

	United States	Mexico	Europe	Total
Owned	7	5	1	13
Leased	6	1	1	8
Total	13	6	2	21

None of the individual properties of Acuity Brands is considered to have a value that is significant in relation to the assets of Acuity Brands as a whole. Though a loss at certain facilities could have an impact on the Company’s ability to serve the needs of its customers, the Company believes that the financial impact would be partially mitigated by various insurance programs in place. Acuity Brands believes that its properties are well maintained and are in good operating condition and that its properties are suitable and adequate for its present needs. The Company believes that it has additional capacity available at most of its production facilities and that it could increase production without substantial capital expenditures. As noted above, initiatives related to enhancing the global supply chain may continue to result in the consolidation of certain manufacturing facilities. However, the Company believes that the remaining facilities will have sufficient capacity to serve current and projected market demand.

Item 3. *Legal Proceedings*

General

Acuity Brands is subject to various legal claims arising in the normal course of business, including, but not limited to, patent infringement, product liability claims, and employment matters. Acuity Brands is self-insured up to specified limits for certain types of claims, including product liability, and is fully self-insured for certain other types of claims, including environmental, product recall, and patent infringement. 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, results of operations, or cash flows of Acuity Brands. However, in the event of unexpected future developments, it is possible that the ultimate resolution of any such matters, if unfavorable, could have a material adverse effect on the financial condition, results of operations, or cash flows 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. However, the Company cannot make a meaningful estimate of actual costs to be incurred that could possibly be higher or lower than the amounts reserved.

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 invests capital and incurs 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 substantially higher or lower than that reserved due to difficulty in estimating such costs.

PART II

Item 5. *Market for Registrant’s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities*

The common stock of Acuity Brands, Inc. (“Acuity Brands”) is listed on the New York Stock Exchange under the symbol “AYI”. At October 24, 2011, there were 3,763 stockholders of record. The following table sets forth the New York Stock Exchange high and low sale prices and the dividend payments for Acuity Brands’ common stock for the periods indicated.

	Price per Share		Dividends per Share
	High	Low	
2010			
First Quarter	\$36.93	\$30.46	\$0.13
Second Quarter	\$39.51	\$32.17	\$0.13
Third Quarter	\$47.91	\$38.83	\$0.13
Fourth Quarter	\$45.82	\$34.70	\$0.13
2011			
First Quarter	\$54.30	\$39.25	\$0.13
Second Quarter	\$60.73	\$52.21	\$0.13
Third Quarter	\$61.45	\$52.80	\$0.13
Fourth Quarter	\$60.94	\$38.74	\$0.13

The Company plans to pay quarterly dividends for fiscal 2012 on its common stock at an annual rate of \$0.52 per share. All decisions regarding the declaration and payment of dividends are at the discretion of the Board of Directors of the Company and will be evaluated from time to time in light of the Company's financial condition, earnings, growth prospects, funding requirements, applicable law, and any other factors that the Company's Board deems relevant. The information required by this item with respect to equity compensation plans is included under the caption *Equity Compensation Plans* in the Company's proxy statement for the annual meeting of stockholders to be held January 6, 2012, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

Issuer Purchases of Equity Securities

During fiscal 2010, the Company reacquired approximately 512,300 shares of the Company's outstanding common stock, which completed the repurchase of ten million shares previously authorized by the Board of Directors. In July 2010, the Company's Board of Directors authorized the repurchase of two million shares, or almost 5%, of the Company's outstanding common stock. Approximately 535,500 shares were repurchased in fiscal 2010 under this plan. During fiscal 2011, the Company reacquired an additional 1,212,500 shares of the Company's outstanding common stock under the current repurchase plan.

In October 2011, the Company's Board of Directors authorized the repurchase of an additional two million shares, or almost 5%, of the Company's outstanding common stock.

Depending on market conditions, shares may be repurchased from time to time at prevailing market prices through open market or privately negotiated transactions. No date has been established for the completion of the share repurchase program. The Company is not obligated to repurchase any shares. Subject to applicable corporate securities laws, repurchases may be made at such times and in such amounts as management deems appropriate. Repurchases under the program can be discontinued at any time management feels additional repurchases are not warranted.

The following table summarizes share repurchase activity by month for the quarter ended August 31, 2011:

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced July 2010 Plan	(d) Maximum Number of Shares that May Yet Be Purchased Under the July 2010 Plan
6/1/2011 through 6/30/2011	—	—	—	1,464,500
7/1/2011 through 7/31/2011	716,300	\$ 50.80	716,300	748,200
8/1/2011 through 8/31/2011	496,200	\$ 43.75	496,200	252,000
Total	1,212,500	\$ 47.91	1,212,500	252,000

Treasury Stock Issuances

As part of the merger agreement to acquire Lighting Controls & Design, Inc. ("LC&D"), the Company reissued slightly more than 70,000 shares from treasury stock as partial consideration for the acquisition of LC&D during the current fiscal year.

Item 6. Selected Financial Data

The following table sets forth certain selected consolidated financial data of Acuity Brands which have been derived from the *Consolidated Financial Statements* of Acuity Brands for each of the five years in the period ended August 31, 2011. Amounts have been restated to reflect the specialty products business as discontinued operations as a result of the Spin-off. Refer to Part 1, Item 1 above for additional information regarding the Spin-off. This historical information may not be indicative of the Company's future performance. The information set forth below should be read in conjunction with *Management's Discussion and Analysis of Financial Condition and Results of Operations* and the *Consolidated Financial Statements* and the notes thereto.

	Years Ended August 31,				
	2011	2010 ⁽¹⁾	2009 ⁽²⁾	2008 ⁽³⁾	2007*
	(In millions, except per-share data)				
Net sales	\$ 1,795.7	\$ 1,626.9	\$ 1,657.4	\$ 2,026.6	\$ 1,964.8
Income from Continuing Operations	105.5	79.0	85.2	148.6	128.7
Income (loss) from Discontinued Operations	—	0.6	(0.3)	(0.3)	19.4
Net Income	105.5	79.6	84.9	148.3	148.1
Basic earnings per share from Continuing Operations	\$ 2.46	\$ 1.83	\$ 2.05	\$ 3.58	\$ 2.96
Basic earnings (loss) per share from Discontinued Operations	—	0.01	(0.01)	(0.01)	0.45
Basic earnings per share	<u>\$ 2.46</u>	<u>\$ 1.84</u>	<u>\$ 2.04</u>	<u>\$ 3.57</u>	<u>\$ 3.41</u>
Diluted earnings per share from Continuing Operations	<u>\$ 2.42</u>	<u>\$ 1.79</u>	<u>\$ 2.01</u>	<u>\$ 3.51</u>	<u>\$ 2.89</u>
Diluted earnings (loss) per share from Discontinued Operations	—	0.01	(0.01)	(0.01)	0.44
Diluted earnings per share	<u>\$ 2.42</u>	<u>\$ 1.80</u>	<u>\$ 2.00</u>	<u>\$ 3.50</u>	<u>\$ 3.33</u>
Cash and cash equivalents	<u>\$ 170.2</u>	<u>\$ 191.0</u>	<u>\$ 18.7</u>	<u>\$ 297.1</u>	<u>\$ 213.7</u>
Total assets*	1,597.4	1,503.6	1,290.6	1,408.7	1,617.9
Long-term debt (less current maturities)	353.4	353.3	22.0	204.0	363.9
Total debt	353.4	353.3	231.5	363.9	363.9
Stockholders' equity	757.0	694.4	672.2	575.5	672.0
Cash dividends declared per common share	\$ 0.52	\$ 0.52	\$ 0.52	\$ 0.54	\$ 0.60

* Total assets for year ended August 31, 2007 include amounts related to discontinued operations.

- (1) Income from Continuing Operations, Net Income, Basic Earnings per Share from Continuing Operations, and Diluted Earnings per Share from Continuing Operations for fiscal 2010 include a pre-tax special charge of \$8.4 (\$5.5 after-tax), or \$0.13 per share, for estimated costs the Company incurred to simplify and streamline its operations. Net income, Basic Earnings per Share from Continuing Operations, and Diluted Earnings per Share from Continuing Operations for fiscal 2010 also include a pre-tax loss of \$10.5 (\$6.8 after-tax), or \$0.16 per share, related to the loss on early debt extinguishment.
- (2) Income from Continuing Operations, Net Income, Basic Earnings per Share from Continuing Operations, and Diluted Earnings per Share from Continuing Operations for fiscal 2009 include a pre-tax special charge of \$26.7 (\$16.8 after-tax), or \$0.40 per share for estimated costs to simplify and streamline the Company's operations.
- (3) Income from Continuing Operations, Net Income, Basic Earnings per Share from Continuing Operations, and Diluted Earnings per Share from Continuing Operations for fiscal 2008 include a pre-tax special charge of \$14.6 (\$9.1 after-tax), or \$0.21 per share, for estimated costs to simplify and streamline the Company's operations.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
(*\$ in millions, except per-share data and as indicated*)

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

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 years ended August 31, 2011 and 2010. For a more complete understanding of this discussion, please read the *Notes to Consolidated Financial Statements* included in this report.

Overview

Company

Acuity Brands is the parent company of Acuity Brands Lighting, Inc. ("ABL"), and other subsidiaries (collectively referred to herein as the "Company"). The Company, with its principal office in Atlanta, Georgia, employs approximately 6,000 people worldwide.

The Company designs, produces, and distributes a broad array of lighting solutions and services for commercial, institutional, industrial, infrastructure, and residential applications for various markets throughout North America and select international markets. The Company's lighting solutions include devices such as luminaires, lighting controls, power supplies, prismatic skylights, light-emitting diode ("LED") lamps, and integrated lighting systems for indoor and outdoor applications utilizing a combination of light sources, including daylight, and other devices controlled by software that monitors and manages light levels while optimizing energy consumption (collectively referred to herein as "lighting solutions"). The Company is one of the world's leading producers and distributors of lighting solutions, 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. As of August 31, 2011, the Company operates 21 manufacturing facilities and seven distribution facilities along with two warehouses to serve its extensive customer base.

Since fiscal 2009, the Company has made the following acquisitions to expand and enhance its portfolio of lighting solutions.

On May 12, 2011, the Company acquired for cash all of the ownership interests in Healthcare Lighting, Inc. ("Healthcare Lighting"), a leading provider of specialized, high-performance lighting solutions for healthcare facilities based in Fairview, Pennsylvania. The operating results for Healthcare Lighting have been included in the Company's consolidated financial statements since the date of acquisition.

On February 23, 2011, the Company acquired for cash all of the ownership interests in Washoe Equipment, Inc., d/b/a Sunoptics Prismatic Skylights, and CBC Plastics LLC (collectively, "Sunoptics"), a premier designer, manufacturer, and marketer of high-performance, prismatic daylighting solutions based in Sacramento, California. The operating results for Sunoptics have been included in the Company's consolidated financial statements since the date of acquisition.

On October 14, 2010, the Company acquired for cash all of the outstanding capital stock of Winona Lighting, Inc. ("Winona Lighting"), a premier provider of architectural and high-performance indoor and outdoor lighting solutions headquartered in Winona, Minnesota. The operating results for Winona Lighting have been included in the Company's consolidated financial statements since the date of acquisition.

On July 26, 2010, the Company acquired for cash the remaining outstanding capital stock of Renaissance Lighting, Inc. ("Renaissance"), a privately-held innovator of solid-state LED architectural lighting devices based in Herndon, Virginia. Previously, the Company entered into a strategic partnership with Renaissance, which included a noncontrolling interest in Renaissance and a license to Renaissance's intellectual property estate. The operating results of Renaissance have been included in the Company's consolidated financial statements since the date of acquisition.

On April 20, 2009, the Company acquired for cash, stock, and a promissory note all of the outstanding capital stock of Sensor Switch, Inc. ("Sensor Switch"), an industry-leading developer and manufacturer of lighting control devices and energy management systems. Sensor Switch, based in Wallingford, Connecticut, offered a wide-breadth of lighting solutions that substantially reduce energy consumption, including occupancy sensors, photocontrols, and distributed lighting control devices. The operating results of Sensor Switch have been included in the Company's consolidated financial statements since the date of acquisition.

On December 31, 2008, the Company acquired for cash and stock substantially all the assets and assumed certain

liabilities of Lighting Controls & Design (“LC&D”). Located in Glendale, California, LC&D was a manufacturer of comprehensive digital lighting control solutions that offered a breadth of devices, ranging from dimming and building interfaces to digital thermostats, all within a single, scalable system. The operating results of LC&D have been included in the Company’s consolidated financial statements since the date of acquisition.

Strategy

Our strategy is to extend our leadership position in the lighting market by delivering superior lighting solutions. As a goal-oriented, customer-centric company, we will continue to align the unique capabilities and resources of our organization to drive profitable growth through a keen focus on providing comprehensive and differentiated lighting solutions for our customers, driving world-class cost efficiency, and leveraging a culture of continuous improvement.

Throughout fiscal 2011, the Company believes it made significant progress towards achieving its strategic objectives, including expanding its access to market, introducing new lighting solutions, and enhancing its operations to create a stronger, more effective organization. The strategic objectives were developed to enable the Company to meet or exceed the following financial goals during an entire business cycle:

- Operating margins in the mid-teens;
- Earnings per share growth in excess of 15% per annum;
- Return on stockholders’ equity of 20% or better per annum; and
- Cash flow from operations, less capital expenditures, that is in excess of net income.

To increase the probability of the Company achieving these financial goals, management will continue to implement programs to enhance its capabilities at providing unparalleled customer service; creating a globally competitive cost structure; improving productivity; and introducing new and innovative lighting solutions and services more rapidly and cost effectively. In addition, the Company has invested considerable resources to teach and train associates to utilize tools and techniques that accelerate success in these key areas, as well as to create a culture that demands excellence through continuous improvement. Additionally, the Company promotes a “pay-for-performance” culture that rewards achievement, while closely monitoring appropriate risk-taking. The expected outcome of these activities will be to better position the Company to deliver on its full potential, to provide a platform for future growth opportunities, and to allow the Company to achieve its long-term financial goals. See the *Outlook* section below for additional information.

Liquidity and Capital Resources

The Company's principle sources of liquidity are operating cash flows generated primarily from its business operations, cash on hand, and various sources of borrowings. The ability of the Company to generate sufficient cash flow from operations or to access certain capital markets, including banks, is necessary to fund its operations, to pay dividends, to meet its obligations as they become due, and to maintain compliance with covenants contained in its financing agreements.

In December 2009, the Company strengthened its liquidity position and extended its debt maturity profile following the issuance of \$350.0 of senior unsecured notes due in fiscal 2020.

During fiscal 2011, the Company reacquired approximately 1.2 million shares of the Company’s outstanding common stock, which were part of the repurchase of two million shares previously authorized by the Board of Directors. As of August 31, 2011, the Company had repurchased the shares at a total cost of \$58.0 under the repurchase plan approved in July 2010 by the Company’s Board of Directors. The remaining 252,000 shares (whole units) were repurchased under this plan during the first quarter of fiscal 2012.

Based on its cash on hand, availability under existing financing arrangements and current projections of cash flow from operations, the Company believes that it will be able to meet its liquidity needs over the next 12 months and beyond. These short-term needs are expected to include funding its operations as currently planned, making anticipated capital investments, funding certain potential acquisitions, funding foreseen improvement initiatives, paying quarterly stockholder dividends as currently anticipated, paying interest on borrowings as currently scheduled, and making required contributions into its employee benefit plans, as well as potentially repurchasing shares of its outstanding common stock as authorized by the Board of Directors. The Company currently expects to invest during fiscal 2012 up to \$40.0 primarily for equipment, tooling, and new and enhanced information technology capabilities. Additionally, management believes that the Company's debt profile and sources of funding, including, but not limited to, cash flows from operations, will sufficiently support the long-term liquidity needs of the Company.

Cash Flow

The Company uses available cash and cash flow from operations, as well as proceeds from the exercise of stock options, to fund operations and capital expenditures, repurchase Company stock, fund acquisitions, and pay dividends.

The Company’s cash position at August 31, 2011 was \$170.2, a decrease of \$20.8 from August 31, 2010. During the year ended August 31, 2011, the Company generated net cash from operating activities of \$161.1 with additional cash received of \$6.5 from stock issuances in connection with stock option exercises and \$2.4 related to the effect of foreign currency related items. Cash generated from operating activities, as well as cash on-hand, was used during the current year for acquisitions (net of cash assumed) of \$90.4 and capital expenditures of \$23.3. In addition, the Company paid dividends to stockholders of \$22.6 and repurchased common stock of the Company for \$61.0, including approximately \$2.9 related to the settlement of repurchases executed during the fourth quarter of fiscal 2010.

During fiscal 2011, the Company generated net cash from operating activities of \$161.1, which was similar compared with \$160.5 generated in the prior-year period. This modest increase was due primarily to higher net income and lower operating working capital (calculated by adding accounts receivable, net, plus inventories, and subtracting accounts payable-net of acquisitions), partially offset by a decrease in other current liabilities during fiscal 2011 compared with the prior-year period. Net cash provided by operating activities was negatively impacted by a decrease in other current liabilities due primarily to the payment of employee annual incentive compensation, which was paid in fiscal 2011 but attributable to fiscal 2010 performance. Operating working capital, excluding the impact of acquisitions, decreased by approximately \$0.6 in fiscal 2011 as compared to fiscal 2010, due primarily to higher accounts payable, partially offset by increased inventory and accounts receivable. The increases in accounts receivable and accounts payable were attributable to the higher level of net sales in fiscal 2011 as compared with fiscal 2010. The increase in inventory, primarily raw materials, was due partly to strategic purchases of certain commodities and components to better support customer service and the relocation of certain production. In addition, higher commodities costs and the procurement of more expensive light emitting diode (“LED”) components contributed to the rise in year-over-year inventory levels. Operating working capital (excluding the impact of acquisitions) as a percentage of net sales decreased to 11.9% at the end of fiscal 2011 from 12.9% at the end of fiscal 2010.

Management believes that investing in assets and programs that will over time increase the overall return on its invested capital is a key factor in driving stockholder value. The Company invested \$23.3 and \$21.9 in fiscal 2011 and 2010, respectively, primarily for new tooling, machinery, equipment, and information technology. As noted above, the Company expects to invest up to \$40.0 for new plant, equipment, tooling, and new and enhanced information technology capabilities during fiscal 2012.

Contractual Obligations

The following table summarizes the Company’s contractual obligations at August 31, 2011:

	Total	Payments Due by Period			
		Less than One Year	1 to 3 Years	4 to 5 Years	After 5 Years
Debt ⁽¹⁾	\$ 353.4	\$ —	\$ —	\$ —	\$ 353.4
Interest Obligations ⁽²⁾	293.6	30.0	61.8	63.0	138.8
Operating Leases ⁽³⁾	52.9	16.6	20.2	12.9	3.2
Purchase Obligations ⁽⁴⁾	85.4	79.4	3.0	3.0	—
Other Long-term Liabilities ⁽⁵⁾	55.6	5.3	10.5	9.5	30.3
Total	\$ 840.9	\$ 131.3	\$ 95.5	\$ 88.4	\$ 525.7

- (1) These amounts (which represent the amounts outstanding at August 31, 2011) are included in the Company’s Consolidated Balance Sheets. See the *Debt and Lines of Credit* footnote for additional information regarding debt and other matters.
- (2) These amounts represent primarily the expected future interest payments on outstanding debt held by the Company at August 31, 2011 and the Company’s outstanding loans related to its corporate-owned life insurance policies (“COLI”), which constitute a small portion of the total amounts shown. COLI-related interest payments included in this table are estimates. These estimates are based on various assumptions, including age at death, loan interest rate, and tax bracket. The amounts in this table do not include COLI-related payments after ten years due to the difficulty in calculating a meaningful estimate that far in the future. Note that payments related to debt and the COLI are reflected in the Company’s Consolidated Statements of Cash Flows.
- (3) The Company’s operating lease obligations are described in the *Commitments and Contingencies* footnote.
- (4) Purchase obligations include commitments to purchase goods or services that are enforceable and legally binding and that specify all significant terms, including open purchase orders.
- (5) These amounts are included in the Company’s Consolidated Balance Sheets and largely represent other liabilities for which the Company is obligated to make future payments under certain long-term employee benefit programs. Estimates of the amounts and timing of these amounts are based on various assumptions, including expected return on plan assets, interest rates, and other variables. The amounts in this table do not include

amounts related to future funding obligations under the defined benefit pension plans. The amount and timing of these future funding obligations are subject to many variables and also depend on whether or not the Company elects to make contributions to the pension plans in excess of those required under ERISA. Such voluntary contributions may reduce or defer the funding obligations. See the *Pension and Profit Sharing Plans* footnote for additional information. These amounts exclude \$6.8 of unrecognized tax benefits as a reasonable estimate of the period of cash settlement with the respective taxing authorities cannot be determined.

Capitalization

The current capital structure of the Company is comprised principally of senior, unsecured notes and equity of its stockholders. As of August 31, 2011, total debt outstanding of \$353.4 remained substantially unchanged from August 31, 2010 and consisted primarily of fixed-rate obligations.

On December 8, 2009, ABL issued \$350.0 of senior unsecured notes due in fiscal 2020 (the “Notes”) in a private placement transaction. As described below, the Notes were subsequently exchanged for SEC-registered notes with substantially identical terms. The Notes bear interest at a rate of 6% per annum and were issued at a price equal to 99.797% of their face value and for a term of 10 years. A portion of the net proceeds from the issuance of the Notes were used to retire the \$300.0 of publicly traded notes outstanding that were scheduled to mature in August 2010 (the “2010 Notes”). The Company also capitalized an estimated \$3.1 of deferred issuance costs related to the Notes that are being amortized over the 10-year term of the Notes. Additionally, management retired, without premium or penalty, the remaining \$25.3 outstanding balance on the promissory note issued to the former sole shareholder of Sensor Switch.

The Notes are fully and unconditionally guaranteed on a senior unsecured basis by Acuity Brands and ABL IP Holding LLC (“ABL IP Holding”, and, together with Acuity Brands, the “Guarantors”), a wholly-owned subsidiary of Acuity Brands. The Notes are senior unsecured obligations of ABL and rank equally in right of payment with all of ABL’s existing and future senior unsecured indebtedness. The guarantees of Acuity Brands and ABL IP Holding are senior unsecured obligations of Acuity Brands and ABL IP Holding and rank equally in right of payment with their other senior unsecured indebtedness. Interest on the Notes is payable semi-annually on June 15 and December 15, which commenced on June 15, 2010.

In accordance with the registration rights agreement by and between ABL and the Guarantors and the initial purchasers of the Notes, ABL and the Guarantors filed a registration statement with the SEC for an offer to exchange the Notes for SEC-registered notes with substantially identical terms. The registration became effective on August 17, 2010, and all of the Notes were exchanged.

As noted above, the Company retired all of the outstanding 2010 Notes through the execution of a cash tender offer and the subsequent redemption of any remaining 2010 Notes during fiscal 2010. The loss on the transaction, including the premium paid, expenses, and the write-off of deferred issuance costs associated with the 2010 Notes, was approximately \$10.5.

On October 19, 2007, the Company executed a \$250.0 revolving credit facility (the “Revolving Credit Facility”). The Revolving Credit Facility matures in October 2012 and contains financial covenants including a minimum interest coverage ratio and 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 agreement. These ratios are computed at the end of each fiscal quarter for the most recent 12-month period. The Revolving Credit Facility allows for a Maximum Leverage Ratio of 3.50, subject to certain conditions defined in the financing agreement. As of August 31, 2011, the Company was compliant with all financial covenants under the Revolving Credit Facility. At August 31, 2011, the Company had additional borrowing capacity under the Revolving Credit Facility of \$240.5 under the most restrictive covenant in effect at the time, which represents the full amount of the Revolving Credit Facility less outstanding letters of credit of \$9.5. The Company expects to enter into a new revolving credit facility in fiscal 2012 to replace the Revolving Credit Facility, and management currently believes that the new revolving credit facility agreement will likely be consummated.

During fiscal 2011, the Company’s consolidated stockholders’ equity increased \$62.6 to \$757.0 at August 31, 2011 from \$694.4 at August 31, 2010. The increase was due primarily to net income earned in the period, as well as amortization of stock-based compensation, and stock issuances resulting primarily from the exercise of stock options, partially offset by repurchases of common stock, payment of dividends, pension plan adjustments, and foreign currency translation adjustments. The Company’s debt to total capitalization ratio (calculated by dividing total debt by the sum of total debt and total stockholders’ equity) was 31.8% and 33.7% at August 31, 2011 and August 31, 2010, respectively. The ratio of debt, net of cash, to total capitalization, net of cash, was 19.4% at August 31, 2011 and 18.9% at August 31, 2010.

Dividends

Acuity Brands paid dividends on its common stock of \$22.6 (\$0.52 per share) in both fiscal 2011 and 2010. Acuity Brands currently plans to pay quarterly dividends at a rate of \$0.13 per share. All decisions regarding the declaration and payment of dividends by Acuity Brands are at the discretion of the Board of Directors of Acuity Brands and will be evaluated from time to time in light of the Company’s financial condition, earnings, growth prospects, funding requirements, applicable

law, and any other factors the Acuity Brands' Board deems relevant.

Results of Operations

Fiscal 2011 Compared with Fiscal 2010

The following table sets forth information comparing the components of net income for the year ended August 31, 2011 with the year ended August 31, 2010:

	Years Ended August 31,		Increase (Decrease)	Percent Change
	2011	2010		
Net Sales	\$ 1,795.7	\$ 1,626.9	\$ 168.8	10.4 %
Cost of Products Sold	1,065.7	965.4	100.3	10.4 %
Gross Profit	730.0	661.5	68.5	10.4 %
<i>Percent of net sales</i>	<i>40.7%</i>	<i>40.7%</i>	<i>— bps</i>	
Selling, Distribution, and Administrative Expenses	541.3	495.4	45.9	9.3 %
Special Charge	—	8.4	(8.4)	(100.0)%
Operating Profit	188.7	157.7	31.0	19.7 %
<i>Percent of net sales</i>	<i>10.5%</i>	<i>9.7%</i>	<i>80 bps</i>	
Other Expense (Income)				
Interest Expense, net	29.9	29.4	0.5	1.7 %
Miscellaneous Expense (Income), net	1.2	(1.0)	2.2	(220.0)%
Loss on Early Debt Extinguishment	—	10.5	(10.5)	(100.0)%
Total Other Expense	31.1	38.9	(7.8)	(20.1)%
Income from Continuing Operations before Provision for Income Taxes	157.6	118.8	38.8	32.7 %
<i>Percent of net sales</i>	<i>8.8%</i>	<i>7.3%</i>	<i>150 bps</i>	
Provision for Taxes	52.1	39.8	12.3	30.9 %
<i>Effective tax rate</i>	<i>33.1%</i>	<i>33.5%</i>		
Income from Continuing Operations	105.5	79.0	26.5	33.5 %
Gain from Discontinued Operations	—	0.6	(0.6)	(100.0)%
Net Income	\$ 105.5	\$ 79.6	\$ 25.9	32.5 %
Diluted Earnings per Share from Continuing Operations	\$ 2.42	\$ 1.79	\$ 0.63	35.2 %
Diluted Gain per Share from Discontinued Operations	\$ —	\$ 0.01	\$ (0.01)	(100.0)%
Diluted Earnings per Share	\$ 2.42	\$ 1.80	\$ 0.62	34.4 %

Results from Continuing Operations

Net sales were \$1,795.7 for the year ended August 31, 2011, compared with \$1,626.9 reported in the year ended August 31, 2010, an increase of \$168.8, or 10%. For the year ended August 31, 2011, the Company reported income from continuing operations of \$105.5 compared with \$79.0 for the year ended August 31, 2010. For fiscal 2011, diluted earnings per share from continuing operations increased 35% to \$2.42, from \$1.79 for the prior-year period. For the year ended August 31, 2010, the Company recorded \$5.5 in after-tax special charges related to estimated costs to be incurred to simplify and streamline operations and consolidate certain manufacturing facilities, which included an after-tax non-cash asset impairment charge of \$2.4. In addition, a \$6.8 after-tax loss associated with the early extinguishment of debt was incurred during fiscal 2010. The special charges and loss on early extinguishment of debt negatively impacted the fiscal 2010 results by \$0.29 per diluted share, with no comparative charges recognized in same period for fiscal 2011.

The table below reconciles certain U.S. GAAP financial measures to the corresponding non-U.S. GAAP measures, which exclude special charges associated with actions to accelerate the streamlining of the organization, including the consolidation of certain manufacturing facilities, and the loss on the early extinguishment of debt. These non-U.S. GAAP financial measures, including adjusted operating profit, adjusted operating profit margin, adjusted income from continuing operations, and adjusted

diluted earnings per share, are provided to enhance the user's overall understanding of the Company's current financial performance. Specifically, the Company believes these non-U.S. GAAP measures provide greater comparability and enhanced visibility into the results of operations, excluding the impact of the special charges and loss on the early extinguishment of debt. The non-U.S. GAAP financial measures should be considered in addition to, and not as a substitute for or superior to, results prepared in accordance with U.S. GAAP.

	Years Ended August 31,	
	2011	2010
Operating Profit	\$ 188.7	\$ 157.7
Addback: Special Charge	—	8.4
Adjusted Operating Profit	\$ 188.7	\$ 166.1
<i>Percent of net sales</i>	<i>10.5%</i>	<i>10.2%</i>
Income from Continuing Operations	\$ 105.5	\$ 79.0
Addback: Special Charge, net of tax	—	5.5
Addback: Loss on Early Debt Extinguishment, net of tax	—	6.8
Adjusted Income from Continuing Operations	\$ 105.5	\$ 91.3
Diluted Earnings per Share from Continuing Operations	\$ 2.42	\$ 1.79
Addback: Special Charge, net of tax	—	0.13
Addback: Loss on Early Debt Extinguishment, net of tax	—	0.16
Adjusted Diluted Earnings per Share from Continuing Operations	\$ 2.42	\$ 2.08

Net Sales

Net sales for the year ended August 31, 2011, increased by 10.4% compared with the prior-year period. Excluding the impact from acquisitions, net sales for fiscal 2011 rose slightly less than 8% year-over-year. Unit volumes increased approximately 5% over the prior-year period driven largely by increased shipments of lighting solutions across multiple sales channels, particularly in the non-residential commercial and industrial, the home center, and the stock and flow portion of the distribution channels, partially offset by the decline in sales volume for certain international locations. The Company estimates that favorable changes in product prices and the mix of products sold ("price/mix") contributed approximately two percentage points to the year-over-year increase in net sales with the remainder due to favorable foreign currency translation on international sales.

Gross Profit

Gross profit for fiscal 2011 increased \$68.5, or 10.4%, to \$730.0 compared with \$661.5 for the prior year. The increase was due primarily to the rise in overall sales volumes, improvements in price/mix, favorable contributions from acquired businesses, and benefits from productivity improvements. These benefits were partially offset by the impact of significantly higher material and component costs that were not recovered through implemented price increases, which the Company estimates had an adverse effect on gross profit of approximately \$15.0 in fiscal 2011. Gross profit margin remained flat at 40.7% for the years ended August 31, 2011 and 2010, respectively.

Operating Profit

Selling, Distribution, and Administrative ("SD&A") expenses for the year ended August 31, 2011, were \$541.3 compared with \$495.4 in the prior year, which represented a \$45.9, or 9.3%, year-over-year increase. The increase in SD&A expenses was due primarily to additional costs associated with recently acquired businesses, higher commission and freight costs in support of higher sales, and selected spending for long-term growth opportunities, including investments in innovation and technology. Compared with the prior-year period, SD&A expenses as a percent of sales improved 40 basis points to 30.1% for fiscal 2011, as a result of relatively slower growth in SD&A expenses to support the increased level of sales.

During fiscal 2011, the Company achieved the annualized savings run rate of approximately \$10.0 from the streamlining efforts taken during fiscal 2010. During the year ended August 31, 2010, the Company recorded a pre-tax charge of \$8.4 related to the initiatives to streamline and simplify operations. The charge was comprised of a \$5.1 non-cash asset impairment charge associated with a facility that the Company planned to close with the remainder representing severance and related employee benefit costs associated with the consolidation of certain manufacturing facilities and a reduction in workforce.

Operating profit for fiscal 2011 was \$188.7 compared with \$157.7 reported for the prior-year period, an increase of \$31.0,

or 19.7%. The year-over-year increase was due primarily to the higher net sales, benefits from productivity improvements and no repeat of a special charge that was recorded in the prior-year period, which were partially offset by increases in material and component costs and higher commission and freight costs necessary to support the higher net sales as discussed above. Operating profit margin increased to 10.5% compared with 9.7% in the prior-year period.

Operating profit for fiscal 2011 increased by \$22.6, or 13.6%, compared to adjusted operating profit (excluding the special charge) of \$166.1 for fiscal 2010. Operating profit margin increased 30 basis points compared with the adjusted operating profit margin (excluding the special charge) of 10.2% in the year-ago period.

Other Expense (Income)

Other expense (income) for the Company consists principally of net interest expense and net miscellaneous expense (income) due primarily to foreign exchange related gains and losses. Interest expense, net, was \$29.9 and \$29.4 for the years ended August 31, 2011 and 2010, respectively. The slight increase in interest expense, net, was due primarily to higher average outstanding debt balances and increased interest related to obligations associated with non-qualified retirement plans. The increase in net miscellaneous expense to \$1.2 in fiscal 2011 compared with \$1.0 of net miscellaneous income in fiscal 2010 was due primarily to the unfavorable impact of exchange rates on certain foreign currency items, particularly associated with Mexican Peso-denominated exposures.

During fiscal 2010, the Company recognized a pre-tax loss of \$10.5 related to debt refinancing activities.

Provision for Income Taxes and Income from Continuing Operations

The effective income tax rate was 33.1% and 33.5% for the years ended August 31, 2011 and 2010, respectively. The Company estimates that the effective tax rate for fiscal 2012 will be approximately 34.0% if the rates in its taxing jurisdictions remain generally consistent throughout the year.

Income from continuing operations for fiscal 2011 increased \$26.5 to \$105.5 from \$79.0 (including \$5.5 for the after-tax special charge and \$6.8 for the loss on early debt extinguishment) reported for the prior year. The increase in income from continuing operations resulted primarily from higher operating profit and no corresponding charge in the current period for the loss from the early debt extinguishment in fiscal 2010, partially offset by higher tax expense and foreign currency losses.

Income from continuing operations for fiscal 2011 was \$105.5 compared with \$91.3 of adjusted income from continuing operations (excluding the special charge and the loss on the early extinguishment of debt) in the year-ago period. Diluted earnings per share from continuing operations for fiscal 2011 was \$2.42 compared with adjusted diluted earnings per share from continuing operations (excluding the special charge and the loss on the early extinguishment of debt) of \$2.08 for the prior-year period.

Results from Discontinued Operations and Net Income

The Company recorded \$0.6 of income from discontinued operations for fiscal 2010 due to revisions of estimates of certain legal reserves established at the time of the spin-off of its specialty products business (the "Spin-off"), Zep Inc. ("Zep").

Net income for fiscal 2011 increased \$25.9, or 32.5%, to \$105.5 from \$79.6 for the year-ago period. The increase in net income resulted primarily from the above noted increase in operating profit mostly driven by higher net sales in the current-year period and no repeat of a special charge that was recorded in the prior-year period. Additionally, no loss on the early extinguishment of debt occurred in the current-year period. The increase in operating profit was partially offset by higher tax and miscellaneous expenses.

Fiscal 2010 Compared with Fiscal 2009

The following table sets forth information comparing the components of net income for the year ended August 31, 2010 with the year ended August 31, 2009:

	Years Ended August 31,		Increase (Decrease)	Percent Change
	2010	2009		
Net Sales	\$ 1,626.9	\$ 1,657.4	\$ (30.5)	(1.8)%
Cost of Products Sold	965.4	1,022.3	(56.9)	(5.6)%
Gross Profit	661.5	635.1	26.4	4.2 %
<i>Percent of net sales</i>	<i>40.7%</i>	<i>38.3%</i>	<i>240 bps</i>	
Selling, Distribution, and Administrative Expenses	495.4	454.6	40.8	9.0 %
Special Charge	8.4	26.7	(18.3)	(68.5)%
Operating Profit	157.7	153.8	3.9	2.5 %
<i>Percent of net sales</i>	<i>9.7%</i>	<i>9.3%</i>	<i>40 bps</i>	
Other Expense (Income)				
Interest Expense, net	29.4	28.5	0.9	3.2 %
Loss on Early Debt Extinguishment	10.5	—	10.5	100.0 %
Miscellaneous Income, net	(1.0)	(2.0)	1.0	(50.0)%
Total Other Expense	38.9	26.5	12.4	46.8 %
Income from Continuing Operations before Provision for Income Taxes	118.8	127.3	(8.5)	(6.7)%
<i>Percent of net sales</i>	<i>7.3%</i>	<i>7.7%</i>	<i>(40) bps</i>	
Provision for Taxes	39.8	42.1	(2.3)	(5.5)%
<i>Effective tax rate</i>	<i>33.5%</i>	<i>33.1%</i>		
Income from Continuing Operations	79.0	85.2	(6.2)	(7.3)%
Gain (Loss) from Discontinued Operations	0.6	(0.3)	0.9	(300.0)%
Net Income	\$ 79.6	\$ 84.9	\$ (5.3)	(6.2)%
Diluted Earnings per Share from Continuing Operations	\$ 1.79	\$ 2.01	\$ (0.22)	(10.9)%
Diluted Gain (Loss) per Share from Discontinued Operations	\$ 0.01	\$ (0.01)	\$ 0.02	(200.0)%
Diluted Earnings per Share	\$ 1.80	\$ 2.00	\$ (0.20)	(10.0)%

Results from Continuing Operations

Net sales were \$1,626.9 for fiscal 2010 compared with \$1,657.4 for fiscal 2009, a decrease of \$30.5, or approximately 2%. For fiscal 2010, the Company reported income from continuing operations of \$79.0 compared with \$85.2 earned in the prior-year period. Diluted earnings per share from continuing operations for fiscal 2010 decreased 10.9% to \$1.79 from \$2.01 for the prior-year period. Results for fiscal 2010 and 2009 include after-tax special charges of \$5.5 and \$16.8, respectively, related to estimated costs to be incurred to simplify and streamline operations and to consolidate certain manufacturing facilities. In addition, a \$6.8 after-tax loss associated with the early extinguishment of debt was incurred during the second quarter of fiscal 2010. The special charges and loss on early extinguishment of debt negatively impacted fiscal 2010 results by \$0.29 per diluted share; special charges recorded in the prior year negatively impacted the fiscal 2009 results by \$0.40 per diluted share.

The table below reconciles certain U.S. generally accepted accounting principles (“U.S. GAAP”) financial measures to the corresponding non-U.S. GAAP measures, which exclude special charges associated with actions to streamline the organization, including the consolidation of certain manufacturing facilities, and the loss on the early extinguishment of debt. These non-U.S. GAAP financial measures, including adjusted operating profit, adjusted operating profit margin, adjusted income from continuing operations, and adjusted diluted earnings per share from continuing operations, are provided to enhance the user’s overall understanding of the Company’s current financial performance. Specifically, the Company believes these non-U.S. GAAP measures provide greater comparability and enhanced visibility into the results of operations, excluding the impact of the special charges and loss on the early extinguishment of debt. These non-U.S. GAAP financial measures should be considered in addition to, and not as a substitute for or superior to, results prepared in accordance with U.S. GAAP.

	Years Ended August 31,	
	2010	2009
Operating Profit	\$ 157.7	\$ 153.8
Addback: Special Charge	8.4	26.7
Adjusted Operating Profit	\$ 166.1	\$ 180.5
<i>Percent of net sales</i>	<i>10.2%</i>	<i>10.9%</i>
Income from Continuing Operations	\$ 79.0	\$ 85.2
Addback: Special Charge, net of tax	5.5	16.8
Addback: Loss on Early Debt Extinguishment, net of tax	6.8	—
Adjusted Income from Continuing Operations	\$ 91.3	\$ 102.0
Diluted Earnings per Share from Continuing Operations	\$ 1.79	\$ 2.01
Addback: Special Charge, net of tax	0.13	0.40
Addback: Loss on Early Debt Extinguishment, net of tax	0.16	—
Adjusted Diluted Earnings per Share from Continuing Operations	\$ 2.08	\$ 2.41

Net Sales

Net sales for the fiscal year ended August 31, 2010, declined approximately 2% compared with fiscal 2009. Market conditions remained challenging in fiscal 2010 with new U.S. non-residential construction declining 15% compared to the prior year due to weak economic conditions. Approximately 4% of the comparative annual decline in sales was due to unfavorable changes in price/mix, particularly in the non-residential commercial and industrial channel and certain international markets. Although it is not possible to precisely quantify the separate impact of price and product mix changes, the Company estimates that a majority of the decline was due to lower product selling prices in certain channels and geographies. Higher sales volume primarily related to the additional sales from acquired businesses and other investments made by the Company partially offset the negative impact of price/mix on net sales. The acquisitions of the lighting controls businesses in fiscal 2009 contributed approximately 3% in incremental net sales during fiscal 2010. In addition, the translation impact of the stronger dollar on international sales contributed approximately one percentage point to fiscal 2010 net sales.

Gross Profit

Fiscal 2010 gross profit margin increased by 240 basis points to 40.7% of net sales compared with 38.3% reported for the prior-year period. Gross profit for fiscal 2010 increased \$26.4, or 4.2%, to \$661.5 compared with \$635.1 for the prior-year period. The increase was due primarily to lower materials and components costs, savings from streamlining actions, and favorable contributions from acquired businesses. These benefits were partially offset by the impact of lower pricing, unfavorable product mix, and higher pension and transportation costs.

Operating Profit

SD&A expenses for fiscal 2010 were \$495.4 compared with \$454.6 in the prior-year period, which represented a \$40.8, or 9.0%, year-over-year increase. SD&A expenses as a percent of sales increased by 310 basis points to 30.5% for fiscal 2010. More than half of the year-over-year increase was due to higher incentive compensation due to fiscal 2010 performance relative to the Company's served markets, as well as severely curtailed incentives earned in the prior fiscal year. The remainder of the increase in SD&A expenses was due primarily to higher commission and freight costs, selected investments in sales and marketing resources and new products and services, and structurally higher operating costs associated with acquired businesses.

As part of the Company's initiative to streamline and simplify operations, the Company recorded in fiscal 2010 and 2009 pre-tax charges of \$8.4 and \$26.7, respectively, to reflect severance and related employee benefit costs associated with the consolidation of certain manufacturing facilities and a reduction in workforce, as well as non-cash asset impairment charges on certain assets related to those manufacturing facilities. The pre-tax, non-cash asset impairment charges for fiscal 2010 and 2009 were \$5.1 and \$1.6, respectively. The Company realized approximately \$50.0 (\$28.0 during fiscal 2009 and an additional \$22.0 during fiscal 2010) in annualized benefits related to these streamlining actions, which were initiated in fiscal 2009.

Operating profit for fiscal 2010 was \$157.7 compared with \$153.8 reported for the prior-year period, an increase of \$3.9, or 2.5%. Operating profit margin increased 40 basis points to 9.7% in fiscal 2010 compared with 9.3% in the year-ago period. The increase was due primarily to the higher gross profit as noted above and the decrease in the special charge, partially offset by the increase in SD&A expenses as a percentage of net sales as discussed above.

Excluding the special charge in both periods, adjusted operating profit for fiscal 2010 decreased \$14.4, or 8.0%, to

\$166.1 compared with \$180.5 in fiscal 2009. Adjusted operating profit margin for fiscal 2010 of 10.2% was 70 basis points lower than the prior year's adjusted margin of 10.9%. The decrease was due primarily to higher SD&A expenses as explained above.

Income from Continuing Operations before Provision for Taxes

Other expense (income) for the Company consists primarily of net interest expense and foreign exchange related gains and losses. Interest expense, net, was \$29.4 and \$28.5 for fiscal 2010 and 2009, respectively. The modest increase in interest expense, net, was due primarily to higher interest costs related to obligations associated with non-qualified retirement plans, while lower year-over-year interest expense on borrowings was largely offset by lower interest income — both of which were impacted by lower rates. Miscellaneous income for fiscal 2010 of \$1.0 declined from the \$2.0 reported in the prior-year period. The decline in miscellaneous income was due primarily to the impact of changes in exchange rates on foreign currency items.

Due to the early retirement of the 2010 Notes in the second quarter of fiscal 2010, the Company recognized a pre-tax loss of \$10.5 during fiscal 2010.

Provision for Income Taxes and Income from Continuing Operations

The effective income tax rate reported by the Company was 33.5% and 33.1% for fiscal 2010 and 2009, respectively. The discrete items for fiscal 2010, including federal tax credits, favorable state audit settlements, and benefits from goods manufactured in the U.S., were slightly lower than those experienced in the prior-year period.

Income from continuing operations for fiscal 2010 decreased \$6.2 to \$79.0 (including \$12.3 for the after-tax special charge and loss on early debt extinguishment) from \$85.2 (including \$16.8 for the after-tax special charge) reported for the prior-year period. The decrease in income from continuing operations resulted primarily from the loss on the early debt extinguishment, partially offset by slightly higher operating profit.

Excluding the special charge in both periods and the loss on the early extinguishment of debt reported in fiscal 2010, adjusted income from continuing operations for fiscal 2010 was \$91.3 compared with \$102.0 in the year-ago period, a decrease of \$10.7, or 10.5%. The year-over-year decline in adjusted income from continuing operations was due primarily to higher SD&A expenses. Excluding the special charges and the loss on the early extinguishment of debt, adjusted diluted earnings per share from continuing operations for fiscal 2010 was \$2.08 compared with \$2.41 for the prior-year period. In addition to the items noted above that impacted adjusted income from continuing operations, adjusted diluted earnings per share from continuing operations for fiscal 2010 were negatively impacted by an increase in the number of shares outstanding compared with the prior-year period. The increase in the average shares outstanding was due primarily to shares issued as partial consideration for the acquisitions of Sensor Switch and LC&D, partially offset by the share repurchases during the fourth quarter of fiscal 2010.

Results from Discontinued Operations and Net Income

The Company incurred a \$0.6 gain from discontinued operations during fiscal 2010 due to revisions of estimates of certain legal reserves established at the time of the Spin-off compared with a fiscal 2009 loss from discontinued operations of \$0.3 related to income tax adjustments.

Net income for fiscal 2010 decreased by \$5.3, or 6.2%, to \$79.6 from \$84.9 reported for the prior-year period. The decrease in net income resulted primarily from the loss on the early debt extinguishment and lower miscellaneous income, partially offset by the above noted increase in operating profit, lower income tax expense, and the gain on discontinued operations compared with a loss in the prior-year period.

Outlook

The performance of the Company, like most companies, is influenced by a multitude of factors, including the vitality of the economy, employment, credit availability and cost, consumer confidence, commodity costs, and government policy, particularly as it impacts capital formation and risk taking by businesses and commercial developers.

The Company experienced many challenges in fiscal 2011 due primarily to continued weakness in non-residential construction and higher input costs, and management anticipates continued challenges for fiscal 2012 due primarily to on-going volatility in both customer demand and commodity costs.

Pricing and availability for certain materials and components, including steel, petroleum-based inputs, and certain rare earth metals, continue to be volatile, placing pressure on the Company's margins. While the Company previously announced price increases to recover these higher input costs, the benefit of the price increase, which became effective at the end of the

second quarter of fiscal 2011, did not fully offset the incremental costs associated with higher commodity prices during the fiscal year. Additionally, the recently initiated price increases during the first quarter of fiscal 2012 are not expected to be fully realized until the second quarter of fiscal 2012 due to the typical lag in realizing the benefits. Due to the competitive forces in the current market environment, there can be no assurance that the Company will be able to pass along all cost increases or adjust prices quickly enough to offset all or a portion of potentially higher material and component prices.

Key indicators suggest that the North American non-residential construction market, a key market for the Company, is expected to decline modestly during fiscal 2012. However, third-party forecasts suggest that the lighting market in North America will increase in the low single digits in fiscal 2012 compared with fiscal 2011, due primarily to increased renovation activity.

In addition to the acquisitions completed over the last three years, which significantly increased the Company's lighting solutions portfolio and further positioned the Company for future growth, management believes the execution of the Company's strategy will provide growth opportunities, which should enable the Company to continue to outperform the overall markets it serves. This strategy includes the continued spending for activities to develop energy-efficient lighting solutions--particularly around the Company's LED-based lighting portfolio, incorporate new technologies, enhance service to its customers, and expand market presence in key geographies and sectors, such as the renovation market. The Company believes it is well-positioned to take advantage of opportunities within the N.A. addressable lighting market, as comprehensive lighting solutions will likely become an integral part of the development of "smart grid/smart building" energy management systems. Additionally, management believes these actions and investments will position the Company to meet or exceed its financial goals over the longer term.

Management remains positive about the future prospects of the Company and its ability to outperform the markets it serves. Management believes the N.A. addressable lighting market will experience solid growth over the next decade, particularly as energy and environmental concerns come to the forefront, and that the Company is well-positioned to fully participate in these growth opportunities.

Accounting Standards Adopted in Fiscal 2011

In September 2009, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2009-13, *Revenue Recognition (Topic 605) - Multiple-Deliverable Revenue Arrangements* ("ASU 2009-13"). ASU 2009-13 addresses the accounting for multiple-deliverable arrangements to enable vendors to account for products or services ("deliverables") separately rather than as a combined unit. Specifically, this guidance amends the criteria in Subtopic 605-25, *Revenue Recognition-Multiple-Element Arrangements*, for separating consideration in multiple-deliverable arrangements. A selling price hierarchy is established for determining the selling price of a deliverable, which is based on: (a) vendor-specific objective evidence; (b) third-party evidence; or (c) estimates. This guidance also eliminates the residual method of allocation and requires that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method. Additional disclosures related to a vendor's multiple-deliverable revenue arrangements are also required by this update. ASU 2009-13 is effective prospectively for revenue arrangements entered into, or materially modified, in fiscal years beginning on or after June 15, 2010, with early adoption permitted. Therefore, ASU 2009-13 became effective on a prospective basis for the Company on September 1, 2010. The adoption of ASU 2009-13 had an immaterial impact on the Company's results of operations, financial condition, and cash flows.

In September 2009, the FASB issued ASU No. 2009-14, *Software (Topic 985) - Certain Revenue Arrangements That Include Software Elements* ("ASU 2009-14"). ASU 2009-14 changes the accounting model for revenue arrangements that include both tangible products and software elements to allow for alternatives when vendor-specific objective evidence does not exist. Under this guidance, tangible products containing software components and non-software components that function together to deliver the tangible product's essential functionality and hardware components of a tangible product containing software components are excluded from the software revenue guidance in Subtopic 985-605, *Software-Revenue Recognition*; thus, these arrangements are excluded from this update. ASU 2009-14 is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with early adoption permitted. Therefore, ASU 2009-14 became effective on a prospective basis for the Company on September 1, 2010. The adoption of ASU 2009-14 had an immaterial impact on the Company's results of operations, financial condition, and cash flows.

Accounting Standards Yet to Be Adopted

In December 2010, the FASB issued ASU No. 2010-29, *Business Combinations (Topic 805) - Disclosure of Supplementary Pro Forma Information for Business Combinations* ("ASU 2010-29"). This standard update clarifies that, when presenting comparative financial statements, SEC registrants should disclose revenue and earnings of the combined entity as though the current period business combinations had occurred as of the beginning of the comparable prior annual reporting period only. The update also expands the supplemental pro forma disclosures to include a description of the nature and amount

of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. ASU 2010-29 is effective prospectively for material (either on an individual or aggregate basis) business combinations entered into in fiscal years beginning on or after December 15, 2010, with early adoption permitted. ASU 2010-29 is therefore effective for the Company for acquisitions made after the beginning of fiscal 2012. The Company does not expect ASU 2010-29 to have a material effect on the Company's results of operations, financial condition, and cash flows; however, the Company may have additional disclosure requirements if a material acquisition occurs.

In May 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurement (Topic 820) - Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* ("ASU 2011-04"), which clarifies the wording and disclosures required in Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement* ("ASC 820"), to converge with those used (to be used) in International Financial Reporting Standards ("IFRS"). The update explains how to measure and disclose fair value under ASC 820. However, the FASB does not expect the changes in this standards update to alter the current application of the requirements in ASC 820. The provisions of ASU 2011-04 are effective for public entities prospectively for interim and annual periods beginning after December 15, 2011. Early adoption is prohibited. Therefore, ASU 2011-04 is effective for the Company during the third quarter of fiscal 2012. The Company does not expect ASU 2011-04 to have a material effect on the Company's results of operations, financial condition, and cash flows.

In June 2011, the FASB issued ASU No. 2011-05, *Comprehensive Income (Topic 220) - Presentation of Comprehensive Income* ("ASU 2011-05"). ASU 2011-05 changes the presentation of comprehensive income in the financial statements for all periods reported and eliminates the option under the current guidance that allows for presentation of other comprehensive income as part of the Statement of Stockholders' Equity. The update proposes two options for the proper presentation of comprehensive income: 1) a single Statement of Comprehensive Income, which includes all components of net income and other comprehensive income; or 2) a Statement of Income followed immediately by a Statement of Comprehensive Income, which includes the summarized net income and all components of other comprehensive income. The provisions of ASU 2011-05 are effective for public entities retrospectively for annual periods, and interim periods within those years, beginning after December 15, 2011, with early adoption permitted. Therefore, ASU 2011-05 is effective for the Company in the first quarter of fiscal 2013. Although the provisions of this update will change the presentation of the consolidated financial statements of the Company, no material impact is expected on the Company's results of operations, financial condition, and cash flows.

In September 2011, the FASB issued ASU No. 2011-08, *Intangibles - Goodwill and Other (Topic 350) - Testing Goodwill for Impairment* ("ASU 2011-08"), which allows companies to assess qualitative factors prior to the use of the two-step quantitative method to determine if goodwill has been impaired. If the qualitative factors reviewed do not indicate that it is more likely than not that the fair value of a reporting unit does not exceed the carrying value, ASU 2011-08 deems any further impairment testing to be unnecessary. In the event that the qualitative review indicates otherwise, the company is required to perform further quantitative impairment testing as prescribed by Topic 350. Other indefinite-lived intangible assets are not affected by the provisions of this standards update. ASU 2011-08 is effective for fiscal years beginning after December 31, 2011, with early adoption permitted. The Company is currently reviewing the provisions of ASU 2011-08 but does not expect it to have a material effect on the Company's results of operations, financial condition, and cash flows.

Critical Accounting Estimates

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 U.S. GAAP. As discussed in the *Description of Business and Basis of Presentation* footnote of the *Notes to Consolidated Financial Statements*, the preparation of financial statements in conformity with U.S. GAAP 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 revenue and expense 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 goodwill and intangible assets; share-based compensation expense; medical, 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. Management discusses the development of accounting estimates with the Company's Audit Committee. See the *Summary of Significant Accounting Policies* footnote of the *Notes to Consolidated Financial Statements* for a summary of the accounting policies of Acuity Brands.

The management of Acuity Brands believes the following represent the Company's critical accounting estimates:

Inventories

Inventories include materials, direct labor, in-bound freight, and related manufacturing overhead, and are stated at the lower of cost (on a first-in, first-out or average-cost basis) or market. Management reviews inventory quantities on hand and records a provision for excess or obsolete inventory primarily based on estimated future demand and current market conditions. A significant change in customer demand or market conditions could render certain inventory obsolete and thus could have a material adverse impact on the Company's operating results in the period the change occurs.

Goodwill and Indefinite Lived Intangible Assets

The Company reviews goodwill and indefinite lived intangible assets for impairment on an annual basis in the fiscal fourth quarter or on an interim basis, if an event occurs or circumstances change that would more likely than not indicate that the fair value of the long-lived asset is below its carrying value. All other long-lived and intangible assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss for goodwill and indefinite lived intangibles would be recognized based on the difference between the carrying value of the asset and its estimated fair value, which would be determined based on either discounted future cash flows or other appropriate fair value methods. The evaluation of goodwill and indefinite lived intangibles for impairment requires management to use significant judgments and estimates in accordance with U.S. GAAP including, but not limited to, projected future net sales, operating results, and cash flows.

Although management currently believes that the estimates used in the evaluation of goodwill and indefinite lived intangibles are reasonable, differences between actual and expected net sales, operating results, and cash flows and/or changes in the discount rate or theoretical royalty rate could cause these assets to be deemed impaired. If this were to occur, the Company would be required to record a non-cash charge to earnings for the write-down in value of such assets, which could have a material adverse effect on the Company's results of operations and financial position, but not its cash flows from operations.

Goodwill

The Company is comprised of one reporting unit with a goodwill balance of \$559.2. In determining the fair value of the Company's reporting unit, the Company uses a discounted cash flow analysis, which requires significant assumptions about discount rates as well as short and long-term growth (or decline) rates, in accordance with U.S. GAAP. The Company utilized an estimated discount rate of approximately 11% as of June 1, 2011, based on the Capital Asset Pricing Model, which considers the updated risk-free interest rate, beta, market risk premium, and entity specific size premium. Short-term growth (or decline) rates are based on management's forecasted financial results, which consider key business drivers such as specific revenue growth initiatives, market share changes, growth (or decline) in non-residential and residential construction markets, and general economic factors such as credit availability and interest rates. The Company calculates the discounted cash flows using a 10-year discrete period with a terminal value and compares this calculation to the discounted cash flows generated over a 40-year period to ensure reasonableness. The long-term growth rate used in determining terminal value is estimated at slightly less than 4% for the Company and is primarily based on the Company's understanding of projections for expected long-term growth in non-residential construction, the Company's key market, and historical long-term performance.

During fiscal 2011, the Company performed an evaluation of the fair value of goodwill. The goodwill analysis did not result in an impairment charge, as the estimated fair value of the reporting unit continues to exceed the carrying value by such a significant amount that any reasonably likely change in the assumptions used in the analysis, including revenue growth rates and the discount rate, would not cause the carrying value to exceed the estimated fair value for the reporting unit as determined under the step one goodwill impairment analysis.

Indefinite Lived Intangible Assets

The Company's indefinite lived intangible assets consist of five unamortized trade names with an aggregate carrying value of approximately \$96.1. Management utilizes significant assumptions to estimate the fair value of these unamortized trade names using a fair value model based on discounted future cash flows in accordance with U.S. GAAP. Future cash flows associated with each of the Company's unamortized trade names are calculated by applying a theoretical royalty rate a willing third party would pay for use of the particular trade name to estimated future net sales. The present value of the resulting after-tax cash flow is management's current estimate of the fair value of the trade names. This fair value model requires management to make several significant assumptions, including estimated future net sales, the royalty rate, and the discount rate.

Future net sales and short-term growth (or decline) rates are estimated for each particular trade name based on management's forecasted financial results, which consider key business drivers, such as specific revenue growth initiatives, market share changes, expected growth (or decline) in non-residential and residential construction markets, and general

economic factors, such as credit availability and interest rates. The long-term growth rate used in determining terminal value is estimated at slightly less than 4% for the Company and is primarily based on the Company's understanding of projections for expected long-term growth in non-residential construction, the Company's key market, and historical long-term performance. The theoretical royalty rate is estimated primarily using management's assumptions regarding the amount a willing third party would pay to use the particular trade name and is compared with market information for similar intellectual property within and outside of the industry. Differences between expected and actual results can result in significantly different valuations. If future operating results are unfavorable compared with forecasted amounts, the Company may be required to reduce the theoretical royalty rate used in the fair value model. A reduction in the theoretical royalty rate would result in lower expected future after-tax cash flow in the valuation model. The Company utilized a range of estimated discount rates between 11% and 14% as of June 1, 2011, based on the Capital Asset Pricing Model, which considers the updated risk-free interest rate, beta, market risk premium, and entity specific size premium.

During fiscal 2011, the Company performed an evaluation of the fair value of its five unamortized trade names. The Company's expected revenues are based on the Company's fiscal 2012 expectations and recent lighting market growth or decline estimates for fiscal 2012 through 2016. The Company also included revenue growth estimates based on current initiatives expected to help the Company improve performance. During fiscal 2011, estimated theoretical royalty rates ranged between 1% and 6%. The indefinite lived intangible asset analysis did not result in an impairment charge, as the fair values exceeded the carrying values for each trade name by a significant amount. The estimated fair values of the indefinite lived intangible assets exceed the carrying values by such a significant amount that any reasonably likely change in the assumptions used in the analyses, including revenue growth rates and the discount rate, would not cause the carrying values to exceed the estimated fair values as determined by the fair value analyses. The Company determined that any estimated potential impairment related to the trade names based on changes in the assumptions that would be less likely to occur would not be material to the Company's financial results, trend of earnings, or financial position.

Self-Insurance

The Company self-insures, up to certain limits, traditional risks including workers' compensation, comprehensive general liability, and auto liability. The Company's self-insured retention for each claim involving workers' compensation, comprehensive general liability (including product liability claims), and auto liability is limited to \$0.5 per occurrence of such claims. A provision for claims under this self-insured program, based on the Company's estimate of the aggregate liability for claims incurred, is revised and recorded annually. The estimate is derived from both internal and external sources including but not limited to the Company's independent actuary. The Company is also self-insured up to certain limits for certain other insurable risks, primarily physical loss to property (\$0.5 per occurrence) and business interruptions resulting from such loss lasting two days or more in duration. Insurance coverage is maintained for catastrophic property and casualty exposures as well as those risks required to be insured by law or contract. The Company is fully self-insured for certain other types of liabilities, including environmental, product recall, and patent infringement. The actuarial estimates calculated are subject to uncertainty from various sources, including, among others, changes in claim reporting patterns, claim settlement patterns, judicial decisions, legislation, and economic conditions. Although the Company believes that the actuarial estimates are reasonable, significant differences related to the items noted above could materially affect the Company's self-insurance obligations, future expense and cash flow.

The Company is also self-insured for the majority of its medical benefit plans with individual claims limited to \$0.3. The Company estimates its aggregate liability for claims incurred by applying a lag factor to the Company's historical claims and administrative cost experience. The appropriateness of the Company's lag factor is evaluated and revised, if necessary, annually. Although management believes that the current estimates are reasonable, significant differences related to claim reporting patterns, plan designs, legislation, and general economic conditions could materially affect the Company's medical benefit plan liabilities, future expense and cash flow.

Income Taxes

The Company uses certain assumptions and estimates in determining the income taxes payable or refundable for the current year, income tax expense, and deferred income tax liabilities and assets, which represent temporary and permanent differences between amounts within the financial statements and the income tax basis. ASC 740, *Income Taxes* ("ASC 740"), requires the evaluation and testing of the recoverability of deferred tax assets. Deferred tax assets are reduced by a valuation allowance if, based on the relevant factors, it is more likely than not that all or some portion of the deferred tax assets will not be realized. Reasonable judgment and estimates are required in determining whether a valuation allowance is necessary and, if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance, the Company considers a number of factors, including, but not limited to: the nature and character of the deferred tax assets and liabilities; taxable income in prior carryback years; future reversals of existing temporary differences; and the length of time carryovers can be utilized.

In light of the multiple tax jurisdictions in which the Company operates, the Company's tax returns are subject to routine

audit by the Internal Revenue Service (“IRS”) and other taxation authorities. These audits at times produce uncertainty regarding particular tax positions taken in the year(s) of review. The Company records uncertain tax positions as prescribed by ASC 740, which requires recognition at the time when it is more likely than not that the position in question will be upheld. Although management believes that the judgment and estimates involved are reasonable and that the necessary provisions have been recorded, changes in circumstances or unexpected events could adversely affect the Company’s financial position, results from operations, and cash flows.

Retirement Benefits

The Company sponsors domestic and international defined benefit pension plans and domestic defined contribution plans and other postretirement plans. Assumptions are used to determine the estimated fair value of plan assets, the actuarial value of plan liabilities, and the current and projected costs for these employee benefit plans and include, among other factors, estimated discount rates, expected returns on the pension fund assets, estimated mortality rates, and the rates of increase in employee compensation levels. These assumptions are determined based on Company and market data and are evaluated annually as of the plans’ measurement date. See the *Pensions and Profit Sharing Plans* footnote of the *Notes to Consolidated Financial Statements* for further information on the Company’s plans.

Share-Based Compensation Expense

The Company recognizes compensation cost relating to share-based payment transactions in the financial statements based on the estimated fair value of the equity or liability instrument issued. The Company accounts for stock options, restricted shares, and share units representing certain deferrals into the Director Deferred Compensation Plan or the Supplemental Deferred Savings Plan (both of which are discussed further in the *Share-Based Payments* footnote of the *Notes to Consolidated Financial Statements*) using the modified prospective method. Under the modified prospective method, share-based expense recognized includes: (a) share-based expense for all awards granted prior to, but not yet vested as of September 1, 2005, based on the grant date fair value estimated under the previous guidance, and (b) share-based expense for all awards granted subsequent to September 1, 2005, based on the grant-date fair value estimated under the current provisions of ASC Topic 718, *Compensation — Stock Compensation* (“ASC 718”). The Company recorded \$14.2, \$12.5, and \$13.6 of share-based expense in continuing operations for the years ended August 31, 2011, 2010, and 2009, respectively.

The Company employs the Black-Scholes model in deriving the fair value estimates of share-based awards and records estimates of forfeitures of share-based awards at the time of grant, which are revised in subsequent periods if actual forfeitures differ from initial estimates. Forfeitures are estimated based on historical experience. If factors change causing different assumptions to be made in future periods, estimated compensation expense may differ significantly from that recorded in the current period. See the *Summary of Significant Accounting Policies* and *Share-Based Payments* footnotes of the *Notes to Consolidated Financial Statements* for more information regarding the assumptions used in estimating the fair value of stock options.

Product Warranty and Recall Costs

The Company records an allowance for the estimated amount of future warranty or recall costs when the related revenue is recognized, primarily based on historical experience of identified warranty claims. Historical warranty costs have been within expectations; however, there can be no assurance that future warranty costs will not exceed historical amounts. If actual future warranty or recall costs exceed historical amounts, additional allowances may be required, which could have a material adverse impact on the Company’s operating results and cash flow in future periods.

Litigation

The Company recognizes expense for legal claims when payments associated with the claims become probable and can be reasonably estimated. Due to the difficulty in estimating costs of resolving legal claims, actual costs may be substantially higher or lower than the amounts reserved.

Environmental Matters

The Company recognizes expense for known environmental claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual cost of resolving environmental issues may be higher or lower than that reserved primarily due to difficulty in estimating such costs and potential changes in the status of government regulations. The Company is self-insured for environmental matters.

Cautionary Statement Regarding Forward-Looking Information

This filing contains forward-looking statements within the meaning of the federal securities laws. Statements made herein

that may be considered forward-looking include statements incorporating terms such as “expects”, “believes”, “intends”, “anticipates” and similar terms that relate to future events, performance, or results of the Company. In addition, the Company, or the executive officers on the Company's behalf, may from time to time make forward-looking statements in reports and other documents the Company files with the SEC or in connection with oral statements made to the press, current and potential investors, or others. Forward-looking statements include, without limitation: (a) the Company's projections regarding financial performance, liquidity, capital structure, capital expenditures, and dividends; (b) expectations about the impact of volatility and uncertainty in general economic conditions; (c) external forecasts projecting industry unit volumes; (d) expectations about the impact of volatility and uncertainty in component and commodity costs and availability, and the Company's ability to manage those challenges, as well as the Company's response with pricing of its products; (e) the Company's ability to execute and realize benefits from initiatives related to streamlining its operations, capitalizing on growth opportunities, expanding in key markets, enhancing service to the customer, and investing in product innovation; (f) the Company's estimate of its fiscal 2012 annual tax rate; and (g) the Company's ability to achieve its long-term financial goals and measures. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this annual report. Except as required by law, the Company undertakes no obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date of this annual report or to reflect the occurrence of unanticipated events. The Company's forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the historical experience of the Company and management's present expectations or projections. These risks and uncertainties include, but are not limited to, customer and supplier relationships and prices; competition; ability to realize anticipated benefits from initiatives taken and timing of benefits; market demand; litigation and other contingent liabilities; and economic, political, governmental, and technological factors affecting the Company. Also, additional risks that could cause the Company's actual results to differ materially from those expressed in the Company's forward-looking statements are discussed in Part I, “Item 1a. Risk Factors” of this Annual Report on Form 10-K, and are specifically incorporated herein by reference.

Item 7a. *Quantitative and Qualitative Disclosures about Market Risk*

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

Interest Rates. Interest rate fluctuations expose the variable-rate debt of the Company to changes in interest expense and cash flows. At August 31, 2011, the variable-rate debt of the Company was solely comprised of the \$4.0 long-term industrial revenue bond. A 10% increase in market interest rates at August 31, 2011, would have resulted in a de minimus amount of additional annual after-tax interest expense. A fluctuation in interest rates would not affect interest expense or cash flows related to the Company's fixed-rate debt which includes the \$350.0 publicly-traded fixed-rate notes. A 10% increase in market interest rates at August 31, 2011, would have decreased the estimated fair value of these debt obligations by approximately \$12.0. See the *Debt and Lines of Credit* footnote of the *Notes to Consolidated Financial Statements*, contained in this Form 10-K, for additional information regarding the Company's debt.

Foreign Exchange Rates. The majority of net sales, expense, and capital purchases of the Company are transacted in U.S. dollars. However, exposure with respect to foreign exchange rate fluctuation exists due to the Company's operations in Canada, where a significant portion of products sold are sourced from the United States. A hypothetical increase in the Canadian dollar of 10% would negatively impact operating profit by approximately \$10.2. In addition to products and services sold in Mexico, a significant portion of the goods sold in the United States are manufactured in Mexico. A hypothetical 10% increase in the Mexican peso would negatively impact operating profits by approximately \$4.3. The impact of these hypothetical currency fluctuations has been calculated in isolation from any response the Company would undertake to address such exchange rate changes in the Company's foreign markets.

Commodity Prices. The Company utilizes a variety of raw materials and components in its production process including petroleum-based products, steel, and aluminum. In fiscal 2011, the Company purchased approximately 89,000 tons of steel and aluminum. The Company estimates that less than 10% of the raw materials purchased are petroleum-based and that approximately four million gallons of diesel fuel were consumed in fiscal 2011. Failure to effectively manage future increases in the costs of these items could adversely affect the ability to maintain or increase operating margins.

Item 8. *Financial Statements and Supplementary Data*

Index to Consolidated Financial Statements

	<u>Page</u>
Management’s Report on Internal Control over Financial Reporting	34
Reports of Independent Registered Public Accounting Firm	35
Consolidated Balance Sheets as of August 31, 2011 and 2010	37
Consolidated Statements of Income for the years ended August 31, 2011, 2010, and 2009	38
Consolidated Statements of Cash Flows for the years ended August 31, 2011, 2010, and 2009	39
Consolidated Statements of Stockholders’ Equity and Comprehensive Income for the years ended August 31, 2011, 2010, and 2009	40
Notes to Consolidated Financial Statements	41
Schedule II — Valuation and Qualifying Accounts	89

**MANAGEMENT’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
ACUITY BRANDS, INC.**

The management of Acuity Brands, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) promulgated under the Securities Exchange Act of 1934. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company’s management assessed the effectiveness of the Company’s internal control over financial reporting as of August 31, 2011. In making this assessment, the Company’s management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in Internal Control-Integrated Framework. Based on this assessment, management believes that, as of August 31, 2011, the Company’s internal control over financial reporting is effective.

The Company’s independent registered public accounting firm has issued an audit report on their audit of the Company’s internal control over financial reporting. This report dated October 28, 2011 appears on page 35 of this Form 10-K.

/s/ VERNON J. NAGEL

**Vernon J. Nagel
Chairman, President, and
Chief Executive Officer**

/s/ RICHARD K. REECE

**Richard K. Reece
Executive Vice President and
Chief Financial Officer**

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Acuity Brands, Inc.

We have audited the accompanying consolidated balance sheets of Acuity Brands, Inc. as of August 31, 2011 and 2010, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the three years in the period ended August 31, 2011. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These consolidated financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Acuity Brands, Inc. at August 31, 2011 and 2010, and the consolidated results of its operations and its cash flows for each of the three years in the period ended August 31, 2011, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Acuity Brands, Inc.'s internal control over financial reporting as of August 31, 2011, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated October 28, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Atlanta, Georgia
October 28, 2011

**Report of Independent Registered Public Accounting Firm on Internal Control
Over Financial Reporting**

The Board of Directors and Stockholders
Acuity Brands, Inc.

We have audited Acuity Brands, Inc.'s internal control over financial reporting as of August 31, 2011, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Acuity Brands, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's 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 principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Acuity Brands, Inc. maintained, in all material respects, effective internal control over financial reporting as of August 31, 2011, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Acuity Brands, Inc. as of August 31, 2011 and 2010, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the three years in the period ended August 31, 2011 of Acuity Brands, Inc. and our report dated October 28, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Atlanta, Georgia
October 28, 2011

ACUITY BRANDS, INC.
CONSOLIDATED BALANCE SHEETS

	August 31,	
	2011	2010
	(In millions, except share data)	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 170.2	\$ 191.0
Accounts receivable, less reserve for doubtful accounts of \$1.8 and \$2.0 at August 31, 2011 and 2010	262.6	255.1
Inventories	165.9	149.0
Deferred income taxes	16.0	17.3
Prepayments and other current assets	15.8	13.9
Total Current Assets	630.5	626.3
Property, Plant, and Equipment, at cost:		
Land	8.4	7.6
Buildings and leasehold improvements	121.2	113.7
Machinery and equipment	355.3	337.5
Total Property, Plant, and Equipment	484.9	458.8
Less — Accumulated depreciation and amortization	341.7	320.4
Property, Plant, and Equipment, net	143.2	138.4
Other Assets:		
Goodwill	559.2	515.6
Intangible assets	234.2	199.5
Deferred income taxes	2.0	3.7
Other long-term assets	28.3	20.1
Total Other Assets	823.7	738.9
Total Assets	\$ 1,597.4	\$ 1,503.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 203.8	\$ 195.0
Accrued compensation	45.0	51.8
Accrued pension liabilities, current	1.2	1.1
Other accrued liabilities	81.4	73.4
Total Current Liabilities	331.4	321.3
Long-Term Debt	353.4	353.3
Accrued Pension Liabilities, less current portion	60.5	71.1
Deferred Income Taxes	36.4	10.2
Self-Insurance Reserves, less current portion	7.3	7.6
Other Long-Term Liabilities	51.4	45.7
Commitments and Contingencies (see <i>Commitments and Contingencies</i> footnote)		
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; 50,956,137 issued and 41,488,882 outstanding at August 31, 2011; and 50,441,634 issued and 42,116,473 outstanding at August 31, 2010	0.5	0.5
Paid-in capital	680.3	661.9
Retained earnings	541.0	459.0
Accumulated other comprehensive loss items	(53.8)	(71.3)
Treasury stock, at cost, 9,467,255 shares and 8,325,161 shares at August 31, 2011 and 2010	(411.0)	(355.7)
Total Stockholders' Equity	757.0	694.4
Total Liabilities and Stockholders' Equity	\$ 1,597.4	\$ 1,503.6

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ACUITY BRANDS, INC.
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended August 31,		
	2011	2010	2009
	(In millions, except per-share data)		
Net Sales	\$ 1,795.7	\$ 1,626.9	\$ 1,657.4
Cost of Products Sold	1,065.7	965.4	1,022.3
Gross Profit	730.0	661.5	635.1
Selling, Distribution, and Administrative Expenses	541.3	495.4	454.6
Special Charge	—	8.4	26.7
Operating Profit	188.7	157.7	153.8
Other Expense (Income):			
Interest expense, net	29.9	29.4	28.5
Miscellaneous expense (income), net	1.2	(1.0)	(2.0)
Loss on early debt extinguishment	—	10.5	—
Total Other Expense	31.1	38.9	26.5
Income from Continuing Operations before Provision for Income Taxes	157.6	118.8	127.3
Provision for Income Taxes	52.1	39.8	42.1
Income from Continuing Operations	105.5	79.0	85.2
Income (Loss) from Discontinued Operations	—	0.6	(0.3)
Net Income	\$ 105.5	\$ 79.6	\$ 84.9
Earnings Per Share:			
Basic Earnings per Share from Continuing Operations	\$ 2.46	\$ 1.83	\$ 2.05
Basic Earnings (Loss) per Share from Discontinued Operations	—	0.01	(0.01)
Basic Earnings per Share	\$ 2.46	\$ 1.84	\$ 2.04
Basic Weighted Average Number of Shares Outstanding	42.2	42.5	40.8
Diluted Earnings per Share from Continuing Operations	\$ 2.42	\$ 1.79	\$ 2.01
Diluted Earnings (Loss) per Share from Discontinued Operations	—	0.01	(0.01)
Diluted Earnings per Share	\$ 2.42	\$ 1.80	\$ 2.00
Diluted Weighted Average Number of Shares Outstanding	42.8	43.3	41.6
Dividends Declared per Share	\$ 0.52	\$ 0.52	\$ 0.52

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ACUITY BRANDS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended August 31,		
	2011	2010	2009
	(In millions)		
Cash Provided by (Used for) Operating Activities:			
Net income	\$ 105.5	\$ 79.6	\$ 84.9
Add: (Gain) Loss from Discontinued Operations	—	(0.6)	0.3
Income from Continuing Operations	105.5	79.0	85.2
Adjustments to reconcile net income to net cash provided by (used for) operating activities:			
Depreciation and amortization	40.1	36.5	35.7
Noncash compensation expense, net	8.4	9.0	10.2
Excess tax benefits from share-based payments	(5.3)	(2.8)	(0.4)
Loss on early debt extinguishment	—	10.5	—
Loss on the sale or disposal of property, plant, and equipment	0.4	0.5	—
Asset impairments	0.3	5.1	1.6
Deferred income taxes	10.3	7.4	(0.4)
Other non-cash items	0.1	—	—
Change in assets and liabilities, net of effect of acquisitions, divestitures and effect of exchange rate changes:			
Accounts receivable	2.9	(29.2)	43.2
Inventories	(5.3)	(8.6)	10.3
Prepayments and other current assets	0.7	1.8	12.2
Accounts payable	5.5	33.5	(44.4)
Other current liabilities	0.5	21.8	(62.5)
Other	(3.0)	(4.0)	2.0
Net Cash Provided by Operating Activities	161.1	160.5	92.7
Cash Provided by (Used for) Investing Activities:			
Purchases of property, plant, and equipment	(23.3)	(21.9)	(21.2)
Proceeds from sale of property, plant, and equipment	1.2	0.2	0.2
Acquisitions of businesses and intangible assets, net of cash acquired	(90.4)	(22.6)	(162.1)
Net Cash Used for Investing Activities	(112.5)	(44.3)	(183.1)
Cash Provided by (Used for) Financing Activities:			
Repayments of long-term debt	—	(237.9)	(162.4)
Issuance of long-term debt	—	346.5	—
Repurchases of common stock	(61.0)	(36.1)	—
Proceeds from stock option exercises and other	6.5	6.5	3.0
Excess tax benefits from share-based payments	5.3	2.8	0.4
Dividends paid	(22.6)	(22.6)	(21.6)
Net Cash (Used for) Provided by Financing Activities	(71.8)	59.2	(180.6)
Cash from Discontinued Operations:			
Net Cash (Used for) Provided by Operating Activities	—	—	(0.3)
Net Cash Used for Discontinued Operations	—	—	(0.3)
Effect of Exchange Rate Changes on Cash	2.4	(3.1)	(7.1)
Net Change in Cash and Cash Equivalents	(20.8)	172.3	(278.4)
Cash and Cash Equivalents at Beginning of Period	191.0	18.7	297.1
Cash and Cash Equivalents at End of Period	170.2	\$ 191.0	\$ 18.7
Supplemental Cash Flow Information:			
Income taxes paid during the period	\$ 34.2	\$ 32.7	\$ 40.5
Interest paid during the period	\$ 29.9	\$ 30.8	\$ 29.1

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ACUITY BRANDS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
AND COMPREHENSIVE INCOME

	Comprehensive Income	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss) Items		Treasury Stock	Total
					Pension Liability	Currency Translation Adjustment		
(In millions, except share and per-share data)								
Balance, August 31, 2008	\$	0.5	\$ 626.4	\$ 366.9	\$ (25.9)	\$ 3.1	\$ (395.5)	\$ 575.5
Comprehensive income:								
Net income	\$	84.9	—	—	84.9	—	—	84.9
Other comprehensive income (loss):								
Foreign currency translation adjustment (net of tax expense of \$0)		(18.5)	—	—	—	—	(18.5)	(18.5)
Pension liability adjustment (net of tax of \$9.2)		(16.1)	—	—	—	(16.1)	—	(16.1)
Other comprehensive loss		(34.6)						
Comprehensive income	\$	50.3						
Transitional pension adjustment (net of tax of \$0.3)			—	—	(0.5)	—	—	(0.5)
Common Stock reissued from Treasury Shares for acquisition of businesses			—	7.2	(25.5)	—	—	73.2
Amortization, issuance, and forfeitures of restricted stock grants			—	10.2	—	—	—	10.2
Employee Stock Purchase Plan issuances			—	0.2	—	—	—	0.2
Cash dividends of \$0.52 per share paid on common stock			—	—	(21.6)	—	—	(21.6)
Stock options exercised			—	2.8	—	—	—	2.8
Tax effect on stock options and restricted stock			—	0.4	—	—	—	0.4
Balance, August 31, 2009		0.5	647.2	404.2	(42.0)	(15.4)	(322.3)	672.2
Comprehensive income:								
Net income	\$	79.6	—	—	79.6	—	—	79.6
Other comprehensive income (loss):								
Foreign currency translation adjustment (net of tax expense of \$0)		(3.2)	—	—	—	—	(3.2)	(3.2)
Pension liability adjustment (net of tax of \$6.0)		(10.7)	—	—	—	(10.7)	—	(10.7)
Other comprehensive loss		(13.9)						
Comprehensive income	\$	65.7						
Common Stock reissued from Treasury Shares for acquisition of businesses			—	(3.6)	(2.1)	—	—	5.7
Amortization, issuance, and forfeitures of restricted stock grants			—	9.0	—	—	—	9.0
Employee Stock Purchase Plan issuances			—	0.3	—	—	—	0.3
Cash dividends of \$0.52 per share paid on common stock			—	—	(22.6)	—	—	(22.6)
Stock options exercised			—	6.2	—	—	—	6.2
Repurchases of common stock			—	—	—	—	(39.1)	(39.1)
Tax effect on stock options and restricted stock			—	2.8	—	—	—	2.8
Other			—	—	(0.1)	—	—	(0.1)
Balance, August 31, 2010		0.5	661.9	459.0	(52.7)	(18.6)	(355.7)	694.4
Comprehensive income:								
Net income	\$	105.5	—	—	105.5	—	—	105.5
Other comprehensive income (loss):								
Foreign currency translation adjustment (net of tax expense of \$0)		9.9	—	—	—	—	9.9	9.9
Pension liability adjustment (net of tax of \$4.2)		7.6	—	—	—	7.6	—	7.6
Other comprehensive loss		17.5						
Comprehensive income	\$	123.0						
Common Stock reissued from Treasury Shares for acquisition of businesses			—	(1.8)	(0.9)	—	—	2.7
Amortization, issuance, and forfeitures of restricted stock grants			—	8.4	—	—	—	8.4
Employee Stock Purchase Plan issuances			—	0.3	—	—	—	0.3
Cash dividends of \$0.52 per share paid on common stock			—	—	(22.6)	—	—	(22.6)
Stock options exercised			—	6.2	—	—	—	6.2
Repurchases of common stock			—	—	—	—	(58.0)	(58.0)
Tax effect on stock options and restricted stock			—	5.3	—	—	—	5.3
Balance, August 31, 2011	\$	0.5	\$ 680.3	\$ 541.0	\$ (45.1)	\$ (8.7)	\$ (411.0)	757.0

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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

1. Description of Business and Basis of Presentation

Acuity Brands, Inc. (“Acuity Brands”) is the parent company of Acuity Brands Lighting, Inc. (“ABL”), formerly known as Acuity Lighting Group, Inc., and other subsidiaries (collectively referred to herein as “the Company”). The Company designs, produces, and distributes a broad array of lighting solutions and services for commercial, institutional, industrial, infrastructure, and residential applications for various markets throughout North America and select international markets. The Company's lighting solutions include devices such as luminaires, lighting controls, power supplies, prismatic skylights, light-emitting diode (“LED”) lamps, and integrated lighting systems for indoor and outdoor applications utilizing a combination of light sources, including daylight, and other devices controlled by software that monitors and manages light levels while optimizing energy consumption (collectively referred to herein as “lighting solutions”). The Company has one operating segment serving the North American lighting market and select international markets.

Since fiscal 2009, the Company has made the following acquisitions to expand and enhance its portfolio of lighting solutions.

On May 12, 2011, the Company acquired for cash all of the ownership interests in Healthcare Lighting, Inc. (“Healthcare Lighting”), a leading provider of specialized, high-performance lighting solutions for healthcare facilities based in Fairview, Pennsylvania. The operating results for Healthcare Lighting have been included in the Company's consolidated financial statements since the date of acquisition.

On February 23, 2011, the Company acquired for cash all of the ownership interests in Washoe Equipment, Inc., d/b/a Sunoptics Prismatic Skylights, and CBC Plastics LLC (collectively, “Sunoptics”), a premier designer, manufacturer, and marketer of high-performance, prismatic daylighting solutions based in Sacramento, California. The operating results for Sunoptics have been included in the Company's consolidated financial statements since the date of acquisition.

On October 14, 2010, the Company acquired for cash all of the outstanding capital stock of Winona Lighting, Inc. (“Winona Lighting”), a premier provider of architectural and high-performance indoor and outdoor lighting solutions headquartered in Winona, Minnesota. The operating results for Winona Lighting have been included in the Company's consolidated financial statements since the date of acquisition.

On July 26, 2010, the Company acquired for cash the remaining outstanding capital stock of Renaissance Lighting, Inc. (“Renaissance”), a privately-held innovator of solid-state light-emitting diode (“LED”) architectural lighting devices based in Herndon, Virginia. Previously, the Company entered into a strategic partnership with Renaissance, which included a noncontrolling interest in Renaissance and a license to Renaissance's intellectual property estate. The operating results of Renaissance have been included in the Company's consolidated financial statements since the date of acquisition.

On April 20, 2009, the Company acquired for cash, stock, and a promissory note all of the outstanding capital stock of Sensor Switch, Inc. (“Sensor Switch”), an industry-leading developer and manufacturer of lighting control devices and energy management systems. Sensor Switch, based in Wallingford, Connecticut, offered a wide-breadth of lighting solutions that substantially reduce energy consumption, including occupancy sensors, photocontrols, and distributed lighting control devices. The operating results of Sensor Switch have been included in the Company's consolidated financial statements since the date of acquisition.

On December 31, 2008, the Company acquired for cash and stock substantially all the assets and assumed certain liabilities of Lighting Controls & Design (“LC&D”). Located in Glendale, California, LC&D was a manufacturer of comprehensive digital lighting control solutions that offered a breadth of devices, ranging from dimming and building interfaces to digital thermostats, all within a single, scalable system. The operating results of LC&D have been included in the Company's consolidated financial statements since the date of acquisition.

The *Consolidated Financial Statements* have been prepared by the Company in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) and present the financial position, results of operations, and cash flows of Acuity Brands and its wholly-owned subsidiaries. References made to years are for fiscal year periods.

2. Discontinued Operations

Acuity Brands completed the spin-off of its specialty products business (the “Spin-off”), Zep Inc. (“Zep”) on October 31, 2007, by distributing all of the shares of Zep common stock, par value \$0.01 per share, to the Company's stockholders of record

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

as of October 17, 2007. As a result of the Spin-off, the Company's financial statements have been prepared with the results of operations and cash flows of the specialty products business presented as discontinued operations.

In conjunction with the Spin-off, Acuity Brands and Zep entered into various agreements that address the allocation of assets and liabilities between them and that define their relationship after the separation, including a distribution agreement, a tax disaffiliation agreement, an employee benefits agreement, and a transition services agreement. During fiscal 2009, the Company recognized a loss from discontinued operations of \$0.3 related to tax adjustments associated with pre-spin activities. During fiscal 2010, income from discontinued operations was recognized in the amount of \$0.6 related to the revision of estimates of certain legal reserves established at the time of the Spin-off. As with the original reserve, the income from discontinued operations had no income tax effect. No activity related to discontinued operations occurred during fiscal 2011.

3. Significant Accounting Policies

Principles of Consolidation

The *Consolidated Financial Statements* include the accounts of Acuity Brands and its wholly-owned subsidiaries after elimination of significant intercompany transactions and accounts.

Revenue Recognition

The Company records revenue when the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred, the Company's price to the customer is fixed and determinable, and collectability is reasonably assured. Delivery is not considered to have occurred until the customer assumes the risks and rewards of ownership. Customers take delivery at the time of shipment for terms designated free on board shipping point. For sales designated free on board destination, customers take delivery when the product is delivered to the customer's delivery site. Provisions for certain rebates, sales incentives, product returns, and discounts to customers are recorded in the same period the related revenue is recorded. The Company also maintains one-time or on-going marketing and trade-promotion programs with certain customers that require the Company to estimate and accrue the expected costs of such programs. These arrangements include cooperative marketing programs, merchandising of the Company's products, and introductory marketing funds for new products and other trade-promotion activities conducted by the customer. Costs associated with these programs are reflected within the Company's *Consolidated Statements of Income* in accordance with the Accounting Standards Codification ("ASC") Topic 605, *Revenue Recognition* ("ASC 605"), which in most instances requires such costs be recorded as a reduction of revenue.

The Company provides for limited product return rights to certain distributors and customers primarily for slow moving or damaged items subject to certain defined criteria. The Company monitors product returns and, at the time revenue is recognized, records a provision for the estimated amount of future returns based primarily on historical experience and specific notification of pending returns. Although historical product returns generally have been within expectations, there can be no assurance that future product returns will not exceed historical amounts. A significant increase in product returns could have a material impact on the Company's operating results in future periods.

Revenue is earned on services and the sale of products. Revenue is recognized for the sale of products when the above criteria are met and for services rendered in the period of performance.

Revenue Recognition for Arrangements with Multiple Deliverables

A small portion of the Company's revenues are derived from the combination of any or all of: (i) the sale and license of its products, (ii) fees associated with training, installation, and technical support services, and (iii) monitoring and lighting control services. Certain agreements, particularly related to lighting controls systems, represent multiple-element arrangements that include tangible products that contain software that is essential to the functionality of the systems and undelivered elements that primarily relate to installation and monitoring and lighting control services. The undelivered elements associated with installations and monitoring and lighting control services are reviewed and analyzed to determine separability in relation to the delivered elements and appropriate pricing treatment based on (a) vendor-specific objective evidence, (b) third-party evidence, or (c) estimates. If deemed separate units of accounting, the revenue and associated cost of sales related to the delivered elements are realized at the time of delivery, while those related to the undelivered elements are recognized appropriately based on the period of performance. If the separation criterion for the undelivered elements is not met due to the undelivered elements being essential to the functionality of the lighting controls systems, all revenue and cost of sales attributable to the contract are deferred at the time of sale and are both generally recognized on a straight-line basis over the respective contract periods.

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Use of Estimates

The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash in excess of daily requirements is invested in time deposits and marketable securities and is included in the accompanying balance sheets at fair value. Acuity Brands considers time deposits and marketable securities with an original maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

The Company records accounts receivable at net realizable value. This value includes an allowance for estimated uncollectible accounts to reflect losses anticipated on accounts receivable balances. The allowance is based on historical write-offs, an analysis of past due accounts based on the contractual terms of the receivables, and economic status of customers, if known. Management believes that the allowance is sufficient to cover uncollectible amounts; however, there can be no assurance that unanticipated future business conditions of customers will not have a negative impact on the Company's results of operations.

Concentrations of Credit Risk

Concentrations of credit risk with respect to receivables, which are typically unsecured, are generally limited due to the wide variety of customers and markets using the Company's products, as well as their dispersion across many different geographic areas. Receivables from The Home Depot were approximately \$38.1 and \$34.0 at August 31, 2011 and 2010, respectively. No other single customer accounted for more than 10% of consolidated receivables at August 31, 2011. Additionally, net sales to The Home Depot accounted for approximately 10% of net sales of the Company in fiscal 2011 and 11% of net sales of the Company in fiscal 2010, and 2009, respectively.

Reclassifications

Certain prior-period amounts have been reclassified to conform to the current year presentation.

Subsequent Events

The Company has evaluated subsequent events for recognition and disclosure for occurrences and transactions after the date of the condensed financial statements at August 31, 2011.

Inventories

Inventories include materials, direct labor, in-bound freight, and related manufacturing overhead, are stated at the lower of cost (on a first-in, first-out or average cost basis) or market, and consist of the following:

	August 31,	
	2011	2010
Raw materials and supplies	\$ 90.5	\$ 76.4
Work in process	7.1	8.8
Finished goods	78.5	73.2
	176.1	158.4
Less: Reserves	(10.2)	(9.4)
Total Inventory	<u>\$ 165.9</u>	<u>\$ 149.0</u>

Goodwill and Other Intangibles

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

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	August 31,			
	2011		2010	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Patents and patented technology	\$ 42.7	\$ (14.5)	\$ 36.4	\$ (11.4)
Trademarks and trade names	24.0	(5.1)	13.0	(4.8)
Distribution network	61.8	(23.5)	61.8	(20.4)
Customer relationships	55.6	(6.4)	28.1	(3.3)
Other	5.9	(2.4)	5.8	(1.8)
Total	\$ 190.0	\$ (51.9)	\$ 145.1	\$ (41.7)
Unamortized trade names	<u>\$ 96.1</u>		<u>\$ 96.1</u>	

Through multiple acquisitions, the Company acquired intangible assets consisting primarily of trademarks and trade names associated with specific products with finite lives, definite-lived distribution networks, patented technology, non-compete agreements, and customer relationships, which are amortized over their estimated useful lives. Indefinite lived intangible assets consist of trade names that are expected to generate cash flows indefinitely. Significant estimates and assumptions were used to determine the fair value of these acquired intangible assets, including estimated future net sales, customer attrition rates, royalty rates, and discount rates. The current year increases in the gross carrying amounts for the acquired intangible assets were due primarily to the acquisitions of Winona Lighting, Sunoptics, and Healthcare Lighting (refer to the *Acquisitions* footnote). With regards to the recent acquisitions, the weighted average useful life of the intangible assets with finite lives acquired by the Company was estimated at 14.9 years, which consisted primarily of intangible assets related to trademarks/trade names, customer relationships, and patented technology. The weighted average useful lives of the trademarks/trade names, customer relationships, and patented technology with finite lives acquired by the Company in the current fiscal year were estimated at 18.2, 14.5, and 15 years, respectively. The provisional amounts for the acquired intangible assets are deemed incomplete until disclosed otherwise as the Company continues to gather information related to the business combinations.

The Company recorded amortization expense of \$10.2, \$7.1, and \$5.4 related to intangible assets with finite lives during fiscal 2011, 2010, and 2009, respectively. Amortization expense is generally recorded on a straight-line basis and is expected to be approximately \$9.7 in fiscal 2012, \$8.8 in fiscal 2013, \$8.8 in fiscal 2014, \$8.6 in fiscal 2015, and \$7.9 in fiscal 2016.

The changes in the carrying amount of goodwill during the year are summarized as follows:

Goodwill:	
Balance as of August 31, 2010	\$ 515.6
Acquisitions	40.3
Adjustments for acquired businesses	1.2
Currency translation adjustments	2.1
Balance as of August 31, 2011	<u>\$ 559.2</u>

The increase in goodwill was attributable to completed business combinations during fiscal 2011, which is comprised of, among other things, market participant and Company-specific expected synergies, unallocable in-process research and development projects, and the knowledge and expertise of employees of the acquired entities. Additionally, the Company recorded approximately \$14.7 during the current fiscal year related to preliminary deferred tax liabilities that were recorded to goodwill as part of the recent acquisitions. These amounts will not be final until completion of the identification and valuation of all intangible assets acquired.

The Company tests indefinite lived intangible assets and goodwill for impairment on an annual basis or more frequently as facts and circumstances change, as required by ASC Topic 350, *Intangibles — Goodwill and Other* (“ASC 350”). The goodwill impairment test has two steps. The first step identifies potential impairments by comparing the fair value of a reporting unit with its carrying value, including goodwill. The fair values are determined based on a combination of valuation techniques including the expected present value of future cash flows, a market multiple approach, and a comparable transaction approach. If the fair value of a reporting unit exceeds the carrying value, goodwill is not considered impaired and the second step is not necessary. If the carrying value of a reporting unit exceeds the fair value, the second step calculates the possible

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

impairment loss by comparing the implied fair value of goodwill with the carrying value. If the implied fair value of the goodwill is less than the carrying value, an impairment charge is recorded. The impairment test for unamortized trade names consists of comparing the fair value of the asset with its carrying value. The Company estimates the fair value of these unamortized trade names using a fair value model based on discounted future cash flows. If the carrying amount exceeds the measured fair value, an impairment loss would be recorded in the amount of the excess. Significant assumptions, including estimated future net sales, operating margins, royalty rates, and discount rates, were used in the determination of estimated fair value for both goodwill and indefinite lived intangible assets. Neither of the analyses resulted in an impairment charge during fiscal 2011, 2010, and 2009.

Other Long-Term Assets

Other long-term assets consist of the following:

	August 31,	
	2011	2010
Long-term investments ⁽¹⁾	\$ 1.2	\$ 1.9
Assets held for sale	3.0	3.0
Deferred debt issuance costs	2.3	2.6
Capitalized software costs	4.9	4.7
Deferred sales and marketing costs	13.1	6.6
Miscellaneous	3.8	1.3
Total	\$ 28.3	\$ 20.1

(1) *Long-term investments* — The Company maintains certain investments that generate returns that offset changes in certain liabilities related to deferred compensation arrangements. The investments primarily consist of marketable equity securities and fixed income securities, are stated at fair value, and are classified as trading in accordance with ASC Topic 320, *Investments — Debt and Equity Securities*. Realized and unrealized gains and losses are included in the Consolidated Statements of Income and generally offset the change in the deferred compensation liability. The decrease since August 31, 2010 was due primarily to payments made to certain participants in these deferred compensation arrangements.

As of August 31, 2011, the Company reported assets held for sale of \$3.0, which represents one property that the Company intends to sell to third parties within one year, or, in this instance, beyond one year as allowed by ASC Topic 360, *Property, Plant, and Equipment* (“ASC 360”), as the facilities have been deemed unnecessary to current operations.

Other Long-Term Liabilities

Other long-term liabilities consist of the following:

	August 31,	
	2011	2010
Deferred compensation and postretirement benefits other than pensions ⁽¹⁾	\$ 31.7	\$ 32.3
Postemployment benefit obligation ⁽²⁾	0.4	0.4
Uncertain tax positions liability, including interest ⁽³⁾	7.1	6.7
Acquisition-related liabilities ⁽⁴⁾	4.3	—
Deferred revenue	4.6	2.1
Deferred rent	1.7	2.2
Miscellaneous	1.6	2.0
Total	\$ 51.4	\$ 45.7

(1) *Deferred compensation and long-term postretirement benefits other than pensions* — The Company maintains several non-qualified retirement plans for the benefit of eligible employees, primarily deferred compensation plans. The deferred compensation plans provide for elective deferrals of an eligible employee’s compensation and, in some cases, matching contributions by the Company. In addition, one plan provides for an automatic contribution by the Company of 3% of an eligible employee’s compensation. The Company maintains certain long-term investments that offset a portion of the deferred compensation liability. The Company maintains life insurance policies on certain current and former officers and other key employees as a means of satisfying a portion of these obligations.

(2) *Postemployment benefit obligation* — ASC Topic 712, *Compensation — Nonretirement Postemployment Benefits*, requires the accrual of the estimated cost of benefits provided by an employer to former or inactive employees after employment but before retirement. The Company’s accrual

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

relates primarily to the liability for life insurance coverage for certain eligible employees.

(3) See the *Income Taxes* footnote for more information.

(4) *Acquisition-related liabilities* - Amounts represent contingent payments and other obligations related to current year acquisitions.

Shipping and Handling Fees and Costs

The Company includes shipping and handling fees billed to customers in *Net Sales*. Shipping and handling costs associated with inbound freight and freight between manufacturing facilities and distribution centers are generally recorded in *Cost of Products Sold*. Other shipping and handling costs are included in *Selling, Distribution, and Administrative Expenses* and totaled \$78.7, \$70.1, and \$68.6 in fiscal 2011, 2010, and 2009, respectively.

Share-Based Compensation

The Company recognizes compensation cost relating to share-based payment transactions in the financial statements based on the estimated fair value of the equity or liability instrument issued. The Company accounts for stock options, restricted shares, and share units representing certain deferrals into the Director Deferred Compensation Plan or the Supplemental Deferred Savings Plan (both of which are discussed further in the *Share-Based Payments* footnote) using the modified prospective method. Under the modified prospective method, share-based expense recognized includes: (a) share-based expense for all awards granted prior to, but not yet vested as of September 1, 2005, based on the grant date fair value estimated under the previous guidance, and (b) share-based expense for all awards granted subsequent to September 1, 2005, based on the grant-date fair value estimated under the current provisions of ASC Topic 718, *Compensation — Stock Compensation* (“ASC 718”).

Share-based expense includes expense related to restricted stock and options issued, as well as share units deferred into either the Director Deferred Compensation Plan or the Supplemental Deferred Savings Plan. The Company recorded \$14.2, \$12.5, and \$13.6 of share-based expense in continuing operations for the years ending August 31, 2011, 2010, and 2009, respectively. The total income tax benefit recognized in continuing operations for share-based compensation arrangements was \$4.7, \$4.2, and \$4.3 for the years ended August 31, 2011, 2010, and 2009, respectively. The Company accounts for any awards with graded vesting on a straight-line basis. Additionally, forfeitures of share-based awards are estimated based on historical experience and recorded at the time of grant, which are revised in subsequent periods if actual forfeitures differ from initial estimates. The Company did not capitalize any expense related to share-based payments and has recorded share-based expense, net of estimated forfeitures, in *Selling, Distribution, and Administrative Expenses*.

Excess tax benefits of \$5.3, \$2.8, and \$0.4 related to share-based compensation were included in financing activities in the Company’s *Statements of Cash Flows* for fiscal 2011, 2010, and 2009, respectively.

See the *Share-Based Payments* footnote for more information.

Depreciation

For financial reporting purposes, depreciation is determined principally on a straight-line basis using estimated useful lives of plant and equipment (10 to 40 years for buildings and related improvements and up to 15 years for machinery and equipment), while accelerated depreciation methods are used for income tax purposes. Leasehold improvements are amortized over the shorter of the life of the lease or the estimated useful life of the improvement. Depreciation expense amounted to \$28.8, \$28.5, and \$29.6 during fiscal 2011, 2010, and 2009, respectively.

Research and Development

Research and development (“R&D”) expense, which are included in *Selling, Distribution, and Administrative Expenses* in the Company’s *Consolidated Statements of Income*, is expensed as incurred. R&D expense amounted to \$31.3, \$26.6, and \$20.8 during fiscal 2011, 2010, and 2009, respectively.

Advertising

Advertising costs are expensed as incurred and are included within *Selling, Distribution, and Administrative Expenses* in the Company’s *Consolidated Statements of Income*. These costs totaled \$13.4, \$12.0, and \$8.7 during fiscal 2011, 2010, and 2009, respectively.

Service Arrangements with Customers

The Company maintains a service program with one of its retail customers that affords the Company certain in-store

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

benefits, including lighting display maintenance. Costs associated with this program totaled \$5.2, \$4.9, and \$4.7 in fiscal 2011, 2010, and 2009. These costs have been included within the *Selling, Distribution, and Administrative Expenses* line item of the Company's *Consolidated Statements of Income*.

Interest Expense, Net

Interest expense, net, is comprised primarily of interest expense on long-term debt, revolving credit facility borrowings, and loans collateralized by assets related to the company-owned life insurance program, partially offset by interest income on cash and cash equivalents.

The following table summarizes the components of interest expense, net:

	Years Ended August 31,		
	2011	2010	2009
Interest expense	\$ 30.4	\$ 29.8	\$ 29.5
Interest income	(0.5)	(0.4)	(1.0)
Interest expense, net	<u>\$ 29.9</u>	<u>\$ 29.4</u>	<u>\$ 28.5</u>

Foreign Currency Translation

The functional currency for the foreign operations of the Company is the local currency. The translation of foreign currencies into U.S. dollars is performed for balance sheet accounts using exchange rates in effect at the balance sheet dates and for revenue and expense accounts using a weighted average exchange rate each month during the year. The gains or losses resulting from the balance sheet translation are included in *Comprehensive Income* in the *Consolidated Statements of Stockholders' Equity and Comprehensive Income* and are excluded from net income.

Gains or losses relating to foreign currency items are included in *Miscellaneous expense (income), net*, in the *Consolidated Statements of Income* and consisted of expense of \$1.5 in fiscal 2011 and income of \$0.7 and \$2.1, in fiscal 2010 and 2009, respectively.

Miscellaneous Expense (Income), Net

Miscellaneous expense (income), net, is composed primarily of gains or losses on foreign currency items and other non-operating items.

Income Taxes

The Company is taxed at regular corporate rates after adjusting income reported for financial statement purposes for certain items that are treated differently for income tax purposes. Deferred income tax expenses (benefits) result from changes during the year in cumulative temporary differences between the tax basis and book basis of assets and liabilities.

4. New Accounting Pronouncements

Accounting Standards Adopted in Fiscal 2011

In September 2009, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2009-13, *Revenue Recognition (Topic 605) - Multiple-Deliverable Revenue Arrangements* ("ASU 2009-13"). ASU 2009-13 addresses the accounting for multiple-deliverable arrangements to enable vendors to account for products or services ("deliverables") separately rather than as a combined unit. Specifically, this guidance amends the criteria in Subtopic 605-25, *Revenue Recognition-Multiple-Element Arrangements*, for separating consideration in multiple-deliverable arrangements. A selling price hierarchy is established for determining the selling price of a deliverable, which is based on: (a) vendor-specific objective evidence; (b) third-party evidence; or (c) estimates. This guidance also eliminates the residual method of allocation and requires that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method. Additional disclosures related to a vendor's multiple-deliverable revenue arrangements are also required by this update. ASU 2009-13 is effective prospectively for revenue arrangements entered into, or materially modified, in fiscal years beginning on or after June 15, 2010, with early adoption permitted. Therefore, ASU 2009-13 became effective on a prospective basis for the Company on September 1, 2010. The adoption of ASU 2009-13 had an immaterial impact on the Company's results of operations, financial condition, and cash flows.

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In September 2009, the FASB issued ASU No. 2009-14, *Software (Topic 985) - Certain Revenue Arrangements That Include Software Elements* (“ASU 2009-14”). ASU 2009-14 changes the accounting model for revenue arrangements that include both tangible products and software elements to allow for alternatives when vendor-specific objective evidence does not exist. Under this guidance, tangible products containing software components and non-software components that function together to deliver the tangible product's essential functionality and hardware components of a tangible product containing software components are excluded from the software revenue guidance in Subtopic 985-605, *Software-Revenue Recognition*; thus, these arrangements are excluded from this update. ASU 2009-14 is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with early adoption permitted. Therefore, ASU 2009-14 became effective on a prospective basis for the Company on September 1, 2010. The adoption of ASU 2009-14 had an immaterial impact on the Company's results of operations, financial condition, and cash flows.

Accounting Standards Yet to Be Adopted

In December 2010, the FASB issued ASU No. 2010-29, *Business Combinations (Topic 805) - Disclosure of Supplementary Pro Forma Information for Business Combinations* (“ASU 2010-29”). This standard update clarifies that, when presenting comparative financial statements, SEC registrants should disclose revenue and earnings of the combined entity as though the current period business combinations had occurred as of the beginning of the comparable prior annual reporting period only. The update also expands the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. ASU 2010-29 is effective prospectively for material (either on an individual or aggregate basis) business combinations entered into in fiscal years beginning on or after December 15, 2010, with early adoption permitted. ASU 2010-29 is therefore effective for the Company for acquisitions made after the beginning of fiscal 2012. The Company does not expect ASU 2010-29 to have a material effect on the Company's results of operations, financial condition, and cash flows; however, the Company may have additional disclosure requirements if a material acquisition occurs.

In May 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurement (Topic 820) - Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* (“ASU 2011-04”), which clarifies the wording and disclosures required in Accounting Standards Codification (“ASC”) Topic 820, *Fair Value Measurement* (“ASC 820”), to converge with those used (to be used) in International Financial Reporting Standards (“IFRS”). The update explains how to measure and disclose fair value under ASC 820. However, the FASB does not expect the changes in this standards update to alter the current application of the requirements in ASC 820. The provisions of ASU 2011-04 are effective for public entities prospectively for interim and annual periods beginning after December 15, 2011. Early adoption is prohibited. Therefore, ASU 2011-04 is effective for the Company during the third quarter of fiscal 2012. The Company does not expect ASU 2011-04 to have a material effect on the Company's results of operations, financial condition, and cash flows.

In June 2011, the FASB issued ASU No. 2011-05, *Comprehensive Income (Topic 220) - Presentation of Comprehensive Income* (“ASU 2011-05”). ASU 2011-05 changes the presentation of comprehensive income in the financial statements for all periods reported and eliminates the option under the current guidance that allows for presentation of other comprehensive income as part of the Statement of Stockholders' Equity. The update proposes two options for the proper presentation of comprehensive income: 1) a single Statement of Comprehensive Income, which includes all components of net income and other comprehensive income; or 2) a Statement of Income followed immediately by a Statement of Comprehensive Income, which includes the summarized net income and all components of other comprehensive income. The provisions of ASU 2011-05 are effective for public entities retrospectively for annual periods, and interim periods within those years, beginning after December 15, 2011, with early adoption permitted. Therefore, ASU 2011-05 is effective for the Company in the first quarter of fiscal 2013. Although the provisions of this update will change the presentation of the consolidated financial statements of the Company, no material impact is expected on the Company's results of operations, financial condition, and cash flows.

In September 2011, the FASB issued ASU No. 2011-08, *Intangibles - Goodwill and Other (Topic 350) - Testing Goodwill for Impairment* (“ASU 2011-08”), which allows companies to assess qualitative factors prior to the use of the two-step quantitative method to determine if goodwill has been impaired. If the qualitative factors reviewed do not indicate that it is more likely than not that the fair value of a reporting unit does not exceed the carrying value, ASU 2011-08 deems any further impairment testing to be unnecessary. In the event that the qualitative review indicates otherwise, the company is required to perform further quantitative impairment testing as prescribed by Topic 350. Other indefinite-lived intangible assets are not affected by the provisions of this standards update. ASU 2011-08 is effective for fiscal years beginning after December 31, 2011, with early adoption permitted. The Company is currently reviewing the provisions of ASU 2011-08 but does not expect it to have a material effect on the Company's results of operations, financial condition, and cash flows.

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

5. Acquisitions

The Company has actively pursued opportunities for investment and growth through acquisitions. Since the fourth quarter of fiscal 2010, the Company has acquired a number of businesses that participate in the North American lighting market, as discussed below. As with previous acquisitions, the companies were purchased to further expand and complement the Company's lighting solutions portfolio and were fully incorporated into the Company's operations. None of the business combinations-individually or in the aggregate-represented a material transaction as compared to the Company's financial condition, results of operations, or cash flows in any of the periods in which control was obtained.

Healthcare Lighting Acquisition

On May 12, 2011, the Company acquired for cash all of the ownership interests in Healthcare Lighting, a leading provider of specialized, high-performance lighting solutions for healthcare facilities. Based in Fairview, Pennsylvania, Healthcare Lighting exclusively focused on servicing the healthcare industry through the design and manufacture of medical lighting products meant to enhance the visual environment in healthcare settings.

The Company expensed an immaterial amount of acquisition costs during fiscal 2011.

The operating results of Healthcare Lighting have been included in the Company's consolidated financial statements since the date of acquisition and are not material to the Company's financial condition, results of operations, or cash flows. Preliminary amounts related to the acquisition are reflected in the *Consolidated Balance Sheets* as of August 31, 2011. These amounts are deemed to be provisional until disclosed otherwise, as the Company continues to gather information related to the identification and valuation of intangible and other acquired assets and liabilities.

Sunoptics Acquisition

On February 23, 2011, the Company acquired for cash all of the ownership interests in Sunoptics, a premier provider of high-performance, prismatic daylighting solutions based in Sacramento, California. Sunoptics' high-performance prismatic skylights optimized lighting performance through the use of sustainable and energy-efficient solutions for retail, industrial, warehouse, education, government, and office applications.

The Company expensed an immaterial amount of acquisition costs during fiscal 2011.

The operating results of Sunoptics have been included in the Company's consolidated financial statements since the date of acquisition and are not material to the Company's financial condition, results of operations, or cash flows. Preliminary amounts related to the acquisition are reflected in the *Consolidated Balance Sheets* as of August 31, 2011. These amounts are deemed to be provisional until disclosed otherwise, as the Company continues to gather information related to the identification and valuation of intangible and other acquired assets and liabilities.

Winona Lighting Acquisition

On October 14, 2010, the Company acquired for cash all of the outstanding capital stock of Winona Lighting, a premier provider of architectural and high-performance indoor and outdoor lighting solutions headquartered in Minnesota. Recognized throughout the architectural design community, Winona Lighting served the commercial, retail, and institutional markets with a solutions portfolio of high-quality and design-oriented luminaires suitable for decorative, custom, asymmetric, and landscape lighting applications.

The Company expensed an immaterial amount of acquisition costs during fiscal 2011.

The operating results of Winona Lighting have been included in the Company's consolidated financial statements since the date of acquisition and are not material to the Company's financial condition, results of operations, or cash flows. Management finalized the acquisition accounting for Winona Lighting during fiscal 2011, and the amounts are reflected in the *Consolidated Balance Sheets* as of August 31, 2011.

Renaissance Acquisition

On July 26, 2010, the Company acquired for cash the remaining outstanding capital stock of Renaissance. Renaissance, based in Herndon, Virginia, offered a full range of LED-based specification-grade downlighting solutions and had developed an extensive intellectual property portfolio related to advanced LED optical solutions and technologies.

Previously, the Company entered into a strategic partnership with Renaissance, which included a noncontrolling interest in the company and a license to the company's intellectual property estate. Therefore, the Company recognized an acquisition-

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

in-stages as prescribed by ASC Topic 805, *Business Combinations* (“ASC 805”), which required the original equity ownership interest to be revalued to the fair value as of the date of acquisition and included as part of the total consideration given. Total consideration consisted of cash and the original noncontrolling interest.

The operating results of Renaissance have been included in the Company's consolidated financial statements since the date of acquisition and are not material to the Company's financial condition, results of operations, or cash flows. Management finalized the acquisition accounting for Renaissance during fiscal 2011, and the amounts are reflected in the *Consolidated Balance Sheets* as of August 31, 2011.

6. Fair Value Measurements

The Company determines a fair value measurement based on the assumptions a market participant would use in pricing an asset or liability. ASC 820 establishes a three level hierarchy making a distinction between market participant assumptions based on (i) unadjusted quoted prices for identical assets or liabilities in an active market (Level 1), (ii) quoted prices in markets that are not active or inputs that are observable either directly or indirectly for substantially the full term of the asset or liability (Level 2), and (iii) prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement (Level 3).

The following table presents information about assets and liabilities required to be carried at fair value and measured on a recurring basis as of August 31, 2011 and 2010:

	Fair Value Measurements as of:			
	August 31, 2011		August 31, 2010	
	Level 1	Total Fair Value	Level 1	Total Fair Value
Assets:				
Cash and cash equivalents	\$ 170.2	\$ 170.2	\$ 191.0	\$ 191.0
Short-term investments ⁽¹⁾	0.8	0.8	1.3	1.3
Long-term investments ⁽¹⁾	1.2	1.2	1.8	1.8
Liabilities:				
Deferred compensation plan ⁽²⁾	\$ 2.0	\$ 2.0	\$ 3.1	\$ 3.1

(1) The Company maintains certain investments that generate returns that offset changes in certain liabilities related to deferred compensation arrangements.

(2) The Company maintains a self-directed, non-qualified deferred compensation plan structured as a rabbi trust primarily for certain retired executives and other highly compensated employees.

The Company utilizes valuation methodologies to determine the fair values of its financial assets and liabilities in conformity with the concepts of “exit price” and the fair value hierarchy as prescribed in ASC 820. All valuation methods and assumptions are validated at least quarterly to ensure the accuracy and relevance of the fair values. There were no material changes to the valuation methods or assumptions used to determine fair values during the current period.

The Company used the following valuation methods and assumptions in estimating the fair value of the following assets and liabilities:

Cash and cash equivalents are classified as Level 1 assets. The carrying amounts for cash reflect the assets' fair values, and the fair values for cash equivalents are determined based on quoted market prices.

Short-term and long-term investments are classified as Level 1 assets. These investments consist primarily of publicly traded marketable equity securities and fixed income securities, and the fair values are obtained through market observable pricing.

Deferred compensation plan liabilities are classified as Level 1 liabilities within the hierarchy. The fair values of the liabilities are directly related to the valuation of the short-term and long-term investments held in trust for the plan. Hence, the carrying value of the deferred compensation liability represents the fair value of the investment assets.

The Company does not have any assets or liabilities that are carried at fair value and measured on a recurring basis classified as Level 2 or 3 assets or liabilities. In addition, no transfers between the levels of the fair value hierarchy occurred during the current fiscal period. In the event of a transfer in or out of Level 1, the transfers would be recognized on the date of

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

occurrence.

Disclosures of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value are required each reporting period in addition to any financial instruments carried at fair value on a recurring basis as prescribed by ASC 825, *Financial Instruments*, (“ASC 825”). In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows.

The carrying values and estimated fair values of certain of the Company’s financial instruments were as follows at August 31, 2011 and 2010:

	August 31, 2011		August 31, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Liabilities:				
Senior unsecured public notes, net of unamortized discount	\$ 349.4	\$ 373.9	\$ 349.3	\$ 384.5
Industrial revenue bond	4.0	4.0	4.0	4.0

The senior unsecured public notes are carried at the outstanding balance, including bond discounts, as of the end of the reporting period. Fair value is estimated based on the discounted future cash flows using rates currently available for debt of similar terms and maturity.

The tax-exempt industrial revenue bond is carried at the outstanding balance as of the end of the reporting period. The industrial revenue bond is a tax-exempt, variable-rate instrument that resets on a weekly basis, and, therefore, the Company estimates that the face amount of the bond approximates fair value as of August 31, 2011.

ASC 825 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value to the Company. In many cases, the fair value estimates cannot be substantiated by comparison to independent markets, nor can the disclosed value be realized in immediate settlement of the instruments. In evaluating the Company’s management of liquidity and other risks, the fair values of all assets and liabilities should be taken into consideration, not only those presented above.

Nonrecurring Fair Value Measurements

As part of the streamlining actions taken during the second quarter of fiscal 2010, the Company recorded \$3.7 in asset impairments related to the closure of a manufacturing facility and the abandonment of plant equipment. The Company’s restructuring plans triggered impairment indicators, which required the testing of the recoverability of the building and equipment per ASC 360. The fair value of the assets were estimated based primarily on undiscounted cash flows due to the short useful lives of the assets (e.g., less than one year) and the Company’s intentions for future use.

As of February 28, 2010, the manufacturing facility had a total carrying value of \$3.4 prior to the announced plan to close. Through cash flow analysis and local commercial real estate market analysis, including the existence of a market for the facility, or lack thereof, the Company determined that the fair value of the property approximated zero. Thus, an impairment charge for the entire carrying value of the facility was incurred. Due to the methodology and inputs (i.e., undiscounted future cash flows, broker quotes, and probability analysis) employed to determine the fair value of the property, the manufacturing facility was concluded to be a Level 3 asset within the fair value hierarchy.

Plant equipment associated with the aforementioned facility had a carrying value of \$0.3 as of February 28, 2010. Based on the lack of future use of the equipment and intended disposal, the assets were determined to be impaired during the second quarter of fiscal 2010 for the full net book value. Since management’s intent and use for the asset changed and no observable market data or inputs were utilized to determine the fair value of the equipment, the equipment was determined to be a Level 3 asset within the fair value hierarchy.

In addition to the aforementioned asset impairments, the Company recognized an impairment charge during the fourth quarter of fiscal 2010 of approximately \$1.4, which was related primarily to the diminished fair value of its held-for-sale facility located in Decatur, GA. Based on market evidence (e.g., offers, broker quotes, and similar property), the carrying value of the property (\$4.0) was deemed greater than the market value for manufacturing plants of similar size within the area, which correlates with the declines in commercial property values nationwide, and an impairment charge of \$1.0 was recorded. Additionally, the impaired facility was concluded to be a Level 3 asset within the fair value hierarchy.

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

7. Pension and Profit Sharing Plans

The Company has several pension plans, both qualified and non-qualified, 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 and statutory requirements. Plan assets are invested primarily in equity and fixed income securities.

Effective for fiscal 2009, the Company adopted the measurement date provisions within ASC 715. Prior to fiscal 2009, the Company measured the funded status of its plans as of May 31 of each year. The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position was effective for fiscal years ending after December 15, 2008, and was therefore effective for the Company in fiscal 2009. The change in measurement date to August 31 resulted in a reduction to retained earnings of approximately \$0.5, net of tax, during fiscal 2009.

The following tables reflect the status of the Company's domestic (U.S.-based) and international pension plans at August 31, 2011 and 2010:

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Domestic Plans		International Plans	
	August 31,		August 31,	
	2011	2010	2011	2010
Change in Benefit Obligation:				
Benefit obligation at beginning of year	\$ 134.6	\$ 116.8	\$ 35.1	\$ 32.2
Service cost	3.1	2.7	0.1	0.1
Interest cost	6.5	6.8	1.8	1.7
Actuarial (gain) loss	(1.6)	14.1	(2.4)	3.8
Curtailment	—	0.2	—	0.1
Plan Settlements	—	—	(0.1)	(0.1)
Benefits paid	(6.3)	(6.3)	(0.7)	(0.7)
Plan Amendments	—	0.3	—	—
Other	—	—	2.0	(2.0)
Benefit obligation at end of year	136.3	134.6	35.8	35.1
Change in Plan Assets:				
Fair value of plan assets at beginning of year	\$ 75.7	\$ 75.3	\$ 21.8	\$ 21.3
Actual return on plan assets	8.7	4.0	1.4	1.3
Employer contributions	5.8	2.7	2.7	1.2
Benefits paid	(6.3)	(6.3)	(0.7)	(0.7)
Other	—	—	1.3	(1.3)
Fair value of plan assets at end of year	83.9	75.7	26.5	21.8
Funded status at end of year:				
Funded Status	\$ (52.4)	\$ (58.9)	\$ (9.3)	\$ (13.3)
Net amount recognized in Consolidated Balance Sheets	\$ (52.4)	\$ (58.9)	\$ (9.3)	\$ (13.3)
Amounts Recognized in the Consolidated Balance Sheets Consist of:				
Current liabilities	\$ (1.2)	\$ (1.1)	\$ —	\$ —
Non-current liabilities	(51.2)	(57.8)	(9.3)	(13.3)
Net amount recognized in Consolidated Balance Sheets	\$ (52.4)	\$ (58.9)	\$ (9.3)	\$ (13.3)
Accumulated Benefit Obligation				
	\$ 136.2	\$ 133.9	\$ 35.7	\$ 35.1
Amounts in accumulated other comprehensive income:				
Prior service cost	\$ (0.7)	\$ (0.8)	\$ —	\$ —
Net actuarial loss	(55.8)	(64.0)	(13.4)	(15.9)
Amounts in accumulated other comprehensive income	\$ (56.5)	\$ (64.8)	\$ (13.4)	\$ (15.9)
Estimated amounts that will be amortized from accumulated comprehensive income over the next fiscal year:				
Prior service cost	\$ 0.1	\$ 0.1	\$ —	\$ —
Net actuarial loss	3.2	3.7	0.9	1.0

Components of net periodic pension cost for the fiscal years ended August 31, 2011, 2010, and 2009, included the following:

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Domestic Plans			International Plans		
	2011	2010	2009	2011	2010	2009
Service cost	\$ 3.1	\$ 2.7	\$ 2.5	\$ 0.1	\$ 0.1	\$ 0.1
Interest cost	6.5	6.8	6.7	1.8	1.7	1.8
Expected return on plan assets	(5.9)	(5.9)	(7.4)	(1.6)	(1.5)	(1.8)
Amortization of prior service cost	0.1	0.1	—	—	—	—
Curtailment	—	0.2	—	—	0.1	—
Recognized actuarial loss	3.7	2.7	1.1	1.1	0.8	0.6
Net periodic pension cost	<u>\$ 7.5</u>	<u>\$ 6.6</u>	<u>\$ 2.9</u>	<u>\$ 1.4</u>	<u>\$ 1.2</u>	<u>\$ 0.7</u>

Weighted average assumptions used in computing the benefit obligation are as follows:

	Domestic Plans		International Plans	
	2011	2010	2011	2010
Discount rate	5.0%	5.0%	5.6%	4.9%
Rate of compensation increase	5.5%	5.5%	3.4%	3.1%

Weighted average assumptions used in computing net periodic benefit cost are as follows:

	Domestic Plans			International Plans		
	2011	2010	2009	2011	2010	2009
Discount rate	5.0%	6.0%	6.3%	4.9%	5.6%	5.7%
Expected return on plan assets	7.8%	8.0%	8.3%	6.6%	6.8%	7.4%
Rate of compensation increase	5.5%	5.5%	5.5%	3.1%	4.5%	4.7%

It is the Company's policy to adjust, on an annual basis, the discount rate used to determine the projected benefit obligation to approximate rates on high-quality, long-term obligations based on the Company's estimated benefit payments available as of the measurement date. The Company uses a publicly published yield curve to assist in the development of its discount rates. The Company estimates that each 100 basis point increase in the discount rate would result in reduced net periodic pension cost of approximately \$0.8 for domestic plans. The Company's discount rate used in computing the net periodic benefit cost for its domestic plans decreased by 100 basis points in fiscal 2011, which contributed to the change in net periodic pension cost associated with those plans. The discount rate used in computing the net periodic pension cost for the Company's international plans decreased 70 basis points in fiscal 2011 over the prior year. In addition, lower average asset values, a lower expected return on plan assets, and an actuarial loss resulted in higher overall periodic benefit costs for fiscal 2011. The expected return on plan assets is derived from a periodic study of long-term historical rates of return on the various asset classes included in the Company's targeted pension plan asset allocation. The Company estimates that each 100 basis point reduction in the expected return on plan assets would result in additional net periodic pension cost of \$0.8 and \$0.3 for domestic plans and international plans, respectively. The rate of compensation increase is also evaluated and is adjusted by the Company, if necessary, annually.

The Company's investment objective for U.S. plan assets is to earn a rate of return sufficient to match or exceed the long-term growth of the plans' liabilities without subjecting plan assets to undue risk. The plan assets are invested primarily in high quality equity and debt securities. The Company conducts a periodic strategic asset allocation study to form a basis for the allocation of pension assets between various asset categories. Specific allocation percentages are assigned to each asset category with minimum and maximum ranges established for each. The assets are then managed within these ranges. During fiscal 2011, the U.S. targeted asset allocation was 58% equity securities, 37% fixed income securities, and 5% real estate securities. The Company's investment objective for the international plan assets is also to add value by matching or exceeding the long-term growth of the plans' liabilities. During fiscal 2011, the international asset target allocation was 76% equity securities, 22% fixed income securities, and 2% real estate securities.

The Company's pension plan asset allocation at August 31, 2011 and 2010 by asset category is as follows:

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	% of Plan Assets			
	Domestic Plans		International Plans	
	2011	2010	2011	2010
Equity securities	57.7%	55.6%	76.0%	84.1%
Fixed income securities	37.3%	39.8%	22.0%	13.9%
Real estate	5.0%	4.6%	2.0%	2.0%
Total	100.0%	100.0%	100.0%	100.0%

The Company's pension plan assets are stated at fair value from quoted market prices in an active market, quoted redemption values, or estimates based on reasonable assumptions as of the most recent measurement period. See the *Fair Value Measurements* footnote for a description of the fair value guidance.

The following tables present the fair value of the domestic pension plan assets by major category as of August 31, 2011 and 2010:

Assets	Fair Value Measurements as of August 31, 2011			
	Fair Value as of August 31, 2011	Quoted Market Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
		(Level 1)	(Level 2)	(Level 3)
Mutual Funds:				
US equity securities	\$ 30.1	\$ 30.1	\$ —	\$ —
International equity securities	9.1	9.1	—	—
Equity Securities	9.2	9.2	—	—
Real Estate Fund	4.2	—	—	4.2
Short-Term Investments	2.5	2.5	—	—
Corporate Bonds	28.8	—	28.8	—
	<u>\$ 83.9</u>			

Assets	Fair Value Measurements as of August 31, 2010			
	Fair Value as of August 31, 2010	Quoted Market Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
		(Level 1)	(Level 2)	(Level 3)
Mutual Funds:				
US equity securities	\$ 26.2	\$ 26.2	\$ —	\$ —
International equity securities	8.3	8.3	—	—
Equity Securities	7.6	7.6	—	—
Real Estate Fund	3.5	—	—	3.5
Short-Term Investments	2.0	2.0	—	—
Corporate Bonds	28.1	—	28.1	—
	<u>\$ 75.7</u>			

The following tables present the fair value of the international pension plan assets by major category as of August 31, 2011 and 2010:

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Assets	Fair Value Measurements as of August 31, 2011			
	Fair Value as of August 31, 2011	Quoted Market Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
		(Level 1)	(Level 2)	(Level 3)
Equity Securities	20.3	20.3	—	—
Real Estate Fund	0.6	—	—	0.6
Short-Term Investments	1.6	1.6	—	—
Corporate Bonds	4.0	—	4.0	—
	<u>\$ 26.5</u>			

Assets	Fair Value Measurements as of August 31, 2010			
	Fair Value as of August 31, 2010	Quoted Market Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
		(Level 1)	(Level 2)	(Level 3)
Equity Securities	18.3	18.3	—	—
Real Estate Fund	0.4	—	—	0.4
Short-Term Investments	1.3	1.3	—	—
Corporate Bonds	1.8	—	1.8	—
	<u>\$ 21.8</u>			

Publicly-traded securities are valued at the last reported sales price on the last business day of the period. Investments traded in the over-the-counter market and listed securities for which no sale was reported on the last day of the period are valued at the last reported bid price.

Investments in real estate are stated at estimated fair values based on the fund management's valuations and upon appraisal reports prepared periodically by independent real estate appraisers. These investments are classified as Level 3 assets within the fair value hierarchy. The purpose of the appraisal is to estimate the fair value of the real estate as of a specific date based on the most probable price for which the appraised real estate will sell in a competitive market under all conditions requisite to a fair sale. Estimated fair value is based on (i) discounted cash flows using certain market assumptions, including holding period, discount rates, capitalization rates, rent and expense growth rates, future capital expenditures and the ultimate sale of the property at the end of the holding period; (ii) direct capitalization method; or (iii) comparable sales method.

The tables below present a rollforward of the domestic and international pension plans' Level 3 assets for the years ended August 31, 2011 and 2010:

	Domestic Real Estate Fund	
	Year Ended August 31,	
	2011	2010
Balance, beginning of year	\$ 3.5	\$ 3.1
Income	0.2	0.2
Net unrealized gain (loss) relating to instruments still held at the reporting date	0.4	(0.8)
Shares purchased from dividend reinvestment	0.1	1.0
Balance, end of year	<u>\$ 4.2</u>	<u>\$ 3.5</u>

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	International Real Estate Fund	
	Year Ended August 31,	
	2011	2010
Balance, beginning of year	\$ 0.4	\$ 0.3
Net unrealized gain relating to instruments still held at the reporting date	—	0.1
Shares purchased from dividend reinvestment	0.2	—
Balance, end of year	<u>\$ 0.6</u>	<u>\$ 0.4</u>

The Company expects to contribute approximately \$9.4 and \$1.1 to its domestic and international defined benefit plans, respectively, during 2012. These amounts are based on the total contributions required during 2012 to satisfy current legal minimum funding requirements for qualified plans and estimated benefit payments for non-qualified plans.

Benefit payments are made primarily from funded benefit plan trusts. Benefit payments are expected to be paid as follows for the years ending August 31:

	Domestic Plans	International Plans
2012	\$ 6.5	\$ 0.5
2013	6.6	0.5
2014	6.8	0.6
2015	7.0	0.7
2016	7.2	0.9
2017-2021	43.3	4.9

The Company also has defined contribution plans to which both employees and the Company make contributions. The cost to the Company for these plans was \$4.1 in 2011, \$4.0 in 2010, and \$4.3 in 2009. Employer matching amounts are allocated in accordance with the participants' investment elections for elective deferrals. At August 31, 2011, assets of the domestic defined contribution plans included shares of the Company's common stock with a market value of approximately \$6.2, which represented approximately 3.1% of the total fair market value of the assets in the Company's domestic defined contribution plans.

8. Debt and Lines of Credit

Debt

The Company's debt at August 31, 2011 and 2010, consisted of the following:

	August 31,	
	2011	2010
Senior unsecured public notes due December 2019 with an effective interest rate of 6%, net of unamortized discount of \$0.6	\$ 349.4	\$ 349.3
Industrial revenue bond due 2021	4.0	4.0
Total debt outstanding	<u>353.4</u>	<u>353.3</u>
Less — Amounts payable within one year included in current liabilities	—	—
Long-term portion of debt outstanding	<u>\$ 353.4</u>	<u>\$ 353.3</u>

All future annual principal payments of long-term debt in the amount of \$353.4 will become due after fiscal 2017.

On December 1, 2009, the Company simultaneously announced the private offering by ABL, Acuity Brands' wholly-owned principal operating subsidiary, of \$350.0 aggregate principal amount of senior unsecured notes due in fiscal 2020 (the "Notes") and the cash tender offer for the \$300.0 of publicly traded notes outstanding that were scheduled to mature in August 2010 (the "2010 Notes"). In addition to the retirement of the 2010 Notes, the Company used the proceeds to repay the \$25.3 outstanding balance on a three-year unsecured promissory note issued to the former sole shareholder of Sensor Switch as part of ABL's acquisition of Sensor Switch during fiscal 2009, as discussed below, with the remainder used for general corporate

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

purposes.

The Notes are fully and unconditionally guaranteed on a senior unsecured basis by Acuity Brands and ABL IP Holding LLC (“ABL IP Holding”, and, together with Acuity Brands, the “Guarantors”), a wholly-owned subsidiary of Acuity Brands. The Notes are senior unsecured obligations of ABL and rank equally in right of payment with all of ABL’s existing and future senior unsecured indebtedness. The guarantees of Acuity Brands and ABL IP Holding are senior unsecured obligations of Acuity Brands and ABL IP Holding and rank equally in right of payment with their other senior unsecured indebtedness. The Notes bear interest at a rate of 6% per annum and were issued at a price equal to 99.797% of their face value and for a term of 10 years. Interest on the Notes is payable semi-annually on June 15 and December 15, commencing on June 15, 2010. Additionally, the Company capitalized \$3.1 of deferred issuance costs related to the Notes that are being amortized over the 10-year term of the Notes.

In accordance with the registration rights agreement by and between ABL and the Guarantors and the initial purchasers of the Notes, ABL and the Guarantors filed a registration statement with the SEC for an offer to exchange the Notes for SEC-registered notes with substantially identical terms. The registration became effective on August 17, 2010, and all of the Notes were exchanged.

The Company retired all of the outstanding 2010 Notes through the execution of a cash tender offer and the subsequent redemption of any remaining 2010 Notes during fiscal 2010. The loss on the transaction, including the premium paid, expenses, and the write-off of deferred issuance costs associated with the 2010 Notes, was approximately \$10.5.

On April 20, 2009, ABL issued a three-year unsecured promissory note at a 6% interest rate in the amount of \$30.0 to the former sole shareholder of Sensor Switch, who continued as an employee of the Company upon completion of the acquisition, as partial consideration for the acquisition of Sensor Switch during the third quarter of fiscal 2009. In accordance with certain rights to accelerate the repayment of the promissory note, ABL paid the outstanding principal balance of \$25.3 with proceeds from the Notes in January 2010. No penalty or loss was incurred by the Company due to the prepayment of the promissory note.

The \$4.0 industrial revenue bond matures in 2021. The interest rates on the \$4.0 bond were approximately 0.3% and 0.4% at August 31, 2011 and 2010, respectively.

Lines of Credit

On October 19, 2007, the Company executed a \$250.0 revolving credit facility (the “Revolving Credit Facility”). The Revolving Credit Facility matures in October 2012 and contains financial covenants, including a minimum interest coverage ratio and 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 agreement. These ratios are computed at the end of each fiscal quarter for the most recent 12-month period. The Revolving Credit Facility allows for a Maximum Leverage Ratio of 3.50, subject to certain conditions defined in the financing agreement. The Company was compliant with all financial covenants under the Revolving Credit Facility as of August 31, 2011. At August 31, 2011, the Company had additional borrowing capacity under the Revolving Credit Facility of \$240.5 under the most restrictive covenant in effect at the time, which represents the full amount of the Revolving Credit Facility less outstanding letters of credit of \$9.5 discussed below.

The Revolving Credit Facility bears interest at the option of the borrower based upon either (1) the higher of the JPMorgan Chase Bank prime rate and the federal funds effective rate plus 0.50%, or (2) the London Inter Bank Offered Rate (“LIBOR”) plus the Applicable Margin (a margin as determined by Acuity Brands’ leverage ratio). Based upon Acuity Brands’ leverage ratio, as defined in the Revolving Credit Facility agreement, the Applicable Margins were 0.50% as of August 31, 2011 and 2010, respectively. During fiscal 2011 and 2010, the Company paid commitment fees of approximately \$0.3 and \$0.2, respectively, and paid commitment fees during each of those years at a rate of approximately 0.1%.

At August 31, 2011, the Company had outstanding letters of credit totaling \$13.7, primarily for securing collateral requirements under the casualty insurance programs for Acuity Brands and for providing credit support for the Company’s industrial revenue bond. At August 31, 2011, a total of \$9.5 of the letters of credit was issued under the Revolving Credit Facility, thereby reducing the total availability under the facility by such amount.

None of the Company’s existing debt instruments, neither short-term nor long-term, 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 — (Continued)

9. Common Stock and Related Matters

Stockholder Protection Rights Agreement

The Company’s Board of Directors has adopted a Stockholder Protection Rights Agreement (the “Rights Agreement”). The Rights Agreement contains provisions that are intended to protect the Company’s stockholders in the event of an unsolicited offer to acquire the Company, including offers that do not treat all stockholders equally and other coercive, unfair, or inadequate takeover bids and practices that could impair the ability of the Company’s Board of Directors to fully represent stockholders’ interests. Pursuant to the Rights Agreement, the Company’s Board of Directors declared a dividend of one “Right” for each outstanding share of the Company’s common stock as of November 16, 2001. The Rights will be represented by, and trade together with, the Company’s common stock until and unless certain events occur, including the acquisition of 15% or more of the Company’s common stock by a person or group of affiliated or associated persons (with certain exceptions, “Acquiring Persons”). Unless previously redeemed by the Company’s Board of Directors, upon the occurrence of one of the specified triggering events, each Right that is not held by an Acquiring Person will entitle its holder to purchase one share of common stock or, under certain circumstances, additional shares of common stock at a discounted price. The Rights will cause substantial dilution to a person or group that attempts to acquire the Company on terms not approved by the Company’s Board of Directors. Thus, the Rights are intended to encourage persons who may seek to acquire control of the Company to initiate such an acquisition through negotiation with the Board of Directors. The Rights Agreement is scheduled to expire on November 16, 2011.

Common Stock

Changes in common stock for the years ended August 31, 2011, 2010, and 2009, were as follows:

	Common Stock	
	Shares	Amount (At par)
Balance at August 31, 2008	49.7	\$ 0.5
Issuance of restricted stock grants, net of forfeitures	—	—
Stock options exercised	0.1	—
Balance at August 31, 2009	49.8	\$ 0.5
Issuance of restricted stock grants, net of forfeitures	0.2	—
Stock options exercised	0.4	—
Balance at August 31, 2010	50.4	\$ 0.5
Issuance of restricted stock grants, net of forfeitures	0.3	—
Stock options exercised	0.3	—
Balance at August 31, 2011	51.0	\$ 0.5

During fiscal 2011, the Company reacquired approximately 1.2 million shares of the Company’s outstanding common stock, which were part of the plan to repurchase two million shares previously authorized by the Board of Directors. As of August 31, 2011, the Company had repurchased the shares at a total cost of \$58.0 under the repurchase plan approved in July 2010 by the Company’s Board of Directors. The remaining 252,000 shares (whole units) were repurchased under this plan during the first quarter of fiscal 2012 (see *Subsequent Events* footnote). During fiscal 2011, the Company re-issued slightly more than 70,000 shares (whole units) as partial consideration for the acquisition of LC&D. The re-issued shares were removed from treasury stock using the FIFO cost method. At fiscal year-end, the remaining 9.5 million repurchased shares were recorded as treasury stock at original repurchase cost of \$411.0.

In October 2011, the Company's Board of Directors authorized the repurchase of an additional two million shares, or almost 5%, of the Company's outstanding common stock.

Preferred Stock

The Company has 50 million shares of preferred stock authorized, 5 million of which have been reserved for issuance under the Stockholder Protection Rights Agreement. No shares of preferred stock had been issued at August 31, 2011 and 2010, respectively.

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Earnings per Share

Basic earnings per share is computed by dividing net earnings available to common stockholders by the weighted average number of common shares outstanding, which has been modified to include the effects of all participating securities (unvested share-based payment awards with a right to receive nonforfeitable dividends) as prescribed by the two-class method under ASC Topic 260, *Earnings Per Share* (“ASC 260”), during the period. Diluted earnings per share is computed similarly but reflects the potential dilution that would occur if dilutive options were exercised and restricted stock awards were vested. Stock options of approximately 135,000 and 281,000 (whole units) were excluded from the diluted earnings per share calculation for the years ended August 31, 2011 and 2010, respectively, as the effect of inclusion would have been antidilutive.

The following table calculates basic earnings per common share and diluted earnings per common share for the years ended August 31, 2011, 2010, and 2009:

	Years Ended August 31,		
	2011	2010	2009
Basic Earnings per Share from Continuing Operations:			
Income from continuing operations	\$ 105.5	\$ 79.0	\$ 85.2
Less: Income attributable to participating securities	(1.9)	(1.4)	(1.7)
Income from continuing operations available to common shareholders	\$ 103.6	\$ 77.6	\$ 83.5
Basic weighted average shares outstanding	42.2	42.5	40.8
Basic earnings per share from continuing operations	\$ 2.46	\$ 1.83	\$ 2.05
Diluted Earnings per Share from Continuing Operations:			
Income from continuing operations	\$ 105.5	\$ 79.0	\$ 85.2
Less: Income attributable to participating securities	(1.9)	(1.4)	(1.7)
Income from continuing operations available to common shareholders	\$ 103.6	\$ 77.6	\$ 83.5
Basic weighted average shares outstanding	42.2	42.5	40.8
Common stock equivalents	0.6	0.8	0.8
Diluted weighted average shares outstanding	42.8	43.3	41.6
Diluted earnings per share from continuing operations	\$ 2.42	\$ 1.79	\$ 2.01
Basic Earnings per Share from Discontinued Operations:			
Income (loss) from discontinued operations	\$ —	\$ 0.6	\$ (0.3)
Basic weighted average shares outstanding	42.2	42.5	40.8
Basic earnings (loss) per share from discontinued operations	\$ —	\$ 0.01	\$ (0.01)
Diluted Earnings per Share from Discontinued Operations:			
Income (loss) from discontinued operations	\$ —	\$ 0.6	\$ (0.3)
Basic weighted average shares outstanding	42.2	42.5	40.8
Common stock equivalents	0.6	0.8	0.8
Diluted weighted average shares outstanding	42.8	43.3	41.6
Diluted earnings (loss) per share from discontinued operations	\$ —	\$ 0.01	\$ (0.01)

10. Share-Based Payments

Long-term Incentive and Directors' Equity Plans

Effective November 30, 2001, the Company adopted the Acuity Brands, Inc., Long-Term Incentive Plan (the “Plan”) for the benefit of officers and other key management personnel. An aggregate of 8 million shares were originally authorized for issuance under that plan. In October 2003, the Board of Directors approved the Acuity Brands, Inc., Amended and Restated Long-Term Incentive Plan (the “Amended Plan”), including an increase of 5 million in the number of shares available for grant. However, the Board of Directors subsequently committed that not more than 3 million shares would be available without further shareholder approval. In December 2003, the shareholders approved the Amended Plan. The Amended Plan provides for issuance of share-based awards, including stock options and performance-based and time-based restricted stock awards. The Amended Plan was further amended in October 2007, including the release of the remaining 2 million shares and an increase of

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

an additional 500,000 shares (whole units). In January 2008, the shareholders approved the Amended Plan. In addition to the Amended Plan, in November 2001, the Company adopted the Acuity Brands, Inc., 2001 Nonemployee Directors' Stock Option Plan (the "Directors' Plan"), under which 300,000 shares (whole units) were authorized for issuance. In January 2007, the Directors' Plan was amended to provide that no further annual grants of stock options would be made to nonemployee directors.

Restricted Stock Awards

As of August 31, 2011, the Company had approximately 576,000 shares (whole units) outstanding of restricted stock to officers and other key employees under the Amended Plan. The shares vest over a four-year period and are valued at the closing stock price on the date of the grant. Compensation expense recognized in continuing operations related to the awards under the Amended Plan was \$8.4, \$8.0, and \$9.0 in fiscal 2011, 2010, and 2009, respectively.

Additionally, the Company awarded restricted stock to certain employees on an individual basis based on a number of factors, including individual achievements, additional job responsibilities, relocation, and employee recruitment and retention, in fiscal 2011 and prior years. As of August 31, 2011, approximately 280,000 shares (whole units) related to these awards were outstanding. Compensation expense recognized in continuing operations related to these awards was \$3.0, \$1.8, and \$1.6 in fiscal 2011, 2010, and 2009, respectively.

Activity related to restricted stock awards during the fiscal year ended August 31, 2011, was as follows:

	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Outstanding at August 31, 2010	0.8	\$ 34.30
Granted	0.4	\$ 50.00
Vested	(0.3)	\$ 36.50
Forfeited	(0.1)	\$ 38.77
Outstanding at August 31, 2011	0.8	\$ 40.68

As of August 31, 2011, there was \$23.2 of total unrecognized compensation cost related to unvested restricted stock. That cost is expected to be recognized over a weighted-average period of 1.7 years. The total fair value of shares vested during the years ended August 31, 2011 and 2010, was approximately \$11.8 and \$10.3, respectively.

Stock Options

Options issued under the Amended Plan are generally granted with an exercise price equal to the fair market value of the Company's stock on the date of grant and expire 10 years from the date of grant. These options generally vest and become exercisable over a three-year period. The stock options granted under the Directors' Plan vest and become exercisable one year from the date of grant. These options have an exercise price equal to the fair market value of the Company's stock on the date of the grant and expire 10 years from that date. As of August 31, 2011, approximately 200,000 shares (whole units) had been granted under the Director's Plan. Shares available for grant under all plans were approximately 2.6 million, 2.9 million, and 3.2 million at August 31, 2011, 2010, and 2009, respectively. Forfeited shares and shares that are exchanged to offset taxes are returned to the pool of shares available for grant. The Directors' Plan was frozen with respect to future awards effective January 1, 2007.

The fair value of each option was estimated on the date of grant using the Black-Scholes model. The dividend yield was calculated based on annual dividends paid and the trailing 12-month average closing stock price at the time of grant. Expected volatility was based on historical volatility of the Company's stock, calculated using the most recent time period equal to the expected life of the options. The risk-free interest rate was based on the U.S. Treasury yield for a term equal to the expected life of the options at the time of grant. The Company used historical exercise behavior data of similar employee groups to determine the expected life of options. All inputs into the Black-Scholes model are estimates made at the time of grant. Actual realized value of each option grant could materially differ from these estimates, without impact to future reported net income.

The following weighted average assumptions were used to estimate the fair value of stock options granted in the fiscal years ended August 31:

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	2011	2010	2009
Dividend yield	1.3%	1.5 - 1.8%	1.2 - 1.4%
Expected volatility	41.8%	40.9 - 41.2%	40.1 - 40.3%
Risk-free interest rate	1.2%	2.1 - 2.5%	1.9 - 2.6%
Expected life of options	5 years	5 years	5 years
Weighted-average fair value of options	\$16.95	\$11.19 - \$13.39	\$7.53 - \$11.13

In addition to the options granted as a part of the annual incentive award, the Board of Directors approved supplemental option grants related to the assumption of additional duties by certain key employees, which were granted in April 2009 and June 2010. As a result, the assumptions used in fiscal 2010 and 2009 are reflected as a range of values.

Stock option transactions for the stock option plans and stock option agreements during the years ended August 31, 2011, 2010, and 2009 were as follows:

	Outstanding		Exercisable	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at August 31, 2008	1.6	\$23.78	1.3	\$20.26
Granted	0.3	\$29.21		
Exercised	(0.1)	\$20.34		
Cancelled	(0.1)	\$33.59		
Outstanding at August 31, 2009	1.7	\$24.69	1.3	\$22.09
Granted	0.2	\$34.44		
Exercised	(0.4)	\$16.73		
Cancelled	—	\$—		
Outstanding at August 31, 2010	1.5	\$27.78	1.1	\$26.03
Granted	0.2	\$50.56		
Exercised	(0.3)	\$21.18		
Cancelled	(0.1)	\$39.57		
Outstanding at August 31, 2011	1.3	\$31.67	1.0	\$28.81
Range of option exercise prices:				
\$10.00 – \$20.00 (average life – 0.9 years)	0.1	\$13.49	0.1	\$13.49
\$20.01 – \$30.00 (average life – 3.2 years)	0.5	\$23.81	0.5	\$23.86
\$30.01 – \$40.00 (average life – 6.7 years)	0.5	\$34.89	0.3	\$35.46
\$40.01 – \$50.00 (average life – 5.2 years)	0.1	\$40.29	0.1	\$40.29
\$50.01 – \$60.00 (average life – 9.1 years)	0.1	\$50.56	—	\$—

The total intrinsic value of options exercised during the years ended August 31, 2011 and 2010 was \$8.9 and \$7.3, respectively. As of August 31, 2011, the total intrinsic value of options outstanding and expected to vest were \$20.0 and \$19.9, respectively, and the total intrinsic value of options exercisable was \$17.4. As of August 31, 2011, there was \$2.7 of total unrecognized compensation cost related to unvested options. That cost is expected to be recognized over a weighted-average period of approximately 1.3 years.

Employee Stock Purchase Plan

Employees are able to purchase, through payroll deduction, common stock at a 5% discount on a monthly basis. There were 1.5 million shares of the Company's common stock reserved for purchase under the plan, of which approximately 1.1 million shares remain available as of August 31, 2011. Employees may participate at their discretion.

Share Units

The Company requires its Directors to defer at least 50% of their annual retainer into the Directors' Deferred

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Compensation Plan. Under this plan, until June 29, 2006, the deferred cash was converted into share units using the average of the high and low prices for the five days prior to the deferral date. The share units were adjusted to current market value each month and earned dividend equivalents. Upon retirement, the Company distributed cash to the retiree in a lump sum or in five annual installments. The distribution amount was calculated as share units times the average of the high and low prices for the five days prior to distribution (defined as “fair market value” in the Directors’ Deferred Compensation Plan). On June 29, 2006, the Board of Directors amended this plan to convert existing share units and future deferrals to cash-based, interest bearing deferrals at fair market value or stock-based deferrals, with distribution only in the elected form upon retirement. Existing share deferrals were valued at the fair market value at the date of election and future share deferrals will be calculated at fair market value at the date of the deferral and will no longer vary with fluctuations in the Company’s stock price. As of August 31, 2011, approximately 127,000 share units (whole units) were accounted for in this plan.

Additionally, the Company allowed employees to defer a portion of restricted stock awards granted in fiscal 2003 and fiscal 2004 into the Supplemental Deferred Savings Plan as share units. Those share units were adjusted to the current market value at the end of each month. On June 29, 2006, the Board of Directors amended this plan to distribute those share unit deferrals in stock rather than cash. The shares were valued at the closing stock price on the date of conversion and expense related to these shares will no longer vary with fluctuations in the Company’s stock price. As of August 31, 2011, approximately 45,000 fully vested share units (whole units) were accounted for in this plan.

11. Commitments and Contingencies

Self-Insurance

It is the policy of the Company to self-insure — up to certain limits — traditional risks, including workers’ compensation, comprehensive general liability, and auto liability. The Company’s self-insured retention for each claim involving workers’ compensation, comprehensive general liability (including product liability claims), and auto liability is limited to \$0.5 per occurrence of such claims. A provision for claims under this self-insured program, based on the Company’s estimate of the aggregate liability for claims incurred, is revised and recorded annually. The estimate is derived from both internal and external sources, including but not limited to the Company’s independent actuary. The Company is also self-insured up to certain limits for certain other insurable risks, primarily physical loss to property (\$0.5 per occurrence) and business interruptions resulting from such loss lasting two days or more in duration. Insurance coverage is maintained for catastrophic property and casualty exposures, as well as those risks required to be insured by law or contract. The Company is fully self-insured for certain other types of liabilities, including environmental, product recall, and patent infringement. The actuarial estimates are subject to uncertainty from various sources, including, among others, changes in claim reporting patterns, claim settlement patterns, judicial decisions, legislation, and economic conditions. Although the Company believes that the actuarial estimates are reasonable, significant differences related to the items noted above could materially affect the Company’s self-insurance obligations, future expense, and cash flow. The Company is also self-insured for the majority of its medical benefit plans. The Company estimates its aggregate liability for claims incurred by applying a lag factor to the Company’s historical claims and administrative cost experience. The appropriateness of the Company’s lag factor is evaluated and revised annually, as necessary.

Leases

The Company leases certain of its buildings and equipment under noncancelable lease agreements. Minimum lease payments under noncancelable leases for years subsequent to August 31, 2011, are \$16.6, \$12.3, \$7.9, \$6.7, \$6.2, and \$3.2 for fiscal 2012, 2013, 2014, 2015, 2016, and after 2017, respectively.

Total rent expense was \$15.8, \$16.6, and \$18.2 in fiscal 2011, 2010, and 2009, respectively.

Purchase Obligations

The Company has incurred purchase obligations in the ordinary course of business that are enforceable and legally binding. Obligations for years subsequent to August 31, 2011 include \$79.4, \$1.5, \$1.5, \$1.5, and \$1.5 in fiscal 2012, 2013, 2014, 2015, and 2016, respectively. As of August 31, 2011, the Company had no purchase obligations extending beyond August 31, 2016.

Collective Bargaining Agreements

Approximately 59% of the Company’s total work force is covered by collective bargaining agreements. Collective bargaining agreements representing approximately 41% of the Company’s work force will expire within one year.

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Litigation

The Company is subject to various legal claims arising in the normal course of business, including patent infringement and product recall 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, results of operations, or cash flows of the Company. However, in the event of unexpected future developments, it is possible that the ultimate resolution of any such matters, if unfavorable, could have a material adverse effect on the financial condition, results of operations, or cash flows of the Company in future periods. The Company establishes reserves for legal claims when associated costs 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. However, the Company cannot make a meaningful estimate of actual costs to be incurred that could possibly be higher or lower than the amounts reserved. Based on current information, the Company does not expect the resolution of any pending matters--individually or in the aggregate--to have a material effect on the Company's results of operations, financial condition, and cash flows.

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, the Company invests capital and incurs operating costs relating to environmental compliance. Environmental laws and regulations have generally become stricter in recent years. The Company is not aware of any pending legislation or proposed regulation related to environmental issues that would have a material adverse effect on the Company. The cost of responding to future changes may be substantial. The Company establishes reserves for known environmental claims when the associated costs become probable and can be reasonably estimated. The actual cost of environmental issues may be substantially higher or lower than that reserved due to difficulty in estimating such costs.

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 most 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 conjunction with the separation of their businesses (the "Distribution"), Acuity Brands and Zep entered into various agreements that addressed the allocation of assets and liabilities and defined the Company's relationship with Zep after the Distribution, including a distribution agreement and a tax disaffiliation agreement. The distribution agreement provides that Acuity Brands will indemnify Zep for liabilities related to the businesses that comprise Acuity Brands. The tax disaffiliation agreement provides that Acuity Brands will indemnify Zep 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 Zep 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 or the distribution 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 because claims that would result in a liability under the indemnities are not fully known.

Acquisition-Related Liabilities

During the negotiations related to business combinations, the previous owners of the acquired entity ("acquiree") typically indemnify the Company for specific unrecognized liabilities of the acquiree in existence as of the date of acquisition. For some acquisitions of businesses, the Company acts in the place of escrow agents in the holding of funds, including accrued interest (collectively, the "holdback funds"), used to fulfill pre-acquisition obligations agreed to be paid by the acquiree. These funds represent consideration given to the previous owners of the businesses acquired and are payable to them, net of any pre-acquisition obligations satisfied within a stated amount of time, at a future date. Any potential pre-acquisition obligations for which the Company may be reimbursed through the holdback funds are usually uncertain as of the date of change of control. In certain circumstances, the Company is capable of the identification and quantification of particular liabilities, including, but not limited to, uncertain tax positions, legal issues, and other outstanding obligations not recognized in the financial statements of the acquired entity. Under ASC 805, these unrecognized liabilities are recorded as obligations of the Company with a

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

corresponding receivable due from the previous owners as of the date of acquisition and are included as part of the acquisition accounting. The actual costs of resolving pre-acquisition obligations may be substantially higher than the holdback funds or amounts reserved. The Company does not believe that any amounts it is likely to be required to pay under these acquisition-related payments, including net holdback funds, will be material to the Company’s results of operations, financial position, or liquidity.

Product Warranty and Recall Costs

Acuity Brands records an allowance for the estimated amount of future warranty claims when the related revenue is recognized, primarily based on historical experience of identified warranty claims. However, there can be no assurance that future warranty costs will not exceed historical experience. 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 and cash flows in future periods.

The changes in product warranty and recall reserves (included in *Other accrued liabilities* on the *Consolidated Balance Sheets*) during the fiscal years ended August 31, 2011 and 2010 are summarized as follows:

	FY2011	FY2010
Balance at September 1	\$ 3.6	\$ 3.4
Adjustments to the warranty and recall reserve	5.7	5.1
Payments made during the period	(5.1)	(4.9)
Balance at August 31	<u>\$ 4.2</u>	<u>\$ 3.6</u>

12. Special Charge

During fiscal 2008, the Company commenced actions to streamline and simplify the Company’s organizational structure and operations. The charges consisted of severance and related employee benefit costs associated with the elimination of certain positions worldwide, consolidation of certain manufacturing facilities, the estimated costs associated with the early termination of certain leases, and share-based expense due to the modification of the terms of agreements to accelerate vesting for certain terminated employees. These actions, including those taken in fiscal 2009 and 2010 as part of this program, are expected to allow the Company to better leverage efficiencies in its supply chain and support areas, while funding continued investments in other areas that support future growth opportunities.

Approximately \$49.7 of cumulative special charges related to these activities has been incurred through August 31, 2011.

The changes in the reserves related to the program during the year ended August 31, 2011 (included in *Accrued Compensation* on the *Consolidated Balance Sheets*) are summarized as follows:

	Severance	Exit Costs
Balance as of September 1, 2010	\$ 6.9	\$ 0.7
Payments made during the period	(3.4)	(0.4)
Balance as of August 31, 2011	<u>\$ 3.5</u>	<u>\$ 0.3</u>

Please refer to the *Subsequent Events* footnote for information regarding additional restructuring activities.

13. Income Taxes

The Company accounts for income taxes using the asset and liability approach as prescribed by ASC Topic 740, *Income Taxes* (“ASC 740”). This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Using the enacted tax rates in effect for the year in which the differences are expected to reverse, deferred tax liabilities and assets are determined based on the differences between the financial reporting and the tax basis of an asset or liability.

The provision for income taxes consists of the following components:

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Years Ended August 31,		
	2011	2010	2009
Provision for current federal taxes	\$ 36.9	\$ 24.0	\$ 35.1
Provision for current state taxes	3.9	4.0	4.2
Provision for current foreign taxes	2.3	4.7	3.6
Provision (benefit) for deferred taxes	9.0	7.1	(0.8)
Total provision for income taxes	\$ 52.1	\$ 39.8	\$ 42.1

A reconciliation of the federal statutory rate to the total provision for income taxes is as follows:

	Years Ended August 31,		
	2011	2010	2009
Federal income tax computed at statutory rate	\$ 55.1	\$ 41.6	\$ 44.6
State income tax, net of federal income tax benefit	4.0	2.6	2.4
Foreign permanent differences and rate differential	(0.8)	(0.6)	(0.8)
Tax benefit on repatriation of foreign earnings	—	—	(0.4)
Other, net	(6.2)	(3.8)	(3.7)
Total provision for income taxes	\$ 52.1	\$ 39.8	\$ 42.1

Components of the net deferred income taxes at August 31, 2011 and 2010 include:

	August 31,	
	2011	2010
Deferred Income Tax Liabilities:		
Depreciation	\$ (5.5)	\$ (4.4)
Goodwill and intangibles	(82.6)	(63.4)
Other liabilities	(6.1)	(1.6)
Total deferred income tax liabilities	(94.2)	(69.4)
Deferred Income Tax Assets:		
Self-insurance	3.8	3.9
Pension	20.4	25.2
Deferred compensation	22.5	21.8
Bonuses	1.4	1.1
Net operating losses*	13.1	14.5
Other accruals not yet deductible	16.2	16.1
Other assets	3.8	3.9
Total deferred income tax assets	81.2	86.5
Valuation Allowance*	(5.4)	(6.3)
Net deferred income tax (liabilities) assets	\$ (18.4)	\$ 10.8

* A substantial portion of the deferred income tax asset and valuation allowance relate to cumulative net operating losses incurred by Renaissance up to the date of acquisition.

The Company currently intends to indefinitely reinvest all undistributed earnings of and original investments in foreign subsidiaries, which amounted to approximately \$38.6 at August 31, 2011; however, this amount could fluctuate due to changes in business, economic, or other conditions. If these earnings were distributed to the U.S. in the form of dividends or otherwise, or if the shares of the relevant foreign subsidiaries were sold or otherwise transferred, the Company would be subject to additional U.S. income taxes (subject to an adjustment for foreign tax credits) and foreign withholding taxes. Determination of the amount of unrecognized deferred income tax liability related to these earnings or investments is not practicable.

As part of the Renaissance acquisition in fiscal 2010, the Company recognized deferred tax assets related to net operating

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

losses incurred by Renaissance, which are expected to expire between 2027 and 2029. In addition, the Company recorded an estimated valuation allowance related to the recoverability of the deferred tax assets based on Internal Revenue Service limitations, among other factors. At August 31, 2011, the Company recognized a valuation allowance attributable to these deferred tax assets in the amount of \$4.1.

At August 31, 2011, the Company had state tax credit carryforwards of approximately \$2.0, which will expire between 2012 and 2020. At August 31, 2011, the Company had federal net operating loss carryforwards of \$34.0 that expire beginning in 2027, state net operating loss carryforwards of \$12.1 that begin expiring in 2012, and foreign net operating loss carryforwards of \$2.6 that begin expiring in 2016.

The gross amount of unrecognized tax benefits as of August 31, 2011, totaled \$6.8, which includes \$5.6 of net unrecognized tax benefits that, if recognized, would affect the annual effective tax rate. The Company recognizes potential interest and penalties related to unrecognized tax benefits as a component of income tax expense; such accrued interest and penalties are not material. With few exceptions, the Company is no longer subject to United States federal, state, and local income tax examinations for years ended before 2007 or for foreign income tax examinations before 2005. The Company does not anticipate unrecognized tax benefits will significantly increase or decrease within the next twelve months.

A reconciliation of the change in the unrecognized income tax benefit (reported in *Other long-term liabilities* on the *Consolidated Balance Sheets*) for the years ended August 31, 2011 and 2010 is as follows:

	FY2011	FY2010
Unrecognized tax benefits balance at September 1	\$ 6.7	\$ 7.2
Additions based on tax positions related to the current year	0.4	0.2
Additions for tax positions of prior years	0.6	0.5
Reductions for tax positions of prior years	(0.2)	(0.8)
Reductions due to settlements	(0.2)	—
Reductions due to lapse of statute of limitations	(0.5)	(0.4)
Unrecognized tax benefits balance at August 31	<u>\$ 6.8</u>	<u>\$ 6.7</u>

During fiscal 2011, the Company did not increase its interest accrual associated with uncertain tax positions. Total accrued interest as of August 31, 2011 was \$0.8. There were no accruals related to income tax penalties during fiscal 2011. Interest, net of tax benefits, and penalties are included in income tax expense. The classification of interest and penalties did not change during the current fiscal year.

14. Subsequent Events

Issuer Purchases of Equity Securities

During the first quarter of fiscal 2012, the Company repurchased 252,000 shares (whole units) of the Company's outstanding common stock for total consideration of \$9.2. The reacquisition of these shares completed the repurchase of the two million shares authorized by the Company's Board of Directors in July 2010. Additionally, in October 2011, the Company's Board of Directors approved the repurchase of an additional two million shares, or approximately 5%, of the Company's outstanding common stock. Under the October 2011 share repurchase program, the Company expects to acquire shares primarily through open market transactions, subject to market conditions and other factors.

Restructuring Activities

In an effort to obtain greater operating efficiencies, the Company will streamline the organization by realigning responsibilities primarily within various Selling, Distribution, and Administrative departments, resulting in a modest reduction of its workforce. The Company expects to record a pre-tax special charge related to these actions in the first quarter of fiscal 2012. The preliminary estimate for the pre-tax special charge is approximately \$4.0, which consists primarily of employee severance and benefit costs. The Company expects that these actions to streamline its business activities will allow it to reduce costs, while permitting for the continued investment in future growth initiatives, such as new products, expanded market presence, and technology and innovation. The Company expects to obtain annual cost savings from the above streamlining activities. The preliminary estimate for annual savings is \$10.0, including approximately \$6.0 expected to be realized in fiscal 2012.

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

15. Geographic Information

The Company has one operating segment. The geographic distribution of the Company’s net sales, operating profit, income from continuing operations before provision for income taxes, and long-lived assets is summarized in the following table for the years ended August 31:

	2011	2010	2009
Net sales⁽¹⁾			
Domestic ⁽²⁾	\$ 1,604.5	\$ 1,446.1	\$ 1,479.7
International	191.2	180.8	177.7
Total	<u>\$ 1,795.7</u>	<u>\$ 1,626.9</u>	<u>\$ 1,657.4</u>
Operating profit			
Domestic ⁽²⁾	\$ 175.4	\$ 139.9	\$ 139.0
International	13.3	17.8	14.8
Total	<u>\$ 188.7</u>	<u>\$ 157.7</u>	<u>\$ 153.8</u>
Income from Continuing Operations before Provision for Income Taxes			
Domestic ⁽²⁾	\$ 145.5	\$ 101.1	\$ 111.3
International	12.1	17.7	16.0
Total	<u>\$ 157.6</u>	<u>\$ 118.8</u>	<u>\$ 127.3</u>
Long-lived assets⁽³⁾			
Domestic ⁽²⁾	\$ 140.8	\$ 130.4	\$ 140.1
International	32.7	31.8	32.2
Total	<u>\$ 173.5</u>	<u>\$ 162.2</u>	<u>\$ 172.3</u>

(1) Net sales are attributed to each country based on the selling location.

(2) Domestic amounts include net sales (including export sales), operating profit, income from continuing operations before provision for income taxes, and long-lived assets for U.S. based operations.

(3) Long-lived assets include net property, plant, and equipment, deferred compensation plan assets, long-term deferred income tax assets, and other long-term assets for continuing operations.

16. Supplemental Guarantor Condensed Consolidating Financial Statements

In December 2009, ABL, the wholly-owned and principal operating subsidiary of the Company, engaged in the refinancing of the current debt outstanding through a private placement bond offering of \$350.0 aggregate principal amount of senior unsecured notes due in fiscal 2020. See *Debt* footnote for further information on the refinancing activities.

In accordance with the registration rights agreement by and between ABL and the Guarantors and the initial purchases of the Notes, ABL and the Guarantors to the Notes filed a registration statement with the SEC for an offer to exchange the Notes for an issue of SEC-registered notes with identical terms. Due to the filing of the registration statement and offer to exchange, the Company determined the need for compliance with Rule 3-10 of SEC Regulation S-X (“Rule 3-10”). In lieu of providing separate audited financial statements for ABL and ABL IP Holding, the Company has included the accompanying Condensed Consolidating Financial Statements in accordance with Rule 3-10(d) of SEC Regulation S-X. The column marked “Parent” represents the financial condition, results of operations, and cash flows of Acuity Brands. The column marked “Subsidiary Issuer” represents the financial condition, results of operations, and cash flows of ABL. The column entitled “Subsidiary Guarantor” represents the financial condition, results of operations, and cash flows of ABL IP Holding. Lastly, the column listed as “Non-Guarantors” includes the financial condition, results of operations, and cash flows of the non-guarantor direct and indirect subsidiaries of Acuity Brands, which consist primarily of foreign subsidiaries. Eliminations were necessary in order to arrive at consolidated amounts. In addition, the equity method of accounting was used to calculate investments in subsidiaries. Accordingly, this basis of presentation is not intended to present our financial condition, results of operations, or cash flows for any purpose other than to comply with the specific requirements for parent-sub subsidiary guarantor reporting.

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING BALANCE SHEETS

At August 31, 2011

	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Eliminations	Consolidated
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 127.2	\$ 0.1	\$ —	\$ 42.9	\$ —	\$ 170.2
Accounts receivable, net	—	228.3	—	34.3	—	262.6
Inventories	—	156.7	—	9.2	—	165.9
Other current assets	6.0	19.8	—	6.0	—	31.8
Total Current Assets	<u>133.2</u>	<u>404.9</u>	<u>—</u>	<u>92.4</u>	<u>—</u>	<u>630.5</u>
Property, Plant, and Equipment, net	—	111.3	—	31.9	—	143.2
Goodwill	—	519.8	2.7	36.7	—	559.2
Intangible assets	—	106.8	125.5	1.9	—	234.2
Other long-term assets	3.5	19.1	—	7.7	—	30.3
Investments in subsidiaries	741.3	105.7	—	0.1	(847.1)	—
Total Assets	<u>\$ 878.0</u>	<u>\$ 1,267.6</u>	<u>\$ 128.2</u>	<u>\$ 170.7</u>	<u>\$ (847.1)</u>	<u>\$ 1,597.4</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:						
Accounts payable	\$ 1.6	\$ 191.2	\$ —	\$ 11.0	\$ —	\$ 203.8
Intercompany payable (receivable)	78.1	(43.0)	(78.6)	43.5	—	—
Other accrued liabilities	14.5	100.7	—	12.4	—	127.6
Total Current Liabilities	<u>94.2</u>	<u>248.9</u>	<u>(78.6)</u>	<u>66.9</u>	<u>—</u>	<u>331.4</u>
Long-Term Debt	—	353.4	—	—	—	353.4
Deferred Income Taxes	(30.0)	69.8	—	(3.4)	—	36.4
Other Long-Term Liabilities	56.8	48.2	—	14.2	—	119.2
Total Stockholders' Equity	<u>757.0</u>	<u>547.3</u>	<u>206.8</u>	<u>93.0</u>	<u>(847.1)</u>	<u>757.0</u>
Total Liabilities and Stockholders' Equity	<u>\$ 878.0</u>	<u>\$ 1,267.6</u>	<u>\$ 128.2</u>	<u>\$ 170.7</u>	<u>\$ (847.1)</u>	<u>\$ 1,597.4</u>

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING BALANCE SHEETS

At August 31, 2010

	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Eliminations	Consolidated
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 163.1	\$ 0.4	\$ —	\$ 27.5	\$ —	\$ 191.0
Accounts receivable, net	—	219.0	—	36.1	—	255.1
Inventories	—	139.5	—	9.5	—	149.0
Other current assets	7.2	19.0	—	5.0	—	31.2
Total Current Assets	170.3	377.9	—	78.1	—	626.3
Property, Plant, and Equipment, net	—	107.3	—	31.1	—	138.4
Goodwill	—	478.4	2.7	34.5	—	515.6
Intangible assets	—	72.8	124.3	2.4	—	199.5
Other long-term assets	4.6	7.2	—	12.0	—	23.8
Investments in subsidiaries	635.7	97.4	—	0.2	(733.3)	—
Total Assets	\$ 810.6	\$ 1,141.0	\$ 127.0	\$ 158.3	\$ (733.3)	\$ 1,503.6
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current Liabilities:						
Accounts payable	\$ 0.7	\$ 178.5	\$ —	\$ 15.8	\$ —	\$ 195.0
Intercompany payable (receivable)	63.8	(30.0)	(60.2)	26.4	—	—
Other accrued liabilities	15.6	97.6	—	13.1	—	126.3
Total Current Liabilities	80.1	246.1	(60.2)	55.3	—	321.3
Long-Term Debt	—	353.3	—	—	—	353.3
Deferred Income Taxes	(18.5)	28.5	—	0.2	—	10.2
Other Long-Term Liabilities	54.6	54.0	—	15.8	—	124.4
Total Stockholders' Equity	694.4	459.1	187.2	87.0	(733.3)	694.4
Total Liabilities and Stockholders' Equity	\$ 810.6	\$ 1,141.0	\$ 127.0	\$ 158.3	\$ (733.3)	\$ 1,503.6

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF INCOME

	Year Ended August 31, 2011					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Eliminations	Consolidated
Net Sales:						
External sales	\$ —	\$ 1,603.4	\$ —	\$ 192.3	\$ —	\$ 1,795.7
Intercompany sales	—	—	27.7	71.8	(99.5)	—
Total Sales	—	1,603.4	27.7	264.1	(99.5)	1,795.7
Cost of Products Sold	—	934.1	—	203.4	(71.8)	1,065.7
Gross Profit	—	669.3	27.7	60.7	(27.7)	730.0
Selling, Distribution, and Administrative Expenses	25.3	483.8	4.6	55.3	(27.7)	541.3
Intercompany charges	(35.8)	30.9	—	4.9	—	—
Operating Profit	10.5	154.6	23.1	0.5	—	188.7
Interest expense (income), net	8.4	21.8	—	(0.3)	—	29.9
Equity earnings in subsidiaries	(103.9)	(3.1)	—	0.1	106.9	—
Miscellaneous (income) expense, net	(0.3)	1.6	—	(0.1)	—	1.2
Income from Continuing Operations before Provision for Income Taxes	106.3	134.3	23.1	0.8	(106.9)	157.6
Provision for Income Taxes	0.8	41.9	9.3	0.1	—	52.1
Net Income	<u>\$ 105.5</u>	<u>\$ 92.4</u>	<u>\$ 13.8</u>	<u>\$ 0.7</u>	<u>\$ (106.9)</u>	<u>\$ 105.5</u>

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF INCOME

	Year Ended August 31, 2010					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Eliminations	Consolidated
Net Sales:						
External sales	\$ —	\$ 1,437.8	\$ —	\$ 189.1	\$ —	\$ 1,626.9
Intercompany sales	—	—	25.3	62.4	(87.7)	—
Total Sales	—	1,437.8	25.3	251.5	(87.7)	1,626.9
Cost of Products Sold	—	842.6	—	185.2	(62.4)	965.4
Gross Profit	—	595.2	25.3	66.3	(25.3)	661.5
Selling, Distribution, and Administrative Expenses	24.3	440.6	4.1	51.7	(25.3)	495.4
Intercompany charges	(33.6)	28.6	—	5.0	—	—
Special Charge	0.6	7.3	—	0.5	—	8.4
Operating Profit	8.7	118.7	21.2	9.1	—	157.7
Interest expense (income), net	7.8	21.8	—	(0.2)	—	29.4
Loss on early debt extinguishment	—	10.5	—	—	—	10.5
Equity earnings in subsidiaries	(78.2)	(6.9)	—	0.1	85.0	—
Miscellaneous (income) expense, net	(0.3)	(1.0)	—	0.3	—	(1.0)
Income from Continuing Operations before Provision for Income Taxes	79.4	94.3	21.2	8.9	(85.0)	118.8
Provision for Income Taxes	0.4	28.3	7.4	3.7	—	39.8
Income from Continuing Operations	79.0	66.0	13.8	5.2	(85.0)	79.0
Income from Discontinued Operations	0.6	—	—	—	—	0.6
Net Income	<u>\$ 79.6</u>	<u>\$ 66.0</u>	<u>\$ 13.8</u>	<u>\$ 5.2</u>	<u>\$ (85.0)</u>	<u>\$ 79.6</u>

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF INCOME

	Year Ended August 31, 2009					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Eliminations	Consolidated
Net Sales:						
External sales	\$ —	\$ 1,473.2	\$ —	\$ 184.2	\$ —	\$ 1,657.4
Intercompany sales	—	—	29.4	59.2	(88.6)	—
Total Sales	—	1,473.2	29.4	243.4	(88.6)	1,657.4
Cost of Products Sold	—	902.3	—	179.2	(59.2)	1,022.3
Gross Profit	—	570.9	29.4	64.2	(29.4)	635.1
Selling, Distribution, and Administrative Expenses	22.3	405.7	4.1	51.9	(29.4)	454.6
Intercompany charges	(32.5)	26.8	—	5.7	—	—
Special Charge	(0.5)	19.5	—	7.7	—	26.7
Operating Profit (Loss)	10.7	118.9	25.3	(1.1)	—	153.8
Interest expense (income), net	6.7	22.0	—	(0.2)	—	28.5
Equity earnings in subsidiaries	(82.2)	(4.6)	—	0.1	86.7	—
Miscellaneous income, net	(0.1)	(0.8)	—	(1.1)	—	(2.0)
Income from Continuing Operations before Provision for Income Taxes	86.3	102.3	25.3	0.1	(86.7)	127.3
Provision for Income Taxes	1.1	31.6	9.4	—	—	42.1
Income from Continuing Operations	85.2	70.7	15.9	0.1	(86.7)	85.2
Loss from Discontinued Operations	(0.3)	—	—	—	—	(0.3)
Net Income	\$ 84.9	\$ 70.7	\$ 15.9	\$ 0.1	\$ (86.7)	\$ 84.9

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	Year Ended August 31, 2011					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Eliminations	Consolidated
Net Cash Provided by Operating Activities	\$ 126.3	\$ 18.0	\$ —	\$ 16.8	\$ —	\$ 161.1
Cash Provided by (Used for) Investing Activities:						
Purchases of property, plant, and equipment	—	(20.0)	—	(3.3)	—	(23.3)
Proceeds from sale of property, plant, and equipment	—	1.2	—	—	—	1.2
Investments in subsidiaries	(90.4)	—	—	—	90.4	—
Acquisitions of business and intangible assets	—	(90.4)	—	—	—	(90.4)
Net Cash Used for Investing Activities	(90.4)	(109.2)	—	(3.3)	90.4	(112.5)
Cash Provided by (Used for) Financing Activities:						
Proceeds from stock option exercises and other	6.5	—	—	—	—	6.5
Repurchases of common stock	(61.0)	—	—	—	—	(61.0)
Excess tax benefits from share-based payments	5.3	—	—	—	—	5.3
Intercompany capital	—	90.4	—	—	(90.4)	—
Dividends paid	(22.6)	—	—	—	—	(22.6)
Net Cash (Used for) Provided by Financing Activities	(71.8)	90.4	—	—	(90.4)	(71.8)
Effect of Exchange Rate Changes on Cash	—	0.5	—	1.9	—	2.4
Net Change in Cash and Cash Equivalents	(35.9)	(0.3)	—	15.4	—	(20.8)
Cash and Cash Equivalents at Beginning of Period	163.1	0.4	—	27.5	—	191.0
Cash and Cash Equivalents at End of Period	\$ 127.2	\$ 0.1	\$ —	\$ 42.9	\$ —	\$ 170.2

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	Year Ended August 31, 2010					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Eliminations	Consolidated
Net Cash Provided by (Used for) Operating Activities	\$ 232.7	\$ (91.3)	\$ —	\$ 19.1	\$ —	\$ 160.5
Cash Provided by (Used for) Investing Activities:						
Purchases of property, plant, and equipment	—	(19.4)	—	(2.5)	—	(21.9)
Proceeds from sale of property, plant, and equipment	—	0.1	—	0.1	—	0.2
Investments in subsidiaries	(14.6)	—	—	—	14.6	—
Acquisitions of business and intangible assets	(8.0)	(14.6)	—	—	—	(22.6)
Net Cash Used for Investing Activities	(22.6)	(33.9)	—	(2.4)	14.6	(44.3)
Cash Provided by (Used for) Financing Activities:						
Repayments of long-term debt	—	(237.9)	—	—	—	(237.9)
Issuance of long-term debt	—	346.5	—	—	—	346.5
Intercompany borrowings (payments)	—	2.4	—	(2.4)	—	—
Proceeds from stock option exercises and other	6.5	—	—	—	—	6.5
Repurchases of common stock	(36.1)	—	—	—	—	(36.1)
Excess tax benefits from share-based payments	2.8	—	—	—	—	2.8
Intercompany capital	—	14.6	—	—	(14.6)	—
Dividends paid	(22.6)	—	—	—	—	(22.6)
Net Cash (Used for) Provided by Financing Activities	(49.4)	125.6	—	(2.4)	(14.6)	59.2
Effect of Exchange Rate Changes on Cash	—	(0.6)	—	(2.5)	—	(3.1)
Net Change in Cash and Cash Equivalents	160.7	(0.2)	—	11.8	—	172.3
Cash and Cash Equivalents at Beginning of Period	2.4	0.6	—	15.7	—	18.7
Cash and Cash Equivalents at End of Period	\$ 163.1	\$ 0.4	\$ —	\$ 27.5	\$ —	\$ 191.0

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	Year Ended August 31, 2009					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Eliminations	Consolidated
Net Cash (Used for) Provided by Operating Activities	\$ (90.6)	\$ 182.8	\$ —	\$ 0.5	\$ —	\$ 92.7
Cash Provided by (Used for) Investing Activities:						
Purchases of property, plant, and equipment	—	(17.7)	—	(3.5)	—	(21.2)
Proceeds from sale of property, plant, and equipment	—	0.1	—	0.1	—	0.2
Investments in subsidiaries	(162.1)	—	—	—	162.1	—
Acquisitions of businesses	—	(162.1)	—	—	—	(162.1)
Net Cash Used for Investing Activities	(162.1)	(179.7)	—	(3.4)	162.1	(183.1)
Cash Provided by (Used for) Financing Activities:						
Repayments of long-term debt	(0.4)	(162.0)	—	—	—	(162.4)
Intercompany borrowings (payments)	—	2.0	—	(2.0)	—	—
Proceeds from stock option exercises and other	3.0	—	—	—	—	3.0
Excess tax benefits from share-based payments	0.4	—	—	—	—	0.4
Intercompany capital	—	162.1	—	—	(162.1)	—
Dividends paid	(21.6)	—	—	—	—	(21.6)
Net Cash (Used for) Provided by Financing Activities	(18.6)	2.1	—	(2.0)	(162.1)	(180.6)
Cash Flows from Discontinued Operations:						
Net Cash Used for Operating Activities	(0.3)	—	—	—	—	(0.3)
Net Cash Used for Discontinued Operations	(0.3)	—	—	—	—	(0.3)
Effect of Exchange Rate Changes on Cash	—	(4.6)	—	(2.5)	—	(7.1)
Net Change in Cash and Cash Equivalents	(271.6)	0.6	—	(7.4)	—	(278.4)
Cash and Cash Equivalents at Beginning of Period	274.0	—	—	23.1	—	297.1
Cash and Cash Equivalents at End of Period	\$ 2.4	\$ 0.6	\$ —	\$ 15.7	\$ —	\$ 18.7

ACUITY BRANDS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

17. Quarterly Financial Data (Unaudited)

	Fiscal Year 2011			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Net Sales	\$ 425.0	\$ 416.2	\$ 458.3	\$ 496.2
Gross Profit	176.1	163.9	189.6	200.4
Income from Continuing Operations	24.4	19.9	27.0	34.2
Net Income	\$ 24.4	\$ 19.9	\$ 27.0	\$ 34.2
Basic Earnings per Share	\$ 0.57	\$ 0.46	\$ 0.63	\$ 0.80
Diluted Earnings per Share	\$ 0.56	\$ 0.45	\$ 0.62	\$ 0.79

	Fiscal Year 2010			
	1st Quarter	2nd Quarter ⁽¹⁾	3rd Quarter	4th Quarter ⁽¹⁾
Net Sales	\$ 391.7	\$ 383.5	\$ 407.6	\$ 444.1
Gross Profit	161.3	152.3	163.6	184.4
Income from Continuing Operations	23.3	7.2	21.3	27.2
Income (Loss) from Discontinued Operations	—	0.6	—	—
Net Income	\$ 23.3	\$ 7.8	\$ 21.3	\$ 27.2
Basic Earnings per Share from Continuing Operations	\$ 0.54	\$ 0.17	\$ 0.49	\$ 0.63
Basic Earnings per Share from Discontinued Operations	—	0.01	—	—
Basic Earnings per Share	\$ 0.54	\$ 0.18	\$ 0.49	\$ 0.63
Diluted Earnings per Share from Continuing Operations	\$ 0.53	\$ 0.16	\$ 0.48	\$ 0.62
Diluted Earnings per Share from Discontinued Operations	—	0.01	—	—
Diluted Earnings per Share	\$ 0.53	\$ 0.17	\$ 0.48	\$ 0.62

(1) Income from Continuing Operations, Net Income, Basic Earnings per Share from Continuing Operations, and Diluted Earnings per Share from Continuing Operations for fiscal 2010 include a pre-tax special charge of \$8.4 (\$5.5 after-tax), or \$0.13 per share, for estimated costs the company incurred to simplify and streamline its operations. Net income, Basic Earnings per Share from Continuing Operations, and Diluted Earnings per Share from Continuing Operations for fiscal 2010 also include a pre-tax loss of \$10.5 (\$6.8 after-tax), or \$0.16 per share, related to loss on early debt extinguishment.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9a. 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 ("SEC") 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 SEC rules, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of August 31, 2011. 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 a significant 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 or errors and omissions, 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.

Management's annual report on the Company's internal control over financial reporting and the independent registered public accounting firm's attestation report are included in the Company's 2011 Financial Statements in Item 8 of this Annual Report on Form 10-K, under the headings, "Management's Report on Internal Control over Financial Reporting" and "Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting", respectively, and are incorporated herein by reference.

There have been no changes in the Company's internal control over financial reporting that occurred during the Company's most recent completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

CEO and CFO Certifications

The Company's Chief Executive Officer as well as the Chief Financial Officer have filed with the Securities and Exchange Commission the certifications required by Section 302 of the Sarbanes-Oxley Act of 2002 as Exhibits 31(a) and 31(b) to the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2011. In addition, on January 26, 2011, the Company's CEO certified to the New York Stock Exchange that he was not aware of any violation by the Company of the NYSE corporate governance listing standards.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item, with respect to directors and corporate governance, is included under the captions *Item 1 — Election of Directors* and *Information Concerning the Board and Its Committees* of the Company's proxy statement for the annual meeting of stockholders to be held January 6, 2012, to be filed with the Commission pursuant to Regulation 14A, and is incorporated herein by reference.

The information required by this item, with respect to executive officers, is included under the caption *Executive Officers* of the Company's proxy statement for the annual meeting of stockholders to be held January 6, 2012, to be filed with the Commission pursuant to Regulation 14A, and is incorporated herein by reference.

The information required by this item, with respect to beneficial ownership reporting, is included under the caption *Section 16(a) Beneficial Ownership Reporting Compliance* of the Company's proxy statement for the annual meeting of stockholders to be held January 6, 2012, to be filed with the Commission pursuant to Regulation 14A, and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this item is included under the captions *Compensation of Directors, Information Concerning the Board and Its Committees, Compensation Committee Interlocks and Insider Participation, Report of the Compensation Committee, Compensation Discussion and Analysis, Fiscal 2011 Summary Compensation Table, Fiscal 2011 Grants of Plan-Based Awards, Outstanding Equity Awards at Fiscal 2011 Year-End, Option Exercises and Stock Vested in Fiscal 2011, Pension Benefits in Fiscal 2011, Fiscal 2011 Nonqualified Deferred Compensation, Employment Arrangements, Potential Payments upon Termination, and Equity Compensation Plans* of the Company's proxy statement for the annual meeting of stockholders to be held January 6, 2012, to be filed with the Commission pursuant to Regulation 14A, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is included under the captions *Beneficial Ownership of the Company's Securities* and *Equity Compensation Plans* of the Company's proxy statement for the annual meeting of stockholders to be held January 6, 2012, to be filed with the Commission pursuant to Regulation 14A, and is incorporated herein by reference.