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

FORM 10-Q

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

For the quarterly period ended May 31, 2004

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 001-16583

ACUITY BRANDS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

58-2632672
(I.R.S. Employer
Identification Number)

1170 Peachtree Street, N.E., Suite 2400, Atlanta, Georgia
(Address of principal executive offices)

30309
(Zip Code)

(404) 853-1400
(Registrant's telephone number, including area code)

None
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock - \$0.01 Par Value - 42,585,703 shares as of June 30, 2004.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ACUITY BRANDS, INC.
CONSOLIDATED BALANCE SHEETS (Unaudited)
(In thousands, except share and per-share data)

	MAY 31, 2004	AUGUST 31, 2003
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 9,586	\$ 16,053
Receivables, less allowance for doubtful accounts of \$8,645 at May 31, 2004 and \$8,634 at August 31, 2003	313,544	302,276
Inventories	217,849	188,799
Deferred income taxes	27,293	23,047
Prepayments and other current assets	38,819	28,377
Total Current Assets	607,091	558,552
Property, Plant, and Equipment, at cost:		
Land	13,796	14,060
Buildings and leasehold improvements	165,950	164,974
Machinery and equipment	362,558	350,549
Total Property, Plant, and Equipment	542,304	529,583
Less: Accumulated depreciation and amortization	325,394	307,025
Property, Plant, and Equipment, net	216,910	222,558
Other Assets:		
Goodwill	347,421	345,676
Intangible assets	127,454	129,843
Other long-term assets	31,658	31,590
Total Other Assets	506,533	507,109
Total Assets	\$ 1,330,534	\$ 1,288,219
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	\$ 1,537	\$ 1,339
Short-term secured borrowings	28,000	48,000
Revolving credit facility	9,400	5,000
Accounts payable	185,784	165,656
Accrued salaries, commissions, and bonuses	37,553	49,217
Other accrued liabilities	97,419	90,239
Total Current Liabilities	359,693	359,451
Long-Term Debt, less current maturities	390,661	391,469
Deferred Income Taxes	15,311	15,190
Self-Insurance Reserves, less current portion	17,421	16,126
Other Long-Term Liabilities	102,277	97,689
Commitments and Contingencies (Note 10)		
Stockholders' Equity:		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized, none issued	—	—
Common stock, \$0.01 par value, 500,000,000 shares authorized, 42,475,649 and 41,674,996 shares issued and outstanding at May 31, 2004 and August 31, 2003	425	417
Paid-in capital	423,801	407,621
Retained earnings	66,197	44,755
Unearned compensation on restricted stock	(6,673)	(1,734)
Accumulated other comprehensive loss items	(38,579)	(42,765)
Total Stockholders' Equity	445,171	408,294
Total Liabilities and Stockholders' Equity	\$ 1,330,534	\$ 1,288,219

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

ACUITY BRANDS, INC.
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(In thousands, except per-share data)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	MAY 31, 2004	MAY 31, 2003	MAY 31, 2004	MAY 31, 2003
Net Sales	\$ 532,226	\$ 521,041	\$ 1,540,803	\$ 1,515,654
Cost of Products Sold	309,874	302,417	902,296	894,737
Gross Profit	222,352	218,624	638,507	620,917
Selling, Distribution, and Administrative Expenses	184,938	185,908	548,115	542,513
Operating Profit	37,414	32,716	90,392	78,404
Other Expense (Income):				
Interest expense, net	8,748	9,230	26,392	28,523
Miscellaneous expense (income), net	1,581	(455)	1,858	(2,452)
Total Other Expense	10,329	8,775	28,250	26,071
Income before Provision for Income Taxes	27,085	23,941	62,142	52,333
Provision for Income Taxes	9,073	8,619	21,694	18,840
Net Income	\$ 18,012	\$ 15,322	\$ 40,448	\$ 33,493
Earnings Per Share:				
Basic Earnings per Share	\$ 0.43	\$ 0.37	\$ 0.97	\$ 0.81
Basic Weighted Average Number of Shares Outstanding	42,018	41,480	41,816	41,439
Diluted Earnings per Share	\$ 0.42	\$ 0.37	\$ 0.94	\$ 0.81
Diluted Weighted Average Number of Shares Outstanding	43,343	41,604	43,092	41,466
Dividends Declared per Share	\$ 0.15	\$ 0.15	\$ 0.45	\$ 0.45

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

ACUITY BRANDS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In thousands)

	NINE MONTHS ENDED	
	MAY 31, 2004	MAY 31, 2003
Cash Provided by (Used for) Operating Activities:		
Net income	\$ 40,448	\$ 33,493
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization	33,472	34,905
Loss (gain) on the sale of property, plant, and equipment	347	(853)
Gain on sale of business	(912)	—
Provision for losses on accounts receivable	2,596	3,379
Other non-cash charges	3,604	228
Change in assets and liabilities, net of effect of acquisitions and divestitures-		
Receivables	(15,496)	3,787
Inventories	(29,704)	22,899
Deferred income taxes	(4,125)	(402)
Prepayments and other current assets	(4,391)	(6,436)
Accounts payable	20,128	(5,700)
Other current liabilities	(8,515)	2,064
Other	11,896	2,797
Net Cash Provided by Operating Activities	49,348	90,161
Cash Provided by (Used for) Investing Activities:		
Purchases of property, plant, and equipment	(32,383)	(18,702)
Proceeds from sale of property, plant, and equipment	1,581	1,738
Proceeds from sale of business	2,390	—
Net Cash Used for Investing Activities	(28,412)	(16,964)
Cash Provided by (Used for) Financing Activities:		
Repayments of notes payable, net	—	(2,545)
Proceeds (repayments) of revolving credit facility, net	4,400	(40,000)
Repayments of short-term secured borrowings, net	(20,000)	(28,000)
Proceeds from issuance of long-term debt	—	22,202
Repayments of long-term debt	(659)	(373)
Proceeds from stock transactions	7,600	1,307
Dividends	(19,006)	(18,665)
Net Cash Used for Financing Activities	(27,665)	(66,074)
Effect of Exchange Rate Changes on Cash	262	597
Net Change in Cash and Cash Equivalents	(6,467)	7,720
Cash and Cash Equivalents at Beginning of Period	16,053	2,694
Cash and Cash Equivalents at End of Period	\$ 9,586	\$ 10,414
Supplemental Cash Flow Information:		
Income taxes paid during the period	\$ 22,465	\$ 17,743
Interest paid during the period	\$ 28,478	\$ 30,663

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

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(Amounts in thousands, except share and per-share data and as indicated)

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Acuity Brands, Inc. (“Acuity Brands” or the “Company”) operates in two business segments – lighting equipment and specialty products. The lighting equipment segment designs, produces, and distributes a broad array of indoor and outdoor lighting fixtures for commercial and institutional, industrial, and residential applications for various markets throughout North America and select international markets. The specialty products segment produces and distributes specialty chemical products including cleaners, deodorizers, sanitizers, and pesticides for industrial and institutional, commercial, and residential applications primarily for various markets throughout North America and Europe.

The unaudited interim consolidated financial statements included herein have been prepared by the Company in accordance with accounting principles generally accepted in the United States and present the financial position, results of operations, and cash flows of Acuity Brands and its wholly-owned subsidiaries, including Acuity Lighting Group, Inc. (“Acuity Brands Lighting” or “ABL”) and Acuity Specialty Products Group, Inc. (“Acuity Specialty Products” or “ASP”). These interim consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary to present fairly the consolidated financial position as of May 31, 2004 and August 31, 2003, the consolidated results of operations for the three and nine months ended May 31, 2004 and May 31, 2003, and the consolidated cash flows for the nine months ended May 31, 2004 and May 31, 2003. Certain reclassifications have been made to the prior-year financial statements to conform to the current-year presentation. Certain information and footnote disclosures normally included in the Company’s annual financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted. The Company believes that the disclosures are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the consolidated financial statements of Acuity Brands as of and for the three years ended August 31, 2003 and notes thereto included in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on October 31, 2003 (File No. 001-16583).

The results of operations for the three and nine months ended May 31, 2004 are not necessarily indicative of the results to be expected for the full fiscal year because the net sales and net income of the Company are generally higher in the second half of its fiscal year and because of the continued uncertainty of general economic conditions impacting the key end markets of the Company.

2. ACCOUNTING STANDARDS YET TO BE ADOPTED

On December 31, 2002, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 148, *Accounting for Stock-Based Compensation – Transition and Disclosure — an Amendment of FASB Statement No. 123*. SFAS No. 148 amends SFAS No. 123, *Accounting for Stock-Based Compensation*, to provide alternative methods of transition to the fair value method of accounting for stock-based employee compensation. The alternative methods include the prospective method, the modified prospective method, and the retroactive restatement method. SFAS No. 148 also amends the disclosure provisions of SFAS No. 123 to require prominent disclosure of the effects of an entity’s accounting policy with respect to stock-based employee compensation on reported net income and earnings per share in annual and interim financial statements, regardless of the method used to account for stock-based employee compensation.

On March 31, 2004, the FASB issued an exposure document related to share-based payment that would amend SFAS No. 123. As a result, the Company has elected to delay the recognition of expense related to stock options until a final standard is promulgated. The FASB expects to issue the final standard by December 31, 2004. The Company continues to evaluate the impact the adoption of the final standard will have on the Company’s results of operations. See Note 11 of *Notes to Consolidated Financial Statements* for further information.

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(Amounts in thousands, except share and per-share data and as indicated)

3. GOODWILL AND INTANGIBLE ASSETS

Summarized information for the Company's acquired intangible assets is as follows:

	May 31, 2004		August 31, 2003	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Trade names and trademarks	\$ 13,030	\$ (2,108)	\$ 13,030	\$ (1,782)
Distribution network	53,000	(8,541)	53,000	(7,216)
Other	11,857	(4,798)	17,080	(9,283)
Total	\$ 77,887	\$ (15,447)	\$ 83,110	\$ (18,281)
Unamortized intangible assets:				
Trade names	\$ 65,014		\$ 65,014	

The Company amortizes trade names with definite lives, trademarks, and the distribution network over their estimated useful lives of 30 years. Other amortized intangible assets consist primarily of patented technology, which is amortized over its estimated useful life of 12 years. The Company recorded amortization expense of \$2.4 million related to intangible assets with definite lives in the first nine months of fiscal 2004 and fiscal 2003. Amortization expense is projected to be approximately \$3.2 million in each of the next five years.

The changes in the carrying amount of goodwill since August 31, 2003 are summarized as follows:

	ABL	ASP	Total
Balance as of August 31, 2003	\$ 315,196	\$ 30,480	\$ 345,676
Currency translation adjustments	1,436	309	1,745
Balance as of May 31, 2004	\$ 316,632	\$ 30,789	\$ 347,421

ABL and ASP each test goodwill and intangible assets with indefinite useful lives for impairment on an annual basis, as required by SFAS No. 142, *Goodwill and Other Intangible Assets*, using a combination of valuation techniques including the expected present value of future cash flows, a market multiple approach, and a comparable transaction approach. This analysis did not result in an impairment during fiscal 2003. However, any future impairment of these assets could have an adverse effect on the Company's *Consolidated Financial Statements*.

4. BUSINESS SEGMENT INFORMATION

Three Months Ended May 31, 2004	Net Sales	Operating Profit (Loss)	Depreciation	Amortization	Capital Expenditures
ABL	\$ 397,549	\$ 29,572	\$ 7,541	\$ 790	\$ 9,892
ASP	134,677	12,379	2,021	6	2,020
Corporate	—	(4,537)	178	—	11
Total	\$ 532,226	\$ 37,414	\$ 9,740	\$ 796	\$ 11,923
<hr/>					
Three Months Ended May 31, 2003	Net Sales	Operating Profit (Loss)	Depreciation	Amortization	Capital Expenditures
ABL	\$ 389,243	\$ 25,100	\$ 8,254	\$ 790	\$ 3,153
ASP	131,798	12,494	2,187	7	2,000
Corporate	—	(4,878)	207	—	7
Total	\$ 521,041	\$ 32,716	\$ 10,648	\$ 797	\$ 5,160
<hr/>					
Nine Months Ended May 31, 2004	Net Sales	Operating Profit (Loss)	Depreciation	Amortization	Capital Expenditures
ABL	\$ 1,157,964	\$ 78,705	\$ 24,611	\$ 2,369	\$ 26,263
ASP	382,839	28,768	5,926	19	6,104
Corporate	—	(17,081)	547	—	16
Total	\$ 1,540,803	\$ 90,392	\$ 31,084	\$ 2,388	\$ 32,383

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(Amounts in thousands, except share and per-share data and as indicated)

Nine Months Ended May 31, 2003	Net Sales	Operating Profit (Loss)	Depreciation	Amortization	Capital Expenditures
ABL	\$ 1,140,693	\$ 69,993	\$ 25,725	\$ 2,369	\$ 12,707
ASP	374,961	20,976	6,149	26	5,951
Corporate	—	(12,565)	636	—	44
Total	\$ 1,515,654	\$ 78,404	\$ 32,510	\$ 2,395	\$ 18,702

	Total Assets	
	May 31, 2004	August 31, 2003
ABL	\$ 1,065,566	\$ 1,033,532
ASP	223,839	215,116
Corporate	41,129	39,571
Total	\$ 1,330,534	\$ 1,288,219

5. INVENTORIES

Inventories are valued at the lower of cost (on a first-in, first-out basis) or market and consist of the following:

	May 31, 2004	August 31, 2003
Raw materials and supplies	\$ 77,015	\$ 74,091
Work-in-process	26,428	22,201
Finished goods	128,831	104,932
	232,274	201,224
Less: reserves	(14,425)	(12,425)
Total	\$ 217,849	\$ 188,799

6. EARNINGS PER SHARE

The Company computes earnings per share in accordance with SFAS No. 128, *Earnings per Share*. Under this statement, basic earnings per share is computed by dividing net earnings available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed similarly but includes all potentially dilutive stock options and restricted stock awards outstanding during the period. The following table calculates basic and diluted earnings per common share for the three and nine months ended May 31, 2004 and May 31, 2003:

	Three Months Ended		Nine Months Ended	
	May 31, 2004	May 31, 2003	May 31, 2004	May 31, 2003
Basic earnings per common share:				
Net income	\$ 18,012	\$ 15,322	\$ 40,448	\$ 33,493
Basic weighted average shares outstanding	42,018	41,480	41,816	41,439
Basic earnings per common share	\$ 0.43	\$ 0.37	\$ 0.97	\$ 0.81
Diluted earnings per common share:				
Net income	\$ 18,012	\$ 15,322	\$ 40,448	\$ 33,493
Basic weighted average shares outstanding	42,018	41,480	41,816	41,439
Common stock equivalents (stock options and restricted stock)	1,325	124	1,276	27
Diluted weighted average shares outstanding	43,343	41,604	43,092	41,466
Diluted earnings per common share	\$ 0.42	\$ 0.37	\$ 0.94	\$ 0.81

7. DERIVATIVE FINANCIAL INSTRUMENTS

During fiscal 2004, the Company entered into certain foreign currency contracts to hedge its exposure to variability in exchange rates on certain anticipated intercompany transactions with a Canadian business unit. At May 31, 2004, the Company had foreign currency contracts outstanding with an aggregate notional amount of \$9.0 million. These contracts mature monthly in \$3.0 million increments. The fair value of these contracts represented an unrealized pre-tax gain of approximately \$0.3 million at May 31, 2004.

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(Amounts in thousands, except share and per-share data and as indicated)

The Company accounts for these contracts in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities, as amended by SFAS No. 137, SFAS No. 138, and SFAS No. 149*. The Company's foreign currency contracts have been designated as foreign currency cash flow hedges and, accordingly, gains or losses resulting from changes in the fair value of these contracts are included in Accumulated Other Comprehensive Loss Items until the hedged transaction occurs, at which time the related gains or losses are recognized. Amounts included in future earnings related to these contracts may differ from amounts currently recorded in Accumulated Other Comprehensive Loss Items.

8. COMPREHENSIVE INCOME

The Company accounts for comprehensive income as prescribed by SFAS No. 130, *Reporting Comprehensive Income*. SFAS No. 130 requires the reporting of a measure of all changes in equity that result from recognized transactions and other economic events other than transactions with owners in their capacity as owners. Other comprehensive income includes foreign currency translation adjustments and unrealized gains (losses) on foreign currency contracts. The calculation of comprehensive income is as follows:

	Three Months Ended		Nine Months Ended	
	May 31, 2004	May 31, 2003	May 31, 2004	May 31, 2003
Net income	\$18,012	\$ 15,322	\$ 40,448	\$ 33,493
Unrealized (loss) gain on foreign currency contracts, net of tax	(14)	—	221	—
Foreign currency translation adjustments, net of tax	(3,809)	10,051	3,966	9,603
Comprehensive Income	\$14,189	\$ 25,373	\$ 44,635	\$ 43,096

Foreign currency translation adjustments for the nine months ended May 31, 2004 resulted primarily from the weakening of the U.S. dollar against certain currencies, particularly the Euro and the Canadian Dollar. However, in the three months ended May 31, 2004, the U.S. dollar began to strengthen against these currencies. The unrealized gain on foreign currency contracts for the nine months ended May 31, 2004 resulted from an increase in the fair value of the foreign currency contracts discussed in Note 7 above. The fair value of these contracts decreased during the three months ended May 31, 2004, resulting in an unrealized loss for the quarter.

9. SECURED BORROWINGS AND LONG-TERM DEBT

The Company maintains an agreement ("Receivables Facility") to borrow, on an ongoing basis, up to \$150.0 million secured by undivided interests in a defined pool of trade accounts receivable of the lighting equipment and specialty products segments. Borrowings under the Receivables Facility are subject to the annual renewal of a supporting line of credit. Net trade accounts receivable pledged as security for borrowings under the Receivables Facility totaled \$272.6 million at May 31, 2004. Borrowings at May 31, 2004 under the Receivables Facility totaled \$28.0 million. Interest rates under the Receivables Facility vary with commercial paper rates plus an applicable margin. The Receivables Facility is scheduled to mature in August 2004 and the Company anticipates renewing the facility with similar terms and conditions prior to maturity.

On April 2, 2004, the Company executed a \$200.0 million revolving credit facility ("Revolving Credit Facility") maturing in January 2009. This facility replaced the Company's \$92.5 million, 364-day committed credit facility scheduled to mature in April 2004 and the Company's \$105.0 million, three-year credit facility scheduled to mature in April 2005.

The Revolving Credit Facility contains financial covenants including a leverage ratio ("Maximum Leverage Ratio") of total indebtedness to EBITDA (earnings before interest, taxes, depreciation and amortization expense), as such terms are defined in the Revolving Credit Facility, and a minimum interest coverage ratio. These ratios are computed at the end of each fiscal quarter for the most recent 12-month period. The Revolving Credit Facility provides for a Maximum Leverage Ratio of 3.50, subject to certain conditions defined in the financing agreement. The Company was in compliance with all financial covenants and had \$9.4 million in outstanding borrowings under the Revolving Credit Facility at May 31, 2004.

The Company's Receivables Facility and Revolving Credit Facility each contain "Material Adverse Effect" provisions. Generally, if the Company were to experience an event causing a material adverse effect on the Company's financial condition, operations, or properties, as defined in the agreements, additional future borrowings under either facility could be denied. None of the Company's existing debt instruments include provisions that would require an acceleration of repayments based solely on changes in the Company's credit ratings.

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(Amounts in thousands, except share and per-share data and as indicated)

At May 31, 2004, the Company had outstanding letters of credit totaling \$31.7 million primarily for the purpose of securing collateral requirements under the casualty insurance programs for Acuity Brands and certain programs of National Service Industries, Inc. ("NSI") (see Note 10 of *Notes to Consolidated Financial Statements* for further information) and for providing credit support for the Company's industrial revenue bonds. At May 31, 2004, a total of \$20.0 million of the letters of credit was issued under the Revolving Credit Facility, thereby reducing the total availability under the line by such amount.

10. COMMITMENTS AND CONTINGENCIES

Litigation

Acuity Brands is subject to various legal claims arising in the normal course of business, including patent infringement and product liability claims. Based on information currently available, it is the opinion of management that the ultimate resolution of pending and threatened legal proceedings will not have a material adverse effect on the financial condition or results of operations of Acuity Brands. However, in the event of unexpected future developments, it is possible that the ultimate resolution of such matters, if unfavorable, could have a material adverse effect on the results of operations of Acuity Brands in future periods. Acuity Brands establishes reserves for legal claims when the costs associated with the claims become probable and can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for such claims.

Environmental Matters

The operations of the Company are subject to numerous comprehensive laws and regulations relating to the generation, storage, handling, transportation, and disposal of hazardous substances as well as solid and hazardous wastes and to the remediation of contaminated sites. In addition, permits and environmental controls are required for certain of the Company's operations to limit air and water pollution, and these permits are subject to modification, renewal, and revocation by issuing authorities. On an ongoing basis, Acuity Brands incurs capital and operating costs relating to environmental compliance. Environmental laws and regulations have generally become stricter in recent years. The cost of responding to future changes may be substantial. Acuity Brands establishes reserves for known environmental claims when the costs associated with the claims become probable and can be reasonably estimated. The actual cost of environmental issues may be higher than that reserved due to difficulty in estimating such costs and potential changes in the status of government regulations.

Certain environmental laws can impose liability regardless of fault. The federal Superfund law is an example of such an environmental law. However, management believes that the Company's potential liability under Superfund is mitigated by the presence of other parties who will share in the costs associated with the clean up of sites. The extent of liability is determined on a case-by-case basis taking into account many factors, including the number of other parties whose status or activities also subjects them to liability regardless of fault.

Acuity Brands is currently a party to, or otherwise involved in, legal proceedings in connection with state and federal Superfund sites. Based on information currently available, the Company believes its liability is immaterial at each of the currently active sites which it does not own where it has been named as a responsible party or a potentially responsible party ("PRP") due to its limited involvement at the site and/or the number of viable PRPs. For example, the preliminary allocation among 48 PRPs at the Crymes Landfill site in Georgia indicates that Acuity Brands' liability is not significant, and there are more than 1,000 PRPs at the M&J Solvents site in Georgia, which has included Acuity Brands as a PRP.

For property that Acuity Brands owns on Seaboard Industrial Boulevard in Atlanta, Georgia, the Company, together with current and former owners of adjoining properties (the "Site Group"), has conducted an investigation on its property and adjoining properties (the "Site") and submitted a Compliance Status Report ("CSR") and a proposed Corrective Action Plan ("CAP") to the State of Georgia Environmental Protection Division ("EPD") pursuant to the Georgia Hazardous Site Response Act. The EPD approved the CAP in May 2004, and the Company has reached tentative agreement with the other members of the Site Group to share the costs and responsibilities of implementing the CAP. The CAP requires the Site Group to periodically monitor the Site for a period of five years to confirm the Site Group's model predicting that the site is not expected to violate applicable regulatory standards. Adverse sampling results could cause the Company to record additional charges to earnings in future periods. However, based on information currently available, the Company believes that its liability is immaterial in connection with the Site.

In August 2003, ASP received a grand jury subpoena from the United States Attorney for the Northern District of Georgia concerning the operation of ASP's wastewater pretreatment plant and ASP's management of hazardous waste at a facility in Atlanta, Georgia. The grand jury investigation appears to relate to the discharge of wastewater from the facility to the City of Atlanta's sanitary

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(Amounts in thousands, except share and per-share data and as indicated)

sewer system and ASP's practices in connection with the sampling of the facility's wastewater discharges for permitting purposes. ASP is cooperating with the investigation by the U.S. Attorney's Office and has completed the production of the required documents. The U.S. Attorney's Office investigation follows an inquiry by the City of Atlanta, which regulates the wastewater discharge at the facility. The Company has settled with the City of Atlanta all issues arising from the inquiry. As of May 31, 2004, the Company had reserved approximately \$2.0 million to cover various costs including off-site disposal, the estimated costs of resolution of proceedings with the U.S. Attorney's Office, and the estimated legal expenses to be incurred by the Company for these matters. The proceedings with the U.S. Attorney are at a preliminary stage, and developments in the investigation and the terms of any final settlement or adjudication of these matters could result in actual costs substantially higher or lower than the amounts reserved.

Guarantees and Indemnities

The Company is a party to contracts entered into in the normal course of business in which it is common for the Company to agree to indemnify third parties for certain liabilities that may arise out of or relate to the subject matter of the contract. In some cases, the Company cannot estimate the potential amount of future payments under these indemnities until events arise that would result in a liability under the indemnities.

In connection with the sale of assets and the divestiture of businesses, the Company has from time to time agreed to indemnify the purchaser from liabilities relating to events occurring prior to the sale and conditions existing at the time of the sale. These indemnities generally include potential environmental liabilities, general representations and warranties concerning the asset or business, and certain other liabilities not assumed by the purchaser. Indemnities associated with the divestiture of businesses are generally limited in amount to the sales price of the specific business or are based on a lower negotiated amount and expire at various times, depending on the nature of the indemnified matter, but in some cases do not expire until the applicable statute of limitations expires. The Company does not believe that any amounts that it may be required to pay under these indemnities will be material to the Company's results of operations, financial position, or liquidity.

Prior to November 30, 2001, Acuity Brands was a wholly-owned subsidiary of National Service Industries, Inc. ("NSI"), owning and operating the lighting equipment and specialty products businesses. Acuity Brands was spun off from NSI into a separate publicly traded company with its own management and board of directors through a tax-free distribution ("Distribution") of 100 percent of the outstanding shares of common stock of Acuity Brands on November 30, 2001. Each NSI stockholder of record as of November 16, 2001, the record date for the Distribution, received one share of Acuity Brands common stock for each share of NSI common stock held at that date.

In conjunction with the separation of their businesses, Acuity Brands and NSI entered into various agreements that addressed the allocation of assets and liabilities and defined the Company's relationship with NSI after the Distribution, including a distribution agreement, a transition services agreement, and a tax disaffiliation agreement. With respect to the indemnities under those agreements, the Company previously accrued for those liabilities existing at the time of the Distribution that were considered probable and reasonably estimable. The Company has not accrued any additional amounts subsequent to the Distribution related to the following indemnities:

Distribution Agreement-

The distribution agreement provides that Acuity Brands will indemnify NSI for pre-Distribution liabilities related to the businesses that comprise Acuity Brands and previously owned businesses in the lighting equipment and specialty products segments. This indemnity does not expire and there is no stated maximum potential liability.

To satisfy its obligations under the distribution agreement with respect to the lighting equipment and specialty products segments, Acuity Brands provides letters of credit on behalf of NSI for collateral requirements under NSI's casualty programs for incurred and projected losses resulting from those segments prior to the Distribution which are covered by NSI casualty programs. This collateral requirement is \$2.4 million for fiscal year 2004.

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(Amounts in thousands, except share and per-share data and as indicated)

Transition Services Agreement-

In addition to other services described in the agreement (all of which are complete), the transition services agreement provides that Acuity Brands will, for a fee, provide letters of credit to secure NSI's obligations under various casualty insurance programs of NSI not to exceed the following amounts:

Period		Letters of Credit
Beginning	Ending	
November 1, 2003	October 31, 2004	\$ 5.0 million
November 1, 2004	October 31, 2005	\$ 2.0 million

Under this provision, at May 31, 2004, Acuity Brands had \$5.0 million of outstanding standby letters of credit that were issued for the benefit of NSI. In the event NSI is unable to fulfill its obligations under certain of its casualty insurance programs, the standby letters of credit could be drawn upon and Acuity Brands would be required to fund the drawn amount. In such event, NSI would be obligated to reimburse Acuity Brands for such amounts. The management of Acuity Brands currently believes NSI will be able to fulfill its obligations with respect to these standby letters of credit.

Tax Disaffiliation Agreement-

The tax disaffiliation agreement provides that Acuity Brands will indemnify NSI for certain taxes and liabilities that may arise related to the Distribution and, generally, for deficiencies, if any, with respect to federal, state, local, or foreign taxes of NSI for periods before the Distribution. Liabilities determined under the tax disaffiliation agreement terminate upon the expiration of the applicable statutes of limitation for such liabilities. There is no stated maximum potential liability included in the tax disaffiliation agreement.

The Company does not believe that any amounts it is likely to be required to pay under these indemnities will be material to the Company's results of operations, financial position, or liquidity. The Company cannot estimate the potential amount of future payments under these indemnities until events arise that would result in a liability under the indemnities.

Product Warranty

Acuity Brands records an allowance for the estimated amount of future warranty claims when the related revenue is recognized, primarily based on historical experience. Although historical warranty costs have been within expectations, there can be no assurance that future warranty costs will not exceed historical amounts. If actual future warranty costs exceed historical amounts, additional allowances may be required, which could have a material adverse impact on the Company's results of operations in future periods.

On March 10, 2004, the Company commenced notifying agents, distributors, and customers of a voluntary product recall initiated with the United States Consumer Product Safety Commission. The recall involves approximately 53,700 lighting fixtures manufactured by ABL at one of its facilities from November 2002 through October 2003 that may have incorporated faulty capacitors produced by one of ABL's suppliers. The recalled fixtures are certain models of indoor High Intensity Discharge ("HID") lighting fixtures with at least one acrylic component (reflector or lens). The fixtures are used primarily in industrial and commercial locations such as retail spaces, warehouses, and gymnasiums.

The capacitor used in the recalled fixtures can leak polypropylene glycol ("PPG") fluid onto the acrylic lens and/or reflector of the fixture, causing the acrylic component(s) to degrade. In several reported instances, this has resulted in lenses or reflectors cracking and pieces of acrylic falling from the fixtures. To date, there have been only limited reports of personal injury and property damage. ABL is providing a replacement fixture or capacitor for every fixture that meets the recall criteria.

In addition to the expenses associated with this recall, ABL expects to incur higher-than-normal warranty expenses in connection with certain other types of indoor and outdoor HID fixtures that may incorporate the faulty capacitor but exhibit a less serious failure mode. In the case of these fixtures, the PPG fluid may accumulate in or drip from the fixture. ABL will repair or replace these fixtures upon failure.

The Company accrued a liability of \$5.7 million for the estimated recall expenses and additional related warranty expenses. The Company also recorded a receivable equal to the liability accrued because the supplier of the faulty capacitors entered into a reimbursement agreement pursuant to which it has committed to reimburse the Company on a monthly basis for recall and warranty expenses up to the amount of the liability the Company accrued. As of May 31, 2004, the Company has paid \$0.2 million related to the recall expenses and additional related warranty expenses and has been reimbursed substantially all of that amount by the supplier. The actual recall and warranty expenses could be substantially different than the liability recorded by the Company. In the event the actual expenses incurred by the Company exceed \$5.7 million, the Company and the supplier have committed in good faith to agree upon the additional amount to be reimbursed to the Company by the supplier.

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(Amounts in thousands, except share and per-share data and as indicated)

The changes in the product warranty reserve during the nine months ended May 31, 2004 are summarized as follows:

Balance as of August 31, 2003	\$ 4,289
Increase in warranty reserve related to capacitors	5,700
Warranty expense during the period	2,839
Payments made during the period	(2,324)
	<hr/>
Balance as of May 31, 2004	<u>\$10,504</u>

11. STOCK-BASED COMPENSATION

The Company issues stock options to employees and directors under certain of its benefit plans. Under all stock option plans, the options expire no later than 10 years from the date of grant and have an exercise price no less than the fair market value of the Company's stock on the date of grant. The Company accounts for the employee and director plans under the Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* and related interpretations. Additionally, Acuity Brands has adopted the disclosure provisions portion only of SFAS No. 148, *Accounting for Stock-Based Compensation – Transition and Disclosure – an Amendment to FASB Statement No. 123*. Accordingly, no compensation expense has been recognized for these stock option plans in the *Consolidated Financial Statements*. Had compensation cost for the Company's stock option plans been determined based on the fair value at the grant date for awards subsequent to the Distribution, consistent with the recognition provisions of SFAS No. 123, the Company's net income and earnings per share would have been impacted as follows:

	Three Months Ended		Nine Months Ended	
	May 31, 2004	May 31, 2003	May 31, 2004	May 31, 2003
Net income, as reported	\$ 18,012	\$ 15,322	\$ 40,448	\$ 33,493
Less: Compensation expense related to the Employee Stock Purchase Plan, net of tax	71	67	202	223
Less: Stock-based compensation determined under fair-value-based method for stock option awards, net of tax	1,221	603	2,857	1,729
	<hr/>	<hr/>	<hr/>	<hr/>
Net income, pro forma	\$ 16,720	\$ 14,652	\$ 37,389	\$ 31,541
	<hr/>	<hr/>	<hr/>	<hr/>
Earnings per share:				
Basic earnings per share – as reported	\$ 0.43	\$ 0.37	\$ 0.97	\$ 0.81
Basic earnings per share – pro forma	\$ 0.40	\$ 0.35	\$ 0.89	\$ 0.76
Diluted earnings per share – as reported	\$ 0.42	\$ 0.37	\$ 0.94	\$ 0.81
Diluted earnings per share – pro forma	\$ 0.39	\$ 0.35	\$ 0.87	\$ 0.76

The above pro forma calculations only include the effects of options granted subsequent to the Distribution. The pro forma effect of applying SFAS No. 123 may not be representative of the effect on reported net income in future years because options vest over several years and varying amounts of awards are generally made each year.

12. PENSION PLANS

The Company has several pension plans covering certain hourly and salaried employees. Benefits paid under these plans are based generally on employees' years of service and/or compensation during the final years of employment. The Company makes annual contributions to the plans to the extent indicated by actuarial valuations. Plan assets are invested primarily in equity and fixed income securities.

Net periodic pension cost for the Company's pension plans during the three and nine months ended May 31, 2004 and May 31, 2003 included the following components:

	Three Months Ended		Nine Months Ended	
	May 31, 2004	May 31, 2003	May 31, 2004	May 31, 2003
Service cost	\$ 1,133	\$ 914	\$ 3,399	\$ 2,743
Interest cost	1,781	1,682	5,343	5,046
Expected return on plan assets	(1,593)	(1,806)	(4,779)	(5,419)
Amortization of prior service cost	25	96	75	289
Amortization of transitional asset	(33)	(33)	(99)	(100)
Recognized actuarial loss	658	127	1,974	380
	<hr/>	<hr/>	<hr/>	<hr/>
Net periodic pension cost	\$ 1,971	\$ 980	\$ 5,913	\$ 2,939
	<hr/>	<hr/>	<hr/>	<hr/>

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

The following discussion should be read in conjunction with the *Consolidated Financial Statements* and related notes. References made to years are for fiscal year periods.

Overview

Purpose

The purpose of this discussion and analysis is to enhance the understanding and evaluation of the results of operations, financial position, cash flows, indebtedness, and other key financial information of Acuity Brands and its subsidiaries for the periods ended May 31, 2004 and May 31, 2003. For a more complete understanding of this discussion, please read the *Notes to Consolidated Financial Statements* included in this report. Also, please refer to the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2003, filed with the Securities and Exchange Commission on October 31, 2003, for additional information regarding the Company.

Company

Acuity Brands is a holding company that owns and manages two business units, each operating a collection of businesses and product lines with well-known brands that design, produce, and distribute products and provide services to customers in numerous channels for consumer, commercial, institutional, and industrial applications. The business units of Acuity Brands operate in two distinct segments based on the different products produced and the customers served: Acuity Lighting Group, Inc. ("Acuity Brands Lighting" or "ABL") and Acuity Specialty Products Group, Inc. ("Acuity Specialty Products" or "ASP"). Acuity Brands, with its principal office in Atlanta, Georgia, has approximately 11,000 employees worldwide.

ABL produces a broad array of indoor and outdoor lighting fixtures for commercial and institutional, industrial, and residential applications for markets throughout North America and select international markets. The Company believes ABL is one of the world's leading producers and distributors of lighting fixtures, with a broad, highly configurable product offering, consisting of roughly 500,000 active products as part of over 2,000 product groups that are sold to approximately 5,000 customers. ABL operates 28 factories and distribution facilities to serve its extensive customer base.

ASP is a leading producer of specialty chemical products including cleaners, deodorizers, sanitizers, and pesticides for industrial and institutional, commercial, and residential applications primarily for markets throughout North America and Europe. ASP sells over 9,000 different products through its salaried and commissioned direct sales force, operates six plants, and serves over 300,000 customers through a network of distribution centers and warehouses.

Liquidity and Capital Resources

Principal sources of liquidity for the Company are operating cash flows generated primarily from its business segments and various sources of borrowings, primarily from banks. The ability of the Company to generate sufficient cash flow from operations and to be able to access certain capital markets, including banks, is necessary for the Company to both meet its obligations as they become due and maintain compliance with covenants contained in its financing agreements. The Company's ongoing liquidity will depend on a number of factors, including available cash resources, cash flows from operations, and the Company's ability to comply with covenants contained in certain of its financing agreements.

Based on current earnings projections and prevailing market conditions, both for customer demand and various capital markets, the Company believes that during the remainder of fiscal 2004 it will have sufficient liquidity and availability under its financing arrangements to fund its operations as currently planned and its anticipated capital investment and profit improvement initiatives, to repay borrowings as currently scheduled, to pay the same quarterly stockholder dividend per share in 2004 as was paid in 2003, and to make required contributions into the Company's pension plans. The Company expects to invest approximately \$50.0 million for new plant and equipment during fiscal 2004, as compared to \$28.2 million in fiscal 2003. The increase in capital spending in fiscal 2004 compared to fiscal 2003 is due primarily to expenditures related to the consolidation of certain manufacturing facilities and enhancements to information technology capabilities at ABL and investments to improve manufacturing and waste management capabilities at ASP. The Company expects to reduce total debt by the end of fiscal 2004 to approximately \$400.0 million. However, the fiscal year-end debt balance could be as high as \$415.0 million depending primarily on the vitality of the non-residential construction market and the working capital requirements necessary to meet customer demand.

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Cash Flow

Acuity Brands generated \$49.3 million of cash flow from operations during the first nine months of 2004 compared to \$90.2 million generated in the prior year period. Cash flow from operations declined \$40.9 million due primarily to a decrease in cash provided by operating working capital (defined as accounts receivable, net, plus inventory, minus accounts payable). Operating working capital increased by approximately \$20.2 million to \$345.6 million at May 31, 2004 from \$325.4 million at August 31, 2003. The increase in operating working capital was due primarily to higher accounts receivable and inventory, partially offset by an increase in accounts payable, primarily at ABL. Inventory increased at ABL to better enable the Company to meet customer service requirements while consolidating manufacturing facilities and implementing new information systems at certain manufacturing facilities. In the year-ago period, operating working capital declined approximately \$18.2 million to \$359.7 million at May 31, 2003 from \$378.0 million at August 31, 2002. The decline in operating working capital was due primarily to lower inventory at ABL as improvements in manufacturing efficiency and productivity allowed ABL to reduce inventory levels while supporting its sales growth initiatives.

Capital expenditures were \$32.4 million in the first nine months of 2004, an increase of approximately \$13.7 million from the same period in the prior year. The Company continues to invest in new tooling and equipment primarily to improve productivity and product quality, increase manufacturing efficiencies, and enhance customer service capabilities in each segment. The increase in capital expenditures was due primarily to higher investment at ABL as the Company continues to consolidate certain manufacturing facilities and enhance its information technology capabilities. The Company used available cash flow in the first nine months of 2004 and 2003 primarily to fund capital expenditures, to pay dividends, and to reduce outstanding borrowings.

Capitalization

The capital structure of the Company is comprised principally of an asset-backed securitization program, borrowings from banks, senior notes, and the equity of its stockholders. Total debt outstanding decreased to \$429.6 million at May 31, 2004 from \$445.8 million at August 31, 2003.

On April 2, 2004, the Company executed a \$200.0 million revolving credit facility (“Revolving Credit Facility”) maturing in January 2009. This facility replaced the Company’s \$92.5 million, 364-day committed credit facility scheduled to mature in April 2004 and the Company’s \$105.0 million, three-year credit facility scheduled to mature in April 2005. See Note 9 of *Notes to Consolidated Financial Statements* contained in this Form 10-Q.

Borrowings under the Company’s Revolving Credit Facility are limited by financial covenants, the most restrictive of which is a leverage ratio calculated at the end of each fiscal quarter. The leverage ratio is calculated by dividing total indebtedness at the end of the quarter by EBITDA (earnings before interest, taxes, depreciation and amortization expense), as such terms are defined in the Revolving Credit Facility, for the trailing four quarters. The financial covenants included in the Company’s other financing agreements are similar to the financial covenants contained in the Revolving Credit Facility. The Company was in compliance with all financial covenants contained in its financing agreements at May 31, 2004.

During the first nine months of fiscal 2004, the Company’s consolidated stockholders’ equity increased \$36.9 million to \$445.2 million at May 31, 2004. The increase was due primarily to net income earned during the period, fluctuations in foreign exchange rates, and the issuance of shares related to the exercise of stock options, partially offset by the payment of dividends. The Company’s debt to total capital ratio was 49.1% at May 31, 2004, down from 52.2% at August 31, 2003.

Dividends

The Company paid cash dividends on common stock of \$19.0 million (\$0.45 per share) during the first nine months of fiscal 2004. The Company expects to pay annual stockholder dividends of \$0.60 per share during fiscal 2004, consistent with fiscal 2003.

Results of Operations

Third Quarter of Fiscal 2004 Compared to Third Quarter of Fiscal 2003

Consolidated Results

Net sales for the quarter ended May 31, 2004 were \$532.2 million compared to \$521.0 million reported in the year-ago period, an increase of \$11.2 million, or 2.1%. The growth in net sales, which occurred in both of the Company’s segments, was due primarily to better pricing and improved product mix. Consolidated gross profit margins were approximately 42.0% of net sales in the third quarter of fiscal 2004 and in the year-ago period, due primarily to favorable price and mix changes and the impact of profit improvement programs, offset by expenses related to the consolidation of four manufacturing facilities at ABL and higher costs associated with certain raw materials, including steel, which increased approximately \$4.0 million in the third quarter as compared to the prior year. During the quarter ended May 31, 2004, the Company announced a price increase on certain products, reflecting the rapid increase in raw materials costs. However, the Company does not expect to begin realizing the impact of the recently announced price increase until late in the fourth quarter. Consolidated operating expenses decreased to 34.7% of net sales in the third quarter of fiscal 2004, compared to 35.7% of net sales in the year-ago period. The decrease was due primarily to lower operating expenses as a percent of net sales at ABL and miscellaneous corporate gains, partially offset by greater expense for company-wide long-term incentive programs.

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Consolidated operating profit of \$37.4 million increased by \$4.7 million, or 14.4%, in the third quarter of fiscal 2004 compared to the year-ago period. Consolidated operating profit margins were 7.0% of net sales in the third quarter of fiscal 2004 compared to 6.3% reported in the same period in 2003. The improvement in operating profit and margin was due primarily to better pricing and product mix, the impact of sourcing and other savings initiatives, and miscellaneous corporate gains of \$1.7 million. Net income for the third quarter of fiscal 2004 increased 17.6% to \$18.0 million from \$15.3 million reported in the third quarter of fiscal 2003. The increase in net income resulted primarily from the increase in operating profit noted above, lower interest expense associated with the decrease in outstanding borrowings, and a lower income tax rate. These items were partially offset by pre-tax impairment charges of \$0.9 million related to the consolidation of certain manufacturing facilities at ABL. Diluted earnings per share in the third quarter of fiscal 2004 was \$0.42 compared to \$0.37 reported in the third quarter of fiscal 2003, an increase of 13.5%. This increase was due primarily to an increase in net income, partially offset by an increase in common stock equivalents.

Acuity Brands Lighting

Net sales at ABL in the third quarter of fiscal 2004 were \$397.5 million compared to \$389.2 million reported in the year-ago period, an increase of \$8.3 million, or 2.1%. The increase was due primarily to better pricing and product mix. The backlog at ABL increased approximately \$59.8 million, or 41.5%, to \$204.0 million at May 31, 2004 from \$144.2 million at February 29, 2004, reflecting orders placed in advance of a price increase effective in May and the normal seasonal pattern for the non-residential construction market.

Operating profit at ABL increased \$4.5 million, or 17.9%, to \$29.6 million in the third quarter of fiscal 2004 from \$25.1 million reported in the prior year. Operating profit margins improved to 7.4% of net sales in the third quarter of fiscal 2004 from 6.4% reported in the same period a year ago. The increase in operating profit and margins was due primarily to additional contribution from the increase in net sales, favorable pricing and product mix, and benefits from initiatives to reduce product costs and contain expenses. The improvement in operating profit was partially offset by higher than expected costs associated with the consolidation of four manufacturing facilities which totaled approximately \$4.0 million in the third quarter and higher raw materials costs, primarily for steel.

Acuity Specialty Products

Net sales at ASP in the third quarter of fiscal 2004 were \$134.7 million compared to \$131.8 million reported in the year-ago period, representing an increase of \$2.9 million, or 2.2%. The increase in net sales was due primarily to improved pricing in the U.S. institutional and industrial ("I&I") channel and greater shipments to I&I customers in international markets, partially offset by the absence of sales from a small product line divested during the first quarter of fiscal 2004.

Operating profit at ASP in the third quarter of fiscal 2004 decreased slightly to \$12.4 million from \$12.5 million reported in the year-ago period. Operating margins decreased to 9.2% of net sales from 9.5% of net sales a year ago as additional contribution from the higher net sales noted above was more than offset by the impact of higher employee-related costs, certain raw materials, such as steel, and other general and administrative expenses such as property and casualty insurance.

Corporate

Corporate expenses were \$4.5 million in the third quarter of fiscal 2004 compared to \$4.9 million in the year-ago period. The decrease in corporate expenses relates primarily to miscellaneous corporate gains of \$1.7 million, partially offset by greater expense for Company-wide restricted stock incentives resulting from a greater mix of restricted stock compared to stock options used as part of the Company's long-term incentive plan in the year-ago period. Corporate expenses in 2004 also included expenditures to facilitate compliance with the Sarbanes-Oxley Act of 2002.

Other Expense (Income)

Other expense (income) for Acuity Brands consisted primarily of interest expense and other miscellaneous non-operating activity including gains or losses on the sale of assets, asset impairment charges related to the consolidation of manufacturing facilities at ABL, and foreign currency transactions. Interest expense, net, was \$8.7 million, a decrease of \$0.5 million, or 5.4%, from the year-ago period. This decrease was due primarily to a reduction in outstanding debt.

Income Taxes

The Company's income tax rate decreased to 33.5% from 36.0% reported in the prior-year period primarily as a result of the recognition of certain non-taxable gains and a more favorable mix of income earned geographically.

Nine Months of Fiscal 2004 Compared to Nine Months of Fiscal 2003

Consolidated Results

Net sales for the nine months ended May 31, 2004 were \$1,540.8 million compared to \$1,515.7 million reported in the year-ago period, an increase of \$25.1 million, or 1.7%. The growth in net sales was due primarily to greater shipments to the home improvement channel at ABL, better pricing and product mix, and increased shipments to the industrial and institutional channel at ASP, partially offset by a decline in demand in the non-residential construction market. Consolidated gross profit margins increased slightly to 41.4% of net sales in the nine months ended May 31, 2004, from 41.0% reported in the year-ago period, due primarily to improvements in pricing, the mix of products sold, and the impact of initiatives to reduce product costs, partially offset by higher costs associated with certain raw materials and expenses associated with the consolidation of certain manufacturing facilities at ABL. Consolidated operating expenses decreased slightly to 35.6% of net sales in the nine months ended May 31, 2004, compared to 35.8% of net sales in the same period one year earlier. The decrease was due primarily to the impact of programs to reduce operating expenses and improve efficiencies, partially offset by higher corporate expenses. Consolidated operating profit of \$90.4 million was \$12.0 million, or 15.3%, higher in the nine months ended May 31, 2004 compared to the year-ago period primarily due to higher net sales, partially offset by increased operating expenses. Consolidated operating profit margins were 5.9% of net sales in the nine months ended May 31, 2004 compared to 5.2% reported in the prior year. Net income for the nine months ended May 31, 2004 increased \$7.0 million, or 20.9%, to \$40.5 million from \$33.5 million reported in the first nine months of fiscal 2003. The increase in net income resulted primarily from the increase in operating profit noted above, lower interest expense associated with the decrease in outstanding borrowings, and a lower income tax rate. These items were partially offset by fewer gains on the sale of non-core assets and by higher impairment charges related to the consolidation of manufacturing facilities at ABL. Diluted earnings per share in the first nine months of 2004 was \$0.94 compared to \$0.81 reported in the first nine months of 2003, an increase of 16.0%.

Acuity Brands Lighting

Net sales at ABL in the nine months ended May 31, 2004 were \$1,158.0 million compared to \$1,140.7 million reported in the year-ago period, an increase of \$17.3 million, or 1.5%. The increase was due primarily to greater shipments of products to the home improvement channel and the impact of initiatives to improve price and product mix, partially offset by a decrease in shipments to certain key commercial, industrial, and electric utility channels, reflecting continued weakness in customer demand.

Operating profit at ABL increased \$8.7 million, or 12.4%, to \$78.7 million in the nine months ended May 31, 2004 from \$70.0 million reported in the prior year. Operating profit margins improved to 6.8% of net sales in the first nine months of 2004 from 6.1% reported in the same period a year ago. The increase in operating profit and margins was due primarily to the increase in net sales, better pricing and a more favorable product mix, benefits from initiatives to reduce product costs and contain expenses, and a benefit related to the settlement of a patent infringement lawsuit during the second quarter of fiscal 2004. These improvements were partially offset by higher costs associated primarily with the consolidation of certain manufacturing facilities and higher raw materials costs in the third quarter.

Acuity Specialty Products

Net sales at ASP in the nine months ended May 31, 2004 were \$382.8 million compared to \$375.0 million reported in the year-ago period, representing an increase of \$7.8 million, or 2.1%. The increase in net sales was due primarily to improved pricing in the U.S. I&I channel and greater shipments to I&I customers in international markets, partially offset by the absence of sales from a small product line divested during the first quarter of fiscal 2004. International sales were also favorably impacted by changes in exchange rates.

Operating profit at ASP in the nine months ended May 31, 2004 increased to \$28.8 million from \$21.0 million reported in the year-ago period. Operating margins advanced to 7.5% of net sales from 5.6% of net sales a year ago. The improvement in operating profit and margin was due primarily to the higher net sales noted above, the impact of price increases, the reduction of costs associated with marketing and logistics programs in the prior year, and lower general and administrative expenses, partially offset by higher employee-related expenses and certain raw materials costs.

Corporate

Corporate expenses were \$17.1 million in the nine months ended May 31, 2004 compared to \$12.6 million in the year-ago period. The increase was primarily due to greater expense for Company-wide restricted stock incentives and other share-based programs, reflecting, in part, a greater mix of restricted stock compared to stock options used in the year-ago period, the effect of appreciation in the Company's stock price on certain share-based programs during fiscal 2004, and an increase in the number of awards outstanding. This increase was partially offset by miscellaneous corporate gains of \$1.8 million. Corporate expenses in 2004 also included expenditures to facilitate compliance with the Sarbanes-Oxley Act of 2002.

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Other Expense (Income)

Other expense (income) for Acuity Brands consisted primarily of interest expense and other miscellaneous non-operating activity including gains or losses on the sale of assets, asset impairment charges related to the consolidation of manufacturing facilities at ABL, and foreign currency transactions. Interest expense, net, was \$26.4 million, a decrease of \$2.1 million, or 7.5%, from the year-ago period. This decrease was due primarily to a reduction in outstanding debt. During the nine months ended May 31, 2004, miscellaneous expense (income), net, included a pre-tax loss of approximately \$1.5 million related to the impairment of certain long-lived assets associated with the consolidation of certain manufacturing facilities at ABL and other non-operating expenses, partially offset by a pre-tax gain of approximately \$0.9 million related to the sale of a small product line at ASP. During the nine months ended May 31, 2003, miscellaneous expense (income), net, primarily included a pre-tax gain of approximately \$0.9 million related to the sale of property, plant, and equipment, principally at ASP, a pre-tax gain of approximately \$0.9 million related to the sale of certain non-core assets at ABL, and gains on foreign currency transactions.

Stock Option Expense

The Company anticipated adopting certain provisions of Statement of Financial Accounting Standards No. 148, *Accounting for Stock-Based Compensation-Transition and Disclosure—An Amendment of FASB Statement No. 123*, in fiscal 2004, which would have required stock options to be expensed. On March 31, 2004, the FASB issued an exposure document addressing share-based payment that would amend SFAS No. 123. The Company has elected to delay the recognition of expense related to stock options until a final standard is promulgated. The FASB expects to issue the final standard by December 31, 2004. The recognition of stock option expense was projected to reduce earnings in fiscal 2004 by approximately \$0.02 per share for each quarter beginning with the second quarter. See Note 2 of *Notes to Consolidated Financial Statements* contained in this Form 10-Q.

Outlook

Results for the first nine months of fiscal 2004 were impacted by soft demand and uncertainties that existed in the Company's key markets, particularly non-residential construction, sizeable increases in the cost of certain raw materials, primarily steel, and various initiatives aimed at improving productivity and product quality, increasing manufacturing efficiencies, and enhancing customer service capabilities. Although certain sectors of the economy appear to be showing signs of renewed activity that could result in modest growth in portions of the non-residential construction market starting in the second half of calendar year 2004, management remains cautious about the impact this renewed activity will have on the Company's fiscal 2004 earnings. As a result, management expects full-year earnings, adjusted for the delay in accounting for stock option expense noted above, to be in the upper end of the range of \$1.31 to \$1.51 per share.

Critical Accounting Policies

Management's Discussion and Analysis of Financial Condition and Results of Operations addresses the financial condition and results of operations as reflected in the Company's *Consolidated Financial Statements*, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and judgments, including those related to: inventory valuation; depreciation, amortization and the recoverability of long-lived assets, including intangible assets; medical, casualty, product warranty, and other reserves; litigation; and environmental matters. Management bases its estimates and judgments on its substantial historical experience and other relevant factors, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates. For a detailed discussion of significant accounting policies that may involve a higher degree of judgment, please refer to the Company's Form 10-K for the year ended August 31, 2003.

Cautionary Statement Regarding Forward-Looking Information

This filing contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Consequently, actual results may differ materially from those indicated by the forward-looking statements. Statements made herein that may be considered forward-looking include statements that relate to future performance or results of the Company, including without limitation: (a) the Company's expectations regarding liquidity and availability under its financing arrangements to fund its operations, capital investments, profit improvement initiatives, debt payments, dividend payments, and required contributions into its pension plans; (b) planned spending of approximately \$50 million for new plant and equipment during 2004; (c) expected changes in total indebtedness (including the timing of the changes in total indebtedness); (d) future net sales

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and earnings per share (including the timing of the future revenue and earnings within fiscal 2004); (e) expected increases in warranty expenses; and (f) the timing of the impact of the recently announced price increase at ABL. A variety of risks and uncertainties could cause the Company's actual results to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements. The risks and uncertainties include without limitation the following: (a) the uncertainty of general business and economic conditions, including the potential for a more severe slowdown in non-residential construction and other industrial markets, changes in interest rates, and fluctuations in commodity and raw material prices or foreign currency rates; (b) the Company's ability to realize the anticipated benefits of initiatives expected to reduce costs, improve profits, enhance customer service, increase manufacturing efficiency, reduce debt, and expand product offerings and brands in the market through a variety of channels; (c) the risk that the Company will be unable to execute its various initiatives within expected timeframes; (d) unexpected developments in the Company's legal and environmental matters, including the matter related to the operation of ASP's wastewater pretreatment plant and ASP's management of hazardous waste at a facility in Atlanta, Georgia; (e) the risk that projected future cash flows from operations are not realized; (f) the impact of competition; (g) unexpected changes in the Company's share price; and (h) unanticipated developments related to the product recall which commenced on March 10, 2004.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

General. Acuity Brands is exposed to market risks that may impact the *Consolidated Balance Sheets*, *Consolidated Statements of Income*, and *Consolidated Statements of Cash Flows* due primarily to changing interest rates and foreign exchange rates. The following discussion provides additional information regarding the market risks of Acuity Brands.

Interest Rates. Interest rate fluctuations expose the variable-rate debt of Acuity Brands to changes in interest expense and cash flows. The variable-rate debt of Acuity Brands, primarily short-term secured borrowings and amounts outstanding under the Company's term loan, amounted to \$69.6 million at May 31, 2004. Based on outstanding borrowings at quarter end, a 10% increase in market interest rates at May 31, 2004 would have resulted in additional annual after-tax interest expense of approximately \$0.1 million. A fluctuation in interest rates would not affect interest expense or cash flows related to the \$360.0 million publicly traded notes, Acuity Brands' primary fixed-rate debt. A 10% increase in market interest rates at May 31, 2004 would have decreased the fair value of these notes by approximately \$10.3 million. See Note 9 of the *Notes to Consolidated Financial Statements*, contained in this Form 10-Q, for additional information regarding the Company's long-term debt.

Foreign Exchange Rates. The majority of the net sales, expense, and capital purchases of Acuity Brands are transacted in U.S. dollars. Acuity Brands does not believe a 10% fluctuation in average foreign currency rates would have a material effect on its consolidated financial position or results of operations. However, during November 2003, the Company entered into certain foreign currency forward contracts to hedge its exposure to variability in exchange rates on certain anticipated intercompany transactions with a Canadian business unit. At May 31, 2004, the Company had foreign currency contracts outstanding with an aggregate notional amount of \$9.0 million. These contracts mature monthly in \$3.0 million increments. The fair value of these contracts represented an unrealized pre-tax gain of approximately \$0.3 million at May 31, 2004.

Item 4. Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to reasonably ensure that information required to be disclosed in the reports filed or submitted by the Company under the Securities Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's ("Commission") rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to reasonably ensure that information required to be disclosed by the Company in the reports filed under the Securities Exchange Act is accumulated and communicated to management, including the principal executive officer and principal financial officer as appropriate to allow timely decisions regarding required disclosure.

As required by Commission rules, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of May 31, 2004. This evaluation was carried out under the supervision and with the participation of management, including the principal executive officer and principal financial officer. Based on this evaluation, these officers have concluded that the design and operation of the Company's disclosure controls and procedures are effective at a reasonable assurance level. However, because all disclosure procedures must rely to some degree on actions or decisions made by employees throughout the organization, such as reporting of material events, the Company and its reporting officers believe that they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company will be detected. Limitations within any control system, including the Company's control system, include faulty judgments in decision-making or simple errors or mistakes. In addition, controls can be circumvented by an individual, by collusion between two or more people, or by management override of the control. Because of these limitations, misstatements due to error or fraud may occur and may not be detected.

Internal control over financial reporting is a process designed 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

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principles and includes those policies and procedures that: (a) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer; (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the issuer are being made only in accordance with appropriate authorizations of management and directors of the issuer; and (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the issuer's assets that could have a material effect on the financial statements. There were no significant changes to the Company's internal control structure over financial reporting during the third quarter of fiscal 2004 that materially affected, or are reasonably likely to affect materially, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Acuity Brands is subject to various legal claims arising in the normal course of business, including patent infringement and product liability claims. Based on information currently available, and except as described below, it is the opinion of management that the ultimate resolution of pending and threatened legal proceedings will not have a material adverse effect on the financial condition or results of operations of Acuity Brands. However, in the event of unexpected future developments, it is possible that the ultimate resolution of such matters, if unfavorable, could have a material adverse effect on the results of operations of Acuity Brands in future periods. Acuity Brands establishes reserves for legal claims when the costs associated with the claims become probable and can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher than the amounts reserved for such claims.

In August 2003, ASP received a grand jury subpoena from the United States Attorney for the Northern District of Georgia concerning the operation of ASP's wastewater pretreatment plant and ASP's management of hazardous waste at a facility in Atlanta, Georgia. The grand jury investigation appears to relate to the discharge of wastewater from the facility to the City of Atlanta's sanitary sewer system and ASP's practices in connection with the sampling of the facility's wastewater discharges for permitting purposes. ASP is cooperating with the investigation by the U.S. Attorney's Office and has completed the production of the required documents. The U.S. Attorney's Office investigation follows an inquiry by the City of Atlanta, which regulates the wastewater discharge at the facility. The Company has settled with the City of Atlanta all issues arising from the inquiry. As of May 31, 2004, the Company had reserved approximately \$2.0 million to cover various costs including off-site disposal, the estimated costs of resolving the proceedings with the U.S. Attorney's Office, and the estimated legal expenses to be incurred by the Company for these matters. The proceedings with the U.S. Attorney are at a preliminary stage, and developments in the investigation and the terms of any final settlement or adjudication of these matters could result in actual costs substantially higher or lower than the amounts reserved.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits are listed on the Index to Exhibits (page 23).

(b) During the three months ended May 31, 2004, the Company filed Current Reports on Form 8-K as follows: on April 6, 2004 furnished under item 12 thereof related to the Company's second quarter 2004 earnings release.

SIGNATURES

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

ACUITY BRANDS, INC.
REGISTRANT

DATE: July 6, 2004

/s/ James S. Balloun

JAMES S. BALLOUN
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DATE: July 6, 2004

/s/ Vernon J. Nagel

VERNON J. NAGEL
VICE CHAIRMAN AND CHIEF FINANCIAL OFFICER

INDEX TO EXHIBITS

EXHIBIT 3	(a) Restated Certificate of Incorporation of Acuity Brands, Inc.	Reference is made to Exhibit 3.1 to the registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
	(b) Amended and Restated By-Laws of Acuity Brands, Inc.	Filed with the Commission as part of this Form 10-Q.
EXHIBIT10(iii)A	(1) Letter Agreement between Acuity Brands, Inc. and Vernon J. Nagel.	Filed with the Commission as part of this Form 10-Q.
	(2) Amended and Restated Severance Agreement between Acuity Brands, Inc. and Vernon J. Nagel.	Filed with the Commission as part of this Form 10-Q.
	(3) Letter Agreement between Acuity Brands, Inc. and John K. Morgan.	Filed with the Commission as part of this Form 10-Q.
	(4) Amended and Restated Severance Agreement between Acuity Brands, Inc. and John K. Morgan.	Filed with the Commission as part of this Form 10-Q.
	(5) Letter Agreement between Acuity Brands, Inc. and Wesley E. Wittich.	Filed with the Commission as part of this Form 10-Q.
EXHIBIT 31	(a) Certification of the Chief Executive Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed with the Commission as part of this Form 10-Q.
	(b) Certification of the Chief Financial Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed with the Commission as part of this Form 10-Q.
EXHIBIT 32	(a) Certification of the Chief Executive Officer of the Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed with the Commission as part of this Form 10-Q.
	(b) Certification of the Chief Financial Officer of the Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed with the Commission as part of this Form 10-Q.

ACUITY BRANDS, INC.**AMENDED AND RESTATED BY-LAWS****ARTICLE I - STOCKHOLDERS****Section 1. Annual Meeting.**

(1) An annual meeting of the stockholders, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, on such date, and at such time as the Board of Directors shall each year fix.

(2) Nominations of persons for election to the Board of Directors and the proposal of business to be transacted by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the Corporation's notice with respect to such meeting, (b) by or at the direction of the Board of Directors or (c) by any stockholder of record of the Corporation who was a stockholder of record at the time of the giving of the notice provided for in the following paragraph, who is entitled to vote at the meeting and who has complied with the notice procedures set forth in this section.

(3) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of the foregoing paragraph, (1) the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation, (2) such business must be a proper matter for stockholder action under the Delaware General Corporation Law, (3) if the stockholder, or the beneficial owner on whose behalf any such proposal or nomination is made, has provided the Corporation with a Solicitation Notice, as that term is defined in subclause (c)(iii) of this paragraph, such stockholder or beneficial owner must, in the case of a proposal, have delivered a proxy statement and form of proxy to holders of at least the percentage of the Corporation's voting shares required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the Corporation's voting shares reasonably believed by such stockholder or beneficial holder to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder, and must, in either case, have included in such materials the Solicitation Notice and (4) if no Solicitation Notice relating thereto has been timely provided pursuant to this section, the stockholder or beneficial owner proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice under this section. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than 45 or more than 75 days prior to the first anniversary (the "Anniversary") of the date on which the Corporation first mailed its proxy materials for the preceding year's annual meeting of stockholders; provided, however, that if the

date of the annual meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not later than the close of business on the later of (i) the 90th day prior to such annual meeting or (ii) the 10th day following the day on which public announcement of the date of such meeting is first made. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person as would be required to be disclosed in solicitations of proxies for the election of such nominees as directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and such person's written consent to serve as a director if elected; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of such business, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (ii) the class and number of shares of the Corporation that are owned beneficially and of record by such stockholder and such beneficial owner, and (iii) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of the Corporation's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the Corporation's voting shares to elect such nominee or nominees (an affirmative statement of such intent, a "Solicitation Notice").

(4) Notwithstanding anything in the second sentence of the third paragraph of this Section 1 to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 55 days prior to the Anniversary, a stockholder's notice required by this Bylaw shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(5) Only persons nominated in accordance with the procedures set forth in this Section 1 shall be eligible to serve as directors and only such business shall be conducted at an annual meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this section. The chairman of the meeting shall have the power and the duty to determine whether a nomination or any business proposed to be brought before the meeting has been made in accordance with the procedures set forth in these By-Laws and, if any proposed nomination or business is not in compliance with these By-Laws, to declare that such defectively proposed business or nomination shall not be presented for stockholder action at the meeting and shall be disregarded.

(6) For purposes of these By-Laws, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or a comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(7) Notwithstanding the foregoing provisions of this Section 1, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section 1. Nothing in this Section 1 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 2. Special Meetings.

(1) Special meetings of the stockholders may be called at any time by the Board of Directors acting pursuant to a resolution adopted by a majority of the Whole Board. For purposes of these By-Laws, the term "Whole Board" shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships. The Board of Directors may postpone or reschedule any previously scheduled special meeting.

(2) Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (a) by or at the direction of the Board of Directors or (b) by any stockholder of record of the Corporation who is a stockholder of record at the time of giving of notice provided for in this paragraph, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in Section 1 of this Article I. Nominations by stockholders of persons for election to the Board of Directors may be made at such a special meeting of stockholders if the stockholder's notice required by the third paragraph of Section 1 of this Article I shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting.

(3) Notwithstanding the foregoing provisions of this Section 2, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section 2. Nothing in this Section 2 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 3. Notice of Meetings.

Notice of the place, if any, date, and time of all meetings of the stockholders, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, shall be given, not less than ten (10) nor more than sixty (60) days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the Delaware General Corporation Law or the certificate of incorporation of the Corporation).

When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place, if any, thereof, and the means of remote

communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, notice of the place, if any, date, and time of the adjourned meeting and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

Section 4. Quorum.

At any meeting of the stockholders, the holders of a majority of all of the shares of the stock entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum for all purposes, unless or except to the extent that the presence of a larger number may be required by law. Where a separate vote by a class or classes or series is required, a majority of the shares of such class or classes or series present in person or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter.

If a quorum shall fail to attend any meeting, the chairman of the meeting may adjourn the meeting to another place, if any, date, or time.

Section 5. Organization.

Such person as the Board of Directors may have designated or, in the absence of such a person, the Chairman of the Board or, in his or her absence, the President of the Corporation or, in his or her absence, such person as may be chosen by the holders of a majority of the shares entitled to vote who are present, in person or by proxy, shall call to order any meeting of the stockholders and act as chairman of the meeting. In the absence of the Secretary of the Corporation, the secretary of the meeting shall be such person as the chairman of the meeting appoints.

Section 6. Conduct of Business.

The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him or her in order. The chairman shall have the power to adjourn the meeting to another place, if any, date and time. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting.

Section 7. Proxies and Voting.

At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this paragraph may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

The Corporation may, and to the extent required by law, shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting may, and to the extent required by law, shall, appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. Every vote taken by ballots shall be counted by a duly appointed inspector or inspectors.

All elections shall be determined by a plurality of the votes cast, and except as otherwise required by law, all other matters shall be determined by a majority of the votes cast affirmatively or negatively.

Section 8. Stock List.

A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in his or her name, shall be open to the examination of any such stockholder for a period of at least 10 days prior to the meeting in the manner provided by law.

The stock list shall also be open to the examination of any stockholder during the whole time of the meeting as provided by law. This list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

ARTICLE II - BOARD OF DIRECTORS

Section 1. Number of Directors.

Subject to the rights of the holders of any series of preferred stock to elect directors under specified circumstances, the number of directors shall be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the Whole Board.

Section 2. Newly Created Directorships and Vacancies.

Subject to the rights of the holders of any series of preferred stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall, unless otherwise required by law or by resolution of the Board of Directors, be filled only by a majority vote of the directors then in office, though less than a quorum (and not by stockholders), and directors so chosen shall serve for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been elected expires or until such director's successor shall have been duly elected and qualified. No decrease in the number of authorized directors shall shorten the term of any incumbent director.

Section 3. Regular Meetings.

Regular meetings of the Board of Directors shall be held at such place or places, on such date or dates, and at such time or times as shall have been established by the Board of Directors and publicized among all directors. A notice of each regular meeting shall not be required.

Section 4. Special Meetings.

Special meetings of the Board of Directors may be called by the Chairman of the Board, the President or by a majority of the Whole Board and shall be held at such place, on such date, and at such time as they or he or she shall fix. Notice of the place, date, and time of each such special meeting shall be given to each director by whom it is not waived by mailing written notice not less than five (5) days before the meeting or by telephone or by telegraphing or telexing or by facsimile or electronic transmission of the same not less than twenty-four (24) hours before the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

Section 5. Quorum.

At any meeting of the Board of Directors, a majority of the total number of the Whole Board shall constitute a quorum for all purposes. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date, or time, without further notice or waiver thereof.

Section 6. Participation in Meetings By Conference Telephone.

Members of the Board of Directors, or of any committee thereof, may participate in a meeting of such Board of Directors or committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other and such participation shall constitute presence in person at such meeting.

Section 7. Conduct of Business.

At any meeting of the Board of Directors, business shall be transacted in such order and manner as the Board of Directors may from time to time determine, and all matters shall be determined by the vote of a majority of the directors present, except as otherwise provided herein or required by law. Action may be taken by the Board of Directors without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 8. Compensation of Directors.

Unless otherwise restricted by the certificate of incorporation, the Board of Directors shall have the authority to fix the compensation of the directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or paid a stated salary or paid other compensation as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed compensation for attending committee meetings.

ARTICLE III - COMMITTEES

Section 1. Committees of the Board of Directors.

The Board of Directors may from time to time designate committees of the Board of Directors, with such lawfully delegable powers and duties as it thereby confers, to serve at the pleasure of the Board of Directors and shall, for those committees and any others provided for herein, elect a director or directors to serve as the member or members, designating, if it desires, other directors as alternate members who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of any committee and any alternate member in his or her place, the member or members of the committee present at the meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may by unanimous vote appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member.

Section 2. Conduct of Business.

Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; a majority of the members shall constitute a quorum unless the committee shall consist of one (1) or two (2) members, in which event one (1) member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

ARTICLE IV - OFFICERS

Section 1. Generally.

The officers of the Corporation shall consist of a Chairman of the Board, a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers (including a Vice Chairman of the Board and a Chairman Emeritus) as may from time to time be appointed by the Board of Directors. Officers shall be elected by the Board of Directors, which shall consider that

subject at its first meeting after every annual meeting of stockholders. Each officer shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any number of offices may be held by the same person. The salaries of officers elected by the Board of Directors shall be fixed from time to time by the Board of Directors or by such officers as may be designated by resolution of the Board of Directors.

Section 2. Chief Executive Officer.

The Board of Directors shall designate either the Chairman of the Board or the President as the chief executive officer of the Corporation. Subject to the provisions of these By-laws and to the direction of the Board of Directors, the chief executive officer shall have the responsibility for the general management and control of the business and affairs of the Corporation and shall perform all duties and have all powers which are commonly incident to the office of chief executive or which are delegated to him or her by the Board of Directors. He or she shall have power to sign all stock certificates, contracts and other instruments of the Corporation which are authorized and shall have general supervision and direction of all of the other officers, employees and agents of the Corporation.

Section 3. Chief Operating Officer.

The Board of Directors may designate an officer of the Corporation as the chief operating officer of the Corporation. The chief operating officer shall have general responsibility for the management and control of the operations of the Corporation and shall perform all duties and have all powers which are commonly incident to the office of chief operating officer or which are delegated to him or her by the Board of Directors. Subject to the direction of the Board of Directors and the chief executive officer, the chief operating officer shall have power to sign all stock certificates, contracts and other instruments of the Corporation which are authorized and shall have general supervision of all of the other officers (other than the Chairman of the Board or any Vice Chairman), employees and agents of the Corporation.

Section 4. Vice President.

Each Vice President shall have such powers and duties as may be delegated to him or her by the Board of Directors. One (1) Vice President shall be designated by the Board of Directors to perform the duties and exercise the powers of the President in the event of the President's absence or disability.

Section 5. Treasurer.

The Treasurer shall have the responsibility for maintaining the financial records of the Corporation. He or she shall make such disbursements of the funds of the Corporation as are authorized and shall render from time to time an account of all such transactions and of the financial condition of the Corporation. The Treasurer shall also perform such other duties as the Board of Directors may from time to time prescribe.

Section 6. Secretary.

The Secretary shall issue all authorized notices for, and shall keep minutes of, all meetings of the stockholders and the Board of Directors. He or she shall have charge of the corporate books and shall perform such other duties as the Board of Directors may from time to time prescribe.

Section 7. Delegation of Authority.

The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

Section 8. Removal.

Any officer of the Corporation may be removed at any time, with or without cause, by the Board of Directors.

Section 9. Action with Respect to Securities of Other Corporations.

Unless otherwise directed by the Board of Directors, the President or any officer of the Corporation authorized by the President shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of stockholders of or with respect to any action of stockholders of any other Corporation in which this Corporation may hold securities and otherwise to exercise any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other Corporation.

ARTICLE V - STOCK

Section 1. Certificated and Uncertificated Stock

Shares of the Corporation's stock may be certificated or uncertificated, as provided under the Delaware General Corporation Law. All certificates of stock of the Corporation shall be numbered and shall be entered in the books of the Corporation as they are issued. Such certificates shall exhibit the holder's name and number of shares and shall be signed by the Chairman or a Vice Chairman or the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary. Any or all of such signatures on the certificate may be a facsimile.

Section 2. Transfers of Stock

Transfers of stock shall be made on the books of the Corporation only by the record holder of such stock, or by an attorney lawfully constituted in writing, and, in the case of stock represented by a certificate, upon surrender of the certificate.

Section 3. Record Date.

In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may, except as otherwise required by law, fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of any meeting of stockholders, nor more than sixty (60) days prior to the time for such other action as hereinbefore described; provided, however, that if no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and, for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the Board of Directors adopts a resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 4. Lost, Stolen or Destroyed Certificates.

In the event of the loss, theft or destruction of any certificate of stock, another may be issued in its place pursuant to such regulations as the Board of Directors may establish concerning proof of such loss, theft or destruction and concerning the giving of a satisfactory bond or bonds of indemnity.

Section 5. Regulations.

The issue, transfer, conversion and registration of certificates of stock shall be governed by such other regulations as the Board of Directors may establish.

ARTICLE VI - NOTICES

Section 1. Notices.

If mailed, notice to stockholders shall be deemed given when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the Delaware General Corporation Law.

Section 2. Waivers.

A written waiver of any notice, signed by a stockholder or director, or waiver by electronic transmission by such person, whether given before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such person. Neither the business nor the purpose of any meeting need be specified in such a waiver. Attendance at any meeting shall constitute waiver of notice except attendance for the sole purpose of objecting to the timeliness of notice.

ARTICLE VII - INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Right to Indemnification.

Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer or trustee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer or trustee or in any other capacity while serving as a director, officer or trustee, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section 3 of this Article VII with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

Section 2. Right to Advancement of Expenses.

In addition to the right to indemnification conferred in Section 1 of this Article VII, an indemnitee shall also have the right to be paid by the Corporation the expenses (including attorney's fees) incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section 2 or otherwise.

Section 3. Right of Indemnitee to Bring Suit.

If a claim under Section 1 or 2 of this Article VII is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VII or otherwise shall be on the Corporation.

Section 4. Non-Exclusivity of Rights.

The rights to indemnification and to the advancement of expenses conferred in this Article VII shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's certificate of incorporation, By-laws, agreement, vote of stockholders or directors or otherwise.

Section 5. Insurance.

The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

Section 6. Indemnification of Employees and Agents of the Corporation.

The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

Section 7. Nature of Rights.

The rights conferred upon indemnitees in this Article VII shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Any amendment, alteration or repeal of this Article VII that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit or eliminate any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment or repeal.

ARTICLE VIII - MISCELLANEOUS

Section 1. Facsimile Signatures.

In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these By-laws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

Section 2. Corporate Seal.

The Board of Directors may provide a suitable seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Treasurer or by an Assistant Secretary or Assistant Treasurer.

Section 3. Reliance upon Books, Reports and Records.

Each director, each member of any committee designated by the Board of Directors, and each officer of the Corporation shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors so designated, or by any other person as to matters which such director or committee member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 4. Fiscal Year.

The fiscal year of the Corporation shall be as fixed by the Board of Directors.

Section 5. Time Periods.

In applying any provision of these By-laws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

ARTICLE IX - AMENDMENTS

In furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized to adopt, amend and repeal these By-Laws subject to the power of the holders of capital stock of the Corporation to adopt, amend or repeal the By-Laws; provided, however, that, with respect to the power of holders of capital stock to adopt, amend and repeal By-Laws of the Corporation, notwithstanding any other provision of these By-Laws or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the capital stock of the Corporation required by law, these By-Laws or any preferred stock, the affirmative vote of the holders of at least 80% percent of the voting power of all of the then-outstanding shares entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal any provision of these By-Laws.

June 29, 2004

Mr. Vernon J. Nagel
36 Islanders Retreat
Savannah, GA 31411

Dear Vern:

This letter agreement ("Agreement") sets forth the terms and conditions of your employment with Acuity Brands, Inc. ("Acuity" or the "Company") and your promotion to Chairman and Chief Executive Officer of Acuity, effective September 1, 2004. After you have reviewed the terms and conditions of this letter, please sign below to signify your acceptance.

1. Title and Responsibilities. Effective as of the Effective Date (as defined in Paragraph 2 below), you (hereinafter "Executive") will serve as Vice Chairman and Chief Financial Officer of Acuity and will report to the Chief Executive Officer and the Board of Directors ("Board") of Acuity. Effective September 1, 2004, Executive will serve as the Chairman of the Board and Chief Executive Officer of Acuity and will report to the Board; provided, however, that Executive's position as Chairman of the Board going forward is subject to his continued nomination, election and service as a director of Acuity. Executive shall have such duties, responsibilities, and authority as are commensurate with such positions, as established by corporate law or Acuity's governance documents or delegated to him from time to time by the Board. Executive accepts the duties described above and agrees to render his services for the term of this Agreement.

2. Term. This Agreement shall commence as of January 20, 2004 ("Effective Date") and continue in effect until either party gives notice to the other of termination (the period of this Agreement is hereinafter referred to as the "term of this Agreement"). Either party may terminate this Agreement for any reason and at any time with or without cause and with or without advance notice, subject to Executive's and Acuity's rights under any severance agreement relating to Executive's termination of employment.

3. Extent of Services. Executive agrees that during the term of this Agreement he will devote his full working time and requisite energy and skill to the diligent performance of Executive's duties. With the consent of the Board, Executive may serve on the board of directors or board of trustees of other companies or institutions, provided, however, that approval of the Board shall be required as set forth in Acuity's Corporate Governance Guidelines, as they may be revised from time to time.

4. Consideration. As consideration for the services performed by Executive pursuant to this Agreement and the restrictive covenants in Paragraph 5, Acuity will compensate Executive during the term of this Agreement as follows:

4.1 Base Salary. Commencing on the Effective Date, Executive will be entitled to an annual base salary of \$500,000, and effective September 1, 2004, his annual base salary will be increased to \$600,000, subject to periodic review and change by the Board's Compensation Committee and the Board. Executive's base salary will be payable in accordance with Acuity's regular payroll practices for executives as in effect from time to time.

4.2 Benefits. Executive will be entitled to participate in all employee benefit plans and perquisites of Acuity in effect from time to time (including health, life, disability, dental, and retirement plans) in which executives at his level are entitled to participate.

4.3 Annual Incentive. Executive will be eligible for an annual incentive payment in accordance with the Management Compensation and Incentive Plan (the "Incentive Plan") and Plan Rules thereunder in effect for each year. Pursuant to current Plan Rules: (a) the amount of the incentive payment is determined by Acuity's overall financial performance and Executive's individual performance and (b) Executive's target bonus will be 50% of base salary for the fiscal year ending August 31, 2004. Executive's target bonus will be 65% of base salary for the fiscal year ending August 31, 2005 and will be determined by the Board for future years. The Incentive Plan and the Plan Rules thereunder may be modified at any time in Acuity's sole discretion, subject to any applicable shareholder approval requirements.

4.4 Stock Options. On the Effective Date, Acuity granted Executive an option to purchase 150,000 shares of Acuity common stock at the fair market value on the date of grant and an option to purchase 150,000 shares of Acuity common stock at 120% of the fair market value on the date of grant (rounded to the nearest whole dollar). One-third of the options will vest on each anniversary of the date of grant, so that the options will become fully vested on the third anniversary of the date of grant. This grant will be incentive stock options to the extent permitted by the Internal Revenue Code of 1986, as amended, with the remainder being nonqualified stock options, and the term of the options will be ten years. These stock option grants are subject to the additional terms and conditions set forth in separate stock option agreements, which are consistent with the agreements for other executive officers except as otherwise provided herein.

4.5 Severance Agreement. Executive's Severance Agreement, dated as of June 25, 2003 ("Severance Agreement"), with Acuity will be amended and restated to provide the following with respect to payments and benefits in the event that Executive's employment is involuntarily terminated without Cause or is terminated by Executive for Good Reason (both as defined in such agreement): (i) the Severance Period will be 24 months; (ii) unvested Stock Options will continue to vest during the Severance Period; (iii) vested Stock Options and Stock Options that vest during the Severance Period will

remain exercisable for the shorter of the remaining exercise term or the length of the Severance Period; (iv) Restricted Stock that is not performance-based will be subject to accelerated vesting and will vest during the Severance Period on a monthly pro rata basis determined from the date of grant to the end of the Severance Period; (v) performance-based Restricted Stock for which performance targets are achieved and a Vesting Start Date is established prior to or during the Severance Period will continue to vest during the Severance Period; and (vi) credited service under the SERP (as defined below) will continue to accrue during the Severance Period. Executive and Acuity will enter into an amended and restated Severance Agreement and such amendments to his outstanding Stock Options and Restricted Stock Agreements as may be necessary to reflect the changes in this Paragraph 4.5

4.6 Change in Control of Acuity. Executive will continue to be covered by the Severance Protection Agreement, dated as of November 30, 2001, with Acuity.

4.7 Supplemental Retirement Benefits. Executive will continue to be covered by the Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan and the Acuity Brands, Inc. Supplemental Deferred Savings Plan.

4.8 Moving Expenses. With respect to the relocation of Executive's family to the Atlanta, Georgia area, Executive agrees to accomplish such move by September 1, 2004, and, subject to the move being accomplished by said date, the Company will pay to, or provide, Executive: (i) reimbursement for the costs of packing, shipping and unpacking Executive's household goods and personal effects; (ii) upon the closing of the sale of Executive's current residence in the Savannah, Georgia area, payment of the realtor's fees (not to exceed 7% of the sales price); (iii) upon purchase of a home in the Atlanta, Georgia area, reimbursement of Executive's actual closing costs, including recording costs, transfer fees and taxes, settlement fees, attorneys' fees, title insurance, mortgage placement fees (up to one percent of the loan), discount points (up to a maximum of two points), survey fees, escrow agent fees, real estate commissions and other reasonable charges; and (iv) an appropriate tax gross-up on any non-tax deductible relocation expenses.

4.9 Director and Officer Insurance. During the term of the Agreement and for a period of three (3) years after Executive's termination of employment, Executive shall be entitled to director and officer liability insurance coverage for his acts and omissions while an officer or director of the Company on a basis no less favorable to Executive than the coverage provided to then current officers and directors.

5. Confidentiality, Non-Solicitation and Non-Competition. In consideration of the compensation and benefits provided pursuant to this Agreement, Executive agrees that during the term of his employment by the Company, and for the one-year period following his termination of employment with the Company, Executive shall comply with the non-competition, non-recruitment and non-disclosure restrictions attached hereto as Exhibits A, B and C, respectively (the "Restrictive Covenants"), provided, that if Executive is terminated by the Company without

Cause or Executive terminates his employment for Good Reason under circumstances that entitle Executive to receive compensation and benefits under the Severance Agreement, the restrictive covenants in Section 5.1 of the Severance Agreement shall apply to Executive after termination of employment and not the Restrictive Covenants as defined above. The Company and Executive recognize that Executive may experience periodic material changes in his job title and/or to the duties, responsibilities or services that he is called upon to perform on the behalf of the Company. If Executive experiences such a material change, the parties shall, as soon as is practicable, enter into a signed, written addendum to Exhibit A hereto reflecting such material change. Moreover, in the event of any material change in corporate organization (including, without limitation, spin-offs, split-offs, or public offerings of subsidiaries' stock) on the part of the Direct Competitors set forth in Exhibit A hereto, the parties agree to amend Exhibit A, as necessary, at the Company's request, in order to reflect such change. Upon execution, any such written modification to Exhibit A shall represent an enforceable amendment to this Agreement and shall augment and supplant the definitions of the terms Executive Services or Direct Competitor set forth in Exhibit A hereto, as applicable.

6. Acuity Stock Ownership Guidelines. Executive acknowledges that the Board deems it important that senior executive officers of Acuity own a meaningful amount of Acuity common stock. Accordingly, the following guidelines shall apply to Executive's ownership of Acuity common stock:

- (i) Executive will purchase 5,000 shares within the first permissible trading period, as determined by the General Counsel of the Corporation, following the Effective Date;
- (ii) Executive will own shares equal to following multiples of base salary on or before the following dates:
 - one time base salary by December 31, 2004;
 - three times base salary by December 31, 2006; and
 - four times base salary by December 31, 2007

Any share ownership deficit as of each date indicated shall be remedied first by applying Executive's annual bonus for said fiscal year to the purchase of shares. Any remaining deficit shall be remedied by the purchase of shares from Executive's personal funds.

7. Assignability. This Agreement is binding on Acuity and any successors of Acuity. Acuity may assign this Agreement and its rights under this Agreement in whole or in part to any corporation or other entity with or into which Acuity may merge or consolidate or to which Acuity may transfer all or substantially all of its respective assets. Acuity will require any successor by merger or consolidation or transferee of all or substantially all of its assets, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Acuity would be required to perform it if no such succession had taken place.

8. Amendment, Waiver. No provisions of this Agreement may be modified, waived or discharged unless the waiver, modification or discharge is agreed to in writing signed by

Executive and such officer or officers as may be specifically designated by the Board to sign on their behalf. No waiver by any party at any time of any breach by any other party of, or compliance with, any condition or provision of this Agreement will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

9. Governing Law. The validity, interpretation, construction and performance of this Agreement will be governed by the laws of the United States where applicable and otherwise the substantive laws of the State of Georgia.

10. Construction of Agreement. It is the intent of the parties that if any covenant or other provision hereof is determined to be unenforceable in any part, that portion of the Agreement will be severed or modified by the Court so as to permit enforcement of the Agreement to the extent reasonable. It is agreed by the parties that the obligations set forth herein will be considered to be independent of any other obligations between the parties, and the existence of any other claim or defense will not affect the enforceability of this Agreement. Except as otherwise expressly provided herein, all of the consideration to be provided to Executive hereunder shall be paid or otherwise provided on and in accordance with and subject to Acuity's standard policies, practices, terms and conditions applicable from time to time under Acuity's plans, programs, agreements and arrangements relating to compensation and benefits of the type agreed to be provided, including without limitation the terms and conditions of Acuity's standard forms of stock option or other applicable executive compensation agreements. Without limiting the foregoing, any and all benefit plans or other plans, programs, agreements and arrangements may be modified, amended, replaced or terminated at Acuity's sole discretion unless otherwise expressly provided therein or herein.

Sincerely,

ACUITY BRANDS, INC.

By: /s/ James S. Balloun

James S. Balloun, Chairman and
Chief Executive Officer

I, Vernon J. Nagel, have thoroughly read the terms and conditions contained in this letter pertaining to my employment by Acuity Brands, Inc. I fully agree to be bound by these terms and conditions, including the Restrictive Covenants set forth in Paragraph 5.

/s/ Vernon J. Nagel
Vernon J. Nagel

June 29, 2004
Date

ACUITY BRANDS, INC.
AMENDED AND RESTATED SEVERANCE AGREEMENT

THIS AMENDED AND RESTATED AGREEMENT (the "Agreement"), made and entered into as of this 20th day of January, 2004, by and between ACUITY BRANDS, INC., a Delaware corporation (the "Company"), and Vernon J. Nagel (the "Executive").

WITNESSETH:

WHEREAS, Executive is a key employee of the Company and an integral part of the Company's management; and

WHEREAS, the Company desires to provide the Executive with certain benefits if the Executive's employment is terminated under certain circumstances; and

WHEREAS, the Company and the Executive have determined it is in their mutual best interests to enter into this Agreement;

NOW, THEREFORE, the parties hereby agree as follows:

1. TERM OF AGREEMENT.

Unless earlier terminated as hereinafter provided, this Agreement shall commence on the date hereof and shall be for a rolling, two-year term (the "Term") and shall be deemed to extend automatically, without further action by either the Company or Executive, each day for an additional day, such that the remaining term of the Agreement shall continue to be two years; provided, however, that either party may, by written notice to the other, cause this Agreement to cease to extend automatically and, upon such notice, the "Term" of this Agreement shall be the two-year period following the date of such notice and this Agreement shall terminate upon the expiration of such Term. This Agreement shall not be considered an employment agreement and in no way guarantees Executive the right to continue in the employment of the Company or its affiliates. Executive's employment is considered employment at will, subject to Executive's right to receive payments and benefits upon certain terminations of employment as provided below.

As of the date hereof, this Agreement is intended to, and shall, supersede and replace in their entirety the severance benefits provided under Executive's Severance Agreement dated as of June 25, 2003.

2. DEFINITIONS. For purposes of this Agreement, the following terms shall have the meanings specified below:

2.1 "Board" or "Board of Directors" — The Board of Directors of Acuity Brands, Inc., or its successor.

2.2 "Cause" — The involuntary termination of Executive by the Company for the following reasons shall constitute a termination for Cause:

(a) If termination shall have been the result of an act or acts by the Executive which have resulted in a conviction by an applicable court of law of a felony (other than traffic-related offenses);

(b) If termination shall have been the result of an act or acts by the Executive which are in the good faith judgment of the Board to be in violation of law or of written policies of the Company and which result in material injury to the Company;

(c) If termination shall have been the result of an act or acts of dishonesty by the Executive resulting or intended to result directly or indirectly in gain or personal enrichment to the Executive at the expense of the Company; or

(d) Upon the continued failure by the Executive substantially to perform the duties reasonably assigned to Executive given Executive's training and experience (other than any such failure resulting from incapacity due to mental or physical illness not constituting a Disability, as defined herein), after a demand in writing for substantial performance of such duties is delivered by the Board, which demand specifically identifies the manner in which the Company believes that the Executive has not substantially performed his duties, and such failure results in material injury to the Company.

If, in the reasonable good faith judgment of the Board, the events giving rise to the termination for Cause are curable, Executive shall have a period of thirty (30) days from delivery of notice by the Board of such act or acts within which to cure.

2.3 "Company" — Acuity Brands, Inc., a Delaware corporation, or any successor to its business and/or assets.

2.4 "Date of Termination" — The date specified in the Notice of Termination (which may be immediate) as the date upon which the Executive's employment with the Company is to cease.

2.5 "Disability" — Disability shall have the meaning ascribed to such term in the Company's long-term disability plan or policy covering the Executive, or in the absence of such plan or policy, a meaning consistent with Section 22(e)(3) of the Internal Revenue Code of 1986, as amended.

2.6 “Good Reason”. A “Good Reason” for termination by Executive of Executive’s employment with the Company shall mean the occurrence during the Term (without Executive’s express consent) of any of the following acts by the Company, or failures by the Company to act, and such act or failure to act has not been corrected within thirty (30) days after written notice of such act, or failure to act, is given by Executive to the Company:

- (a) a change in Executive’s title of Chief Financial Officer (Chief Executive Officer after September 1, 2004) or a material adverse change in Executive’s duties and responsibilities;
- (b) the relocation of the principal office where Executive is required to work to a location more than fifty (50) miles from the City of Atlanta, Georgia (i) for more than six (6) months, or (ii) if for less than six (6) months, without providing for Executive to travel to and from Atlanta, Georgia on a periodic basis at the Company’s expense;
- (c) a reduction in base salary and target bonus opportunity (not the bonus actually earned) below the level in effect on the date of this Agreement, unless such reduction is consistent with reductions being made at the same time for other executive officers of the Company;
- (d) a material reduction in the aggregate benefits provided to Executive by the Company under its “employee benefits plans”, as defined in Section 3(3) of ERISA (“Company Employee Benefit Plans”), on the date of this Agreement, except in connection with a reduction in such benefits which is consistent with reductions being made at the same time for other executive officers of the Company;
- (e) an insolvency or bankruptcy filing by the Company; or
- (f) a material breach by the Company of this Agreement.

2.7 “Notice of Termination” — A written notice from one party to the other party specifying the Date of Termination and which sets forth in reasonable detail the facts and circumstances relating to the basis for termination of Executive’s employment.

2.8 “Severance Period” — A period equal to the lesser of (i) twenty-four (24) months from the Executive’s Date of Termination or (ii) the number of months (rounded to the nearest month) from the Executive’s Date of Termination until the date he attains age 65; provided, however, that the Severance Period shall in no event be less than six (6) months.

2.9 “Severance Protection Agreement” — An agreement between Executive and the Company providing for the payment of compensation and benefits to Executive in the event of Executive’s termination of employment under certain circumstances following a “change in control” of the Company (as defined in such agreement).

3. SCOPE OF AGREEMENT.

This Agreement provides for the payment of compensation and benefits to Executive in the event his employment (i) is involuntarily terminated by the Company without Cause, or (ii) is terminated by Executive for Good Reason. If Executive is terminated by the Company for Cause, dies, incurs a Disability or voluntarily terminates employment (other than for Good Reason), this Agreement shall terminate, and Executive shall be entitled to no payments of compensation or benefits pursuant to the terms of this Agreement; provided, that in such events, Executive shall be subject to the restrictive covenants set forth in the letter agreement, dated June 29, 2004, between the Company and Executive and not the Restrictive Covenants set forth in Section 5 below; provided, further, that in such events, Executive will be entitled to whatever benefits are payable pursuant to the terms of any health, life insurance, disability, welfare (except for a severance plan or program), retirement, deferred compensation, or other plan or program maintained by the Company.

If, as a result of Executive's termination of employment, Executive becomes entitled to compensation and benefits under this Agreement and under a Severance Protection Agreement, Executive shall be entitled to receive benefits under whichever agreement provides Executive the greater aggregate compensation and benefits (and not under the other agreement) and there shall be no duplication of benefits.

4. BENEFITS UPON INVOLUNTARY TERMINATION WITHOUT CAUSE OR FOR GOOD REASON

If Executive's employment is involuntarily terminated by the Company during the term of this Agreement without Cause (and such termination does not arise as a result of Executive's death or Disability) or if Executive terminates his employment for Good Reason, Executive shall be entitled to the compensation and benefits provided for below, provided that Executive, as provided for in Section 4.9, executes a release of claims substantially in the form attached hereto as Exhibit A. In the event Executive is terminated without Cause or Executive terminates his employment for Good Reason, the Compensation Committee of the Board of Directors may, in its discretion and to provide equitable treatment, grant benefits to Executive in addition to those provided below in circumstances where Executive suffers a diminution of projected benefits as a result of Executive's termination prior to attainment of age 65, including without limitation, additional retirement benefits and acceleration of long-term incentive awards.

4.1 Base Salary. Executive shall continue to receive his Base Salary (subject to withholding of all applicable taxes) for the entire Severance Period (as defined in Section 2.8 above), payable in the same manner as it was being paid on his Date of Termination. In the event of Executive's death prior to the end of the Severance Period, the payments of Base Salary shall cease.

4.2 Annual Bonus. Executive shall be paid a bonus in an amount equal to the greater of (i) the annual incentive bonus that would be paid or payable to Executive for the fiscal year of the Company during which Executive's Date of Termination occurs under the Company's annual incentive plan ("Incentive Plan"), assuming the target level(s) of performance had been met for such fiscal year, multiplied by a fraction (the "Pro Rata Fraction"), the numerator of which is the number of days that have elapsed in the then current fiscal year through Executive's Date of Termination and the denominator of which is 365, or (ii) the annual incentive bonus that would be paid or payable to Executive for the fiscal year of the Company during which Executive's Date of Termination occurs under the Incentive Plan based upon the Company's actual performance for such fiscal year, multiplied by the Pro Rata Factor. The bonus amount determined pursuant to Section 4.2(i) shall be paid to Executive within ten (10) days of Executive's Date of Termination and any additional amount payable pursuant to Section 4.2(ii) shall be payable at the same time as bonuses are payable to other executive under the Incentive Plan.

4.3 Stock Options. Unvested Stock Options granted to Executive under the Acuity Brands, Inc. Long-Term Incentive Plan ("LTIP") shall continue to vest during the Severance Period, provided, that if Executive dies during the Severance Period, the continued vesting of such Stock Options shall cease. Stock Options vested as of Executive's Date of Termination and Stock Options that vest during the Severance Period shall remain exercisable for the shorter of the remaining exercise term or the length of the Severance Period. Subject to the proviso at the end of this sentence, all Stock Options outstanding at the end of the Severance Period shall be immediately forfeited; provided, that if the Stock Option Agreement granting the Stock Option to Executive provides for more favorable continued vesting or exercisability after Executive's Date of Termination, the provisions of such Stock Option Agreement shall apply to the vesting and exercisability of Executive's Stock Options after Executive's termination.

4.4 Restricted Stock. Any performance-based Restricted Stock granted to Executive under the Acuity Brands, Inc. Long-Term Incentive Plan ("LTIP") for which the specific performance targets have been achieved and a Vesting Start Date (as defined in the agreement granting the Restricted Stock to Executive, the "Restricted Stock Award Agreement") has been established as of Executive's Date of Termination, shall become fully vested and nonforfeitable as of Executive's Date of Termination. Performance-based Restricted Stock for which the specific performance targets are achieved and a Vesting Start Date is established during the Severance Period shall continue to vest during the Severance Period. If Executive dies during the Severance Period, any performance-based Restricted Stock for which a Vesting Start Date has been established during the Severance Period shall become fully vested and nonforfeitable and the Restricted Stock for which a Vesting State Date has not been established shall be forfeited. The Vested Value (as defined in the performance-based Restricted Stock Award Agreement) of the shares of Restricted Stock vesting pursuant to this Section 4.4 shall be delivered to Executive in the manner provided in the Restricted Stock Award Agreement within ten (10) days of the vesting date, using the vesting date as the date for determining the Vested Value.

Any Restricted Stock granted to Executive under the LTIP that is not performance-based shall be subject to accelerated vesting and shall vest each month during the Severance Period on a monthly pro rata basis calculated from the date of grant to the end of the Severance Period, provided, that if Executive dies during the Severance Period, the continued vesting shall cease and any such unvested Restricted Stock shall be forfeited.

Subject to the proviso at the end of this sentence, all Restricted Stock that has not vested at the Termination Date or during the Severance Period shall be immediately forfeited at the end of the Severance Period; provided, that if the Restricted Stock Award Agreement granting the Restricted Stock to Executive provides for more favorable continued vesting after Executive's Date of Termination than provided in this section, the provisions of such Restricted Stock Award Agreement shall apply to the vesting of Executive's Restricted Stock after Executive's termination.

4.5 Supplemental Executive Retirement Plan. Executive shall continue to accrue credited service under the 2002 Supplemental Executive Retirement Plan during the Severance Period.

4.6 Health Care, Life Insurance and Long-Term Disability Coverages. The health care (including dental and vision coverage, if applicable), term life insurance and long-term disability coverages provided to Executive at his Date of Termination shall be continued at the same level as for active executives and in the same manner as if his employment had not terminated, beginning on the Date of Termination and ending on the last day of the Severance Period. Any additional coverages Executive had at termination, including dependent coverage, will also be continued for such period on the same terms, to the extent permitted by the applicable policies or contracts. Any costs Executive was paying for such coverages at the time of termination shall be paid by Executive by separate check payable to the Company each month in advance or, at Executive's election, may be deducted from his Base Salary payments under Section 4.1. If the terms of any benefit plan referred to in this Section, or the laws applicable to such plan do not permit continued participation by Executive, then the Company will arrange for other coverage(s) satisfactory to Executive at Company's expense which provides substantially similar benefits or, at Executive's election, will pay Executive a lump sum amount equal to the annual costs of such coverage(s) for the Severance Period. A benefit provided under this Section 4.6 shall cease if Executive obtains other employment and, as a result of such employment, health care, life insurance or long-term disability benefits are available to Executive.

4.7 Outplacement Services. Executive will be provided with customary outplacement services by an outplacement firm selected by the Company for the Severance Period, provided that the Company's total cost for such services shall not exceed an amount equal to ten percent (10%) of Executive's Base Salary.

4.8 Other Benefits. Except as expressly provided herein, all other fringe benefits provided to Executive as an active employee of the Company (e.g., 401(k) plan, AD&D, car allowance, club dues, etc.), shall cease on his Date of Termination, provided that any conversion or extension rights applicable to such benefits shall be made available to

Executive at his Date of Termination or when such coverages otherwise cease at the end of the Severance Period. Except as expressly provided herein, for all other plans sponsored by the Company, the Executive's employment shall be treated as terminated on his Date of Termination and Executive's right to benefits shall be determined under the terms of such plans; provided, however, in no event will Executive be entitled to severance payments or benefits under any other severance plan, policy, program or agreement of the Company, except to the extent Executive is covered by a Severance Protection Agreement related to a change in control of the Company.

4.9 Release of Claims. To be entitled to any of the compensation and benefits described above in this Section 4, Executive shall sign a release of claims substantially in the form attached hereto as Exhibit A. No payments shall be made under this Section 4 until such release has been properly executed and delivered to the Company and until the expiration of the revocation period, if any, provided under the release. If the release is not properly executed by the Executive and delivered to the Company within the reasonable time periods specified in the release, the Company's obligations under this Section 4 will terminate.

5. CONFIDENTIALITY, NON-SOLICITATION AND NON-COMPETITION.

5.1 In consideration of the compensation and benefits paid or provided to Executive pursuant to this Agreement, Executive agrees that for a period equal to the Restricted Period (as defined in Section 1(c) of Exhibit B) following his involuntary termination by the Company without Cause or Executive's termination of his employment for Good Reason, Executive shall comply with the non-competition, non-recruitment and non-disclosure restrictions attached hereto as Exhibits B, C, and D respectively (the "Restrictive Covenants"). The Company and Executive recognize that Executive may experience periodic material changes in his job title and/or to the duties, responsibilities or services that he is called upon to perform on the behalf of the Company. If Executive experiences such a material change, the parties shall, as soon as is practicable, enter into a signed, written addendum to Exhibit B hereto reflecting such material change. Moreover, in the event of any material change in corporate organization (including, without limitation, spin-offs, split-offs, or public offerings of subsidiaries' stock) on the part of the Direct Competitors set forth in Exhibit B hereto, the parties agree to amend Exhibit B, as necessary, at the Company's request, in order to reflect such change. Upon execution, any such written modification to Exhibit B shall represent an enforceable amendment to this Agreement and shall augment and supplant the definitions of the terms Executive Services or Direct Competitor set forth in Exhibit B hereto, as applicable.

5.2 Return of Property. Upon termination of employment with the Company, Executive agrees to deliver promptly to the Company all Company files, customer lists, management reports, memoranda, research, Company forms, financial data and reports and other documents (including all such data and documents in electronic form) supplied to or created by him in connection with his employment hereunder (including all copies of the foregoing) in his possession or control, and all of the Company's equipment and other materials in his possession or control. Executive's obligations under this Section 5.2 shall survive any expiration or termination of this Agreement.

5.3 Inventions. The Executive does hereby assign to the Company the entire right, title and interest in any Invention which is made, conceived, either solely or jointly with others, during employment with the Company. The Executive agrees to promptly disclose to the Company all such Inventions. The Executive will, if requested, promptly execute and deliver to the Company a specific assignment of title for an Invention and will at the expense of the Company, take all reasonably required action by the Company to patent, copyright or otherwise protect the Invention. For purposes of this Agreement, "Inventions" means contributions, discoveries, improvements and ideas and works of authorship, whether or not patentable or copyrightable, and (i) which relate directly to the business of the Company or (ii) which result from any work performed for the Company by Executive or by Executive's fellow employees or (iii) for which equipment, supplies, facility, Confidential Information or Trade Secrets of the Company are used, or (iv) which is developed on the Company's time.

6. MISCELLANEOUS.

6.1 No Obligation to Mitigate. Executive shall not be required to mitigate the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by Executive as a result of employment by another employer after the Date of Termination or otherwise, except as provided in Section 4.6 with respect to benefits coverages.

6.2 Contract Non-Assignable. The parties acknowledge that this Agreement has been entered into due to, among other things, the special skills and knowledge of Executive, and agree that this Agreement may not be assigned or transferred by Executive.

6.3 Successors; Binding Agreement.

(a) In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, or who acquires the stock of the Company, to expressly assume and agree to perform this Agreement, in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

(b) This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representative, executors, administrators, successors, heirs, distributees, devisees and legatees.

6.4 Notices. All notices, requests, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered or seven days after mailing if mailed first class, certified mail, postage prepaid, addressed as follows:

If to the Company: Acuity Brands, Inc.
 Attention: General Counsel
 1170 Peachtree Street, Suite 2400
 Atlanta, GA 30309

If to the Executive: To his last known address on file with the Company

Any party may change the address to which notices, requests, demands and other communications shall be delivered or mailed by giving notice thereof to the other party in the same manner provided herein.

6.5 Provisions Severable. If any provision or covenant, or any part thereof, of this Agreement should be held by any court to be invalid, illegal or unenforceable, either in whole or in part, such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of the remaining provisions or covenants, or any part thereof, of this Agreement, all of which shall remain in full force and effect.

6.6 Waiver. Failure of either party to insist, in one or more instances, on performance by the other in strict accordance with the terms and conditions of this Agreement shall not be deemed a waiver or relinquishment of any right granted in this Agreement or the future performance of any such term or condition or of any other term or condition of this Agreement, unless such waiver is contained in a writing signed by the party making the waiver.

6.7 Amendments and Modifications. This Agreement may be amended or modified only by a writing signed by both parties hereto, which makes specific reference to this Agreement.

6.8 Governing Law. The validity and effect of this Agreement shall be governed by and be construed and enforced in accordance with the laws of the State of Georgia.

6.9 Disputes; Legal Fees; Indemnification.

(a) Disputes - All claims by Executive for compensation and benefits under this Agreement shall be in writing and shall be directed to and be determined by the Compensation Committee of the Board. Any denial by the Compensation Committee of a claim for benefits under this Agreement shall be provided in writing to Executive within 30 days of such decision and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Compensation Committee shall afford a reasonable opportunity to Executive for a review of its decision denying a claim and shall further allow Executive to appeal in writing to the Compensation Committee a decision of the Compensation Committee within sixty (60) days after notification by the Compensation Committee that Executive's claim has been denied. To the extent permitted by applicable law, any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Fulton County, Georgia, in accordance with the rules of the American Arbitration Association then in effect for commercial arbitrations. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

(b) Legal Fees – If the Company involuntarily terminates Executive without Cause or Executive terminates his employment for Good Reason, then, in the event Executive incurs legal fees and other expenses in seeking to obtain or to enforce any rights or benefits provided by this Agreement and is successful to a significant extent in obtaining or enforcing any such rights or benefits through settlement, mediation, arbitration or otherwise, the Company shall promptly pay Executive’s reasonable legal fees and expenses and related costs incurred in enforcing this Agreement including, without limitation, attorneys fees and expenses, experts fees and expenses, and investigative fees. Except to the extent provided in the preceding sentence, each party shall pay its own legal fees and other expenses associated with any dispute under this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

EXECUTIVE:

/s/ Vernon J. Nagel

VERNON J. NAGEL

ACUITY BRANDS, INC.

By: /s/ James S. Balloun

JAMES S. BALLOUN, Chairman and
Chief Executive Officer

June 24, 2004

Mr. John K. Morgan
1074 Robin Lane
Atlanta, GA 30306

Dear John:

This letter agreement ("Agreement") sets forth the terms and conditions of your employment with Acuity Brands, Inc. ("Acuity" or the "Company") and your promotion to President and Chief Development Officer of Acuity, effective January 20, 2004 ("Effective Date"). After you have reviewed the terms and conditions of this letter, please sign below to signify your acceptance.

1. Title and Responsibilities. Effective as of the Effective Date, you (hereinafter "Executive") will serve as President and Chief Development Officer of Acuity and will report to Vernon J. Nagel, as Vice Chairman currently and as Chief Executive Officer as of September 1, 2004. Executive shall have such duties, responsibilities, and authority as are commensurate with such positions, as established by corporate law or Acuity's governance documents or delegated to him from time to time by the Chief Executive Officer and the Board. Executive accepts the duties described above and agrees to render his services for the term of this Agreement.

2. Term. This Agreement shall commence as of the Effective Date and continue in effect until either party gives notice to the other of termination (the period of this Agreement is hereinafter referred to as the "term of this Agreement"). Either party may terminate this Agreement for any reason and at any time with or without cause and with or without advance notice, subject to Executive's and Acuity's rights under any severance agreement relating to Executive's termination of employment.

3. Extent of Services. Executive agrees that during the term of this Agreement he will devote his full working time and requisite energy and skill to the diligent performance of Executive's duties. With the consent of the Board, Executive may serve on the board of directors or board of trustees of other companies or institutions, provided, however, that approval of the Board shall be required as set forth in Acuity's Corporate Governance Guidelines, as they may be revised from time to time

4. Consideration. As consideration for the services performed by Executive pursuant to this Agreement and the restrictive covenants in Paragraph 5, Acuity will compensate Executive during the term of this Agreement as follows:

4.1 Base Salary. Commencing on the Effective Date, Executive will be entitled to an annual base salary of \$425,000, subject to periodic review and change by the Compensation Committee. Executive's base salary will be payable in accordance with Acuity's regular payroll practices for executives as in effect from time to time.

4.2 Benefits. Executive will be entitled to participate in all employee benefit plans and perquisites of Acuity in effect from time to time (including health, life, disability, dental, and retirement plans) in which executive officers of Acuity are entitled to participate.

4.3 Annual Incentive. Executive will be eligible for an annual incentive payment in accordance with the Management Compensation and Incentive Plan (the "Incentive Plan") and the Plan Rules thereunder in effect for each year. Pursuant to current Plan Rules: (a) the amount of the incentive payment is determined by Acuity's overall financial performance and Executive's individual performance and (b) Executive's target bonus will be 50% of base salary for the fiscal year ending August 31, 2004. Executive's target bonus for future years will be determined by the Board. The Incentive Plan and the Plan Rules thereunder may be modified at any time in Acuity's sole discretion, subject to any applicable shareholder approval requirements.

4.4 Restricted Stock. On the Effective Date, Acuity granted Executive 20,000 shares of Restricted Stock which will vest in full upon the fourth anniversary of the date of grant. This Restricted Stock grant is subject to the additional terms and conditions set forth in a separate Restricted Stock Award Agreement, which is consistent with the agreements for other executive officers except as otherwise provided herein.

4.5 Severance Agreement. Executive's Severance Agreement with Acuity, dated as of June 25, 2003 ("Severance Agreement"), will be amended and restated to provide the following with respect to payments and benefits in the event that Executive's employment is involuntarily terminated by Acuity without Cause or is terminated by Executive for Good Reason (both as defined in such agreement): (i) the Severance Period will be 24 months; (ii) unvested Stock Options will continue to vest during the Severance Period; (iii) Stock Options vested as of Executive's termination date and Stock Options that vest during the Severance Period will remain exercisable for the shorter of the remaining exercise term or the length of the Severance Period; (iv) Restricted Stock that is not performance-based will be subject to accelerated vesting and will vest during the Severance Period on a monthly pro rata basis determined from the date of grant to the end of the Severance Period; (v)

performance-based Restricted Stock for which performance targets are achieved and a Vesting Start Date is established prior to Executive's termination date become fully vested and nonforfeitable as of the termination date and performance-based Restricted Stock for which performance targets are achieved and a Vesting Start Date is established during the Severance Period will continue to vest during the Severance Period; (vi) the Matching and Supplemental Subaccounts under the Supplemental Deferred Savings Plan will become 100% vested and nonforfeitable as of Executive's termination date and will be distributed from the Plan at the end of the Severance Period; and (vii) credited service under the SERP (as defined below) will continue to accrue during the Severance Period. Executive and Acuity will enter into an amended and restated Severance Agreement and such amendments to his outstanding Stock Options and Restricted Stock Agreements as may be necessary to reflect the changes in this Paragraph 4.5

4.6 Change in Control of Acuity. Executive will continue to be covered by the Severance Protection Agreement, dated as of November 30, 2001, with Acuity.

4.7 Supplemental Retirement Benefits. Executive will continue to be covered by the Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan ("SERP") and the Acuity Brands, Inc. Supplemental Deferred Savings Plan.

4.8 Director and Officer Insurance. During the term of the Agreement and for a period of three (3) years after Executive's termination of employment, Executive shall be entitled to director and officer liability insurance coverage for his acts and omissions while an officer or director of the Company on a basis no less favorable to Executive than the coverage provided to then current officers and directors.

4.9 Legal Expenses. Acuity shall promptly pay the reasonable legal fees and expenses incurred by Executive in connection with the negotiation and execution of this Agreement, the Restricted Stock Award Agreement and the Amended and Restated Severance Agreement with Acuity of even date herewith.

5. Confidentiality, Non-Solicitation and Non-Competition. In consideration of the compensation and benefits provided pursuant to this Agreement, Executive agrees that during the term of his employment by the Company and for the one year period following his termination of employment with the Company, Executive shall comply with the non-competition, non-recruitment and non-disclosure restrictions attached hereto as Exhibits A, B and C respectively (the "Restrictive Covenants"), provided, that if Executive is terminated by the Company without Cause or Executive terminates his employment for Good Reason under circumstances that entitle Executive to receive compensation and benefits under the Severance Agreement, the restrictive covenants in Section 5.1 of the Severance Agreement shall apply to Executive after termination of employment and not the Restrictive Covenants as defined above. The Company and Executive recognize that Executive may experience

periodic material changes in his job title and/or to the duties, responsibilities or services that he is called upon to perform on the behalf of the Company. If Executive experiences such a material change, the parties shall, as soon as is practicable, enter into a signed, written addendum to Exhibit A hereto reflecting such material change. Moreover, in the event of any material change in corporate organization (including, without limitation, spin-offs, split-offs, or public offerings of subsidiaries' stock) on the part of the Direct Competitors set forth in Exhibit A hereto, the parties agree to amend Exhibit A, as necessary, at the Company's request, in order to reflect such change. Upon execution, any such written modification to Exhibit A shall represent an enforceable amendment to this Agreement and shall augment and supplant the definitions of the terms Executive Services or Direct Competitor set forth in Exhibit A hereto, as applicable.

6. Assignability. This Agreement is binding on Acuity and any successors of Acuity. Acuity may assign this Agreement and its rights under this Agreement in whole or in part to any corporation or other entity with or into which Acuity may merge or consolidate or to which Acuity may transfer all or substantially all of its respective assets. Acuity will require any successor by merger or consolidation or transferee of all or substantially all of its assets, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Acuity would be required to perform it if no such succession had taken place.

7. Amendment, Waiver. No provisions of this Agreement may be modified, waived or discharged unless the waiver, modification or discharge is agreed to in writing signed by Executive and such officer or officers as may be specifically designated by the Board to sign on their behalf. No waiver by any party at any time of any breach by any other party of, or compliance with, any condition or provision of this Agreement will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

8. Governing Law. The validity, interpretation, construction and performance of this Agreement will be governed by the laws of the United States where applicable and otherwise the substantive laws of the State of Georgia.

9. Construction of Agreement. It is the intent of the parties that if any covenant or other provision hereof is determined to be unenforceable in any part, that portion of the Agreement will be severed or modified by the Court so as to permit enforcement of the Agreement to the extent reasonable. It is agreed by the parties that the obligations set forth herein will be considered to be independent of any other obligations between the parties, and the existence of any other claim or defense will not affect the enforceability of this Agreement. Except as otherwise expressly provided herein, all of the consideration to be provided to Executive hereunder shall be paid or otherwise provided on and in accordance with and subject to Acuity's standard policies, practices, terms and conditions applicable from time to time under Acuity's plans, programs, agreements and arrangements relating to compensation and benefits of the type agreed to be provided, including without limitation the

terms and conditions of Acuity's standard forms of stock option or other applicable executive compensation agreements. Without limiting the foregoing, any and all benefit plans or other plans, programs, agreements and arrangements may be modified, amended, replaced or terminated at Acuity's sole discretion unless otherwise expressly provided therein or herein.

Sincerely,

ACUITY BRANDS, INC.

By: /s/ James S. Balloun

James S. Balloun, Chairman
And Chief Executive Officer

June 24, 2004

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I, John K. Morgan, have thoroughly read the terms and conditions contained in this letter pertaining to my employment by Acuity Brands, Inc. I fully agree to be bound by these terms and conditions, including the Restrictive Covenants set forth in Paragraph 5.

/s/ John K. Morgan
John K. Morgan

June 29, 2004
Date

ACUITY BRANDS, INC.
AMENDED AND RESTATED SEVERANCE AGREEMENT

THIS AMENDED AND RESTATED AGREEMENT (the "Agreement"), made and entered into as of this 20th day of January, 2004, by and between ACUITY BRANDS, INC., a Delaware corporation (the "Company"), and John K. Morgan (the "Executive").

WITNESSETH:

WHEREAS, Executive is a key employee of the Company and an integral part of the Company's management; and

WHEREAS, the Company desires to provide the Executive with certain benefits if the Executive's employment is terminated under certain circumstances; and

WHEREAS, the Company and the Executive have determined it is in their mutual best interests to enter into this Agreement;

NOW, THEREFORE, the parties hereby agree as follows:

1. TERM OF AGREEMENT.

Unless earlier terminated as hereinafter provided, this Agreement shall commence on the date hereof and shall be for a rolling, two-year term (the "Term") and shall be deemed to extend automatically, without further action by either the Company or Executive, each day for an additional day, such that the remaining term of the Agreement shall continue to be two years; provided, however, that either party may, by written notice to the other, cause this Agreement to cease to extend automatically and, upon such notice, the "Term" of this Agreement shall be the two-year period following the date of such notice and this Agreement shall terminate upon the expiration of such Term. This Agreement shall not be considered an employment agreement and in no way guarantees Executive the right to continue in the employment of the Company or its affiliates. Executive's employment is considered employment at will, subject to Executive's right to receive payments and benefits upon certain terminations of employment as provided below.

As of the date hereof, this Agreement is intended to, and shall, supersede and replace in their entirety the severance benefits provided under Executive's Severance Agreement dated as of June 25, 2003.

2. DEFINITIONS. For purposes of this Agreement, the following terms shall have the meanings specified below:

2.1 "Board" or "Board of Directors" — The Board of Directors of Acuity Brands, Inc., or its successor.

2.2 "Cause" — The involuntary termination of Executive by the Company for the following reasons shall constitute a termination for Cause:

(a) If termination shall have been the result of an act or acts by the Executive which have resulted in a conviction by an applicable court of law of a felony (other than traffic-related offenses);

(b) If termination shall have been the result of an act or acts by the Executive which are in the good faith judgment of the Board to be in violation of law or of written policies of the Company and which result in material injury to the Company;

(c) If termination shall have been the result of an act or acts of dishonesty by the Executive resulting or intended to result directly or indirectly in gain or personal enrichment to the Executive at the expense of the Company; or

(d) Upon the continued failure by the Executive substantially to perform the duties reasonably assigned to Executive given Executive's training and experience (other than any such failure resulting from incapacity due to mental or physical illness not constituting a Disability, as defined herein), after a demand in writing for substantial performance of such duties is delivered by the Board, which demand specifically identifies the manner in which the Company believes that the Executive has not substantially performed his duties, and such failure results in material injury to the Company.

If, in the reasonable good faith judgment of the Board, the events giving rise to the termination for Cause are curable, Executive shall have a period of thirty (30) days from delivery of notice by the Board of such act or acts within which to cure.

2.3 "Company" — Acuity Brands, Inc., a Delaware corporation, or any successor to its business and/or assets.

2.4 "Date of Termination" — The date specified in the Notice of Termination (which may be immediate) as the date upon which the Executive's employment with the Company is to cease.

2.5 "Disability" — Disability shall have the meaning ascribed to such term in the Company's long-term disability plan or policy covering the Executive, or in the absence of such plan or policy, a meaning consistent with Section 22(e)(3) of the Internal Revenue Code of 1986, as amended.

2.6 “Good Reason”. A “Good Reason” for termination by Executive of Executive’s employment with the Company shall mean the occurrence during the Term (without Executive’s express consent) of any of the following acts by the Company, or failures by the Company to act, and such act or failure to act has not been corrected within thirty (30) days after written notice of such act, or failure to act, is given by Executive to the Company:

- (a) a change in Executive’s title of President and Chief Development Officer or a material adverse change in Executive’s duties and responsibilities;
- (b) the relocation of the principal office where Executive is required to work to a location more than fifty (50) miles from the City of Atlanta, Georgia (i) for more than six (6) months, or (ii) if for less than six (6) months, without providing for Executive to travel to and from Atlanta, Georgia on a periodic basis at the Company’s expense;
- (c) a reduction in base salary and target bonus opportunity (not the bonus actually earned) below the level in effect on the date of this Agreement, unless such reduction is consistent with reductions being made at the same time for other executive officers of the Company;
- (d) a material reduction in the aggregate benefits provided to Executive by the Company under its “employee benefits plans”, as defined in Section 3(3) of ERISA (“Company Employee Benefit Plans”), on the date of this Agreement, except in connection with a reduction in such benefits which is consistent with reductions being made at the same time for other executive officers of the Company;
- (e) an insolvency or bankruptcy filing by the Company; or
- (f) a material breach by the Company of this Agreement.

2.7 “Notice of Termination” — A written notice from one party to the other party specifying the Date of Termination and which sets forth in reasonable detail the facts and circumstances relating to the basis for termination of Executive’s employment.

2.8 “Severance Period” — A period equal to the lesser of (i) twenty-four (24) months from the Executive’s Date of Termination or (ii) the number of months (rounded to the nearest month) from the Executive’s Date of Termination until the date he attains age 65; provided, however, that the Severance Period shall in no event be less than six (6) months..

2.9 “Severance Protection Agreement” — An agreement between Executive and the Company providing for the payment of compensation and benefits to Executive in the event of Executive’s termination of employment under certain circumstances following a “change in control” of the Company (as defined in such agreement).

3. SCOPE OF AGREEMENT.

This Agreement provides for the payment of compensation and benefits to Executive in the event his employment (i) is involuntarily terminated by the Company without Cause, or (ii) is terminated by Executive for Good Reason. If Executive is terminated by the Company for Cause, dies, incurs a Disability or voluntarily terminates employment (other than for Good Reason), this Agreement shall terminate, and Executive shall be entitled to no payments of compensation or benefits pursuant to the terms of this Agreement; provided, that in such events, Executive shall be subject to the restrictive covenants set forth in the letter agreement, dated June 24, 2004, between the Company and Executive and not the Restrictive Covenants set forth in Section 5 below; provided, further, that in such events, Executive will be entitled to whatever benefits are payable pursuant to the terms of any health, life insurance, disability, welfare (except for a severance plan or program), retirement, deferred compensation, or other plan or program maintained by the Company.

If, as a result of Executive's termination of employment, Executive becomes entitled to compensation and benefits under this Agreement and under a Severance Protection Agreement, Executive shall be entitled to receive benefits under whichever agreement provides Executive the greater aggregate compensation and benefits (and not under the other agreement) and there shall be no duplication of benefits.

4. BENEFITS UPON INVOLUNTARY TERMINATION WITHOUT CAUSE OR FOR GOOD REASON

If Executive's employment is involuntarily terminated by the Company during the term of this Agreement without Cause (and such termination does not arise as a result of Executive's death or Disability) or if Executive terminates his employment for Good Reason, Executive shall be entitled to the compensation and benefits provided for below, provided that Executive, as provided for in Section 4.10, executes a release of claims substantially in the form attached hereto as Exhibit A. In the event Executive is terminated without Cause or Executive terminates his employment for Good Reason, the Compensation Committee of the Board of Directors may, in its discretion and to provide equitable treatment, grant benefits to Executive in addition to those provided below in circumstances where Executive suffers a diminution of projected benefits as a result of Executive's termination prior to attainment of age 65, including without limitation, additional retirement benefits and acceleration of long-term incentive awards.

4.1 Base Salary. Executive shall continue to receive his Base Salary (subject to withholding of all applicable taxes) for the entire Severance Period (as defined in Section 2.8 above), payable in the same manner as it was being paid on his Date of Termination. In the event of Executive's death prior to the end of the Severance Period, the payments of Base Salary shall cease.

4.2 Annual Bonus. Executive shall be paid a bonus in an amount equal to the greater of (i) the annual incentive bonus that would be paid or payable to Executive for the fiscal year of the Company during which Executive's Date of Termination occurs under the Company's annual incentive plan ("Incentive Plan"), assuming the target level(s) of performance had been met for such fiscal year, multiplied by a fraction (the "Pro Rata Fraction"), the numerator of which is the number of days that have elapsed in the then current fiscal year through Executive's Date of Termination and the denominator of which is 365, or (ii) the annual incentive bonus that would be paid or payable to Executive for the fiscal year of the Company during which Executive's Date of Termination occurs under the Incentive Plan based upon the Company's actual performance for such fiscal year, multiplied by the Pro Rata Factor. The bonus amount determined pursuant to Section 4.2(i) shall be paid to Executive within ten (10) days of Executive's Date of Termination and any additional amount payable pursuant to Section 4.2(ii) shall be payable at the same time as bonuses are payable to other executive under the Incentive Plan.

4.3 Stock Options. Unvested Stock Options granted to Executive under the Acuity Brands, Inc. Long-Term Incentive Plan ("LTIP") shall continue to vest during the Severance Period, provided, that if Executive dies during the Severance Period, the continued vesting of such Stock Options shall cease. Stock Options vested as of Executive's Date of Termination and Stock Options that vest during the Severance Period shall remain exercisable for the shorter of the remaining exercise term or the length of the Severance Period. Subject to the proviso at the end of this sentence, all Stock Options outstanding at the end of the Severance Period shall be immediately forfeited; provided, that if the Stock Option Agreement granting the Stock Option to Executive provides for more favorable continued vesting or exercisability after Executive's Date of Termination, the provisions of such Stock Option Agreement shall apply to the vesting and exercisability of Executive's Stock Options after Executive's termination.

4.4 Restricted Stock. Any performance-based Restricted Stock granted to Executive under the Acuity Brands, Inc. Long-Term Incentive Plan ("LTIP") for which the specific performance targets have been achieved and a Vesting Start Date (as defined in the agreement granting the Restricted Stock to Executive, the "Restricted Stock Award Agreement") has been established as of Executive's Date of Termination, shall become fully vested and nonforfeitable as of Executive's Date of Termination. Performance-based Restricted Stock for which the specific performance targets are achieved and a Vesting Start Date is established during the Severance Period shall continue to vest during the Severance Period. If Executive dies during the Severance Period, any performance-based Restricted Stock for which a Vesting Start Date has been established during the Severance Period shall become fully vested and nonforfeitable and the Restricted Stock for which a Vesting State Date has not been established shall be forfeited. The Vested Value (as defined in the performance-based Restricted Stock Award Agreement) of the shares of Restricted Stock vesting pursuant to this Section 4.4 shall be delivered to Executive in the manner provided in the Restricted Stock Award Agreement within ten (10) days of the vesting date, using the vesting date as the date for determining the Vested Value.

Any Restricted Stock granted to Executive under the LTIP that is not performance-based shall be subject to accelerated vesting and shall vest each month during the Severance Period on a monthly pro rata basis calculated from the date of grant to the end of the Severance Period, provided, that if Executive dies during the Severance Period, the continued vesting shall cease and any such unvested Restricted Stock shall be forfeited.

Subject to the proviso at the end of this sentence, all Restricted Stock that has not vested at the Termination Date or during the Severance Period shall be immediately forfeited at the end of the Severance Period; provided, that if the Restricted Stock Award Agreement granting the Restricted Stock to Executive provides for more favorable continued vesting after Executive's Date of Termination than provided in this section, the provisions of such Restricted Stock Award Agreement shall apply to the vesting of Executive's Restricted Stock after Executive's termination.

4.5 Supplemental Executive Retirement Plan. Executive shall continue to accrue credited service under the 2002 Supplemental Executive Retirement Plan during the Severance Period.

4.6 Supplemental Deferred Savings Plan. Company contributions credited to Executive's Matching and Supplemental Subaccounts under the Supplemental Deferred Savings Plan ("SDSP") shall become 100% vested and nonforfeitable as of Executive's Date of Termination and shall be distributed from the SDSP at the end of the Severance Period.

4.7 Health Care, Life Insurance and Long-Term Disability Coverages. The health care (including dental and vision coverage, if applicable), term life insurance and long-term disability coverages provided to Executive at his Date of Termination shall be continued at the same level as for active executives and in the same manner as if his employment had not terminated, beginning on the Date of Termination and ending on the last day of the Severance Period. Any additional coverages Executive had at termination, including dependent coverage, will also be continued for such period on the same terms, to the extent permitted by the applicable policies or contracts. Any costs Executive was paying for such coverages at the time of termination shall be paid by Executive by separate check payable to the Company each month in advance or, at Executive's election, may be deducted from his Base Salary payments under Section 4.1. If the terms of any benefit plan referred to in this Section, or the laws applicable to such plan do not permit continued participation by Executive, then the Company will arrange for other coverage(s) satisfactory to Executive at Company's expense which provides substantially similar benefits or, at Executive's election, will pay Executive a lump sum amount equal to the annual costs of such coverage(s) for the Severance Period. A benefit provided under this Section 4.7 shall cease if Executive obtains other employment and, as a result of such employment, health care, life insurance or long-term disability benefits are available to Executive.

4.8 Outplacement Services. Executive will be provided with customary outplacement services by an outplacement firm selected by the Company for the Severance Period, provided that the Company's total cost for such services shall not exceed an amount equal to ten percent (10%) of Executive's Base Salary.

4.9 Other Benefits. Except as expressly provided herein, all other fringe benefits provided to Executive as an active employee of the Company (e.g., 401(k) plan, AD&D, car allowance, club dues, etc.), shall cease on his Date of Termination, provided that any conversion or extension rights applicable to such benefits shall be made available to Executive at his Date of Termination or when such coverages otherwise cease at the end of the Severance Period. Except as expressly provided herein, for all other plans sponsored by the Company, the Executive's employment shall be treated as terminated on his Date of Termination and Executive's right to benefits shall be determined under the terms of such plans; provided, however, in no event will Executive be entitled to severance payments or benefits under any other severance plan, policy, program or agreement of the Company, except to the extent Executive is covered by a Severance Protection Agreement related to a change in control of the Company.

4.10 Release of Claims. To be entitled to any of the compensation and benefits described above in this Section 4, Executive shall sign a release of claims substantially in the form attached hereto as Exhibit A. No payments shall be made under this Section 4 until such release has been properly executed and delivered to the Company and until the expiration of the revocation period, if any, provided under the release. If the release is not properly executed by the Executive and delivered to the Company within the reasonable time periods specified in the release, the Company's obligations under this Section 4 will terminate.

5. CONFIDENTIALITY, NON-SOLICITATION AND NON-COMPETITION.

5.1 In consideration of the compensation and benefits paid or provided to Executive pursuant to this Agreement, Executive agrees that for a period equal to the Restricted Period (as defined in Section 1(c) of Exhibit B) following his involuntary termination by the Company without Cause or Executive's termination of his employment for Good Reason, Executive shall comply with the non-competition, non-recruitment and non-disclosure restrictions attached hereto as Exhibits B, C, and D respectively (the "Restrictive Covenants"). The Company and Executive recognize that Executive may experience periodic material changes in his job title and/or to the duties, responsibilities or services that he is called upon to perform on the behalf of the Company. If Executive experiences such a material change, the parties shall, as soon as is practicable, enter into a signed, written addendum to Exhibit B hereto reflecting such material change. Moreover, in the event of any material change in corporate organization (including, without limitation, spin-offs, split-offs, or public offerings of subsidiaries' stock) on the part of the Direct Competitors set forth in Exhibit B hereto, the parties agree to amend Exhibit B, as necessary, at the Company's request, in order to reflect such change. Upon execution, any such written modification to Exhibit B shall represent an enforceable amendment to this Agreement and shall augment and supplant the definitions of the terms Executive Services or Direct Competitor set forth in Exhibit B hereto, as applicable.

5.2 Return of Property. Upon termination of employment with the Company, Executive agrees to deliver promptly to the Company all Company files, customer lists, management reports, memoranda, research, Company forms, financial data and reports and other documents (including all such data and documents in electronic form) supplied to or created by him in connection with his employment hereunder (including all copies of the foregoing) in his possession or control, and all of the Company's equipment and other materials in his possession or control. Executive's obligations under this Section 5.2 shall survive any expiration or termination of this Agreement.

5.3 Inventions. The Executive does hereby assign to the Company the entire right, title and interest in any Invention which is made, conceived, either solely or jointly with others, during employment with the Company. The Executive agrees to promptly disclose to the Company all such Inventions. The Executive will, if requested, promptly execute and deliver to the Company a specific assignment of title for an Invention and will at the expense of the Company, take all reasonably required action by the Company to patent, copyright or otherwise protect the Invention. For purposes of this Agreement, "Inventions" means contributions, discoveries, improvements and ideas and works of authorship, whether or not patentable or copyrightable, and (i) which relate directly to the business of the Company or (ii) which result from any work performed for the Company by Executive or by Executive's fellow employees or (iii) for which equipment, supplies, facility, Confidential Information or Trade Secrets of the Company are used, or (iv) which is developed on the Company's time.

6. MISCELLANEOUS.

6.1 No Obligation to Mitigate. Executive shall not be required to mitigate the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by Executive as a result of employment by another employer after the Date of Termination or otherwise, except as provided in Section 4.7 with respect to benefits coverages.

6.2 Contract Non-Assignable. The parties acknowledge that this Agreement has been entered into due to, among other things, the special skills and knowledge of Executive, and agree that this Agreement may not be assigned or transferred by Executive.

6.3 Successors; Binding Agreement.

(a) In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, or who acquires the stock of the Company, to expressly assume and agree to perform this Agreement, in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

(b) This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representative, executors, administrators, successors, heirs, distributees, devisees and legatees.

6.4 Notices. All notices, requests, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered or seven days after mailing if mailed first class, certified mail, postage prepaid, addressed as follows:

If to the Company: Acuity Brands, Inc.
 Attention: General Counsel
 1170 Peachtree Street, Suite 2400
 Atlanta, GA 30309

If to the Executive: To his last known address on file with the Company

Any party may change the address to which notices, requests, demands and other communications shall be delivered or mailed by giving notice thereof to the other party in the same manner provided herein.

6.5 Provisions Severable. If any provision or covenant, or any part thereof, of this Agreement should be held by any court to be invalid, illegal or unenforceable, either in whole or in part, such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of the remaining provisions or covenants, or any part thereof, of this Agreement, all of which shall remain in full force and effect.

6.6 Waiver. Failure of either party to insist, in one or more instances, on performance by the other in strict accordance with the terms and conditions of this Agreement shall not be deemed a waiver or relinquishment of any right granted in this Agreement or the future performance of any such term or condition or of any other term or condition of this Agreement, unless such waiver is contained in a writing signed by the party making the waiver.

6.7 Amendments and Modifications. This Agreement may be amended or modified only by a writing signed by both parties hereto, which makes specific reference to this Agreement.

6.8 Governing Law. The validity and effect of this Agreement shall be governed by and be construed and enforced in accordance with the laws of the State of Georgia.

6.9 Disputes; Legal Fees; Indemnification.

(a) Disputes - All claims by Executive for compensation and benefits under this Agreement shall be in writing and shall be directed to and be determined by the Compensation Committee of the Board. Any denial by the Compensation Committee of a claim for benefits under this Agreement shall be provided in writing to Executive within 30

days of such decision and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Compensation Committee shall afford a reasonable opportunity to Executive for a review of its decision denying a claim and shall further allow Executive to appeal in writing to the Compensation Committee a decision of the Compensation Committee within sixty (60) days after notification by the Compensation Committee that Executive's claim has been denied. To the extent permitted by applicable law, any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Fulton County, Georgia, in accordance with the rules of the American Arbitration Association then in effect for commercial arbitrations. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

(b) Legal Fees – If the Company involuntarily terminates Executive without Cause or Executive terminates his employment for Good Reason, then, in the event Executive incurs legal fees and other expenses in seeking to obtain or to enforce any rights or benefits provided by this Agreement and is successful to a significant extent in obtaining or enforcing any such rights or benefits through settlement, mediation, arbitration or otherwise, the Company shall promptly pay Executive's reasonable legal fees and expenses and related costs incurred in enforcing this Agreement including, without limitation, attorneys fees and expenses, experts fees and expenses, and investigative fees. Except to the extent provided in the preceding sentence, each party shall pay its own legal fees and other expenses associated with any dispute under this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

EXECUTIVE:

/s/ John K. Morgan

JOHN K. MORGAN

ACUITY BRANDS, INC.

By: /s/ James S. Balloun

JAMES S. BALLOUN, Chairman and
Chief Executive Officer

June 17, 2004

Wesley E. Wittich
2328 Deerfield Chase
Conyers, GA 30013

Dear Wes:

I am pleased to confirm our offer to you of the position of Senior Vice President, Audit and Risk Management for Acuity Brands, Inc. (“Acuity” or “Acuity Brands”). This is an exciting opportunity for you, and I am confident that you will have a significant impact on the future success of the Corporation. This letter confirms the details of our offer.

EFFECTIVE DATE

You will assume the duties of your new position effective July 1, 2004.

COMPENSATION**Base Salary**

Your base salary will be \$25,833 per month, paid on a monthly basis and based on an annual salary of \$310,000. Your compensation will be administered through the Acuity Brands Lighting payroll through December 31, 2004. You will be transferred to the Acuity Specialty Products payroll for Peachtree employees effective January 1, 2005.

Annual Incentive Plan

Your fiscal year 2004 bonus will be based on the criteria promulgated under the Acuity Brands Lighting program for fiscal year 2004. Starting in fiscal year 2005, you will participate in the Acuity Brands, Inc. Management Compensation and Incentive Plan, currently providing a bonus opportunity of 45% of salary at target.

Long-Term Incentive Plan

You will participate in the Acuity Brands, Inc. Long-Term Incentive Plan under the terms of the Plan and will have the opportunity for awards calculated as a percentage of your base salary and determined both by your position in Tier 1 of the award structure and by your contribution to Acuity Brands. Your base salary will be used as a basis for any annual award that may be granted beginning in fiscal year 2005.

Retirement Plans

You will be eligible to participate in the Acuity Brands, Inc. 401(k) Plan, which currently includes a company match of 60% of deferrals up to 6% of salary.

Upon your election as an executive officer of Acuity Brands effective as of July 1, 2004, you will be eligible to participate in the Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan (the "SERP"). Your benefits under the SERP will be determined pursuant to the standard provisions of the SERP in accordance with the effective date of your eligibility.

Deferred Compensation Plan

You will be eligible to participate in the Acuity Brands, Inc. Supplemental Deferred Savings Plan (the "SDSP" or "Plan") under the standard provisions of the Plan. Under the current provisions of the SDSP, you may defer up to 50% of your annual cash compensation (base salary and bonus), which earns interest at the prime rate, and you may defer 50% or 100% of restricted stock awards. (As an executive officer with eligibility for the SERP, you will not be eligible to receive the company contribution or match under the SDSP.)

Medical, Life Insurance, and Other Employee Benefits

You will be eligible to participate in the medical, dental, life insurance, disability, and other benefit programs generally made available to employees of Acuity Brands, which include:

Medical

Prescription Drug Plan

Life Insurance

Short-Term Disability

Long-Term Disability

Flex Benefit Program

Voluntary Dental Program

Voluntary EyeMed Program

Vacation

You will be entitled to four (4) weeks vacation per calendar year.

Employment at Will/Severance Payments/Change in Control

Your employment will be at will and may be terminated by either Acuity Brands, Inc. or by you at any time for any reason, with or without notice. Except in the event of a termination in connection with a Change in Control of Acuity Brands, Inc. (as defined in the Severance Protection Agreement that will cover you), you will be covered by a

Severance Agreement consistent with those provided other senior vice presidents of the Corporation, which provides you a severance benefit in the event your employment in this position is terminated for any reason other than voluntary termination (including early or normal retirement), termination upon death or Disability (as defined below), or termination by Acuity Brands, Inc. for Cause (as defined in the Severance Agreement).

With respect to Change in Control situations, you will be covered by a Severance Protection Agreement with the same provisions as are generally applicable to officers of Acuity Brands at a multiple of two times base salary. In the event of your termination in connection with a Change in Control that entitles you to benefits under the Severance Protection Agreement, you will receive the greater of the payments and benefits provided under the Severance Protection Agreement or the severance payment described above.

The base salary, annual incentive, long-term incentive, nonqualified retirement benefits, and any severance payment will be structured to ensure the tax deductibility to Acuity Brands, Inc. of the payments and benefits under the Internal Revenue Code of 1986.

We look forward to your joining Acuity Brands and to a long and mutually satisfactory relationship. This letter outlines your employment relationship with Acuity Brands; if you agree with the employment terms as outlined above, please sign and date both copies of this letter agreement and return one copy to me at your earliest convenience.

Sincerely,

/s/ Vernon J. Nagel

Vernon J. Nagel
Vice Chairman and Chief Financial Officer

ACCEPTED AND AGREED TO THIS
17 DAY OF JUNE, 2004.

/s/ Wesley E. Wittich
Wesley E. Wittich

I, James S. Balloun, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Acuity Brands, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officer 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)] 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 quarterly report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls 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
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's third fiscal quarter 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 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 registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies 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: July 6, 2004

/s/ James S. Balloun

James S. Balloun
Chairman and Chief Executive Officer

[A signed original of this written statement required by Section 302 of the Sarbanes-Oxley Act has been provided to Acuity Brands, Inc. and will be retained by Acuity Brands, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.]

I, Vernon J. Nagel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Acuity Brands, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officer 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)] 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 quarterly report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls 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
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's third fiscal quarter 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 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 registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies 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: July 6, 2004

/s/ Vernon J. Nagel

Vernon J. Nagel
Vice Chairman and Chief Financial Officer

[A signed original of this written statement required by Section 302 of the Sarbanes-Oxley Act has been provided to Acuity Brands, Inc. and will be retained by Acuity Brands, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.]

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with the Quarterly Report on Form 10-Q of Acuity Brands, Inc. (the "Corporation") for the quarter ended May 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the Chairman and Chief Executive Officer of the Corporation, certifies that:

- (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 Corporation.

/s/ James S. Balloun

James S. Balloun
Chairman and Chief Executive Officer
July 6, 2004

[A signed original of this written statement required by Section 906 has been provided to Acuity Brands, Inc. and will be retained by Acuity Brands, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.]

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with the Quarterly Report on Form 10-Q of Acuity Brands, Inc. (the "Corporation") for the quarter ended May 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the Vice Chairman and Chief Financial Officer of the Corporation, certifies that:

- (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 Corporation.

/s/ Vernon J. Nagel

Vernon J. Nagel
Vice Chairman and Chief Financial Officer
July 6, 2004

[A signed original of this written statement required by Section 906 has been provided to Acuity Brands, Inc. and will be retained by Acuity Brands, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.]