it occurs thereafter, over the] twenty-four (24) month period prior to the date of termination. The severance payments will be paid in accordance with the regular payroll policies of Lennox then in effect and each installment will be subject to regular payroll deductions and all applicable taxes.

- (ii) Perquisites. In addition to (i) above, Employee will receive on the date six months, two days after the date of termination, in a lump sum, a payment of a sum equal to 10% of the Employee's Annual Base Salary in effect at the time of termination in lieu of the continuation of or payment for any perquisites.
- (iii) COBRA Continuation. Lennox agrees to pay COBRA premiums to allow Employee to continue to participate in Lennox's group health plan on the same terms as other Lennox employees for up to 18 months while Employee is unemployed and not eligible for other group health insurance coverage. Should Employee remain unemployed and not otherwise eligible for other coverage at the end of 18 months, the equivalent of the COBRA premium will be paid to the employee on a month-to-month basis for up to six additional months for his or her use in obtaining health insurance coverage outside the group health plan.
- (iv) Outplacement. Lennox agrees to provide Employee with outplacement services in accordance with Lennox's then applicable policy; provided that such outplacement expense is paid by Lennox no later than the end of the second year following the calendar year in which the date of termination occurred. Should Employee elect not to receive outplacement services, then in lieu of such outplacement services, Lennox agrees to pay Employee a lump sum payment of 10% of Employee's Annual Base Salary on the date six months, two days after the date of termination.
- (v) Death Benefit. Employee's beneficiary, as set forth in Exhibit D, will receive, in a lump sum, a death benefit equivalent to six months of Employee's Monthly Base Salary in the event that the Employee should die during the period in which the Employee is entitled to any severance payment described above.

4. Section 409A: Payments to be Separate. This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended, and will be construed in a manner to give effect to such intention. The parties will, if necessary, amend the terms of this Agreement to the limited extent necessary in order to comply with the requirements of Section 409A. Each payment due hereunder will be considered to be separate payments due to Employee and not one of a series of payments for purposes of Section 409A.

Nothing herein will be construed to limit Employee's right to receive any benefits and entitlements under Lennox's ERISA or other employee benefit plans, with all such benefits being received by the Employee only to the extent allowed by and subject to the terms of any such plan as it may from time to time exist or be modified. Further, this Agreement is not intended to be, and the parties agree that it will not be interpreted as creating any obligation for Lennox to create or maintain any employee benefit, compensation, perquisite or other plan, policy or program for its employees and Lennox retains the sole discretion to eliminate or modify any existing plan, program, or policy as it deems to be appropriate.

EXHIBIT D

DESIGNATION OF BENEFICIARY

The following represent the designation of Beneficiary for the Employee named below:

EMPLOYEE: _____

Primary Beneficiary(s):

_____	_____	_____	_____ %*
Name	Relationship	Percent	

_____	_____	_____	_____ %*
Name	Relationship	Percent	

*The total should add to 100%

Contingent Beneficiary(s):

_____	_____	_____	_____ %*
Name	Relationship	Percent	

_____	_____	_____	_____ %*
Name	Relationship	Percent	

*The total should add to 100%

This is to confirm the designation of my Beneficiary(s) to receive any benefits provided under this Agreement which are not otherwise covered by Employee benefit plans with other designations of beneficiary(s).

EMPLOYEE

[Name]

Date

CERTIFICATION

I, Alok Maskara, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lennox International Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 23, 2025

/s/ Alok Maskara

Alok Maskara

Chief Executive Officer

CERTIFICATION

I, Michael P. Quenzer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lennox International Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 23, 2025

/s/ Michael P. Quenzer
Michael P. Quenzer
Chief Financial Officer

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

In connection with the Quarterly Report of Lennox International Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, Alok Maskara, Chief Executive Officer of the Company, and Michael P. Quenzer, Chief Financial Officer of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to his or her knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company

/s/ Alok Maskara

Alok Maskara
Chief Executive Officer

April 23, 2025

/s/ Michael P. Quenzer

Michael P. Quenzer
Chief Financial Officer

April 23, 2025

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

**LENNOX INTERNATIONAL INC.
2022 EMPLOYEE STOCK PURCHASE PLAN
(AMENDED AND RESTATED EFFECTIVE JULY 1, 2025)**

SECTION 1. PURPOSE.

This Lennox International Inc. 2022 Employee Stock Purchase Plan (Amended and Restated effective July 1, 2025) (the “Plan”) is intended to advance the interests of Lennox International Inc., a Delaware corporation (the “Company”) and its stockholders by allowing employees of the Company and those Subsidiaries of the Company that participate in the Plan the opportunity to purchase shares of the Company’s common stock, par value \$.01 per share (“Common Stock”). It is intended that the Plan will constitute an “employee stock purchase plan” within the meaning of Section 423 of the Internal Revenue Code of 1986, as amended from time to time (the “Code”), and the Plan will be interpreted and administered in accordance with such intent; provided, however, that the Compensation and Human Resources Committee (the “Committee”) of the Board of Directors of the Company (the “Board”) may also authorize grants of separate rights under the Plan (to run concurrently with the fiscal quarters described herein) that are not intended to comply with Section 423 of the Code, pursuant to any rules, procedures, or sub-plans adopted by the Committee for such purpose, the terms of which grants may differ from the terms set forth herein to the extent such differing terms would not cause a grant under the Plan that is intended to comply with Section 423 of the Code to fail to so comply.

SECTION 2. ADMINISTRATION.

The Plan will be administered by the Committee. The majority of the Committee will constitute a quorum, and the Committee may act by a majority of its members present at any meeting at which a quorum is present or by all members acting unanimously by written consent.

The Committee’s interpretation and construction of the Plan or of any subscription to purchase shares of Common Stock under it will be final. The Committee, in its discretion, may establish any policies or procedures that are relevant to the operation and administration of the Plan and may adopt rules for the administration of the Plan. Each Subsidiary of the Company is eligible to participate in the Plan (or any grant under the Plan) if so designated by the Company. The Subsidiaries listed on Exhibit A attached hereto (as of the dates set forth on Exhibit A) are “designated Subsidiaries” eligible to participate in the Plan (including separate rights under the Plan that are not intended to comply with Section 423 of the Code). The Committee delegates the authority to the Executive Vice President, Chief Human Resources Officer, to designate additional Subsidiaries of the Company whose employees will be eligible to participate in the Plan (including separate rights under the Plan that are not intended to comply with Section 423 of the Code), and to determine the terms of grants hereunder (which may differ among the designated Subsidiaries), consistent with terms hereof. The Executive Vice President, Chief Human Resources Officer, may also remove Subsidiaries as eligible to participate in the Plan (or any grant under the Plan). No member of the Committee will be liable for any action or

determination made in good faith with respect to the Plan or any subscription to purchase shares under it.

SECTION 3. DEFINITIONS.

For purposes of the Plan:

- (a) The term “Effective Date” has the meaning given in Section 10 of the Plan.
- (b) The term “Eligible Employee” means each person who is an employee of the Company or of a participating Subsidiary of the Company, except that the Company may exclude (i) employees whose customary employment is 20 hours a week or less or not more than 5 months in any calendar year, (ii) employees who have been employed less than 2 years and (iii) employees who are citizens or residents of a foreign jurisdiction if the offering or acceptance of a subscription to or by such employees is prohibited by applicable foreign laws or if compliance with such applicable foreign laws would cause the Plan or the subscription to violate the requirements of Section 423 of the Code. A highly compensated employee (within the meaning of Section 414(q) of the Code) who is an “officer” (as such term is defined in Section 16a-1(f) of the Securities Exchange Act of 1934) of the Company may not be an Eligible Employee.
- (c) The term “Offering Period” means the period beginning on (and including) the Subscription Date, and ending on (and including) the Purchase Date.
- (d) The term “Participant” means an Eligible Employee who has a Subscription and Authorization Form (as defined below) in effect.
- (e) The term “Plan Administrator” means a brokerage firm selected by the Company to maintain the Stock Accounts and perform such other administrative duties relating to the Plan as the Company may deem advisable and are permitted by applicable law.
- (f) The term “Purchase Date” means (i) for periods prior to the Restatement Date, the last business day of the fiscal quarter in which the related Subscription Date occurs, and (ii) for periods beginning on or after the Restatement Date, the last business day of the fiscal quarter following the fiscal quarter in which the related Subscription Date occurs.
- (g) The term “Restatement Date” has the meaning given in Section 10 of the Plan.
- (h) The term “Stock Account” means an account or participant trust maintained by a brokerage firm selected by the Company with respect to each Participant as contemplated by Section 6(g) below.
- (i) The term “Subscription Date” means (i) for periods prior to the Restatement Date, the first business day of each fiscal quarter of the Company, and (ii) for periods beginning on or after the Restatement Date, the first business day of each of the first and third fiscal quarters of the Company while the Plan is effective. The first Subscription Date under the Plan was July 1, 2022.

(j) The term “Subsidiary” means any corporation in which the Company directly or indirectly owns or controls more than 50 percent of the total combined voting power of all classes of stock issued by the corporation.

SECTION 4. PARTICIPATION.

An Eligible Employee may subscribe to purchase shares of Common Stock under the terms of the Plan and will evidence his or her agreement to subscribe for shares by completing a written or electronic agreement in the form and manner requested by the Company (the “Subscription and Authorization Form”). Subject to the provisions of Section 6(b), a Subscription and Authorization Form will take effect on the first Subscription Date that is within a reasonable time after it has been provided by the Company, but in no event later than the first Subscription Date which is at least 61 days after the date on which the Eligible Employee files the Subscription and Authorization Form. Notwithstanding the foregoing, if immediately after a Subscription Date a Participant owns, or holds options to purchase, stock possessing 5 percent or more of the total combined voting power or value of all classes of stock of the Company or any Subsidiary of the Company, that Participant may not subscribe to purchase shares on the immediately following Purchase Date. For purposes of this paragraph, stock ownership of an individual will be determined under the rules of Section 424(d) of the Code. In the Subscription and Authorization Form, an Eligible Employee will designate any whole percentage to be withheld from such Eligible Employee’s compensation (as defined below) for each payment remitted by the Company to the Eligible Employee and used to purchase shares of Common Stock on the next Purchase Date, subject to the provisions of Section 6(d) and the following limitations: (a) the whole percentage designated by such Eligible Employee cannot be less than 1 percent of his or her compensation (except as provided in Section 6(b) of the Plan or as otherwise determined by the Committee) and cannot exceed 20 percent of his or her compensation (or such lesser percentage as may be determined by the Committee); (b) the maximum number of shares of Common Stock that can be purchased by any one Participant on any Purchase Date cannot exceed 500 shares of Common Stock; and (c) the Committee may establish from time to time minimum payroll deductions. For purposes of converting the payroll deductions of non-U.S. participants to U.S. dollars, the exchange rate used for the purpose of such calculations shall be the rate between U.S. dollars and the applicable currency of the non-U.S. participant published in The Wall Street Journal on the date of purchase. For purposes of this Plan, the term “compensation” means base salary, regular hourly wages, and sales commissions (prior to any reductions in either).

SECTION 5. COMMON STOCK.

The stock purchased under the Plan will be Treasury shares, shares purchased on the open market, shares of original issuance or a combination of the foregoing. Subject to the provisions of Section 6(h), purchases under the Plan cannot exceed 1,000,000 shares in the aggregate of Common Stock. If the dollar amount of shares of Common Stock subscribed for any Offering Period exceeds the number of shares of Common Stock available to be purchased under the Plan,

the shares of Common Stock available to be purchased will be allocated on a pro rata basis among the subscriptions.

SECTION 6. TERMS AND CONDITIONS OF SUBSCRIPTIONS.

Subscriptions will be evidenced by a Subscription and Authorization Form in a form provided by the Company. All Participants subscribing to purchase shares will have the same rights and privileges (except as otherwise provided in Section 4), and all subscriptions will be subject to the following terms and conditions and those in the Prospectus for the Common Stock to be issued under the Plan (the “Prospectus”):

(a) *Purchase Price.* For Offering Periods beginning prior to the Restatement Date, the per-share purchase price will be 95 percent of the fair market value of a share of Common Stock on the Purchase Date. For Offering Periods beginning on and after the Restatement Date, the per-share purchase price will be 85 percent of the lesser of (i) the fair market value of a share of Common Stock on the Subscription Date and (ii) the fair market value of a share of Common Stock on the Purchase Date. During such time as Common Stock is traded on the New York Stock Exchange, the fair market value per share will be the closing price of a share of Common Stock on the applicable date (or on the next preceding regular business date when shares of Common Stock are traded if no shares of Common Stock were traded on such date). Subject to the foregoing, the Committee has full authority and discretion in fixing the purchase price, subject to applicable legal requirements, including under Section 409A of the Code.

(b) *Medium and Time of Payment.* The purchase price will be payable in full in U.S. dollars, pursuant to uniform policies and procedures established by the Committee. The funds required for payment will be derived by withholding from a Participant’s compensation. A Participant will have the right, during the period between the first day of the second month prior and last day of the second month prior to the start of an Offering Period, to change his or her subscription for such Offering Period and all subsequent Offering Periods or to withdraw from the Plan. With respect to the first Offering Period beginning on or after the Restatement Date, except to the extent otherwise determined by the Committee, if an Eligible Employee who participated in the immediately preceding Offering Period does not take action to change or revoke such Eligible Employee’s subscription for such immediately preceding Offering Period (the “Prior Subscription”) prior to such Offering Period, such Eligible Employee’s Prior Subscription will apply to such Offering Period and future Offering Periods under the Plan until changed or withdrawn. A Participant will have the right to cancel his or her subscription in whole for any Offering Period and to obtain a refund of amounts withheld from his or her compensation for such Offering Period by submitting a written request by the 15th calendar day of the month prior to the month in which the Purchase Date for such Offering Period occurs. Those amounts will thereafter be paid to the Participant within a reasonable period of time.

(c) *No Interest on Employee Funds.* No interest will accrue on any amounts withheld from a Participant’s compensation.

(d) *Accrual Limitation.* No subscription will permit the rights of a Participant to purchase stock under all “employee stock purchase plans” (as defined in the Code) of the Company and its Subsidiaries to accrue, under the rules set forth in Section 423(b)(8) of the Code, at a rate which

exceeds \$25,000 of fair market value of such stock (determined at the time of subscription) for each calendar year.

(e) *Termination of Employment.* If a Participant ceases to be an Eligible Employee for any reason before any applicable Purchase Date, the total unused payments credited to his or her account on the date of termination will be refunded to the Participant (or his or her estate) within a reasonable time, without interest, and no purchase will be made with respect to such Participant on such Purchase Date.

(f) *Transferability.* Payments credited to a Participant's account, and any rights to subscribe to purchase shares of Common Stock under the Plan, cannot be transferred by a Participant, except by the laws of descent and distribution.

(g) *Custody of Shares.* All shares of Common Stock purchased as provided in the Plan will be initially maintained in separate Stock Accounts for the Participants by the Plan Administrator. The Company will deliver the shares to the Stock Account as soon as reasonably practicable after the close of the applicable Purchase Date. A Participant will be free to undertake a disposition (as that term is defined in Section 424 of the Code) of the shares in his or her Stock Account at any time, whether by sale, exchange, gift or other transfer of legal title, and to move those shares to another brokerage account of the Participant's choosing. The Plan Administrator may require, in its sole discretion, that the Participant bear the cost of transferring such shares.

(h) *Adjustments.* Subject to the requirements of Section 424 of the Code to the extent applicable, the Committee shall make or provide for such adjustments in the purchase price and in the number or kind of shares of Common Stock or other securities covered by outstanding subscriptions, or specified in the second sentence of Section 5 of the Plan, as the Committee in its sole discretion, exercised in good faith, may determine is equitably required to prevent dilution or enlargement of the rights of Participants that would otherwise result from (i) any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company; (ii) any merger, consolidation, spin-off, split-off, spin-out, split-up, separation, reorganization, partial or complete liquidation, or other distribution of assets, issuance of rights or warrants to purchase stock; or (iii) any other corporate transaction or event having an effect similar to any of the foregoing. Moreover, in the event of any such transaction or event, the Committee, in its discretion, may provide in substitution for any or all outstanding subscriptions under this Plan such alternative consideration as it, in good faith, may determine to be equitable in the circumstances.

(i) *Rights as a Stockholder.* A Participant will have no rights as a stockholder with respect to any Common Stock covered by his or her subscription until the Purchase Date following payment in full. No adjustment will be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions or other rights for which the record date is prior to the date of such purchase, except as provided in Section 6(h) of the Plan.

(j) *Fractional Shares.* Unless otherwise determined by the Committee, fractional shares may be purchased under the Plan and credited to an account for the Participant.

(k) *Other Provisions.* The Subscription and Authorization Form and the Prospectus will contain such other provisions as the Company may deem advisable and that do not conflict with the terms of the Plan.

SECTION 7. TERM OF PLAN.

The Plan shall continue in effect until the earlier of (a) its termination by the Board, and (b) the issuance of all Common Stock available for issuance under the Plan. With respect to the authority delegated to the Executive Vice President, Chief Human Resources Officer under Section 2 of the Plan: (1) the maximum number of shares of Common Stock issuable pursuant to offerings made under the delegated authority shall be the lesser of (x) 1,000,000 shares and (y) the number of shares remaining available for purchases under Section 5 of the Plan; (2) the time period during which purchase rights under this Plan, and shares issuable upon exercise thereof, may be issued pursuant to the delegated authority shall end on the tenth anniversary of the Effective Date; (3) the minimum consideration for which purchase rights may be granted pursuant to the delegated authority shall be the par value per share of Common Stock, which may be satisfied by the provision of services; and (4) the minimum consideration for which shares may be issued upon exercise of purchase rights granted pursuant to the delegated authority shall be 85 percent of the lesser of (x) the fair market value of a share of Common Stock on the Subscription Date and (y) the fair market value of a share of Common Stock on the Purchase Date, determined in accordance with this Plan.

SECTION 8. GOVERNING LAW.

The Plan will be governed by and interpreted consistently with the laws of the State of Delaware, except as may be necessary to comply with applicable requirements of federal law.

SECTION 9. AMENDMENT OF THE PLAN.

The Plan may be amended from time to time by the Committee, but unless approved by the stockholders, no amendment will (a) increase the aggregate number of shares of Common Stock that may be issued and sold under the Plan (except that adjustments authorized by Section 6(h) of the Plan will not be limited by this provision) or (b) materially modify the requirements as to eligibility for participation in the Plan.

SECTION 10. APPROVAL OF STOCKHOLDERS; EFFECTIVE DATE; RESTATEMENT DATE.

The Plan took effect on March 11, 2022, the date of its adoption by the Board (the "Effective Date"). It was subsequently approved by the Company's stockholders on May 19, 2022. The Plan was most recently amended and restated as of March 20, 2025, to be effective as of July 1, 2025 (the "Restatement Date") to reflect changes adopted by the Committee in accordance with the authority granted by Section 9 of the Plan.

Exhibit A

Advanced Distribution Products LLC (effective July 1, 2022)
Allied Air Enterprises LLC (effective July 1, 2022)
Heatcraft Refrigeration Products LLC (effective July 1, 2022)
Lennox AES Holdings LLC (effective April 1, 2024)
Lennox AES Industries LLC (effective April 1, 2024)
Lennox Global LLC (effective July 1, 2022)
Lennox India Technology Centre Private Limited (effective January 1, 2024)
Lennox Industries Inc. (effective July 1, 2022)
Lennox Industries (Canada) ULC (effective July 1, 2022)
Lennox National Account Services Inc. (effective July 1, 2022)