SERVICE EXPERTS LLC
Form 424B5
May 03, 2010

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This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, but is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and they are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-155796

Subject to completion, dated May 3, 2010

Preliminary prospectus supplement
(To Prospectus dated May 3, 2010)

Lennox International Inc.

$ % Notes due 20

Interest payable and

Issue Price:

We are offering $ principal amount of our % notes due 20 , which we refer to in this prospectus supplement as the notes.

We will pay interest on the notes on and of each year, beginning , 2010. The notes will mature on , 20 and will be issued only in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

We may redeem the notes, in whole or in part, at any time and from time to time prior to their maturity at a redemption price equal to the greater of the principal amount of such notes and the make-whole price described under Description of the notes and guarantees Optional redemption. If we experience a Change of Control Triggering Event (as defined under Description of the notes and guarantees Change of control triggering event), we may be required to offer to purchase the notes from holders at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase. See Description of the notes and guarantees Change of control triggering event.

The notes will be our senior unsecured obligations and will rank equally in right of payment to all of our existing and future senior unsecured and unsubordinated indebtedness and will be effectively subordinated to all of our existing and future secured indebtedness to the extent of the value of our assets and the assets of our subsidiaries securing such indebtedness. The notes will be guaranteed on a senior unsecured basis by certain of our subsidiaries. The notes will be structurally subordinated to the indebtedness and other liabilities of our non-guarantor subsidiaries, including all of our foreign subsidiaries. See Description of the notes and guarantees.

We do not intend to apply for listing of the notes on any national securities exchange. Currently, there is no public market for the notes.

Investing in the notes involves risks. See Risk factors beginning on page S-7 of this prospectus supplement and the risk factors contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which is incorporated by reference herein, for a discussion of certain risks that you should consider in

connection with an investment in the notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Price to Public(1)	Underwriting Discounts and Commissions	Proceeds, Before Expenses
Per Note	%	%	%
Total	$	$	$

(1) Plus accrued interest, if any, from May , 2010, if settlement occurs after that date.

The underwriters expect to deliver the notes to purchasers through the book-entry delivery system of The Depository Trust Company (DTC) for the benefit of its participants, including Euroclear Bank S.A./N.V. and Clearstream Banking, societé anonyme, on or about May , 2010.

Joint Book-Running Managers

J.P. Morgan **Wells Fargo Securities**

May , 2010

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About this prospectus supplement

This document is in two parts. The first part is this prospectus supplement, which describes the terms of the offering and the notes offered hereby. The second part is the accompanying prospectus, dated May 3, 2010, which we refer to as the accompanying prospectus. The accompanying prospectus contains a general description of our debt securities and gives more general information, some of which may not apply to the notes offered hereby. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or any document that has previously been filed and is incorporated into this prospectus by reference, on the other hand, the information in this prospectus supplement shall control.

Before you invest in our securities, you should carefully read the registration statement (including the exhibits thereto) of which this prospectus supplement and the accompanying prospectus forms a part, this prospectus supplement and the accompanying prospectus and the documents incorporated by reference herein and therein. The documents incorporated by reference into this prospectus supplement are described under Information we incorporate by reference.

We have not, and the underwriters have not, authorized any dealer, salesperson or other person to give any information or to make any representation other than those contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus or any free writing prospectus that we may provide to you and take no responsibility for any other information that others may give to you. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which they relate. Also, this prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom such offer or solicitation is unlawful. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein by reference is correct on any date after the respective dates of such documents, even though this prospectus supplement and the accompanying prospectus are delivered or securities are sold on a later date. Our business, financial condition and results of operations may have changed since those dates.

Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus supplement to we, us, our, the Company or Lennox mean Lennox International Inc. and its direct and indirect subsidiaries on a consolidated basis.

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Where you can find more information

We file annual, quarterly and current reports and other information with the Securities and Exchange Commission (the SEC). You may read and copy any document we file with the SEC at the SEC s public reference room located at 100 F Street, N.E., Washington, D.C. 20549. You may obtain further information regarding the operation of the SEC s public reference room by calling the SEC at 1-800-SEC-0330. Our filings are also available to the public on the SEC s website located at www.sec.gov.

Information we incorporate by reference

The SEC allows us to incorporate by reference the information contained in documents we file with the SEC, which means that we can disclose important information to you by referring to those documents. The information incorporated by reference is an important part of this prospectus supplement. Any statement contained in a document which is incorporated by reference into this prospectus supplement is automatically updated and superseded if information contained in this prospectus supplement, or information that we later file with the SEC, modifies or revises that statement. Any such statement so modified or revised shall not be deemed, except as so modified or revised, to constitute a part of this prospectus supplement. We incorporate by reference the following documents we filed, excluding any information contained therein or attached as an exhibit thereto which has been furnished, but not filed, with the SEC:

Our Annual Report on Form 10-K for the year ended December 31, 2009, including the information specifically incorporated by reference into our Form 10-K from our Definitive Proxy Statement on Schedule 14A, as filed with the SEC on April 16, 2010;

Our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010; and

Our Current Reports on Form 8-K filed with the SEC on February 23, 2010, February 24, 2010, March 15, 2010, April 21, 2010 and May 3, 2010 (except information furnished under Item 7.01).

Any documents we file pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (the Exchange Act) after the date of this prospectus supplement and prior to the termination of the offering of the notes to which this prospectus supplement relates will automatically be deemed to be incorporated by reference into this prospectus supplement and be deemed a part of this prospectus supplement from the date of filing such documents, except to the extent any information contained in or attached to such documents has been furnished, but not filed, with the SEC.

You may also obtain a copy of our filings with the SEC at no cost by writing to or telephoning us at the following address:

Investor Relations
Lennox International Inc.
2140 Lake Park Boulevard
Richardson, Texas 75080
(972) 497-5000

We also maintain a website that contains additional information about us (www.lennoxinternational.com). Information on or accessible through our website is not part of, or incorporated by reference into, this prospectus supplement, other than documents filed with the SEC that we incorporate by reference.

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Forward-looking statements

In this prospectus supplement and the accompanying prospectus, including the documents we incorporate by reference herein and therein, we make statements concerning our expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are not historical facts. These statements are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those expressed or implied by these statements. You can generally identify our forward-looking statements by the words anticipate, believe, continue, could, estimate, expect, forecast, may, objective, plan, potential, predict, projection, should, will or other similar words.

Although we believe that the expectations reflected in those forward-looking statements are based upon reasonable assumptions, we cannot assure you that actual results will not differ materially from those expressed or implied by our forward-looking statements. You should exercise caution in interpreting and relying on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond our control and that could cause actual results to differ materially from those expressed or implied in the forward-looking statements and could materially affect our actual results or performance.

The following are some of the factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements:

- general economic conditions in the United States and abroad;
- the impact of higher raw material prices;
- our ability to implement price increases for our products and services;
- the impact of weather in the United States and abroad, which can depress demand for our products and services;
- changes in new construction activity;
- warranty and product liability claims;
- competition in the heating, ventilation, air conditioning and refrigeration business;
- our ability to successfully develop and manage new products;
- our ability to successfully complete and integrate acquisitions;
- labor relations problems;
- litigation and environmental risks; and
- foreign currency fluctuations and changes in local government regulation associated with our international operations.

We also disclose important factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements under Item 1A Risk Factors in our Annual

Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference herein.

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Prospectus supplement summary

This summary highlights selected information about us. It does not contain all of the information that you should consider before deciding whether to invest in the notes. We encourage you to carefully read this entire prospectus supplement and the accompanying prospectus and the documents that are incorporated herein and therein, especially the Risk factors and the financial statements included or incorporated by reference herein and therein from our annual and quarterly reports filed with the SEC.

The company

Through our subsidiaries, we are a leading global provider of climate control solutions. We design, manufacture and market a broad range of products for the heating, ventilation, air conditioning and refrigeration (HVACR) markets. We believe that we are an industry leader known for innovation, quality and reliability. Our products and services are sold through multiple distribution channels under well-established brand names, including Lennox, Armstrong Air, Ducane, Bohn, Larkin, Advanced Distributor Products and Service Experts.

We had net sales of approximately $2.8 billion in 2009. We serve residential customers, which accounted for approximately 60% of our 2009 net sales (including approximately 80% of the net sales of our service experts segment), and commercial customers, which accounted for approximately 40% of our 2009 net sales. In 2009, approximately 70% of our net sales were attributable to replacement business, and approximately 30% were attributable to new construction.

Approximately 85%, 8%, and 7% of our 2009 net sales were to the Americas, Europe and Asia Pacific, respectively. In this regard, approximately 70% and 30% of the net sales of our commercial heating and cooling segment were to the Americas and Europe, respectively, and approximately 45%, 38% and 17% of the net sales of our refrigeration segment were to the Americas, Asia Pacific and Europe, respectively.

Shown below are our four business segments, the key products and brand names within each segment and 2009 net sales by segment.

Segment	Products/Services	Brand Names		2009 Net Sales (in millions)
Residential Heating & Cooling	Furnaces, air conditioners, heat pumps, packaged heating and cooling systems, indoor air quality equipment, pre-fabricated fireplaces, freestanding stoves	Lennox, Armstrong Air, Ducane, Aire-Flo, AirEase, Concord, Magic-Pak, Advanced Distributor Products, Superior, Country Stoves, Security Chimneys	$	1,293.5
Commercial Heating & Cooling	Unitary heating and air conditioning equipment, applied systems	Lennox, Allied Commercial		594.6
Service Experts				535.4

	Sales, installation and service of residential and light commercial heating and cooling equipment	Service Experts, various individual service center names		
Refrigeration	Condensing units, unit coolers, fluid coolers, air cooled condensers, air handlers, process chillers	Heatcraft Worldwide Refrigeration, Bohn, Larkin, Climate Control, Chandler Refrigeration, Friga-Bohn, HK Refrigeration, Hyfra, Kirby, Frigus-Bohn		512.7
Eliminations				(88.7)
		Total	$	2,847.5

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We were founded in 1895 in Marshalltown, Iowa when Dave Lennox, the owner of a machine repair business for the railroads, successfully developed and patented a riveted steel coal-fired furnace, which was substantially more durable than the cast iron furnaces used at that time. Manufacturing these furnaces grew into a significant business and was diverting the Lennox Machine Shop from its core focus. As a result, in 1904, a group of investors headed by D.W. Norris bought the furnace business and named it the Lennox Furnace Company. We reincorporated as a Delaware corporation in 1991 and completed an initial public offering of our common stock in 1999.

Our executive offices are located at 2140 Lake Park Boulevard, Richardson, Texas 75080, and our telephone number is (972) 497-5000. Our website is located at www.lennoxinternational.com. Information on or accessible through our website is not part of, or incorporated by reference into, this prospectus supplement, other than documents filed with the SEC that we incorporate by reference.

Recent developments

On April 27, 2010, we reported financial results for the first quarter of 2010.

Revenue for the first quarter was $644 million, up 11% from the prior-year quarter. Foreign exchange had a positive impact of 5 points in the first quarter. Volume was higher and price/mix was down slightly from the year-ago quarter.

Gross profit for the first quarter was $174 million, up 26% from $138 million in the prior-year quarter. Gross margin was 27.1% compared to 23.8% in the prior-year quarter, up 3.3%. Gross margin benefited primarily from higher volume, lower component and commodity costs, and savings from restructuring and productivity initiatives.

On a GAAP basis, loss from continuing operations for the first quarter was $1.3 million, or $0.02 diluted loss per share, compared to $17.7 million loss from continuing operations, or $0.32 diluted loss per share in the prior-year quarter.

In the first quarter, the company had a loss from discontinued operations of $0.3 million after-tax, or $0.01 diluted loss per share, related to exiting the business of certain Service Experts service centers.

Net cash used in operations in the first quarter was $40 million compared to net cash provided by operations of $16 million in the prior-year quarter. The company invested $11 million in capital assets in the first quarter.

For additional information, see Summary historical consolidated financial data in this prospectus supplement and the financial statements and related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations included in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010, which is incorporated by reference in this prospectus supplement.

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The offering

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. For a more detailed description of the terms and conditions of the notes, see Description of the notes and guarantees.

Issuer	Lennox International Inc.
Notes Offered	$ aggregate principal amount of % notes due 20 .
Maturity	The notes will mature on .
Interest	The notes will bear interest from May , 2010 at the rate of % per annum.
Interest Payment Dates	Interest on the notes is payable semi-annually in arrears on and of each year, commencing , 2010.
Ranking	The notes will be our senior unsecured obligations and will be: equal in right of payment to all of our existing and future senior unsecured and unsubordinated indebtedness; senior in right of payment to all of our existing and future subordinated indebtedness; effectively subordinated to all of our existing and future secured indebtedness to the extent of the value of our assets and the assets of our subsidiaries securing such indebtedness; and structurally subordinated to all of the existing and future indebtedness and other liabilities of our non-guarantor subsidiaries.
Subsidiary Guarantees	The notes will be guaranteed, on a senior unsecured basis, by each of our domestic subsidiaries that guarantee payment by us of any indebtedness under our domestic revolving credit facility. A subsidiary s guarantee of the notes is subject to release under certain circumstances, including if such subsidiary no longer guarantees our obligations under any of our other indebtedness and such other guarantees have been released other than through discharges as a result of payment by such guarantor on such guarantees. See Description of the notes and guarantees Subsidiary guarantees. The guarantee of each subsidiary guarantor will be a senior unsecured obligation of that guarantor and will be: equal in right of payment to all existing and future senior indebtedness of that guarantor;

senior in right of payment to all existing and future subordinated indebtedness of that guarantor;

effectively subordinated to all existing and future secured indebtedness of that guarantor to the extent of the value of the assets securing such indebtedness; and structurally subordinated to all of the existing and future indebtedness and other liabilities of the non-guarantor subsidiaries of the subsidiary guarantors.

The notes will be structurally subordinated to the indebtedness and other liabilities of our non-guarantor subsidiaries. As of March 31, 2010, the indebtedness and other liabilities of our non-guarantor subsidiaries were approximately $263.3 million (excluding intercompany indebtedness and liabilities). Our non-guarantor subsidiaries generated approximately 37.4% of our net sales for the fiscal year ended December 31, 2009 and approximately 39.1% of our net sales for the three months ended March 31, 2010. The assets of our non-guarantor subsidiaries (excluding the receivable securitization and goodwill of our non-guarantor subsidiaries) represented approximately 42.2% of our total consolidated assets as of December 31, 2009 and approximately 38.2% of our total consolidated assets as of March 31, 2010.

Optional Redemption

We may redeem the notes prior to maturity, in whole or in part, at a redemption price equal to the greater of the principal amount of such notes and the make-whole price described under Description of the notes and guarantees in this prospectus supplement, plus, in each case, accrued and unpaid interest.

Change of Control Triggering Event

Upon a Change of Control Triggering Event (as defined under Description of the notes and guarantees Change of control triggering event in this prospectus supplement), you will have the right to require us to repurchase all or a portion of your notes at a repurchase price equal to 101% of the principal amount of the notes repurchased, plus accrued and unpaid interest, if any. See Description of the notes and guarantees Change of control triggering event.

Covenants

The indenture governing the notes will contain covenants that, among other things, limit our ability and the ability of the subsidiary guarantors to:

create or incur certain liens;

enter into certain sale and leaseback transactions;

enter into certain mergers, consolidations and transfers of substantially all of our assets; and

transfer certain properties.

Form and Denomination

We will issue the notes in the form of one or more fully registered global notes registered in the name of the nominee of DTC. Beneficial interests in the notes will be shown on, and transfers will be effected through, records maintained by DTC and its participants. The notes will be issued only in denominations of $2,000 and integral multiples of $1,000 in excess thereof. See Description of the notes and guarantees Book-entry delivery and settlement.

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Use of Proceeds	We expect to receive net proceeds from the offering of notes of approximately $ million after deducting underwriting discounts and commissions and estimated offering expenses. We intend to use the net proceeds of this offering to repay outstanding indebtedness under our domestic revolving credit facility and for working capital and other general corporate purposes, including repurchases of shares of our common stock pursuant to our previously announced share repurchase plan. See Use of proceeds in this prospectus supplement. Affiliates of certain underwriters are lenders under our domestic revolving credit facility and, as such, may receive a portion of the proceeds from this offering. See Underwriting Conflicts of interest.
Risk Factors	You should consider carefully all the information set forth and incorporated by reference in this prospectus supplement and the accompanying prospectus and, in particular, you should evaluate the specific factors set forth under Risk factors beginning on page S-7 of this prospectus supplement before deciding whether to invest in the notes.

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Summary historical consolidated financial data

We derived the following summary historical consolidated financial data from our consolidated financial statements as of and for the fiscal years ended December 31, 2005 through 2009 and as and for the three months ended March 31, 2009 and 2010. Those consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States. You should read the following summary historical consolidated financial data in conjunction with the financial statements and related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010, which are incorporated by reference in this prospectus supplement, and our other filings with the SEC. Interim results for the three months ended March 31, 2010 are not necessarily indicative of results of operations for the full year.

	Three Months Ended March 31,		Fiscal Year Ended December 31,				
	2010	2009	2009	2008	2007	2006	2005
	(unaudited)		(audited)				
	(in millions, except ratios and per share data)						
Statements of Operations Data:							
Net sales	$ 644.1	$ 580.6	$ 2,847.5	$ 3,441.1	$ 3,691.7	$ 3,662.1	$ 3,352.5
Operational income (loss) from continuing operations	0.5	(26.2)	109.2	218.6	264.9	222.7	248.1
Income (loss) from continuing operations	(2.0)	(28.1)	61.8	123.8	165.7	167.1	151.7
Net income (loss)	(1.6)	(18.1)	51.1	122.8	169.0	166.0	150.7
Diluted earnings per share from continuing operations	(0.02)	(0.32)	1.09	2.12	2.39	2.27	2.12
Dividends per share	0.15	0.14	0.56	0.56	0.53	0.46	0.41
Other Financial Data:							
Capital expenditures	$ 10.7	$ 9.9	$ 58.8	$ 62.1	$ 70.2	$ 74.8	$ 63.3
Research and development expenses	12.7	11.8	48.9	46.0	43.6	42.2	40.3
Ratio of earnings to fixed charges (unaudited)[1]	0.41x[2]	[2]	6.04x	7.82x	11.68x	10.11x	7.23x

	As of March 31,		As of December 31,				
	2010	2009	2009	2008	2007	2006	2005
	(unaudited)					(audited)	

	(in millions)						
Balance Sheet Data:							
Cash and cash equivalents	$ 63.0	$ 101.9	$ 124.3	$ 122.1	$ 145.5	$ 144.3	$ 213.5
Property, plant and equipment	326.7	324.2	329.6	329.4	317.9	287.9	255.4
Total assets	1,590.8	1,598.6	1,543.9	1,659.5	1,814.6	1,719.8	1,737.6
Total debt	291.3	405.1	231.5	420.4	207.9	109.2	120.5
Stockholders equity	570.5	432.0	604.4	458.6	808.5	804.4	794.4

(1) For purposes of computing our ratio of earnings to fixed charges, earnings consist of income before income taxes and fixed charges, excluding minority interest, and fixed charges consist of the total of interest expense, amortization of loan origination costs and that portion of rental expense considered to represent interest cost.

(2) Earnings for the three months ended March 31, 2010 and March 31, 2009 were insufficient to cover fixed charges by $4.1 million and $29.8 million, respectively.

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Risk factors

You should carefully consider the following risks regarding the notes and this offering, as well as the risk factors described in Item 1A. Risk Factors of our most recent Annual Report on Form 10-K for the year ended December 31, 2009 that was filed with the SEC and incorporated herein by reference, in their entirety, as well as the other information in this prospectus supplement and the accompanying prospectus and in the documents incorporated by reference herein and therein before making a decision to invest in the notes. Each of the risks described in these sections and documents could adversely affect our business, financial condition and results of operations, and could have an adverse impact on your investment in the notes. This prospectus supplement and the accompanying prospectus and the documents incorporated by reference herein and therein also contain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below.

The terms of the indenture and the notes will provide only limited protection against significant events that could adversely impact your investment in the notes.

As described under Description of the notes and guarantees Change of control triggering event, upon the occurrence of a Change of Control Triggering Event with respect to the notes, holders are entitled to require us to repurchase their notes at 101% of the principal amount of such notes. However, the definition of the term Change of Control Triggering Event is limited and does not cover a variety of transactions (such as acquisitions by us or recapitalizations) that could negatively impact the value of your notes. As such, if we were to enter into a significant corporate transaction that would negatively impact the value of the notes, but that would not constitute a Change of Control Triggering Event with respect to such notes, you would not have any rights to require us to repurchase the notes prior to their maturity. In addition, if we experience a Change of Control Triggering Event with respect to the notes, we may not have sufficient financial resources available to satisfy our obligations to repurchase such notes. Our failure to repurchase the notes as required under the indenture would result in a default under the indenture, which could have material adverse consequences for us and the holders of the notes.

Furthermore, the indenture for the notes will not:

- require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow or liquidity;
- limit our ability to incur indebtedness or other obligations that are equal in right of payment to the notes;
- restrict our non-guarantor subsidiaries ability to issue securities or otherwise incur indebtedness or other obligations that would be senior to our equity interests in such subsidiaries and therefore rank effectively senior to the notes with respect to the assets of such subsidiaries;
- restrict our ability to repurchase or prepay any other of our securities or other indebtedness; or
- restrict our ability to make investments or to repurchase, or pay dividends or make other payments in respect of, our common stock or other securities ranking junior to the notes.

As a result of the foregoing, when evaluating the terms of the notes, you should be aware that the terms of the indenture and the notes will not restrict our ability to engage in, or to otherwise be a party to, a variety of corporate transactions, circumstances and events that could have an adverse impact on your investment in the notes.