

IN THE MATTER OF THE SECURITIES LEGISLATION OF ALBERTA,
BRITISH COLUMBIA, MANITOBA, NEW BRUNSWICK, NEWFOUNDLAND, NOVA
SCOTIA, PRINCE EDWARD ISLAND AND SASKATCHEWAN

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR
EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF LENNOX INTERNATIONAL INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland, Nova Scotia, Prince Edward Island and Saskatchewan (the "Jurisdictions") have received an application from Lennox International Inc. ("Lennox") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirement") and to file and obtain a receipt for a preliminary prospectus and a prospectus in respect of such security (the "Prospectus Requirement") shall not apply to the intended trades in securities of Lennox under its employee stock purchase plan (the "Plan");

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Executive Director of the British Columbia Securities Commission is the principal regulator for this application;

AND WHEREAS Lennox has represented to the Decision Makers that:

1. Lennox was incorporated under the laws of Delaware;
2. Lennox is not, and has no present intention of becoming, a reporting issuer or the equivalent under the Legislation of any of the Jurisdictions but is subject to the reporting requirements of the United States *Securities Exchange Act of 1934* (the "1934 Act");
3. the authorized capital of Lennox consists of 200,000,000 shares of common stock and 25,000,000 shares of preferred stock, issuable in series of which 46,161,607 shares of common stock and no shares of preferred stock were issued and outstanding as of December 31, 1999;
4. the common stock of Lennox is listed on the New York Stock Exchange;
5. Lennox and its subsidiaries are collectively engaged in the business of designing, manufacturing and marketing products for the heating, air conditioning, refrigeration and

ventilation markets, principally in the United States and Canada, but also in Latin America, Europe and Asia;

6. the Canadian operations of Lennox are carried out through its three indirect wholly-owned subsidiaries, Lennox Industries (Canada) Ltd., Lennox Inc. and Chemin International Ltée (the "Canadian Subsidiaries");

7. the Plan was adopted by the Board of Directors of Lennox and became effective as of July 29, 1999;

8. under the Plan, eligible employees of Lennox may be granted common stock of Lennox (the "Shares") and the dividends received on the Shares will be automatically reinvested in Shares (the "DRIP"); the maximum number of Shares issuable under the Plan is 825,000 Shares or approximately 2.5% of the issued and outstanding Shares;

9. any individual employed by Lennox or a subsidiary (including the Canadian Subsidiaries), which has adopted the Plan with the approval of the Compensation Committee of Lennox's Board of Directors (the "Committee"), are eligible to participate in the Plan with certain specified exceptions:

10. the Canadian Subsidiaries are expected to adopt the Plan and the Committee is expected to approve such adoption of the Plan upon receipt of this Decision;

11. employees of the Canadian Subsidiaries who are resident in the Jurisdictions and meet the eligibility criteria described in the Plan ("Eligible Canadian Employees") will be eligible to participate in the Plan;

12. there are a total of 916 Eligible Canadian Employees resident in the Jurisdictions;

13. participation in the Plan is voluntary and Eligible Canadian Employees will not be induced to participate in the Plan by expectation of employment or continued employment;

14. each Eligible Canadian Employee will be provided with an invitation to participate in the Plan and a copy of the Plan;

15. Lennox has designated Salomon Smith Barney Inc. as administrator (the "Administrator") to administer the operation of the Plan;

16. the Administrator is registered as a broker-dealer under the 1934 Act and is not a registrant under the Legislation;

17. the Administrator will send Eligible Canadian Employees who participate in the Plan (the "Participants") a quarterly report of his or her contributions and the number of whole and fractional Shares purchased with such contributions; Participants will receive a confirmation after each purchase and sale of Shares;

18. all sales of Shares made on behalf of Participants under the Plan will be made through the facilities of, and in accordance with the rules of, the NYSE and through the Administrator or another entity registered as a broker-dealer under the 1934 Act (collectively, the "U.S. Registrants");

19. Participants in the Jurisdictions will be provided with all disclosure material relating to Lennox which is provided to holders of its Shares resident in the United States, as well as a copy of this Decision Document;

20. if at any time the number of Participants in any one Jurisdiction who acquire Shares under the Plan exceeds 10% of the total number of holders of Shares, or if the Participants in any one Jurisdiction hold, in aggregate, in excess of 10% of the total number of issued and outstanding Shares, Lennox will apply to the relevant Decision Maker for an order with respect to further trades by the Participants in that Jurisdiction in Shares acquired under the Plan;

21. there is no market in the Jurisdictions for the Shares and none is expected to develop;

22. the Legislation of certain of the Jurisdictions does not contain exemptions from the Registration Requirement and Prospectus Requirement for intended trades in Shares under the Plan and/or the DRIP;

23. where a U.S. Registrant sells Shares on behalf of a Participant, neither the Participant nor the U.S. Registrant is able to rely on the exemption from the Registration Requirement contained in the Legislation for trades made by a person acting solely through a registered dealer under the Legislation; and

24. the Legislation of certain of the Jurisdictions deems any trade in the Shares acquired under the Plan or DRIP to be a distribution unless, among other things, Lennox is a reporting issuer and has been a reporting issuer for the 12 months immediately preceding the trade;

AND WHEREAS under the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively the "Decision");

AND WHEREAS each Decision Maker is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met;

The Decision of the Decision Makers under the Legislation is that:

1. the Registration and Prospectus Requirements shall not apply to intended trades in Shares under the Plan or DRIP

2. the Registration Requirement shall not apply to the intended trades by Participants through the U.S. Registrants in Shares acquired under the Plan or DRIP; and

3. any intended trade in Shares acquired by Participants under the Plan or DRIP is a distribution under the Legislation unless the trade is executed through the facilities of a stock exchange or

organized market outside of Canada in accordance with all the laws and rules applicable to such stock exchange or organized market.

DATED June 14, 2000.

Margaret Sheehy
Director

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Registration and prospectus relief for trades of shares under an employee stock purchase plan involving an administrator that is a registrant in the United States. Relief also provided for any resale of the shares acquired under the plan subject to certain conditions.

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 416 ss. 34(1)(a), 45(2)(10), 48, 61, 74(2)(9), 76