

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): November 30, 2001

Acuity Brands, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-16583

(Commission File Number)

58-2632672

(IRS Employer Identification Number)

1420 Peachtree St., N.E., Atlanta, GA 30309-3002

(Address of principal executive offices)

(404) 853-1400

Registrant's telephone number, including area code:

N/A

(Former Name or Former Address, if Changed Since Last Report)

Item 5. Other Events.

On November 30, 2001, National Service Industries, Inc. ("NSI") completed the distribution of the common stock of Acuity Brands, Inc. (formerly L&C Spenco, Inc.) ("Acuity" or the "Registrant") to its stockholders in a tax-free distribution, effective 11:59 p.m. NSI's stockholders of record on November 16, 2001 received a dividend of one share of Acuity common stock for each share of NSI common stock. NSI and Acuity common stock commenced trading independently with the open of the market on Monday, December 3, 2001. Acuity commenced trading on the New York Stock Exchange under the symbol "AYI" and NSI continued trading on the New York Stock Exchange under the symbol "NSI." A copy of each of the definitive material agreements entered into by Acuity in connection with the spin-off is filed as an exhibit hereto and each is incorporated herein by reference.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(a) Financial Statements of Businesses Acquired.

None.

(b) Pro Forma Financial Information.

None.

(c) Exhibits.

The following exhibits are filed herewith:

EXHIBIT NO.
DESCRIPTION -
----- --
----- 2.1
Agreement and
Plan of
Distribution
by and
between
National
Service
Industries,
Inc. and
Acuity
Brands, Inc.,
dated as of
November 30,
2001. 3.1
Restated
Certificate
of
Incorporation
of Acuity
Brands, Inc.
3.2 Amended
and Restated
By-Laws of
Acuity
Brands, Inc.
4.1 Form of
certificate
representing
Acuity
Brands, Inc.
common stock.
4.2
Stockholder
Protection
Rights
Agreement,
dated as of
November 12,
2001, between
Acuity
Brands, Inc.
and Wells
Fargo Bank
Minnesota,
N.A. 10.1 Tax
Disaffiliation
Agreement,
dated as of
November 30,
2001, by and
between
National
Service
Industries,
Inc. and

Acuity
Brands, Inc.
10.2
Transition
Services
Agreement,
dated as of
November 30,
2001, by and
between
National
Service
Industries,
Inc. and
Acuity
Brands, Inc.
10.3
Agreement and
Plan of
Distribution
(see Exhibit
2.1). 10.4
Employee
Benefits
Agreement, by
and between
National
Service
Industries,
Inc. and
Acuity
Brands, Inc.,
dated as of
November 30,
2001. 10.5
Acuity
Brands, Inc.
Long-Term
Incentive
Plan.

- 10.6 Acuity Brands, Inc. 2001 Nonemployee Directors' Stock Option Plan.
- 10.7 Form of Indemnification Agreement (incorporated by reference to Exhibit 10.7 to the Registration Statement on Form 10, filed by L&C Spinco, Inc. on July 3, 2001).
- 10.8 Form of Severance Protection Agreement.
- 10.9 Lease Agreement, dated as of November 30, 2001, by and between National Service Industries, Inc. and Acuity Brands, Inc.
- 10.10 First Supplemental Indenture, dated as of October 23, 2001, to Indenture dated January 26, 1999, between National Service Industries, Inc., L&C Spinco, Inc., L&C Lighting Group, Inc., The Zep Group, Inc. and SunTrust Bank.
- 10.11 Indenture dated as of January 26, 1999 (incorporated by reference to Exhibit 10.11 to Amendment No. 2 to the Registration Statement on Form 10, filed by L&C Spinco, Inc., on September 6, 2001).
- 10.12 Form of 6% Note due 2009 (incorporated by reference to Exhibit 10.12 to Amendment No. 2 to the Registration Statement on Form 10, filed by L&C Spinco, Inc. on September 6, 2001).
- 10.13 Form of 8.375% Note due August 1, 2010 (incorporated by reference to Exhibit 10.13 to Amendment No. 2 to the Registration Statement on Form 10, filed by L&C Spinco, Inc. on September 6, 2001).
- 10.14 Acuity Brands, Inc. Supplemental Deferred Savings Plan.
- 10.15 Acuity Brands, Inc. Executives' Deferred Compensation Plan.
- 10.16 Acuity Brands, Inc. Senior Management Benefit Plan.
- 10.17 Acuity Brands, Inc. Nonemployee Director Deferred Stock Unit Plan.
- 10.18 Acuity Brands, Inc. Executive Benefits Trust.
- 10.19 Acuity Brands, Inc. Supplemental Retirement Plan for Executives.
- 10.20 Acuity Brands, Inc. Management Compensation and Incentive Plan.
- 10.21 Acuity Brands, Inc. Benefits Protection Trust.
- 10.22(a)(i) Assumption Letter of Acuity Brands, Inc. with respect to Employment Letter Agreement between National Service Industries, Inc. and James S. Balloun.
- 10.22(a)(ii) Employment Letter Agreement between National Service Industries, Inc. and James S. Balloun, dated February 1, 1996 (incorporated by reference to Exhibit 10(iii)A(2) of the Form 10-Q of National Service Industries, Inc. for the quarter ended November 30, 1997).
- 10.22(b)(i) Assumption Letter of Acuity Brands, Inc. with respect to Employment Letter Agreement between National Service Industries, Inc. and Joseph G. Parham, Jr.

- 10.22(b)(ii) Employment Letter Agreement between National Service Industries, Inc. and Joseph G. Parham, Jr., dated May 3, 2000 (incorporated by reference to Exhibit 10(iii)A(2) of the Form 10-Q of National Service Industries, Inc. for the quarter ended May 31, 2000).
- 10.22(c) Assumption Letter of Acuity Brands, Inc., with respect to Employment Letter Agreement between National Service Industries, Inc. and James H. Heagle.
- 10.22(d) Employment Letter Agreement between National Service Industries, Inc. and James H. Heagle, dated March 28, 2000 (incorporated by reference to Exhibit 10.22(d) to Amendment No. 3 to the Registration Statement on Form 10, filed by L&C Spinco, Inc. on September 27, 2001).
- 10.22(e) Employment Letter Agreement between Acuity Brands, Inc. and Vernon J. Nagel, dated as of December 1, 2001.
- 10.23 364-Day Revolving Credit Agreement, dated as of October 3, 2001, among L&C Spinco, Inc., the Subsidiary Borrowers from time to time parties thereto, the Lenders from time to time parties thereto, Bank One, N.A., as Administrative Agent, Wachovia Bank, N.A., as Syndication Agent and SunTrust Bank as Documentation Agent (incorporated by reference to Exhibit 10.23 to Amendment No. 4 to the Registration Statement on Form 10, filed by L&C Spinco, Inc. on October 29, 2001).
- 10.24 Put Option Agreement, dated as of November 30, 2001, by and between National Service Industries, Inc. and Acuity Brands, Inc.
- 10.25 Form of Acuity Brands, Inc. Letter regarding bonuses.
- 21.1 List of Subsidiaries (incorporated by reference to Exhibit 21.1 to Amendment No. 3 to the Registration Statement on Form 10, filed by L&C Spinco, Inc. on September 27, 2001).
- 99.1 Press release, issued by the Registrant on December 3, 2001.
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SIGNATURES

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

Date: December 14, 2001

ACUITY BRANDS, INC.

By: /s/ Kenyon W. Murphy

Kenyon W. Murphy
Senior Vice President and General Counsel

AGREEMENT AND PLAN OF DISTRIBUTION

BY AND BETWEEN

NATIONAL SERVICE INDUSTRIES, INC.

AND

ACUITY BRANDS, INC.

DATED AS OF NOVEMBER 30, 2001

TABLE OF CONTENTS

PAGE

ARTICLE I	DEFINITIONS.....	1
Section 1.1.	General.....	1
Section 1.2.	Reference; Interpretation.....	12
ARTICLE II	DISTRIBUTION AND OTHER TRANSACTIONS; CERTAIN COVENANTS.....	12
Section 2.1.	The Distribution and Other Transactions.....	12
Section 2.2.	Assumption and Satisfaction of Liabilities.....	14
Section 2.3.	Resignations.....	14
Section 2.4.	Limited Representations or Warranties.....	14
Section 2.5.	Removal of Parent Group from Certain Guarantees; Releases of Parent Group From Liabilities.....	15
Section 2.6.	Removal of SpinCo from Certain Guarantees; Releases of SpinCo from Liabilities.....	16
Section 2.7.	Witness Services.....	16
Section 2.8.	Conveyancing and Assumption Instruments.....	17
Section 2.9.	Ancillary Agreements.....	17
Section 2.10.	Corporate Names; Trademarks.....	17
Section 2.11.	Post-Distribution Remittances.....	18
Section 2.12.	Non-Solicitation.....	18
Section 2.13.	Further Assurances.....	19
ARTICLE III	INDEMNIFICATION.....	20
Section 3.1.	Indemnification by Parent.....	20
Section 3.2.	Indemnification by SpinCo.....	20
Section 3.3.	Procedures for Indemnification.....	20
Section 3.4.	Indemnification Payments.....	22

ARTICLE IV ACCESS TO INFORMATION.....22

 Section 4.1. Provision of Corporate Records.....22

 Section 4.2. Access to Information.....23

 Section 4.3. Reimbursement; Other Matters.....23

 Section 4.4. Confidentiality.....23

 Section 4.5. Privileged Matters.....23

 Section 4.6. Ownership of Information.....25

 Section 4.7. Retention of Records.....25

 Section 4.8. Limitation of Liability; Release.....26

 Section 4.9. Other Agreements Providing for Exchange of Information.....26

ARTICLE V DISPUTE RESOLUTION.....26

 Section 5.1. Negotiation.....26

 Section 5.2. Mediation.....27

 Section 5.3. Arbitration.....27

 Section 5.4. Continuity of Service and Performance.....28

 Section 5.5. Other Remedies.....28

ARTICLE VI INSURANCE.....28

 Section 6.1. Policies and Rights Included Within Assets.....28

 Section 6.2. Post-Distribution Date Claims.....28

 Section 6.3. Administration; Other Matters.....29

 Section 6.4. Agreement for Waiver of Conflict and Shared Defense.....31

 Section 6.5. Cooperation.....31

ARTICLE VII MISCELLANEOUS.....31

 Section 7.1. Complete Agreement; Construction.....31

 Section 7.2. Ancillary Agreements.....31

Section 7.3.	Counterparts.....	32
Section 7.4.	Survival of Agreements.....	32
Section 7.5.	Distribution Expenses.....	32
Section 7.6.	Notices.....	32
Section 7.7.	Waivers.....	33
Section 7.8.	Amendments.....	33
Section 7.9.	Successors and Assigns.....	33
Section 7.10.	Termination.....	33
Section 7.11.	Subsidiaries.....	33
Section 7.12.	Third Party Beneficiaries.....	33
Section 7.13.	Title and Headings.....	33
Section 7.14.	Exhibits and Schedules.....	34
Section 7.15.	Governing Law.....	34
Section 7.16.	Consent to Jurisdiction.....	34
Section 7.17.	Severability.....	34
Section 7.18.	Consolidation, Merger, Etc.....	34

EXHIBITS

Exhibit - - - - -	Description of Exhibit -----
Exhibit A	Limited Warranty Deed
Exhibit B	Employee Benefits Agreement
Exhibit C	Lease Agreement (Parent Corporate Headquarters)
Exhibit D	Tax Disaffiliation Agreement
Exhibit E	Transition Services Agreement

SCHEDULES

Schedule - - - - -	Description of Schedule -----
Schedule 1.1(p)	Corporate Transactions
Schedule 1.1(pp)	Parent Businesses/Discontinued Parent Businesses
Schedule 1.1(tt)(ii)	Specific Parent Liabilities
Schedule 1.1(tt)(iii)	Parent Business Litigation
Schedule 1.1(uu)	Parent Policies
Schedule 1.1(vv)	Parent Shared Policies
Schedule 1.1(ww)	Parent Subsidiaries
Schedule 1.1(ggg)	SpinCo Balance Sheet
Schedule 1.1(hhh)	SpinCo Businesses
Schedule 1.1(lll)(ii)	Specific SpinCo Liabilities
Schedule 1.1(lll)(iv)(A)	Specific SpinCo Liabilities
Schedule 1.1(lll)(iv)(B)	SpinCo Business Litigation
Schedule 1.1(mmm)	SpinCo Policies
Schedule 1.1(ooo)	SpinCo Subsidiaries
Schedule 2.1(f)	Consents
Schedule 2.1(g)	Registration Statement/Information Statement Liabilities (Part I and Part II)
Schedule 2.5(a)	Guarantees (from which Parent Group Members are to be Released)
Schedule 2.6(a)	Guarantees (from which SpinCo Group Members are to be Released)

AGREEMENT AND PLAN OF DISTRIBUTION

This AGREEMENT AND PLAN OF DISTRIBUTION (this "Agreement"), dated as of November 30, 2001, by and between National Service Industries, Inc., a Delaware corporation ("Parent"), and Acuity Brands, Inc., a Delaware corporation ("SpinCo");

WHEREAS, SpinCo originally was a wholly owned subsidiary of NSI Enterprises, Inc., a California corporation ("Enterprises"), which is a wholly owned subsidiary of Parent;

WHEREAS, on August 31, 2001, SpinCo became a wholly owned subsidiary of Parent;

WHEREAS, Parent Group (as defined herein) currently conducts the Parent Business (as defined herein), owns the Parent Assets (as defined herein) and is subject to the Parent Liabilities (as defined herein);

WHEREAS, as of the Effective Time SpinCo Group (as defined herein) will conduct the SpinCo Business (as defined herein), will own the SpinCo Assets (as defined herein) and will be subject to the SpinCo Liabilities (as defined herein);

WHEREAS, the Board of Directors of Parent has authorized the distribution by Parent to the holders of the issued and outstanding shares of common stock, par value \$1.00 per share, of Parent (the "Parent Common Stock") as of the record date of 100% of the issued and outstanding shares of common stock, par value \$0.01 per share, of SpinCo (the "SpinCo Common Stock"), together with the associated preferred stock purchase rights (each share of such stock, together with the associated preferred stock purchase right, a "SpinCo Share"), on the basis of one (1) SpinCo Share for each share of Parent Common Stock (the "Distribution"); and

WHEREAS, the parties hereto have determined to set forth the principal corporate and other transactions required to effect the Distribution and to set forth other agreements that will govern certain other matters prior to and following the Distribution.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, the parties hereby agree as follows:

ARTICLE I DEFINITIONS

SECTION 1.1. GENERAL. Unless otherwise defined herein or unless the context otherwise requires, as used in this Agreement, the following terms shall have the following meanings:

(a) "Action" shall mean any demand, action, suit, arbitration, inquiry, proceeding or investigation by or before any Governmental Authority or any arbitration or mediation tribunal.

(b) "Affiliate" shall mean, when used with respect to any specified Person, a Person that directly or indirectly controls, is controlled by, or is under common control with such specified

Person; provided, however, that for purposes of this Agreement, any Person who was a member of both Groups prior to the Distribution shall be deemed to be an Affiliate only of the Group of which such Person is a member following the Distribution. As used herein, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract or otherwise. Any contrary provision of this Agreement notwithstanding, neither Parent nor any Parent Subsidiaries shall be deemed to be an Affiliate of SpinCo, and neither SpinCo nor any SpinCo Subsidiaries shall be deemed to be an Affiliate of Parent.

(c) "Agent" shall have the meaning set forth in Section 2.1(b) of this Agreement.

(d) "Agreement" shall mean this Agreement.

(e) "Agreement Disputes" shall have the meaning set forth in Section 5.1 of this Agreement.

(f) "Ancillary Agreements" shall mean all of the written agreements, instruments, understandings, assignments or other arrangements (other than this Agreement) entered into by the parties hereto or any other member of their respective Groups in connection with the transactions contemplated hereby, including the Conveyancing and Assumption Instruments, the Employee Benefits Agreement, the Tax Disaffiliation Agreement, the Transition Services Agreement, the Ancillary Workers' Compensation Agreement, Leases and the Subleases.

(g) [Reserved]

(h) "Applicable Rate" shall mean the rate of interest per annum announced from time to time by Wachovia Bank of Georgia, N.A., as its prime lending rate, plus four percent (4%).

(i) "Assets" shall mean assets, properties and rights, wherever located (including in the possession of vendors or other third parties or elsewhere), whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person, including the following:

(i) all accounting and other books, records and files, whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape or any other form;

(ii) all apparatus, computers and other electronic data processing equipment, fixtures, machinery, equipment, furniture, office equipment, automobiles, trucks, other transportation equipment, special and general tools, test devices, prototypes and models and other tangible personal property;

(iii) all inventories of materials, parts, raw materials, supplies, work-in-process and finished goods and products;

(iv) all interests in real property of whatever nature, including easements, whether as owner, mortgagee or holder of a security interest in real property, lessor, sublessor, lessee, sublessee or otherwise;

(v) all interests in any capital stock or other equity interests of any Subsidiary or any other Person; all bonds, notes, debentures or other securities issued by any Subsidiary or any other Person; all loans, advances or other extensions of credit or capital contributions to any Subsidiary or any other Person; and all other investments in securities of any Person;

(vi) all customer contracts; service, maintenance, supply, vendor, consulting, transportation and consignment agreements; collective bargaining agreements; employment agreements; license agreements; leases and subleases of personal property; open purchase orders for raw materials, supplies, parts or services; unfilled orders for the manufacture and sale of products; and other contracts, agreements or commitments (collectively, "Contracts");

(vii) all deposits, letters of credit and performance and surety bonds;

(viii) all written technical information, data, specifications, research and development information, engineering drawings, operating and maintenance manuals, and materials and analyses prepared by consultants and other Third Parties;

(ix) all domestic and foreign patents, copyrights, trade names, trademarks, service marks, logos and registrations and applications for any of the foregoing, together with the goodwill of the business symbolized by any of the foregoing; mask works, trade secrets, inventions, data bases, and other proprietary and confidential information; and licenses from Third Parties granting the right to use any of the foregoing;

(x) all computer applications, programs and other software, including operating software, network software, firmware, middleware, design software, design tools, systems documentation and instructions;

(xi) all cost information, sales and pricing data, customer prospect lists, vendor records, customer and vendor lists, customer and vendor data, correspondence and lists, product literature, artwork, design, development and manufacturing files, vendor and customer drawings, formulations and specifications, quality records and reports and other books, records, studies, surveys, reports, plans and documents;

(xii) all prepaid expenses, trade accounts and other accounts and notes receivable;

(xiii) all rights, claims, demands, choses in action and similar rights relating to the foregoing, whether accrued or contingent;

(xiv) all rights under insurance policies and all rights in the nature of insurance, indemnification or contribution;

(xv) all licenses, permits, approvals and authorizations which have been issued by any Governmental Authority;

(xvi) cash or cash equivalents, bank accounts, lock boxes and other deposit arrangements; and

(xvii) interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements.

(j) "Business Day" shall mean any day other than a Saturday, Sunday or a day on which commercial banking institutions located in The City of New York are authorized or obligated by law or executive order to close.

(k) "Claims Administration" shall mean the processing of claims made under the Parent Shared Policies, including the reporting of claims to the insurance carriers, management and defense of claims and providing for appropriate releases upon settlement of claims.

(l) "Code" shall mean the Internal Revenue Code of 1986, as amended, and the Treasury regulations promulgated thereunder, including any successor legislation.

(m) "Commission" shall mean the Securities and Exchange Commission.

(n) "Contracts" shall have the meaning set forth in the definition of Assets.

(o) "Conveyancing and Assumption Instruments" shall mean, collectively, the various agreements, instruments and other documents to be or heretofore entered into to effect the Corporate Transactions or otherwise to effect the transfer of Assets and the assumption of Liabilities in the manner contemplated by this Agreement, the Ancillary Agreements and the Corporate Transactions, including a limited warranty deed in the form attached hereto as Exhibit A.

(p) "Corporate Transactions" shall mean, collectively, (a) each of the mergers, transfers, conveyances, contributions, assignments, dividends, assumptions, redemptions, purchases and other transactions described and set forth on Schedule 1.1(p) attached hereto, and (b) such other mergers, transfers, conveyances, contributions, assignments, dividends, assumptions, redemptions, purchases and other transactions that may be appropriate or required to be accomplished, effected or consummated by Parent or SpinCo or any of their respective Subsidiaries and Affiliates so that: (i) the SpinCo Assets, SpinCo Liabilities and SpinCo Business shall be owned, directly or indirectly, by SpinCo after giving effect to the Distribution; and (ii) the Parent Assets, Parent Liabilities and Parent Business shall be owned, directly or indirectly, by Parent after giving effect to the Distribution.

(q) "Distribution" shall have the meaning set forth in the recitals to this Agreement.

(r) "Distribution Date" shall mean such date as may be determined by the Board of Directors of Parent, or such committee of such Board of Directors as shall be designated by the Board of Directors of Parent, as the date as of which the Distribution shall be effected.

(s) "Distribution Record Date" shall mean such date as may be determined by the Board of Directors of Parent, or such committee of such Board of Directors as shall be designated by the Board of Directors of Parent, as the record date for the Distribution.

(t) "Effective Time" shall mean 11:59 p.m., New York City time, on the Distribution Date.

(u) "Employee Benefits Agreement" shall mean the Employee Benefits Agreement by and between Parent and SpinCo, which agreement shall be entered into prior to or on the Distribution Date in the form attached hereto as Exhibit B.

(v) "Environmental Laws" shall mean any and all federal, state, local and foreign statutes, laws, regulations, ordinances, rules, principles of common law, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions (including the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601, et seq.), whether now or hereafter in existence, relating to the environment, natural resources, human health or safety, endangered or threatened species of fish, wildlife and plants, or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes into the environment (including indoor or outdoor air, surface water, groundwater and surface or subsurface soils), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes or the investigation, cleanup or other remediation thereof.

(w) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

(x) "Governmental Authority" shall mean any federal, state, local, foreign or international court, government, department, commission, board, bureau, agency, official, the NYSE or other regulatory, administrative or governmental authority.

(y) "Group" shall mean with respect to Parent, the Parent Group and, with respect to SpinCo, the SpinCo Group.

(z) "Indemnifiable Losses" shall mean any and all Losses suffered by an Indemnitee.

(aa) "Indemnifying Party" shall have the meaning set forth in Section 3.3 of this Agreement.

(bb) "Indemnitee" shall have the meaning set forth in Section 3.3 of this Agreement.

(cc) "Information Statement" shall mean the Information Statement filed with the Commission as part of the Registration Statement and mailed to the holders of shares of Parent Common Stock in connection with the Distribution, including any amendments or supplements thereto.

(dd) "Insurance Administration" shall mean, with respect to each Parent Shared Policy, (i) the accounting for premiums, retrospectively rated premiums, defense costs, indemnity payments, deductibles and retentions, as appropriate, under the terms and conditions of each of the Parent Shared Policies; (ii) the reporting to excess insurance carriers of any losses or claims which may cause the applicable limits of any Parent Shared Policy to be exceeded; (iii) the

distribution of Insurance Proceeds as contemplated by this Agreement; and (iv) any and all other actions reasonably necessary for the administration of the Parent Shared Policies.

(ee) "Insurance Proceeds" shall mean those monies (i) received by an insured from an insurance carrier or (ii) paid by an insurance carrier on behalf of an insured.

(ff) "Insured Claims" shall mean those Liabilities that, individually or in the aggregate, are covered within the terms and conditions of any of the Parent Shared Policies, whether or not subject to deductibles, self-insured retentions, co-insurance, uncollectibility or retrospectively rated premium adjustments.

(gg) "IRS" shall mean the Internal Revenue Service.

(hh) "Law" shall mean all laws, statutes and ordinances and all regulations, rules and other pronouncements of Governmental Authorities having the effect of law of the United States, any foreign country, or any domestic or foreign state, province, commonwealth, city, country, municipality, territory, protectorate, possession or similar instrumentality, or any Governmental Authority thereof.

(ii) "Leases" shall mean the leases by and between members of the Parent Group and members of the SpinCo Group, which leases shall be entered into prior to or on the Distribution Date in such form as is agreed to by Parent and SpinCo, including the lease agreement, in the form attached hereto as Exhibit C, pursuant to which Parent will lease to SpinCo a portion of Parent's corporate headquarters.

(jj) "Liabilities" shall mean any and all debts, liabilities, obligations, responsibilities, response actions, losses, damages (whether compensatory, punitive or treble), fines, penalties and sanctions, absolute or contingent, matured or unmatured, liquidated or unliquidated, foreseen or unforeseen, joint, several or individual, asserted or unasserted, accrued or unaccrued, known or unknown, whenever arising, including those arising under or in connection with any Law (including any Environmental Law), Action, threatened Action, order or consent decree of any Governmental Authority, or any award of any arbitration tribunal, and those arising under any contract, guarantee, commitment or undertaking, whether sought to be imposed by a Governmental Authority, private party, or party to this Agreement, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, or otherwise, and including any costs, expenses, interest, attorneys' fees, disbursements and expenses of counsel, expert and consulting fees and costs related thereto or to the investigation or defense thereof.

(kk) "Losses" shall mean all losses, liabilities, damages, claims, demands, judgments or settlements of any nature or kind, known or unknown, fixed, accrued, absolute or contingent, liquidated or unliquidated, including all reasonable costs and expenses (legal, accounting or otherwise as such costs are incurred) relating thereto.

(ll) "Notices" shall have the meaning set forth in Section 7.6 of this Agreement.

(mm) "NYSE" shall mean the New York Stock Exchange, Inc.

(nn) "Parent" shall have the meaning set forth in the preamble to this Agreement.

(oo) "Parent Assets" shall mean, collectively, all the Assets owned or held by Parent or any Parent Subsidiary immediately after giving effect to the Corporate Transactions, except the SpinCo Assets.

(pp) "Parent Business" shall mean each and every business conducted at any time by Parent Group (including those businesses set forth on Schedule 1.1(pp)), including each and every business conducted in the past and each and every business which has been discontinued, sold or transferred (including those businesses set forth on Schedule 1.1(pp)), but excluding the SpinCo Business.

(qq) "Parent Common Stock" shall have the meaning set forth in the recitals to this Agreement.

(rr) "Parent Group" shall mean Parent and each Person (other than any member of the SpinCo Group) that is a Parent Subsidiary.

(ss) "Parent Indemnitee" shall mean:

(i) Parent and each Affiliate thereof after giving effect to the Corporate Transactions and the Distribution; and

(ii) each of the respective past, present and future Representatives of any of the entities described in the immediately preceding clause (i) and each of the heirs, executors, successors and assigns of any of such Representatives, except in the case of clauses (i) and (ii), the SpinCo Indemnitees.

(tt) "Parent Liabilities" shall mean:

(i) any and all Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be retained or assumed by Parent or any member of the Parent Group, and all agreements, obligations and Liabilities of any member of the Parent Group under this Agreement or any of the Ancillary Agreements;

(ii) all Liabilities set forth on Schedule 1.1(tt)(ii);
and

(iii) all Liabilities (other than Taxes and any employee-related Liabilities which are specifically covered by the Tax Disaffiliation Agreement and the Employee Benefits Agreement, respectively) primarily relating to, arising out of or resulting from:

(A) the operation of the Parent Business, as conducted at any time prior to, on or after the Distribution Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any Representative (whether or not such act or failure to act is or was within such Person's authority));

(B) the operation of any business conducted by Parent or any Parent Subsidiary at any time after the Distribution Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any Representative

(whether or not such act or failure to act is or was within such Person's authority)); or

(C) any Parent Assets, whether arising before, on or after the Distribution Date.

Notwithstanding the foregoing, the Parent Liabilities shall not include: (y) any Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be retained or assumed by SpinCo or any member of the SpinCo Group; or (z) all agreements and obligations of any member of the SpinCo Group under this Agreement or any of the Ancillary Agreements. Any contrary provision of this Agreement notwithstanding, any Liabilities or Losses in respect of any Action relating to the Parent Business, including the matters set forth on Schedule 1.1(tt)(iii), shall constitute Parent Liabilities.

(uu) "Parent Policies" shall mean all Policies, current or past, that are owned or maintained by or on behalf of Parent or any Parent Subsidiary that do not provide coverage to or with respect to the SpinCo Assets or the SpinCo Business, or any part thereof, including those Policies set forth on Schedule 1.1(uu).

(vv) "Parent Shared Policies" shall mean all Policies, current or past, which are owned or maintained by or on behalf of Parent or any Parent Subsidiary which provide coverage to or with respect to the SpinCo Group, the SpinCo Assets or the SpinCo Business, or any part thereof, other than SpinCo Policies, including those Policies set forth on Schedule 1.1(vv).

(ww) "Parent Subsidiaries" shall mean all of the Subsidiaries of Parent other than SpinCo and the SpinCo Subsidiaries. The Parent Subsidiaries shall include the entities set forth on Schedule 1.1(ww).

(xx) "Person" shall mean any natural person, corporation, business trust, limited liability company, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

(yy) "Policies" shall mean insurance policies and insurance contracts of any kind (other than life and benefits policies or contracts), including primary, excess and umbrella policies, master comprehensive general liability policies, director and officer liability, fiduciary liability, automobile, aircraft, property and casualty, workers' compensation and employee dishonesty insurance policies, bonds and self-insurance and captive insurance company arrangements, together with the rights, benefits and privileges thereunder.

(zz) "Records" shall have the meaning set forth in Section 4.1 of this Agreement.

(aaa) "Registration Statement" shall mean the registration statement on Form 10 to effect the registration of the SpinCo Common Stock pursuant to the Exchange Act.

(bbb) "Representative" shall mean, with respect to any Person, any of such Person's directors, officers, members, employees, agents, consultants, advisors, accountants, attorneys and representatives.

(ccc) "Rules" shall have the meaning set forth in Section 5.3 of this Agreement.

(ddd) "Securities Act" shall mean the Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

(eee) "SpinCo" shall have the meaning set forth in the preamble to this Agreement.

(fff) "SpinCo Assets" shall mean collectively, all the Assets that are owned by SpinCo or any SpinCo Subsidiaries as of the Effective Time and after giving effect to the Corporate Transactions, including:

(i) the capital stock of the SpinCo Subsidiaries;

(ii) all of the Assets reflected on the SpinCo Balance Sheet or the accounting records supporting such balance sheet;

(iii) all of the Assets expressly allocated to SpinCo or any of the SpinCo Subsidiaries under this Agreement or any of the Ancillary Agreements; and

(iv) any other Asset acquired by Parent or any of the Parent Subsidiaries from the date of the SpinCo Balance Sheet to the Effective Time that is owned by Parent, any of the Parent Subsidiaries, SpinCo or any of the SpinCo Subsidiaries as of the Effective Time and that is of a nature or type that would have resulted in such Asset being included as an Asset on the SpinCo Balance Sheet had it been acquired on or prior to the date of the SpinCo Balance Sheet, determined on a basis consistent with the determination of the Assets included on the SpinCo Balance Sheet.

(ggg) "SpinCo Balance Sheet" shall mean the combined balance sheet of the SpinCo Group, including the notes thereto, as of August 31, 2001 set forth on Schedule 1.1(ggg).

(hhh) "SpinCo Business" shall mean each and every business conducted from and after the Effective Time by SpinCo Group (including those businesses set forth on Schedule 1.1(hhh)), and each and every business conducted prior to the Effective Time by Parent Group that is of a nature or type that was or would have been included in Parent's lighting equipment or chemicals segments for financial reporting purposes that has been discontinued, sold or transferred by Parent Group (including those businesses set forth on Schedule 1.1(hhh)).

(iii) "SpinCo Common Stock" shall have the meaning set forth in the recitals to this Agreement.

(jjj) "SpinCo Group" shall mean SpinCo, the SpinCo Subsidiaries and the corporations, partnerships and other entities which are contemplated to remain or become a Subsidiary of SpinCo in connection with the Corporate Transactions and the Distribution.

(kkk) "SpinCo Indemnitees" shall mean:

(i) SpinCo and each Affiliate thereof after giving effect to the Corporate Transactions and the Distribution; and

(ii) each of the respective past, present and future Representatives of any of the entities described in the immediately preceding clause (i) and each of the heirs, executors, successors and assigns of any of such Representatives.

(lll) "SpinCo Liabilities" shall mean

(i) any and all Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be retained or assumed by SpinCo or any member of the SpinCo Group, and all agreements, obligations and Liabilities of any member of the SpinCo Group under this Agreement or any of the Ancillary Agreements;

(ii) all Liabilities set forth on Schedule 1.1(lll)(ii);

(iii) all Liabilities (other than Taxes and any employee-related Liabilities which are specifically covered by the Tax Disaffiliation Agreement and the Employee Benefits Agreement, respectively), primarily relating to, arising out of or resulting from:

(A) the operation of the SpinCo Business, as conducted at any time prior to, on or after the Distribution Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any Representative with respect to the SpinCo Business (whether or not such act or failure to act is or was within such Person's authority));

(B) the operation of any business conducted by SpinCo or any SpinCo Subsidiary at any time after the Distribution Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any Representative (whether or not such act or failure to act is or was within such Person's authority)); or

(C) any SpinCo Assets, whether arising before, on or after the Distribution Date; and

(iv) all Liabilities reflected as liabilities or obligations on the SpinCo Balance Sheet or the accounting records supporting such balance sheet, and all Liabilities arising or assumed after the date of such balance sheet which, had they arisen or been assumed on or before such date and been retained as of such date, would have been reflected on such balance sheet, determined on a basis consistent with the determination of the Liabilities included on the SpinCo Balance Sheet, subject to any discharge of such Liabilities subsequent to the date of the SpinCo Balance Sheet, including those liabilities set forth on Schedule 1.1(lll)(iv)(A).

Notwithstanding the foregoing, the SpinCo Liabilities shall not include: (y) any Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be retained or assumed by Parent or any member of the Parent Group; or (z) all agreements and obligations of any member of the Parent Group under this Agreement or any of the Ancillary Agreements. Any contrary provision of this Agreement notwithstanding, any Liabilities or Losses in respect of any Action relating to the SpinCo

Business, including the matters set forth on Schedule 1.1(111) (iv) (B), shall constitute SpinCo Liabilities.

(mmm) "SpinCo Policies" shall mean all Policies, current or past, which are owned or maintained by or on behalf of Parent or any Parent Subsidiary, which relate specifically to the SpinCo Assets or the SpinCo Business but do not relate to the Parent Business or the Parent Assets, and which Policies are either maintained by SpinCo or a member of the SpinCo Group or assignable to SpinCo or a member of the SpinCo Group, including those Policies set forth on Schedule 1.1(mmm).

(nnn) "SpinCo Share" shall have the meaning set forth in the recitals to this Agreement.

(ooo) "SpinCo Subsidiaries" shall mean all of the Subsidiaries listed on Schedule 1.1(ooo).

(ppp) "Subleases" shall mean the subleases, if any, by and between members of the Parent Group and members of the SpinCo Group, which subleases shall be entered into prior to or on the Distribution Date in such form as is agreed to by Parent and SpinCo.

(qqq) "Subsidiary" shall mean with respect to any specified Person, any corporation or other legal entity of which such Person or any of its Subsidiaries controls or owns, directly or indirectly, more than 50% of the stock or other equity interest entitled to vote on the election of members to the board of directors or similar governing body.

(rrr) "Tax" shall have the meaning set forth in the Tax Disaffiliation Agreement.

(sss) "Tax Disaffiliation Agreement" shall mean the Tax Disaffiliation Agreement by and between Parent and SpinCo, which agreement shall be entered into prior to or on the Distribution Date in the form attached hereto as Exhibit D.

(ttt) "Third Party" shall mean a Person who is not a party hereto or a Subsidiary thereof.

(uuu) "Third-Party Claim" shall have the meaning set forth in Section 3.3 of this Agreement.

(vvv) "Transition Services Agreement" shall mean the Transition Services Agreement by and between Parent and SpinCo, which agreement shall be entered into prior to or on the Distribution Date in the form attached hereto as Exhibit E.

SECTION 1.2. REFERENCE; INTERPRETATION. References in this Agreement to any gender include references to all genders, and references to the singular include references to the plural and vice versa. The words "include", "includes" and "including" when used in this Agreement shall be deemed to be followed by the phrase "without limitation." Unless the context otherwise requires, references in this Agreement to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement. Unless the context otherwise requires, the words "hereof", "hereby" and "herein" and words of similar meaning when used in this Agreement refer to this Agreement in its entirety and not to any particular

Article, Section or provision of this Agreement. Neither this Agreement nor any Ancillary Agreement shall be construed against either party as the principal draftsman hereof or thereof.

ARTICLE II
DISTRIBUTION AND OTHER TRANSACTIONS; CERTAIN COVENANTS

SECTION 2.1. THE DISTRIBUTION AND OTHER TRANSACTIONS.

(a) Certain Transactions. On or prior to the Distribution Date:

(i) Pursuant to the Corporate Transactions, Parent Group owns the Parent Assets and is subject to the Parent Liabilities.

(ii) Pursuant to the Corporate Transactions, SpinCo Group owns the SpinCo Assets and is subject to the SpinCo Liabilities.

(b) Distribution to Parent.

(i) On or prior to the Distribution Date, Parent shall deliver to Parent's stock transfer agent (the "Agent") a certificate or certificates representing the SpinCo Shares which are to be distributed to Parent's stockholders in the Distribution, endorsed by Parent in blank, for the benefit of the holders of Parent Common Stock, and Parent shall authorize the Agent to distribute, on or as soon as practicable following the Distribution Date, such SpinCo Shares to holders of record of shares of Parent Common Stock on the Distribution Record Date as further contemplated by the Information Statement and hereby. SpinCo shall provide any share certificates that the Agent shall require in order to effect the Distribution.

(ii) The SpinCo Shares distributed in the Distribution will be distributed only pursuant to a book entry system. Parent shall authorize the Agent to deliver the SpinCo Shares previously delivered to the Agent to a depository and to mail to each holder of record of Parent Common Stock on the Distribution Record Date, a statement of the whole and fractional SpinCo Shares credited to such holder's account. If following the Distribution a holder of SpinCo Common Stock requests physical certificates instead of participating in the book entry system, the Agent will issue certificates for such shares, but only for whole numbers of SpinCo Shares.

(c) Charter; Bylaws; Rights Plan. On or prior to the Distribution Date, SpinCo and Enterprises or Parent, as the case may be, shall have taken all necessary actions to provide for the adoption of the form of Certificate of Incorporation and Bylaws and the execution and delivery of a Stockholder Protection Rights Agreement, between SpinCo and Wells Fargo Bank of Minnesota, N.A., as Rights Agent, in substantially the form filed by SpinCo with the Commission as Exhibits to the Registration Statement.

(d) Directors. On or prior to the Distribution Date, SpinCo and Enterprises or Parent, as the case may be, shall have taken all necessary action to cause the Board of Directors of SpinCo to consist of the individuals identified in the Information Statement as directors of SpinCo.

(e) Certain Licenses and Permits. On or prior to the Distribution Date or as soon as reasonably practicable thereafter:

(i) Parent shall use its commercially reasonable efforts to transfer or cause to be transferred all transferable licenses, permits and authorizations issued by any Governmental Authority which relate solely to the SpinCo Business but which are held in the name of any member of the Parent Group, or in the name of any Representative of any such member on behalf of a member of the SpinCo Group, to the appropriate member of the SpinCo Group; and

(ii) SpinCo shall use its commercially reasonable efforts to transfer or cause to be transferred all transferable licenses, permits and authorizations issued by Governmental Authorities which relate solely to the Parent Business but which are held in the name of any member of the SpinCo Group, or in the name of any Representative of any such member on behalf of a member of the Parent Group, to the appropriate member of the Parent Group.

(f) Consents. The parties hereto shall use their commercially reasonable efforts to obtain those types of required consents and approvals to transfer and/or assign licenses, permits and authorizations of Governmental Authorities and those types of consents and approvals to transfer and/or assign Contracts from Third Parties set forth in Schedule 2.1(f); provided, however, that no party shall be obligated to pay any consideration therefor (except for filing fees or other similar charges) to any Third Party from whom such consent or approval is requested. Whether or not such consent or approval is obtained, nothing in this Section 2.1(f) shall in any way limit the obligations of the parties under Article III.

(g) Certain Liabilities. For purposes of this Agreement, including Article III hereof, Parent and SpinCo agree that (i) any and all Liabilities arising from or based upon misstatements in or omissions from the Registration Statement or the Information Statement under the captions set forth on Part 1 of Schedule 2.1(g) to this Agreement (insofar as such information relates to Parent or the terms of the Distribution) shall be deemed to be Parent Liabilities and not SpinCo Liabilities, (ii) fifty percent (50%) of any and all Liabilities arising from or based upon misstatements in or omissions from the Registration Statement or the Information Statement under the captions set forth on Part 2 of Schedule 2.1(g) to this Agreement shall be deemed to be Parent Liabilities and fifty percent (50%) of such Liabilities shall be deemed to be SpinCo Liabilities, and (iii) any and all Liabilities arising from or based upon misstatements in or omissions from the Registration Statement or the Information Statement other than those specified in Sections 2.1(g)(i) and (ii) shall be deemed to be SpinCo Liabilities and not Parent Liabilities.

(h) Election of Officers. On or prior to the Distribution Date, SpinCo shall take all actions necessary and desirable so that as of the Distribution Date the executive officers of SpinCo will be as set forth in the Information Statement.

(i) State Securities Laws. Prior to the Distribution Date, Parent and SpinCo shall take all such action as may be necessary or appropriate under the securities or blue sky laws of states or other political subdivisions of the United States in order to effect the Distribution.

(j) Listing Application; Notice to NYSE.

(i) Prior to the Distribution Date, Parent and SpinCo shall prepare and file with the NYSE a listing application and related documents and shall take all such other actions with respect thereto as shall be necessary or desirable in order to cause the NYSE to list on or prior to the Distribution Date, subject to official notice of issuance, the SpinCo Shares.

(ii) Prior to the Distribution, Parent shall, to the extent possible, give the NYSE not less than ten (10) days advance notice of the Distribution Record Date in compliance with Rule 10b-17 under the Exchange Act.

(k) Other Transactions. On or prior to the Distribution Date, the parties hereto shall have consummated those other transactions in connection with the Corporate Transactions and the Distribution that are contemplated by the Information Statement and not specifically referred to in this Section 2.1.

SECTION 2.2. ASSUMPTION AND SATISFACTION OF LIABILITIES. Except as otherwise specifically set forth in any Ancillary Agreement, from and after the Effective Time, (i) Parent shall, or shall cause the applicable member of the Parent Group to, assume, pay, perform and discharge all Parent Liabilities in the ordinary course of business, consistent with past practice, and (ii) SpinCo shall, or shall cause the applicable member of the SpinCo Group to, assume, pay, perform and discharge all SpinCo Liabilities in the ordinary course of business, consistent with past practice. To the extent reasonably requested to do so by another party hereto, each party hereto agrees to execute and deliver such documents, in a form reasonably satisfactory to such party, as may be reasonably necessary to evidence the assumption of any Liabilities hereunder.

SECTION 2.3. RESIGNATIONS. Parent shall cause all its employees to resign, effective as of the Effective Time, from all positions as officers or directors of any member of the SpinCo Group in which they serve, and SpinCo shall cause all its employees to resign, effective as of the Effective Time, from all positions as officers or directors of any members of the Parent Group in which they serve.

SECTION 2.4. LIMITED REPRESENTATIONS OR WARRANTIES. Each of the parties hereto agrees that no party hereto is, in this Agreement or in any other agreement or document contemplated by this Agreement or otherwise, making any representation or warranty whatsoever, as to title or value of Assets being transferred. It is also agreed that all Assets either transferred to or retained by the parties, as the case may be, shall be "as is, where is" and that (subject to Section 2.13) the party to which such Assets are to be transferred hereunder shall bear the economic and legal risk that such party's or any of the Subsidiaries' title to any such Assets shall be other than good and marketable and free from encumbrances. Similarly, each party hereto agrees that no party hereto

is representing or warranting in any way that the obtaining of any consents or approvals, the execution and delivery of any agreements and the making of any filings or applications contemplated by this Agreement will satisfy the provisions of any or all applicable Contracts or other agreements or the requirements of any or all applicable Laws or judgments, it being agreed that the party to which any Assets are transferred shall bear the economic and legal risk that any necessary consents or approvals are not obtained or that any requirements of Laws or judgments are not complied with. Notwithstanding the foregoing, however, except as otherwise provided in Section 2.5 or Section 2.6 hereof, from and after the Effective Time, the Parent Group shall continue to be solely responsible for Parent Liabilities, and the SpinCo Group shall continue to be solely responsible for SpinCo Liabilities.

SECTION 2.5. REMOVAL OF PARENT GROUP FROM CERTAIN GUARANTEES;
RELEASES OF PARENT GROUP FROM LIABILITIES.

(a) Except as otherwise specified in any Ancillary Agreement, SpinCo shall use its commercially reasonable efforts to have, on or prior to the Distribution Date, or as soon as practicable thereafter, any member of the Parent Group removed as guarantor of or obligor for any SpinCo Liability, including in respect of those guarantees set forth on Schedule 2.5(a) of this Agreement.

(b) If SpinCo is unable to obtain, or to cause to be obtained, any such required removal as set forth in clause (a) of this Section 2.5, the applicable guarantor or obligor shall continue to be bound as such and, unless not permitted by law or the terms thereof, the relevant beneficiary shall or shall cause one of its Subsidiaries, as agent or subcontractor for such guarantor or obligor to pay, perform and discharge fully all the obligations or other liabilities of such guarantor or obligor thereunder from and after the date hereof.

(c) If (i) SpinCo is unable to obtain, or to cause to be obtained, any such required removal as set forth in clause (a) of this Section 2.5, or (ii) SpinCo Liabilities arise from and after the Effective Time but before a member of the Parent Group which is a guarantor or obligor with reference to any such SpinCo Liability is removed pursuant to Section 2.5(a), then such guarantor or obligor shall be indemnified by SpinCo for all Liabilities incurred by it in its capacity as guarantor or obligor in accordance with Article III hereof. Without limiting the foregoing, SpinCo shall, or shall cause a member of the SpinCo Group to, reimburse any such member of the Parent Group which is a guarantor or obligor as soon as practicable (but in no event later than thirty (30) days) following delivery by Parent to SpinCo of notice of a payment made pursuant to this Section 2.5 in respect of SpinCo Liabilities.

(d) In the event that, at any time before or after the Distribution Date, Parent identifies any letters of credit, interest rate or foreign exchange contracts, surety bonds or other Contracts (excluding guarantees) that relate primarily to the SpinCo Business but for which a member of the Parent Group has contingent, secondary, joint, several or other Liability of any nature whatsoever, SpinCo shall, at its expense, take such actions and enter into such agreements and arrangements as Parent may reasonably request to effect Parent's (or a member of the Parent Group's) release or substitution.

SECTION 2.6. REMOVAL OF SPINCO FROM CERTAIN GUARANTEES; RELEASES OF SPINCO FROM LIABILITIES.

(a) Except as otherwise specified in any Ancillary Agreement, Parent shall use its commercially reasonable efforts to have, on or prior to the Distribution Date, or as soon as practicable thereafter, any member of the SpinCo Group removed as guarantor of or obligor for any Parent Liability, including in respect of those guarantees set forth on Schedule 2.6(a) of this Agreement.

(b) If Parent is unable to obtain, or to cause to be obtained, any such required removal as set forth in clause (a) of this Section 2.6, the applicable guarantor or obligor shall continue to be bound as such and, unless not permitted by law or the terms thereof, the relevant beneficiary shall or shall cause one of its Subsidiaries, as agent or subcontractor for such guarantor or obligor to pay, perform and discharge fully all the obligations or other liabilities of such guarantor or obligor thereunder from and after the date hereof.

(c) If (i) Parent is unable to obtain, or to cause to be obtained, any such required removal as set forth in clause (a) of this Section 2.6, or (ii) Parent Liabilities arise from and after the Effective Time but before a member of the SpinCo Group which is a guarantor or obligor with reference to any such Parent Liability is removed pursuant to Section 2.6(a), then such guarantor or obligor shall be indemnified by Parent for all Liabilities incurred by it in its capacity as guarantor or obligor in accordance with Article III hereof. Without limiting the foregoing, Parent shall, or shall cause a member of the Parent Group to, reimburse any such member of the SpinCo Group which is a guarantor or obligor as soon as practicable (but in no event later than thirty (30) days) following delivery by SpinCo to Parent of notice of a payment made pursuant to this Section 2.6 in respect of Parent Liabilities.

(d) In the event that, at any time before or after the Distribution Date, SpinCo identifies any letters of credit, interest rate or foreign exchange contracts, surety bonds or other Contracts (excluding guarantees) that relate primarily to the Parent Business but for which a member of the SpinCo Group has contingent, secondary, joint, several or other Liability of any nature whatsoever, Parent shall, at its expense, take such actions and enter into such agreements and arrangements as SpinCo may reasonably request to effect SpinCo's (or a member of the SpinCo Group's) release or substitution.

SECTION 2.7. WITNESS SERVICES. At all times from and after the Distribution Date, each of Parent and SpinCo shall use their commercially reasonable efforts to make available to the other, upon reasonable request, its and its Subsidiaries' Representatives as witnesses to the extent that (i) such Persons may reasonably be required in connection with the prosecution or defense of any Action in which the requesting party from time to time be involved and (ii) there is no conflict in the Action between the requesting party and Parent and SpinCo, as applicable. A party providing witness services to the other party under this Section shall be entitled to receive from the recipient of such services, upon the presentation of invoices therefor, reimbursement for payments made for any out-of-pocket expenses (which shall exclude the costs of salaries and benefits of employees who are witnesses) as may be reasonably incurred in providing such witness services. Witness services

in connection with indemnification claims under Article III shall be handled as provided in Article III.

SECTION 2.8. CONVEYANCING AND ASSUMPTION INSTRUMENTS. In connection with the transfers of Assets and the assumptions of Liabilities contemplated by this Agreement, on or prior to the Distribution Date, the parties shall execute or cause to be executed by the appropriate entities the Conveyancing and Assumption Instruments contemplated hereby for transfers to be effected pursuant to Delaware law or the Laws of one of the other states of the United States or, if not appropriate for a given transfer, and for transfers to be effected pursuant to non-U.S. Laws, in such other form as the parties shall reasonably agree. The transfer of capital stock shall be effected by means of delivery of stock certificates and executed stock powers and notation on the stock record books of the corporation or other legal entities involved, or by such other means as may be required in any non-U.S. jurisdiction to transfer title to stock and, to the extent required by applicable Law, by notation on public registries.

SECTION 2.9. ANCILLARY AGREEMENTS. Prior to the Distribution Date, each of Parent and SpinCo shall enter into, and/or (where applicable) shall cause members of their respective Groups to enter into, the Ancillary Agreements and any other agreements in respect of the Distribution reasonably necessary or appropriate in connection with the transactions contemplated hereby and thereby.

SECTION 2.10. CORPORATE NAMES; TRADEMARKS.

(a) Except as otherwise specifically provided in any Ancillary Agreement:

(i) as soon as reasonably practicable after the Distribution Date but in any event within twelve (12) months thereafter, SpinCo will, and will cause the SpinCo Subsidiaries to, each at its own expense, remove (or, if necessary, on an interim basis, cover up) any and all exterior signs and other identifiers located on any of its real property or premises or on the real property or premises used by SpinCo or the SpinCo Subsidiaries which refer or pertain to Parent or which include the Parent or any Parent Subsidiary name, logo or other trademark or service mark or any similar mark or any derivative thereof or other intellectual property included in the Parent Assets;

(ii) as soon as is reasonably practicable after the Distribution Date but in any event within twelve (12) months thereafter, SpinCo will, and will cause the SpinCo Subsidiaries to, remove from all letterhead, envelopes, invoices, products, product labels, product literature, brochures and other communications media of any kind, all references to Parent, including the "National Service Industries, Inc." name, logo and any other trademark or service mark or other intellectual property included in the Parent Assets (except that SpinCo shall not be required to take any such action with respect to materials in the possession of Third Parties);

(iii) as soon as reasonably practicable after the Distribution Date but in any event within twelve (12) months thereafter, Parent will, and will cause the Parent

Subsidiaries to, each at its own expense, remove (or, if necessary, on an interim basis, cover up) any and all exterior signs and other identifiers located on any of its real property or premises or on the real property or premises used by Parent or the Parent Subsidiaries which refer or pertain to SpinCo or which include the SpinCo or any SpinCo Subsidiary name, logo or other trademark or any similar mark or any derivative thereof or other intellectual property included in the SpinCo Assets; and

(iv) as soon as is reasonably practicable after the Distribution Date but in any event within twelve (12) months thereafter, Parent will, and will cause the Parent Subsidiaries to, remove from all letterhead, envelopes, invoices, products, product labels, product literature, brochures and other communications media of any kind, all references to SpinCo and its Subsidiaries including the "Acuity Brands, Inc." name, logo and any other trademark or service mark or other intellectual property included in the SpinCo Assets (except that Parent shall not be required to take any such action with respect to materials in the possession of Third Parties).

(b) Prior to January 1, 2008, Parent shall not change its corporate name from "National Service Industries, Inc.," nor shall Parent engage in any transaction that causes Parent's corporate name to change from "National Service Industries, Inc." SpinCo hereby acknowledges and agrees that the SpinCo Group shall have no right to use the name "National Service Industries, Inc." or any derivative thereof.

SECTION 2.11. POST-DISTRIBUTION REMITTANCES.

(a) Following the Distribution Date, Parent will promptly remit to SpinCo, or reimburse SpinCo for, all amounts, and endorse or remit to SpinCo the proceeds of all checks, drafts, notes or other documents, received by Parent or a Parent Subsidiary, that should have otherwise been paid to SpinCo or a SpinCo Subsidiary.

(b) Following the Distribution Date, SpinCo will promptly remit to Parent, or reimburse Parent for, all amounts, and endorse or remit to Parent the proceeds of all checks, drafts, notes or other documents, received by Parent or a Parent Subsidiary, that should have otherwise been paid to SpinCo.

SECTION 2.12. NON-SOLICITATION.

(a) For the period beginning on the Distribution Date and ending on the second anniversary of the Distribution Date, SpinCo will not and will not permit any member of the SpinCo Group to, directly or indirectly, solicit or recruit for its employment any employee of the Parent Group as of the Distribution without the prior written consent of Parent; provided, however, that nothing in this Section 2.12(a) shall (i) prohibit the hiring of any natural person who applied for employment with the SpinCo Group solely in response to any public medium advertising, (ii) prohibit the hiring of any natural person referred by any Person whose principal business is the recruiting of prospective employees, or (iii) prohibit the hiring of any natural person whose employment with a member of the Parent Group terminated at least three (3)

months prior to the date of such solicitation or recruitment for a bona fide reason not designed or intended to circumvent the provisions of this Section 2.12(a) and so long as such natural person was not solicited or recruited by SpinCo or any member of the SpinCo Group prior to the expiration of such three (3) month period.

(b) For the period beginning on the Distribution Date and ending on the second anniversary of the Distribution Date, Parent will not and will not permit any member of the Parent Group to, directly or indirectly, solicit or recruit for its employment any employee of the SpinCo Group as of the Distribution without the prior written consent of SpinCo; provided, however, that nothing in this Section 2.12(b) shall (i) prohibit the hiring of any natural person who applied for employment with the Parent Group solely in response to any public medium advertising, (ii) prohibit the hiring of any natural person referred by any Person whose principal business is the recruiting of prospective employees, or (iii) prohibit the hiring of any natural person whose employment with a member of the SpinCo Group terminated at least three (3) months prior to the date of such solicitation or recruitment for a bona fide reason not designed or intended to circumvent the provisions of this Section 2.12(b) and so long as such natural person was not solicited or recruited by Parent or any member of the Parent Group prior to the expiration of such three (3) month period.

SECTION 2.13. FURTHER ASSURANCES.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the parties hereto shall use commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement. Without limiting the foregoing, each party hereto shall cooperate with the other party, and execute and deliver, or use commercially reasonable efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all consents, approvals or authorizations of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument, and take all such other actions as such party may reasonably be requested to take by the other party hereto from time to time, consistent with the terms of this Agreement, the Corporate Transactions, and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the transfers of Assets and assumptions of Liabilities and the other transactions contemplated hereby.

(b) If any such transfer of Assets or Liabilities is not consummated prior to or at the Effective Time, then the party hereto retaining such Asset or Liability shall continue to take the actions required by Section 2.13(a) to consummate and make effective such transfer as soon as practicable after the Distribution Date and, in the case of Assets, shall use its commercially reasonable efforts to preserve the value of such Assets until the time of transfer. If and when any such Asset or Liability becomes transferable, such transfer shall be effected forthwith. The parties hereto agree that, no later than the Distribution Date, each party hereto shall be deemed to have acquired complete and sole beneficial ownership to all of the Assets, together with all rights, powers and privileges incident thereto, and shall be deemed to have assumed in accordance with the terms of this Agreement and the Ancillary Agreements all of the Liabilities,

and all duties, obligations and responsibilities incident thereto, that such party is entitled or required to hold or assume pursuant to this Agreement.

(c) Any disagreement regarding whether any Asset or Liability was or should have been transferred to, retained by or assumed by the Parent Group or the SpinCo Group shall be resolved in accordance with the provisions of Article V.

ARTICLE III INDEMNIFICATION

SECTION 3.1. INDEMNIFICATION BY PARENT. Parent shall, and shall cause each member of the Parent Group to, indemnify, defend and hold harmless the SpinCo Indemnitees from and against any and all Indemnifiable Losses of the SpinCo Indemnitees arising out of, by reason of or otherwise in connection with the Parent Liabilities or alleged Parent Liabilities, including any breach by Parent of any provision of this Section 3.1. Parent and each member of the Parent Group shall be jointly and severally liable for the indemnification obligations imposed by this Section 3.1. Subject to the last sentence of Section 7.1, this Agreement is not intended to address, and should not be interpreted to address, the matters specifically and expressly covered by the Ancillary Agreements.

SECTION 3.2. INDEMNIFICATION BY SPINCO. SpinCo shall, and shall cause each member of the SpinCo Group to, indemnify, defend and hold harmless the Parent Indemnitees from and against any and all Indemnifiable Losses of the Parent Indemnitees arising out of, by reason of or otherwise in connection with the SpinCo Liabilities or alleged SpinCo Liabilities, including any breach by SpinCo of any provision of this Section 3.2. Spinco and each member of the SpinCo Group shall be jointly and severally liable for the indemnification obligations imposed by this Section 3.2. Subject to the last sentence of Section 7.1, this Agreement is not intended to address, and should not be interpreted to address, the matters specifically and expressly covered by the Ancillary Agreements.

SECTION 3.3. PROCEDURES FOR INDEMNIFICATION.

(a) Third-Party Claims. If a claim or demand is made against a SpinCo Indemnitee or an Parent Indemnitee (each, an "Indemnitee") by any Third Party (a "Third-Party Claim") as to which such Indemnitee is entitled to indemnification pursuant to this Agreement, such Indemnitee shall notify the party which is or may be required pursuant to Section 3.1 or Section 3.2 hereof to make such indemnification (the "Indemnifying Party") in writing, and in reasonable detail, of the Third-Party Claim promptly (and in any event within fifteen (15) Business Days) after receipt by such Indemnitee of written notice of the Third-Party Claim; provided, however, that failure to give such notification shall not affect the indemnification provided hereunder except to the extent the Indemnifying Party shall have been actually prejudiced as a result of such failure. Thereafter, the Indemnitee shall deliver to the Indemnifying Party, promptly (and in any event within ten (10) Business Days) after the

Indemnitee's receipt thereof, copies of all notices and documents (including court papers) received by the Indemnitee relating to the Third-Party Claim.

If a Third-Party Claim is made against an Indemnitee, the Indemnifying Party shall be entitled to participate in the defense thereof and, if it so elects in accordance with this Section 3.3(a), to assume the defense thereof with counsel selected by the Indemnifying Party; provided, however, that such counsel is not reasonably objected to by the Indemnitee. Should the Indemnifying Party so elect to assume the defense of a Third-Party Claim, the Indemnifying Party shall, within thirty (30) days (or sooner if the nature of the Third-Party Claim so requires), notify the Indemnitee in writing of its intent to do so, and the Indemnifying Party shall thereafter not be liable to the Indemnitee for legal or other expenses subsequently incurred by the Indemnitee in connection with the defense thereof; provided, however, that such Indemnitee shall have the right to employ counsel to represent such Indemnitee if, in such Indemnitee's reasonable judgment, a conflict of interest between such Indemnitee and such Indemnifying Party exists in respect of such claim that would make representation of both such parties by one counsel inappropriate, and in such event the fees and expenses of such separate counsel shall be paid by such Indemnifying Party. If the Indemnifying Party elects to assume such defense, the Indemnitee shall have the right to participate in the defense thereof and to employ counsel, subject to the proviso of the preceding sentence, at its own expense, separate from the counsel employed by the Indemnifying Party, it being understood that the Indemnifying Party shall control such defense. The Indemnifying Party shall be liable for the fees and expenses of counsel employed by the Indemnitee for any period during which the Indemnifying Party has failed to assume the defense thereof (other than during the period prior to the time the Indemnitee shall have given notice of the Third-Party Claim as provided above). If the Indemnifying Party so elects to assume the defense of any Third-Party Claim, all of the Indemnitees shall cooperate with the Indemnifying Party in the defense or prosecution thereof, including by providing or causing to be provided, Records and witnesses as soon as reasonably practicable after receiving any request therefor from or on behalf of the Indemnifying Party.

If an Indemnifying Party elects to assume the defense of a Third-Party Claim as provided above, in no event will the Indemnitee admit any liability with respect to, or settle, compromise or discharge, any Third-Party Claim without the Indemnifying Party's prior written consent; provided, however, that the Indemnitee shall have the right to settle, compromise or discharge such Third-Party Claim without the consent of the Indemnifying Party if the Indemnitee releases the Indemnifying Party from its indemnification obligation hereunder with respect to such Third-Party Claim and such settlement, compromise or discharge would not otherwise adversely affect the Indemnifying Party. If an Indemnifying Party elects to assume the defense of a Third-Party Claim as provided above, the Indemnitee will agree to any settlement, compromise or discharge of a Third-Party Claim that the Indemnifying Party may recommend and that by its terms obligates the Indemnifying Party to pay the full amount of the liability in connection with such Third-Party Claim and releases the Indemnitee completely in connection with such Third-Party Claim; provided, however, that, notwithstanding the foregoing, the Indemnitee shall not be required hereunder to agree to any such settlement, compromise or discharge involving the stipulation of facts or the adjudication of any question that the Indemnitee determines in its discretion would have an adverse effect on the Indemnitee in any other proceeding or otherwise would affect adversely the Indemnitee. If an Indemnifying Party elects not to assume the defense of a Third-Party Claim, or fails to notify an Indemnitee of its election to do so as

provided herein, such Indemnitee may compromise, settle or defend such Third-Party Claim, and such Indemnitee may recover the Indemnifiable Losses in connection with such compromise, settlement or defense from the Indemnifying Party.

Notwithstanding the foregoing, the Indemnifying Party shall not be entitled to assume the defense of any Third-Party Claim (and shall be liable for the fees and expenses of counsel incurred by the Indemnitee in defending such Third-Party Claim) if the Third-Party Claim seeks an order, injunction or other equitable relief or relief for other than money damages against the Indemnitee which the Indemnitee reasonably determines, after conferring with its counsel, cannot be separated from any related claim for money damages. If such equitable relief or other relief portion of the Third-Party Claim can be so separated from that for money damages, the Indemnifying Party shall be entitled to assume the defense of the portion relating to money damages.

(b) In the event of payment by an Indemnifying Party to any Indemnitee in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right or claim.

(c) The remedies provided in this Article III shall be cumulative and shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

SECTION 3.4. INDEMNIFICATION PAYMENTS. Unless otherwise agreed to in writing, indemnification required by this Article III shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or Indemnifiable Losses are incurred. If the Indemnifying Party fails to make an indemnification payment required by this Article III within thirty (30) days after receipt of a bill therefor or notice that an Indemnifiable Loss has been incurred, the Indemnifying Party shall also be required to pay interest on the amount of such indemnification payment, from the date of receipt of the bill or notice of the Indemnifiable Loss to, but not including the date of payment, at the Applicable Rate.

ARTICLE IV ACCESS TO INFORMATION

SECTION 4.1. PROVISION OF CORPORATE RECORDS.

(a) Except as otherwise provided in Article III, after the Distribution Date, upon the prior written request by SpinCo for specific and identified agreements, documents, books, records or files (collectively, "Records") which relate to (x) SpinCo, the conduct of the SpinCo Business up to the Effective Time or the ownership of the SpinCo Assets up to the Effective Time, or (y) any

Ancillary Agreement (other than the Tax Disaffiliation Agreement), Parent shall arrange, as soon as reasonably practicable following the receipt of such request, to provide such Records (or appropriate copies thereof if Parent has a reasonable need to retain the originals) in the possession or control of Parent or any of the Parent Subsidiaries, but only to the extent such items are not already in the possession or control of SpinCo.

(b) Except as otherwise provided in Article III, after the Distribution Date, upon the prior written request by Parent for specific and identified Records which relate to (x) Parent, the conduct of the Parent Business up to the Effective Time or the ownership of the Parent Assets up to the Effective Time, or (y) any Ancillary Agreement (other than the Tax Disaffiliation Agreement), SpinCo shall arrange, as soon as reasonably practicable following the receipt of such request, to provide such Records (or appropriate copies thereof if SpinCo has a reasonable need to retain the originals) in the possession or control of SpinCo or any of the SpinCo Subsidiaries, but only to the extent such items are not already in the possession or control of Parent.

SECTION 4.2. ACCESS TO INFORMATION. Except as otherwise provided in Article III, from and after the Distribution Date, each of Parent and SpinCo shall afford to the other and its authorized Representatives reasonable access during normal business hours, subject to appropriate restrictions for classified, privileged or confidential information, to the personnel, properties, and Records of such party and its Subsidiaries insofar as such access is reasonably required by the other party and relates to (x) such other party or the conduct of its business or ownership of its Assets prior to the Effective Time or (y) any Ancillary Agreement.

SECTION 4.3. REIMBURSEMENT; OTHER MATTERS. Except to the extent otherwise contemplated by any Ancillary Agreement, a party providing Records or access to information to the other party under this Article IV shall be entitled to receive from the recipient, upon the presentation of invoices therefor, reimbursement for payments made for supplies, disbursements and other out-of-pocket expenses (including attorneys' fees and disbursements), as may be reasonably incurred in providing such Records or access to information.

SECTION 4.4. CONFIDENTIALITY. Neither (i) Parent nor the Parent Subsidiaries nor (ii) SpinCo nor the SpinCo Subsidiaries shall use or permit the use of (without the prior written consent of the other) and each such entity shall keep, and shall cause its Representatives to keep, confidential all information concerning the other party in its possession, its custody or under its control (except to the extent that (A) such information has been in the public domain through no fault of such party or (B) such information has been later lawfully acquired from other sources by such party or (C) this Agreement or any other Ancillary Agreement or any other agreement entered into pursuant hereto permits the use or disclosure of such information) to the extent such information, (w) relates to or was acquired during the period up to the Effective Time, (x) relates to any Ancillary Agreement, (y) is obtained in the course of performing services for the other party pursuant to any Ancillary Agreement, or (z) is based upon or is derived from information described in the preceding clauses (w), (x) or (y), and each party shall not (without the prior written consent of the other) otherwise release or disclose such information to any other Person, except such party's

Representatives, unless compelled to disclose such information by judicial or administrative process or unless such disclosure is required by Law and such party has provided the other party with prompt notice of such requirement in order to afford the other party the opportunity to seek an appropriate protective order or other remedy.

SECTION 4.5. PRIVILEGED MATTERS. The parties hereto recognize that legal and other professional services that have been and will be provided prior to the Distribution Date have been and will be rendered for the benefit of each of the members of the Parent Group, and each of the members of the SpinCo Group, and that each of the members of the Parent Group, and each of the members of the SpinCo Group should be deemed to be the client for the purposes of asserting all privileges which may be asserted under applicable Law. Except as otherwise specifically provided in the Tax Disaffiliation Agreement with respect to tax matters, to allocate the interests of each party in the information as to which any party is entitled to assert a privilege, the parties agree as follows:

(a) Parent shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged information which relates solely to the Parent Business, whether or not the privileged information is in the possession of or under the control of Parent or SpinCo. Parent shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged information that relates solely to the subject matter of any claims constituting Parent Liabilities, now pending or which may be asserted in the future, in any Action initiated against or by Parent, whether or not the privileged information is in the possession of or under the control of Parent or SpinCo.

(b) SpinCo shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged information which relates solely to the SpinCo Business, whether or not the privileged information is in the possession of or under the control of Parent or SpinCo. SpinCo shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged information which relates solely to the subject matter of any claims constituting SpinCo Liabilities, now pending or which may be asserted in the future, in any Action initiated against or by SpinCo, whether or not the privileged information is in the possession of SpinCo or under the control of Parent or SpinCo.

(c) The parties hereto agree that they shall have a shared privilege, with equal right to assert or waive, subject to the restrictions in this Section 4.5, with respect to all privileges not allocated pursuant to the terms of Sections 4.5(a) and (b). All privileges relating to any Action, disputes or other matters which involve Parent and SpinCo in respect of which such parties retain any responsibility or liability under this Agreement, shall be subject to a shared privilege among them.

(d) No party hereto may waive any privilege which could be asserted under any applicable Law, and in which any other party hereto has a shared privilege, without the consent of the other party, which consent shall not be unreasonably withheld or delayed, except to the extent reasonably required in connection with any Action with Third Parties or as provided in subsection (e) below. Consent shall be in writing, or shall be deemed to be granted unless written objection is made within twenty (20) days after notice upon the other party requesting such consent.

(e) In the event of any Action or dispute between any of the parties hereto, any party and a Subsidiary of another party hereto, or a Subsidiary of one party hereto and a Subsidiary of another party hereto, either such party, to the extent necessary in connection with such Action or dispute, may waive a privilege in which the other party has a shared privilege, without obtaining the consent of the other party, provided that such waiver of a shared privilege shall be effective only as to the use of information with respect to such Action or dispute between the relevant parties and/or their Subsidiaries, and shall not operate as a waiver of the shared privilege with respect to Third Parties.

(f) If a dispute arises between or among the parties hereto or their respective Subsidiaries regarding whether a privilege should be waived to protect or advance the interest of any party, each party agrees that it shall negotiate in good faith, shall endeavor to minimize any prejudice to the rights of the other parties, and shall not unreasonably withhold consent to any request for waiver by another party. Each party hereto specifically agrees that it will not withhold consent to waiver for any purpose except to protect its own legitimate interests.

(g) Upon receipt by any party hereto or by any Subsidiary thereof of any subpoena, discovery or other request which arguably calls for the production or disclosure of information subject to a shared privilege or as to which another party has the sole right hereunder to assert a privilege, or if any party obtains knowledge that any of its or any of its Subsidiaries' current or former Representatives has received any subpoena, discovery or other requests which arguably calls for the production or disclosure of such privileged information, such party shall promptly notify the other party of the existence of the request and shall provide the other party a reasonable opportunity to review the information (to the extent such information is available to such party) and to assert any rights it or they may have under this Section 4.5 or otherwise to prevent the production or disclosure of such privileged information.

(h) The transfer of all Records and other information pursuant to this Agreement is made in reliance on the agreement of Parent and SpinCo, as set forth in Sections 4.4 and 4.5, to maintain the confidentiality of privileged information and to assert and maintain all applicable privileges. The access to information being granted pursuant to Sections 4.1 and 4.2 hereof, the agreement to provide witnesses and individuals pursuant to Sections 2.7 and 3.3 hereof, the furnishing of notices and documents and other cooperative efforts contemplated by Section 3.3 hereof, and the transfer of privileged information between and among the parties and their respective Subsidiaries pursuant to this Agreement shall not be deemed a waiver of any privilege that has been or may be asserted under this Agreement or otherwise.

SECTION 4.6. OWNERSHIP OF INFORMATION. Any information owned by one party or any of its Subsidiaries that is provided to a requesting party pursuant to Article III or this Article IV shall be deemed to remain the property of the providing party. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such information.

SECTION 4.7. RETENTION OF RECORDS.

(a) Parent shall deliver to SpinCo upon SpinCo's request all Records that are specifically identified by SpinCo and known by Parent, after reasonable inquiry, to be in its control or possession relating to SpinCo Assets, SpinCo Liabilities or the SpinCo Business. Except (a) as provided in the Tax Disaffiliation Agreement or (b) when a longer retention period is otherwise required by Law or agreed to in writing, the Parent Group and the SpinCo Group shall retain in a reasonably retrievable format, for a period of at least six (6) years, all Records relating to the SpinCo Business as of the Effective Time. Notwithstanding the foregoing, in lieu of retaining any specific Records, Parent may offer in writing to deliver such Records to SpinCo and, if such offer is not accepted within ninety (90) days, the offered Records may be destroyed or otherwise disposed of at any time. If SpinCo shall request in writing prior to the expiration of such 90-day period that any of Records proposed to be destroyed or disposed of be delivered to SpinCo, Parent shall promptly arrange for delivery of such requested Records (at SpinCo's cost).

(b) SpinCo shall deliver to Parent upon Parent's request all Records that are specifically identified by Parent and known by SpinCo, after reasonable inquiry, to be in its control or possession relating to Parent Assets, Parent Liabilities or the Parent Business. Except (a) as provided in the Tax Disaffiliation Agreement or (b) when a longer retention period is otherwise required by Law or agreed to in writing, the Parent Group and the SpinCo Group shall retain in a reasonably retrievable format, for a period of at least six (6) years, all Records relating to the Parent Business as of the Effective Time. Notwithstanding the foregoing, in lieu of retaining any specific Records, SpinCo may offer in writing to deliver such Records to Parent and, if such offer is not accepted within ninety (90) days, the offered Records may be destroyed or otherwise disposed of at any time. If Parent shall request in writing prior to the expiration of such 90-day period that any of Records proposed to be destroyed or disposed of be delivered to Parent, SpinCo shall promptly arrange for delivery of such requested Records (at Parent's cost).

SECTION 4.8. LIMITATION OF LIABILITY; RELEASE.

(a) No party shall have any liability to any other party in the event that any information exchanged or provided pursuant to this Agreement which is an estimate or forecast, or which is based on an estimate or forecast, is found to be inaccurate.

(b) Effective upon the Distribution and except as otherwise specifically set forth in this Agreement, each of Parent and SpinCo releases and forever discharges the other and its Representatives and Subsidiaries, of and from all Liabilities against such other party, its Representatives and Subsidiaries or any of its successors or assigns, which the releasing party has or ever had, which arise out of or relate to events, circumstances or actions taken by such other party prior to the Distribution; provided, however, that the foregoing general release shall not apply to this Agreement, the Ancillary Agreements or the transactions contemplated hereby or thereby and shall not affect either party's right to enforce this Agreement or any of the Ancillary Agreements in accordance with their terms.

SECTION 4.9. OTHER AGREEMENTS PROVIDING FOR EXCHANGE OF INFORMATION. The rights and obligations granted under this Article IV are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange or confidential treatment of information set forth in any Ancillary Agreement.

ARTICLE V
DISPUTE RESOLUTION

SECTION 5.1. NEGOTIATION. In the event of a controversy, dispute or claim arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity or breach of this Agreement or otherwise arising out of, or in any way related to this Agreement or the transactions contemplated hereby, including any claim based on contract, tort, statute or constitution (but excluding any controversy, dispute or claim arising out of any agreement relating to the use or lease of real property if any Third Party is a party to such controversy, dispute or claim) (collectively, "Agreement Disputes"), the management of the parties shall negotiate in good faith for a reasonable period of time to settle such Agreement Dispute; provided, however, such reasonable period shall not, unless otherwise agreed by the parties in writing, exceed sixty (60) days from the time the parties began such negotiations; and provided further, however, that in the event of any mediation or arbitration in accordance with Sections 5.2 and 5.3 hereof, (i) the parties shall not assert the defenses of statute of limitations and laches arising for the period beginning after the date the parties began negotiations hereunder, and (ii) any statute of limitations or any contractual time period or deadline under this Agreement or any Ancillary Agreement shall not be deemed to have passed with respect to such Agreement Dispute until such Agreement Dispute has been resolved.

SECTION 5.2. MEDIATION. If after such reasonable period such management are unable to settle such Agreement Dispute (and in any event, unless otherwise agreed in writing by the parties, after ninety (90) days have elapsed from the time the parties began such negotiations) and the Agreement Dispute involves a controversy, dispute or claim of less than \$500,000, such Agreement Dispute shall be determined, at the request of any party, by mediation conducted in Wilmington, Delaware or at another location which the parties mutually select, before a retired judge sitting on the panel of Judicial Arbitration & Mediation Services, Inc. The mediation process shall continue as the exclusive method of resolving the Agreement Dispute (other than negotiation between the parties) until the earlier of the Agreement Dispute being resolved or the mediator finding in good faith that all settlement possibilities have been exhausted and that the matter is not resolvable through mediation. If the mediator makes such a finding, at the request of any party, the Agreement Dispute shall then be determined by binding arbitration in accordance with Section 5.3 hereof.

SECTION 5.3. ARBITRATION. If after such reasonable period such management are unable to settle such Agreement Dispute (and in any event, unless otherwise agreed in writing by the parties, after ninety (90) days have elapsed from the time the parties began such negotiations) and the Agreement Dispute involves a controversy, dispute or claim of \$500,000 or more, or a mediator makes a finding under Section 5.2 hereof that all settlement possibilities have been exhausted and that a matter is not resolvable through mediation, such Agreement Dispute shall be determined, at the demand of any party, by binding arbitration conducted in Wilmington, Delaware or at another location which the parties mutually select, before and in accordance with the then-existing Commercial Arbitration Rules of the

American Arbitration Association (the "Rules"). In any Agreement Dispute between the parties hereto, the numbers of arbitrators shall be three (3) (one selected by Parent, one selected by SpinCo, and one jointly selected by the two arbitrators so selected). Any judgment or award rendered by the arbitrator shall be final, binding and nonappealable (except upon grounds specified in 9 U.S.C. Section 10(a) as in effect on the date hereof). If the parties are unable to agree on the arbitrators, the arbitrators shall be selected in accordance with the Rules. Except as otherwise provided herein, any controversy concerning whether an Agreement Dispute is an arbitrable Agreement Dispute, whether arbitration has been waived, whether an assignee of this Agreement is bound to arbitrate, or as to the interpretation of enforceability of this Article V shall be determined by the arbitrators. In resolving any Agreement Dispute, the parties intend that the arbitrators apply the terms and conditions of this Agreement and the substantive laws of the State of Delaware, without regard to the choice of law principles thereof. The parties intend that the provisions to arbitrate set forth herein be valid, enforceable and irrevocable. The parties agree to comply with any award made in any such arbitration proceedings that has become final in accordance with the Rules and agree to enforcement of or entry of judgment upon such award, by any court of competent jurisdiction, including (a) the state courts of the State of Delaware, located in Wilmington, or (b) the United States District Court for the District of Delaware, in accordance with Section 7.16 hereof. The arbitrators shall be entitled, if appropriate, to award any remedy in such proceedings, including monetary damages, specific performance and all other forms of legal and equitable relief; provided, however, the arbitrators shall not be entitled to award punitive damages. Without limiting the provisions of the Rules, unless otherwise agreed in writing by or among the parties or permitted by this Agreement, the parties shall keep confidential all matters relating to the arbitration or the award, provided such matters may be disclosed (i) to the extent reasonably necessary in any proceeding brought to enforce the award or for entry of a judgment upon the award and (ii) to the extent otherwise required by Law. Nothing contained herein is intended to or shall be construed to prevent any party, in accordance with Article 21(3) of the Rules or otherwise, from applying to any court of competent jurisdiction for interim measures or other provisional relief in connection with the subject matter of any Agreement Disputes.

SECTION 5.4. CONTINUITY OF SERVICE AND PERFORMANCE. Unless otherwise agreed in writing, the parties will continue to provide service and honor all other commitments under this Agreement and each Ancillary Agreement during the course of dispute resolution pursuant to the provisions of this Article V with respect to all matters not subject to such dispute, controversy or claim.

SECTION 5.5. OTHER REMEDIES. Nothing in this Article V shall limit the right that any party may otherwise have to seek to obtain from any court to which the parties consent to jurisdiction under Section 7.16 (a) preliminary injunctive relief in order to preserve the status quo pending the resolution of a dispute or (b) temporary or permanent injunctive relief from any breach of any provisions of this Agreement. By seeking such relief, a party in no way waives its arbitration rights under this Agreement.

ARTICLE VI
INSURANCE

SECTION 6.1. POLICIES AND RIGHTS INCLUDED WITHIN ASSETS. The SpinCo Assets shall include (a) any and all rights of an insured party under each of the Parent Shared Policies, subject to the terms of such Parent Shared Policies and any limitations or obligations of SpinCo contemplated by this Article VI, specifically including rights of indemnity and the right to be defended by or at the expense of the insurer, with respect to all claims, suits, actions, proceedings, injuries, losses, liabilities, damages and expenses incurred or claimed to have been incurred prior to the Effective Time by any party in or in connection with the conduct of the SpinCo Business or the ownership of the SpinCo Assets or, to the extent any claim is made against SpinCo or any of the SpinCo Subsidiaries, the conduct of the Parent Business or the ownership of the Parent Assets, and which claims, suits, actions, proceedings, injuries, losses, liabilities, damages and expenses may arise out of an insured or insurable occurrence under one or more of such Parent Shared Policies, and (b) the SpinCo Policies.

SECTION 6.2. POST-DISTRIBUTION DATE CLAIMS. If, subsequent to the Distribution Date, any Person shall assert a claim against SpinCo or any of the SpinCo Subsidiaries (including where SpinCo or the SpinCo Subsidiaries are joint defendants with other Persons) with respect to any claim, suit, action, proceeding, injury, loss, liability, damage or expense incurred or claimed to have been incurred prior to the Effective Time in or in connection with the conduct of the SpinCo Business or the ownership of the SpinCo Assets or, to the extent any claim is made against SpinCo or any of the SpinCo Subsidiaries (including where SpinCo or the SpinCo Subsidiaries are joint defendants with other Persons), the conduct of the Parent Business or the ownership of the Parent Assets, and which claim, suit, action, proceeding, injury, loss, liability, damage or expense may arise out of an insured or insurable occurrence under one or more of the Parent Shared Policies, Parent shall assert and collect any related Insurance Proceeds under such Parent Shared Policy on behalf of SpinCo and remit promptly to SpinCo any Insurance Proceeds so collected, and Parent shall further on behalf of SpinCo assert any and all rights of an insured party under such Parent Shared Policy with respect to such asserted claim, specifically including rights of indemnity and the right to be defended by or at the expense of the insurer and the right to any applicable Insurance Proceeds thereunder. The parties hereby acknowledge and agree that nothing herein shall limit SpinCo's right to assert directly and collect any related Insurance Proceeds under any Parent Shared Policy and that, should SpinCo become liable for any Parent Liabilities covered by any Parent Shared Policy or any Parent Policy, SpinCo shall have the right to assert directly and collect any related Insurance Proceeds under any such Parent Shared Policy or Parent Policy.

SECTION 6.3. ADMINISTRATION; OTHER MATTERS.

(a) Administration. Subject to Section 6.3(c) and Section 6.3(d), from and after the Distribution Date, (i) Parent shall be responsible for (A) Insurance Administration of the Parent Shared Policies with respect to all Liabilities except SpinCo Liabilities and (B) Claims Administration (except as provided below) under such Parent Shared Policies with respect to all Liabilities except SpinCo Liabilities, and (ii) SpinCo shall be responsible for (A) Insurance

Administration of the Parent Shared Policies with respect to all SpinCo Liabilities and (B) Claims Administration (except as provided below) under such Parent Shared Policies with respect to all SpinCo Liabilities; provided, however, that the retention of such responsibilities by Parent or SpinCo, as the case may be, is in no way intended to limit, inhibit or preclude (i) any right to insurance coverage for any Insured Claim of a named insured under such Policies as contemplated by the terms of this Agreement or (ii) the sharing between Parent and SpinCo of information relating to the matters addressed in this Article VI; and provided further that Parent's retention or SpinCo's retention, as the case may be, of the administrative responsibilities for the Parent Shared Policies shall not relieve the party submitting any Insured Claim of the primary responsibility for reporting such Insured Claim accurately, completely and in a timely manner or of such party's authority to settle any such Insured Claim within any period permitted or required by the relevant Policy. Parent or SpinCo, as the case may be, may discharge its administrative responsibilities under this Section 6.3 by contracting for the provision of services by independent parties. Each of the parties hereto shall administer and pay any costs relating to defending its respective Insured Claims under Parent Shared Policies to the extent such defense costs are not covered under such Policies and shall be responsible for obtaining or reviewing the appropriateness of releases upon settlement of its respective Insured Claims under Parent Shared Policies. SpinCo shall reimburse Parent promptly for all disbursements, out-of-pocket expenses and direct and indirect costs of employees or agents of Parent relating to Claims Administration and Insurance Administration contemplated by this Section 6.3(a) on behalf of SpinCo. Likewise, Parent shall reimburse SpinCo promptly for all disbursements, out-of-pocket expenses and direct and indirect costs of employees or agents of SpinCo relating to Claims Administration and Insurance Administration contemplated by this Section 6.3(a) on behalf of Parent.

(b) Claims. Where a Parent Shared Policy specifically covers SpinCo Liabilities for periods prior to the Distribution Date or covers claims made after the Distribution Date with respect to an occurrence prior to the Distribution Date, then from and after the Distribution Date SpinCo may, subject to Section 6.3(c) and Section 6.3(d), claim coverage for Insured Claims under such Parent Shared Policy as and to the extent that such insurance is available up to the full extent of the applicable limits of liability of such Parent Shared Policy (and may receive any Insurance Proceeds with respect thereto as contemplated by Section 6.2 or Section 6.3(c) hereof), subject to the terms of this Section 6.3.

(c) Allocation of Insurance Proceeds. Insurance Proceeds received with respect to claims, costs and expenses under the Parent Shared Policies shall be paid directly to the appropriate Person or to Parent, which shall thereafter administer the Parent Shared Policies by paying the Insurance Proceeds, as appropriate, to Parent with respect to Parent Liabilities and to SpinCo with respect to the SpinCo Liabilities. Payment of the allocable portions of indemnity costs of Insurance Proceeds resulting from such Policies will be made by Parent to the appropriate Person upon receipt from the insurance carrier. In the event that the applicable limits on any particular Parent Shared Policy are exceeded by the amount of outstanding Insured Claims by the relevant parties hereto, such parties agree to allocate the Insurance Proceeds received thereunder based upon their respective percentage of the total of their bona fide claims (measured as of the date costs related to such bona fide claims were incurred, such incurrence to be measured, (i) in the case of fees and expenses incurred for services performed that are attributable to the defense or disposition of Insured Claims, as of the date such fees and expenses are billed to an insurance carrier, and (ii) in the case of sums payable in settlement or satisfaction

of a judgment attributable to Insured Claims, as of the date of any such judgment) which were covered under such Parent Shared Policy (their "allocable portion of Insurance Proceeds"), and any party who has received Insurance Proceeds in excess of such party's allocable portion of Insurance Proceeds shall pay to the other party the appropriate amount so that each party will have received its allocable portion of Insurance Proceeds pursuant hereto. Each of the parties agrees to use commercially reasonable efforts to maximize available coverage under those Parent Shared Policies applicable to it, and to take all commercially reasonable steps to recover from all other responsible parties in respect of an Insured Claim to the extent coverage limits under a particular Parent Shared Policy have been exceeded or would be exceeded as a result of such Insured Claim.

(d) Allocation of Deductibles, Etc. In the event that the parties have bona fide claims under any Parent Shared Policy for which a deductible or a retrospectively rated premium adjustment is payable or for which a self-insurance retention amount has been applied, the parties agree that the aggregate amount of the deductible or retrospectively rated premium adjustment paid or retention amount applied shall be borne by the parties in the same proportion which the Insurance Proceeds received by each such party bears to the total Insurance Proceeds received under the applicable Parent Shared Policy (their "allocable share of the deductible, premium adjustment or retention amount"), and any party who has paid more than its allocable share of the deductible, premium adjustment or retention amount shall be entitled to receive from the other party an appropriate amount so that each party has borne its allocable share of the deductible, premium adjustment or retention amount pursuant hereto. Further, if a party receives no Insurance Proceeds under that applicable Parent Shared Policy, that party shall have no allocable share of the deductible, premium adjustment or retention amount under that applicable Parent Shared Policy, and the other party shall bear all of the allocable share of the deductible, premium adjustment or retention amount under that applicable Parent Shared Policy.

(e) Workers Compensation. With respect to any workers compensation claims for the period prior to the Effective Time, the terms of the Ancillary Workers Compensation Agreement shall govern.

(f) Continued Responsibility. Notwithstanding anything in this Article VI to the contrary, the Parent Group shall remain liable to the SpinCo Indemnitees for the indemnification obligations contemplated by Section 3.1, and the SpinCo Group shall remain liable to the Parent Indemnitees for the indemnification obligations contemplated by Section 3.2, in each case, to the extent any Loss or Liability is not fully paid to or on behalf of the applicable party by Insurance Proceeds.

SECTION 6.4. AGREEMENT FOR WAIVER OF CONFLICT AND SHARED DEFENSE.

In the event that Insured Claims of more than one of the parties hereto exist relating to the same occurrence, the parties shall jointly defend and waive any conflict of interest necessary to the conduct of the joint defense. Nothing in this Article VI shall be construed to limit or otherwise alter in any way the obligations of the parties to this Agreement, including those created by this Agreement, by operation of Law or otherwise.

SECTION 6.5. COOPERATION. The parties agree to use their commercially reasonable efforts to cooperate with respect to the various insurance matters contemplated by this Agreement.

ARTICLE VII
MISCELLANEOUS

SECTION 7.1. COMPLETE AGREEMENT; CONSTRUCTION. This Agreement, including the Exhibits and Schedules, and the Ancillary Agreements shall constitute the entire agreement between the parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter. In the event of any inconsistency between this Agreement and any Schedule hereto, the Schedule shall prevail. Other than Section 2.4, Section 4.5 and Article V, which shall prevail over any inconsistent or conflicting provisions in any Ancillary Agreement, notwithstanding any other provisions in this Agreement to the contrary, in the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of any Ancillary Agreement, such Ancillary Agreement shall control.

SECTION 7.2. ANCILLARY AGREEMENTS. Subject to the last sentence of Section 7.1, this Agreement is not intended to address, and should not be interpreted to address, the matters specifically and expressly covered by the Ancillary Agreements.

SECTION 7.3. COUNTERPARTS. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to the other parties.

SECTION 7.4. SURVIVAL OF AGREEMENTS. Except as otherwise contemplated by this Agreement, all covenants and agreements of the parties contained in this Agreement shall survive the Distribution Date.

SECTION 7.5. DISTRIBUTION EXPENSES. Except as otherwise set forth in this Agreement or any Ancillary Agreement, all costs and expenses incurred on or prior to the Distribution Date and which are outstanding as of the Distribution Date or arise after the Distribution Date in connection with the preparation, execution, delivery, printing and implementation of this Agreement and any Ancillary Agreement, the Information Statement (including the Registration Statement) and the Distribution and the consummation of the transactions contemplated thereby (including (i) costs and expenses incurred pursuant to Sections 2.1(e), 2.1(i), and 2.10 and (ii) any transfer taxes imposed on the transfer of real or personal property in the Corporate Transactions) shall be charged to and paid by SpinCo, and such costs and expenses shall be deemed to be SpinCo Liabilities. Further, except as otherwise set forth in this Agreement or any Ancillary Agreement (including the retention and assumption by the Parent Group of the Parent Liabilities and the retention and assumption by the SpinCo Group of the SpinCo Liabilities in accordance with Section 2.2 hereof), all other Liabilities (to the extent not otherwise satisfied prior to the

Effective Time) directly resulting from actions taken prior to the Effective Time in connection with the preparation, execution, delivery, printing and implementation of this Agreement and any Ancillary Agreement, the Information Statement (including the Registration Statement) and the Distribution and the consummation of the transactions contemplated thereby shall be deemed to be SpinCo Liabilities. Except as otherwise set forth in this Agreement or any Ancillary Agreement, each party shall bear its own costs and expenses incurred after the Distribution Date, and any amount or expense to be paid or reimbursed by any party hereto to any other party hereto shall be so paid or reimbursed promptly after the existence and amount of such obligation is determined and written demand therefor is made.

SECTION 7.6. NOTICES. All notices and other communications hereunder shall be in writing, shall reference this Agreement and shall be hand delivered or mailed by registered or certified mail (return receipt requested) or sent by any means of electronic message transmission with delivery confirmed (by voice or otherwise) to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice) and will be deemed given on the date on which such notice is received ("Notices"):

To Parent:

National Service Industries, Inc.
1420 Peachtree Street, NE
Atlanta, Georgia 30309-3002
Attention: Carol E. Morgan
Telephone: (404) 853-1000
Facsimile: (404) 853-1015

To SpinCo:

Acuity Brands, Inc.
1420 Peachtree Street, NE
Atlanta, Georgia 30309-3002
Attention: Kenyon W. Murphy
Telephone: (404) 853-1400
Facsimile: (404) 853-1415

SECTION 7.7. WAIVERS. The failure of any party to require strict performance by any other party of any provision in this Agreement will not waive or diminish that party's right to demand strict performance thereafter of that or any other provision hereof.

SECTION 7.8. AMENDMENTS. Subject to the terms of Section 7.10 hereof, this Agreement may not be modified or amended except by an agreement in writing signed by each of the parties hereto.

SECTION 7.9. SUCCESSORS AND ASSIGNS. The provisions to this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

SECTION 7.10. TERMINATION. This Agreement (including Article III hereof) may be terminated and the Distribution may be amended, modified or abandoned at any time prior to the Distribution by and in the sole discretion of Parent without the approval of SpinCo or the stockholders of Parent. In the event of such termination, no party shall have any liability of any kind to any other party or any other Person. After the Distribution, this Agreement may not be terminated except by an agreement in writing signed by the parties; provided, however, that Article III shall not be terminated or amended after the Distribution in respect of any Indemnitees not a party to this Agreement without the consent of such Persons.

SECTION 7.11. SUBSIDIARIES. Each of the parties hereto shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any Subsidiary of such party or by any entity that is contemplated to be a Subsidiary of such party on and after the Distribution Date.

SECTION 7.12. THIRD-PARTY BENEFICIARIES. Except for the right of Indemnitees to enforce the provisions of Article III hereof, this Agreement is solely for the benefit of the parties hereto and their respective Subsidiaries and Affiliates and should not be deemed to confer upon Third Parties any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

SECTION 7.13. TITLE AND HEADINGS. Titles and headings to Sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

SECTION 7.14. EXHIBITS AND SCHEDULES. The Exhibits and Schedules shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein.

SECTION 7.15. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN THE STATE OF DELAWARE.

SECTION 7.16. CONSENT TO JURISDICTION. Without limiting the provisions of Article V hereof, each of the parties irrevocably submits to the exclusive jurisdiction of (a) the state courts of the State of Delaware, located in the City of Wilmington, and (b) the United States District Court for the District of Delaware, for the purposes of any suit, action or other proceeding arising out of this Agreement, the Ancillary Agreements or any transaction contemplated hereby or thereby. Each of the parties agrees to commence any action, suit or proceeding relating hereto either in the United States

District Court for the District of Delaware or if such suit, action or other proceeding may not be brought in such court for jurisdictional reasons, in the state courts of the State of Delaware, located in the City of Wilmington. Each of the parties irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement, the Ancillary Agreements or the transactions contemplated hereby or thereby in (i) the state courts of the State of Delaware, located in the City of Wilmington, or (ii) the United States District Court for the District of Delaware, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

SECTION 7.17. SEVERABILITY. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic or operational effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7.18. CONSOLIDATION, MERGER, ETC.

(a) Involving SpinCo. SpinCo shall not consolidate with or merge into any other Person or convey, transfer or lease all or any substantial portion of its properties and assets to any Person, and SpinCo shall not permit any Person to consolidate with or merge into SpinCo or convey, transfer or lease all or any substantial portion of its properties and assets to SpinCo, unless, in each case such Person is a corporation, partnership, limited liability company or trust and expressly assumes, by a written agreement, executed and delivered to Parent, in form reasonably satisfactory to Parent, all of the liabilities, obligations and expenses to be assumed by SpinCo under this Agreement and the due and punctual performance or observance of every agreement and covenant of this Agreement and the Ancillary Agreements on the part of SpinCo to be performed or observed.

(b) Involving Parent. Parent shall not consolidate with or merge into any other Person or convey, transfer or lease all or any substantial portion of its properties and assets to any Person, and Parent shall not permit any Person to consolidate with or merge into Parent or convey, transfer or lease all or any substantial portion of its properties and assets to Parent, unless, in each case such Person is a corporation, partnership, limited liability company or trust and expressly assumes, by a written agreement, executed and delivered to SpinCo, in form reasonably satisfactory to SpinCo, all of the liabilities, obligations and expenses to be assumed by Parent under this Agreement and the due and punctual performance or observance of every agreement and covenant of this Agreement and the Ancillary Agreements on the part of Parent to be performed or observed.

[SIGNATURES FOLLOW ON NEXT PAGE.]

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

NATIONAL SERVICE INDUSTRIES, INC.

By /s/ Brock A. Hattox

Name: Brock A. Hattox
Title: Executive Vice President

Witness:

/s/ Carol Ellis Morgan

Name: Carol Ellis Morgan

ACUITY BRANDS, INC.

By /s/ James S. Balloun

Name: James S. Balloun
Title: President

Witness:

/s/ Kenyon W. Murphy

Name: Kenyon W. Murphy

RESTATED CERTIFICATE OF INCORPORATION

OF

ACUITY BRANDS, INC.

Acuity Brands, Inc., a Delaware corporation (the "Corporation"), hereby certifies as follows:

1. The name of the Corporation is Acuity Brands, Inc. The date of filing of its original certificate of incorporation with the Secretary of State was June 27, 2001, under the name of L&C Spinco, Inc.

2. This Restated Certificate of Incorporation amends, restates and integrates the provisions of the Certificate of Incorporation as currently in effect of said Corporation and has been duly adopted in accordance with the provisions of Sections 242 and 245 of the Delaware General Corporation Law by written consent of the holders of all of the outstanding stock entitled to vote thereon in accordance with the provisions of Section 228 of the Delaware General Corporation Law.

3. The text of the Certificate of Incorporation as currently in effect is hereby amended and restated to read as set forth in full herein:

ARTICLE I

The name of the Corporation is Acuity Brands, Inc.

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is 2711 Centerville Road, Suite 400 in the City of Wilmington, County of New Castle, Delaware 19808. The name of its registered agent at such address is Corporation Service Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.

ARTICLE IV

The total number of shares of all classes of stock which the Corporation shall have authority to issue is 550,000,000, of which 500,000,000 shares of the par value of \$.01 per share shall be a separate class designated as Common Stock and 50,000,000 shares of the par value of \$.01 per share shall be a separate class designated as Preferred Stock.

A. COMMON STOCK

(i) Voting. Except as may be provided in this Certificate of Incorporation or required by law, the Common Stock shall have voting rights in the election of directors and on all other matters presented to stockholders, with each holder of Common Stock being entitled to one vote for each share of Common Stock held of record by such holder on such matters.

(ii) Dividends. Subject to the rights of the holders of any series of Preferred Stock, holders of Common Stock shall be entitled to receive such dividends and distributions (whether payable in cash or otherwise) as may be declared on the Common Stock by the board of directors of the Corporation from time to time out of assets or funds of the Corporation legally available therefor.

(iii) Subdivisions, Combinations and Mergers. In the event of any merger, statutory share exchange, consolidation or similar form of corporate transaction involving the Corporation (whether or not the Corporation is the surviving entity), the holders of Common Stock shall be entitled to receive the same per share consideration, if any.

(iv) Rights on Liquidation. Subject to the rights of the holders of any series of Preferred Stock, in the event of any liquidation, dissolution or winding-up of the Corporation (whether voluntary or involuntary), the assets of the Corporation available for distribution to stockholders shall be distributed in equal amounts per share to the holders of Common Stock.

For purposes of this paragraph, a merger, statutory share exchange, consolidation or similar corporate transaction involving the Corporation (whether or not the Corporation is the surviving entity), or the sale, transfer or lease by the Corporation of all or substantially all its assets, shall not constitute or be deemed a liquidation, dissolution or winding-up of the Corporation.

B. PREFERRED STOCK

Shares of Preferred Stock may be issued in one or more series from time to time as determined by the board of directors of the Corporation, and the board of directors of the Corporation is authorized to fix by resolution or resolutions the designations and the powers, preferences and rights, and the qualifications, limitations and restrictions thereof, of the shares of each series of Preferred Stock, including the following:

(i) the distinctive serial designation of such series which shall distinguish it from other series;

(ii) the number of shares included in such series;

(iii) whether dividends shall be payable to the holders of the shares of such series and, if so, the basis on which such holders shall be entitled to receive dividends (which may include, without limitation, a right to receive such dividends or distributions as may be declared on the shares of such series by the board of directors of the Corporation, a right to receive such dividends or distributions, or any portion or multiple thereof, as may be declared on the Common Stock or any other class of stock or, in addition to or in lieu of any other right to receive dividends, a right to receive dividends at a particular rate or at a rate determined by a particular method, in which case such rate or method of determining such rate may be set forth), the form of such dividend, any conditions on which such dividends shall be payable and the date or dates, if any, on which such dividends shall be payable;

(iv) whether dividends on the shares of such series shall be cumulative and, if so, the date or dates or method of determining the date or dates from which dividends on the shares of such series shall be cumulative;

(v) the amount or amounts, if any, which shall be payable out of the assets of the Corporation to the holders of the shares of such series upon the voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, and the relative rights of priority, if any, of payment of the shares of such series;

(vi) the price or prices (in cash, securities or other property or a combination thereof) at which, the period or periods within which and the terms and conditions upon which the shares of such series may be redeemed, in whole or in part, at the option of the Corporation or at the option of the holder or holders thereof or upon the happening of a specified event or events;

(vii) the obligation, if any, of the Corporation to purchase or redeem shares of such series pursuant to a sinking fund or otherwise and the price or prices (in cash, securities or other property or a combination thereof) at which, the period or periods within which and the terms and conditions upon which the shares of such series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(viii) whether or not the shares of such series shall be convertible or exchangeable, at any time or times at the option of the holder or holders thereof or at the option of the Corporation or upon the happening of a specified event or events, into shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation or any other securities or property of the Corporation or any other entity, and the price or prices (in cash, securities or other property or a combination thereof) or rate or rates of conversion or exchange and any adjustments applicable thereto; and

(ix) whether or not the holders of the shares of such series shall have voting rights, in addition to the voting rights provided by law, and if so the terms of such voting rights, which may provide, among other things and subject to the other provisions of this Certificate of

Incorporation, that each share of such series shall carry one vote or more or less than one vote per share, that the holders of such series shall be entitled to vote on certain matters as a separate class (which for such purpose may be comprised solely of such series or of such series and one or more other series or classes of stock of the Corporation) and that all the shares of such series entitled to vote on a particular matter shall be deemed to be voted on such matter in the manner that a specified portion of the voting power of the shares of such series or separate class are voted on such matter.

For all purposes, this Certificate of Incorporation shall include each certificate of designations (if any) setting forth the terms of a series of Preferred Stock.

Subject to the rights, if any, of the holders of Preferred Stock, an amendment of this Certificate of Incorporation to increase or decrease the number of authorized shares of Preferred Stock (but not below the number of shares thereof then outstanding) may be adopted by resolution adopted by the board of directors of the Corporation and approved by the affirmative vote of the holders of a majority of the voting power of all outstanding shares of Common Stock of the Corporation and all other outstanding shares of stock of the Corporation entitled to vote thereon, with such outstanding shares of Common Stock and other stock considered for this purpose as a single class, and no vote of the holders of Preferred Stock, voting as a separate class, shall be required therefor.

Except as otherwise required by law or provided in the certificate of designations for the relevant series, holders of Common Stock, as such, shall not be entitled to vote on any amendment of this Certificate of Incorporation that alters or changes the powers, preferences, rights or other terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other series of Preferred Stock, to vote thereon as a separate class pursuant to this Certificate of Incorporation or pursuant to the Delaware General Corporation Law as then in effect.

C. PARTICIPATING PREFERRED STOCK

There is hereby established a series of Preferred Stock, \$.01 par value, of the Corporation, and the designation and certain terms, powers, preferences and other rights of the shares of such series, and certain qualifications, limitations and restrictions thereon, are hereby fixed as follows:

(i) The distinctive serial designation of this series shall be "Participating Preferred Stock" (hereinafter called "this Series"). Each share of this Series shall be identical in all respects with the other shares of this Series except as to the dates from and after which dividends thereon shall be cumulative.

(ii) The number of shares in this Series shall initially be 5,000,000, which number may from time to time be increased or decreased (but not below the number then outstanding) by the Board of Directors. Shares of this Series purchased by the Corporation shall be canceled and shall revert to authorized but unissued shares of Preferred Stock undesignated as to series. Shares of this Series may be issued in fractional shares, which fractional shares shall entitle the

holder, in proportion to such holder's fractional share, to all rights of a holder of a whole share of this Series.

(iii) The holders of full or fractional shares of this Series shall be entitled to receive, when and as declared by the Board of Directors, but only out of funds legally available therefor, dividends, (A) on each date that dividends or other distributions (other than dividends or distributions payable in Common Stock of the Corporation) are payable on or in respect of Common Stock comprising part of the Reference Package (as defined below), in an amount per whole share of this Series equal to the aggregate amount of dividends or other distributions (other than dividends or distributions payable in Common Stock of the Corporation) that would be payable on such date to a holder of the Reference Package and (B) on the last day of March, June, September and December in each year, in an amount per whole share of this Series equal to the excess (if any) of \$25.00 over the aggregate dividends paid per whole share of this Series during the three month period ending on such last day. Each such dividend shall be paid to the holders of record of shares of this Series on the date, not exceeding sixty days preceding such dividend or distribution payment date, fixed for the purpose by the Board of Directors in advance of payment of each particular dividend or distribution. Dividends on each full and each fractional share of this Series shall be cumulative from the date such full or fractional share is originally issued; provided that any such full or fractional share originally issued after a dividend record date and on or prior to the dividend payment date to which such record date relates shall not be entitled to receive the dividend payable on such dividend payment date or any amount in respect of the period from such original issuance to such dividend payment date.

The term "Reference Package" shall initially mean 100 shares of Common Stock, par value \$.01 per share ("Common Stock"), of the Corporation. In the event the Corporation shall at any time after the Close of Business on December 1, 2001 (A) declare or pay a dividend on any Common Stock payable in Common Stock, (B) subdivide any Common Stock or (C) combine any Common Stock into a smaller number of shares, then and in each such case the Reference Package after such event shall be the Common Stock that a holder of the Reference Package immediately prior to such event would hold thereafter as a result thereof.

Holders of shares of this Series shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of full cumulative dividends, as herein provided on this Series.

So long as any shares of this Series are outstanding, no dividend (other than a dividend in Common Stock or in any other stock ranking junior to this Series as to dividends and upon liquidation) shall be declared or paid or set aside for payment or other distribution declared or made upon the Common Stock or upon any other stock ranking junior to this Series as to dividends or upon liquidation, unless the full cumulative dividends (including the dividend to be paid upon payment of such dividend or other distribution) on all outstanding shares of this Series shall have been, or shall contemporaneously be, paid. When dividends are not paid in full upon this Series and other stock ranking on a parity as to dividends with this Series, all dividends declared upon shares of this Series and any other stock ranking on a parity as to dividends shall be declared pro rata so that in all cases the amount of dividends declared per share on this Series and such other stock shall bear to each other the same ratio that accumulated dividends per share

on the shares of the Series and such other stock bear to each other. Neither the Common Stock nor any other stock of the Corporation ranking junior to or on a parity with this Series as to dividends or upon liquidation shall be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation (except by conversion into or exchange for stock of the Corporation ranking junior to this Series as to dividends and upon liquidation), unless the full cumulative dividends (including the dividend to be paid upon payment of such dividend, distribution, redemption, purchase or other acquisition) on all outstanding shares of this Series shall have been, or shall contemporaneously be, paid.

(iv) In the event of any merger, consolidation, reclassification or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of this Series shall at the same time be similarly exchanged or changed in an amount per whole share equal to the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, that a holder of the Reference Package would be entitled to receive as a result of such transaction.

(v) In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the holders of full and fractional shares of this Series shall be entitled, before any distribution or payment is made on any date to the holders of the Common Stock or any other stock of the Corporation ranking junior to this Series upon liquidation, to be paid in full an amount per whole share of this Series equal to the greater of (A) \$10,000.00 or (B) the aggregate amount distributed or to be distributed prior to such date in connection with such liquidation, dissolution or winding up to a holder of the Reference Package (such greater amount being hereinafter referred to as the "Liquidation Preference"), together with accrued dividends to such distribution or payment date, whether or not earned or declared. If such payment shall have been made in full to all holders of shares of this Series, the holders of shares of this Series as such shall have no right or claim to any of the remaining assets of the Corporation.

In the event the assets of the Corporation available for distribution to the holders of shares of this Series upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to the first paragraph of this Section (v), no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the shares of this Series upon such liquidation, dissolution or winding up unless proportionate distributive amounts shall be paid on account of the shares of this Series, ratably in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such liquidation, dissolution or winding up.

Upon the liquidation, dissolution or winding up of the Corporation, the holders of shares of this Series then outstanding shall be entitled to be paid out of assets of the Corporation available for distribution to its stockholders all amounts to which such holders are entitled pursuant to the first paragraph of this Section (v) before any payment shall be made to the

holders of Common Stock or any other stock of the Corporation ranking junior upon liquidation to this Series.

For the purposes of this Section (v), the consolidation or merger of, or binding share exchange by, the Corporation with any other corporation shall not be deemed to constitute a liquidation, dissolution or winding up of the Corporation.

(vi) The shares of this Series shall not be redeemable.

(vii) In addition to any other vote or consent of stockholders required by law or by the Certificate of Incorporation, as amended, of the Corporation, each whole share of this Series shall, on any matter, vote as a class with any other capital stock comprising part of the Reference Package and voting on such matter and shall have the number of votes thereon that a holder of the Reference Package would have.

ARTICLE V

All corporate powers shall be exercised by the board of directors of the Corporation, except as otherwise specifically required by law or as otherwise provided in this Certificate of Incorporation. Any meeting of stockholders may be postponed by action of the board of directors at any time in advance of such meeting. The board of directors of the Corporation shall have the power to adopt such rules and regulations for the conduct of the meetings and management of the affairs of the Corporation as they may deem proper and the power to adjourn any meeting of stockholders without a vote of the stockholders, which powers may be delegated by the board of directors to the chairman of such meeting either in such rules and regulations or pursuant to the by-laws of the Corporation.

Special meetings of stockholders of the Corporation may be called at any time by, but only by, the board of directors of the Corporation, to be held at such date, time and place either within or without the State of Delaware as may be stated in the notice of the meeting.

The board of directors of the Corporation is authorized to adopt, amend or repeal by-laws of the Corporation. No adoption, amendment or repeal of a by-law by action of stockholders shall be effective unless approved by the affirmative vote of the holders of not less than 80% of the voting power of all outstanding shares of Common Stock of the Corporation and all other outstanding shares of stock of the Corporation entitled to vote on such matter, with such outstanding shares of Common Stock and other stock considered for this purpose as a single class. Any vote of stockholders required by this Article V shall be in addition to any other vote of stockholders that may be required by law, this Certificate of Incorporation, the by-laws of the Corporation, any agreement with a national securities exchange or otherwise.

ARTICLE VI

Elections of directors need not be by written ballot except and to the extent provided in the by-laws of the Corporation.

ARTICLE VII

The directors of the Corporation shall be divided into three classes. The number of directors of the Corporation and the number of directors in each class of directors shall be fixed only by resolution of the board of directors of the Corporation from time to time. The initial term of office of the first such class of directors shall expire at the first annual meeting of stockholders, the initial term of office of the second such class of directors shall expire at the second annual meeting of stockholders and the initial term of office of the third such class of directors shall expire at the third annual meeting of stockholders, with each such class of directors to hold office until their successors have been duly elected and qualified. At each annual meeting of stockholders, directors elected to succeed the directors whose terms expire at such annual meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders in the third year following the year of their election and until their successors have been duly elected and qualified. If the number of directors is changed, any increase or decrease shall be apportioned among the classes in such manner as the board of directors of the Corporation shall determine, but no decrease in the number of directors may shorten the term of any incumbent director.

No director who is part of any such class of directors may be removed except both for cause and with the affirmative vote of the holders of not less than 80% of the voting power of all outstanding shares of stock of the Corporation entitled to vote generally in the election of directors, considered for this purpose as a single class.

Vacancies and newly created directorships resulting from any increase in the authorized number of directors or from any other cause (other than vacancies and newly created directorships which the holders of any class or classes of stock or series thereof are expressly entitled by this Certificate of Incorporation to fill) shall be filled by, and only by, a majority of the directors then in office, although less than a quorum, or by the sole remaining director (and not by stockholders). Any director appointed to fill a vacancy or a newly created directorship shall hold office until the next election of the class of directors of the director which such director replaced or the class of directors to which such director was appointed, and until his or her successor is elected and qualified or until his or her earlier resignation or removal.

Notwithstanding the foregoing, in the event that the holders of any class or series of Preferred Stock of the Corporation shall be entitled, voting separately as a class, to elect any directors of the Corporation, then the number of directors that may be elected by such holders voting separately as a class shall be in addition to the number fixed pursuant to a resolution of the board of directors of the Corporation. Except as otherwise provided in the terms of such class or series, (i) the terms of the directors elected by such holders voting separately as a class shall

expire at the annual meeting of stockholders next succeeding their election without regard to the classification of other directors and (ii) any director or directors elected by such holders voting separately as a class may be removed, without cause, by the holders of a majority of the voting power of all outstanding shares of stock of the Corporation entitled to vote separately as a class in an election of such directors.

ARTICLE VIII

No action of stockholders of the Corporation required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting of stockholders, without prior notice and without a vote, and the power of stockholders of the Corporation to consent in writing to the taking of any action without a meeting is specifically denied. Notwithstanding this Article VIII, the holders of any series of Preferred Stock of the Corporation shall be entitled to take action by written consent to such extent, if any, as may be provided in the terms of such series.

ARTICLE IX

A. In addition to any approval of the board of directors or any stockholder vote or consent required by the laws of the State of Delaware or any other provision of this Certificate of Incorporation or otherwise, there shall be required for the approval, adoption, or authorization of a Business Combination with an Interested Person the affirmative vote or consent of the holders of a majority of the shares of stock of the Corporation entitled to vote in elections of directors considered separately for the purposes of this Article IX, which are not beneficially owned, directly or indirectly, by such Interested Person; provided, however, that said voting requirement shall not be applicable if all of the conditions specified in subparagraphs (1) and (2) below are met or if all of the conditions specified in subparagraph (3) are met:

(1) The consideration to be received per share in such Business Combination by holders of the stock of the Corporation is payable in cash or Acceptable Securities, or a combination of both, and the Acceptable Securities (plus the cash, if any) have a fair market value per share of the Corporation's stock of not less than either:

(a) the highest price (including the highest per share brokerage commissions, transfer tax, and soliciting dealers fees) paid by said Interested Person in acquiring any of the Corporation's stock; or

(b) a price per share obtained by multiplying the aggregate earnings per share of stock of the Corporation (appropriately adjusted for any subdivision of shares, stock dividend, or combination of shares during the period) for the four full consecutive fiscal quarters immediately preceding the record date for solicitation of votes or consents on such Business Combination by the figure obtained by dividing the highest per share price (including the highest per share brokerage commissions, transfer tax, and soliciting dealers fees) paid by such Interested

Person acquiring any of the Corporation's stock by the aggregate earnings per share of the Corporation for the four full consecutive fiscal quarters immediately preceding the time when the Interested Person shall have become the beneficial owner of five percent (5%) or more of the stock of the Corporation entitled to vote in elections of directors.

If any securities were issued by an Interested Person in exchange for stock of the Corporation prior to the proposed Business Combination, the fair market value of said securities at the time of issue shall be used in determining the per share price paid for said stock.

(2) After the Interested Person has become the beneficial owner of five percent (5%) or more of the stock of the Corporation entitled to vote in the election of directors and prior to the consummation of such Business Combination, there shall have been no reduction in the rate of dividends payable on the Corporation's stock which would result in a quarterly dividend rate per share which is less than the average quarterly dividend rate per share for the four full consecutive fiscal quarters immediately preceding the time when the Interested Person shall have become the beneficial owner of five percent (5%) or more of the stock of the Corporation unless such reduction in the rate of dividends has been approved by the board of directors of the Corporation and a majority of the members of the board of directors approving such reduction were duly elected and acting members of the board of directors prior to the time that such Interested Person shall have become a beneficial owner of five percent (5%) or more of the shares of the Corporation. For the purposes of this paragraph, "quarterly dividend rate per share" for any quarterly dividend shall be equal to the percentage said quarterly dividend per share bears to the earnings per share for the four full fiscal quarters immediately preceding the declaration of said quarterly dividend.

(3) The board of directors of the Corporation has approved a memorandum of understanding with such other Interested Person with respect to such Business Combination prior to the time that such Interested Person shall have become a beneficial owner of five percent (5%) or more of the shares of stock entitled to vote in elections of directors, or thereafter if such Business Combination is otherwise approved by the board of directors of the Corporation, provided that a majority of the members of the board of directors voting for the approval of such transaction were duly elected and acting members of the board of directors prior to the time that such Interested Person shall have become a beneficial owner of five percent (5%) or more of the shares of stock of the Corporation entitled to vote in elections of directors.

B. For the purposes of this Article IX:

(1) "Affiliate" and "associate" shall have the respective meanings given those terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended.

(2) A person shall be the "beneficial owner" and "beneficially owns" shares of stock of the Corporation (other than shares of the Corporation's stock held in its treasury) (a) which such person and its affiliates and associates beneficially own, directly or indirectly, whether of record or not, (b) which such person or any of its affiliates or associates has the right

to acquire, pursuant to any agreement upon the exercise of conversion rights, warrants, or options, or otherwise, (c) which such person or any of its affiliates or associates has the right to sell or vote pursuant to any agreement, or (d) which are beneficially owned, directly or indirectly, by any other person with which such first mentioned person or any of its affiliates or associates has any agreement, arrangement, or understanding for the purpose of acquiring, holding, voting, or disposing of securities of the Corporation.

(3) "Business Combination" is

(a) any merger or consolidation of the Corporation or any subsidiary of the Corporation with or into any Interested Person (regardless of the identity of the surviving corporation);

(b) any sale, lease, or other disposition of all or any substantial part of the assets of the Corporation or any subsidiary of the Corporation to any Interested Person for cash or securities or both;

(c) any issuance or delivery of securities of the Corporation or a subsidiary of the Corporation (which the beneficial owner shall have the right to vote, or to vote upon exercise, conversion, or by contract) to an Interested Person in consideration for or in exchange of any securities or other property (including cash);

(4) "Acceptable Securities" shall mean (a) securities of the same class or series, with the same rights, powers, and benefits and of the same denomination, term, and interest, or dividend, if any, as the securities issued and delivered by the Interested Person in exchange for the majority of the stock of the Corporation acquired by the Interested Person or (b) the class of common stock of the Interested Person which is beneficially owned by the most persons.

(5) "Interested Person" is any person which, as of the record date for the determination of stockholders entitled to notice of any Business Combination and to vote thereon or consent thereto, or as of the date of any such vote or consent, or immediately prior to the consummation of any Business Combination, beneficially owns, directly or indirectly, five percent (5%) or more of the shares of stock of the Corporation entitled to vote in elections of directors.

(6) "Person" is an individual, partnership, corporation, limited liability company, or other entity.

(7) "Subsidiary of the Corporation" is any corporation of which fifty percent (50%) or more of any class of stock is beneficially owned, directly or indirectly, by the Corporation.

C. No amendment to this Certificate of Incorporation shall amend, alter, change, or repeal any of the provisions of this Article IX unless such amendment, in addition to receiving

any stockholder vote or consent required by the laws of the State of Delaware in effect at the time, shall receive the affirmative vote or consent of the holders of a majority of the shares of stock of the Corporation entitled to vote in elections of directors which are not beneficially owned, directly or indirectly, by any person which would be an Interested Person if the vote or consent on such amendment were a vote or consent on a Business Combination.

ARTICLE X

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Any repeal or modification of the foregoing paragraph by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

ARTICLE XI

No provision of Article V, Article VII, Article VIII or Article X or of this Article XI shall be amended, modified or repealed, and no provision inconsistent with any such provision shall become part of this Certificate of Incorporation, unless such matter is approved by the affirmative vote of the holders of not less than 80% of the voting power of all outstanding shares of Common Stock of the Corporation and all other outstanding shares of stock of the Corporation entitled to vote on such matter, with such outstanding shares of Common Stock and other stock considered for this purpose as a single class. Any vote of stockholders required by this Article XI shall be in addition to any other vote of the stockholders that may be required by law, this Certificate of Incorporation, the by-laws of the Corporation, any agreement with a national securities exchange or otherwise.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed and attested by its duly authorized officer on this 9th day of November, 2001.

ACUITY BRANDS, INC.

By: /s/ Kenyon W. Murphy

Name: Kenyon W. Murphy
Title: Senior Vice President

ACUITY BRANDS, INC.

AMENDED AND RESTATED BY-LAWS

ARTICLE I - STOCKHOLDERS

Section 1. Annual Meeting.

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

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

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

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

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

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

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

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

Section 2. Special Meetings.

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

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

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

Section 3. Notice of Meetings.

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

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

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

Section 4. Quorum.

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

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

Section 5. Organization.

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

Section 6. Conduct of Business.

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

Section 7. Proxies and Voting.

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

facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

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

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

Section 8. Stock List.

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

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

ARTICLE II - BOARD OF DIRECTORS

Section 1. Number of Directors.

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

Section 2. Newly Created Directorships and Vacancies.

Subject to the rights of the holders of any series of preferred stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall, unless otherwise required by law or by resolution of the Board of Directors, be filled only by a majority vote of the directors then in office, though less than a quorum (and not by stockholders), and directors so chosen shall serve for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been

elected expires or until such director's successor shall have been duly elected and qualified. No decrease in the number of authorized directors shall shorten the term of any incumbent director.

Section 3. Regular Meetings.

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

Section 4. Special Meetings.

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

Section 5. Quorum.

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

Section 6. Participation in Meetings By Conference Telephone.

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

Section 7. Conduct of Business.

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

Section 8. Compensation of Directors.

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

ARTICLE III - COMMITTEES

Section 1. Committees of the Board of Directors.

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

Section 2. Conduct of Business.

Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; one-third (1/3) of the members shall constitute a quorum unless the committee shall consist of one (1) or two (2) members, in which event one (1) member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

ARTICLE IV - OFFICERS

Section 1. Generally.

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

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

Section 2. Chief Executive Officer.

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

Section 3. Chief Operating Officer.

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

Section 4. Vice President.

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

Section 5. Treasurer.

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

Section 6. Secretary.

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

Section 7. Delegation of Authority.

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

Section 8. Removal.

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

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

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

ARTICLE V - STOCK

Section 1. Certificated and Uncertificated Stock

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

Section 2. Transfers of Stock

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

Section 3. Record Date.

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

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

Section 4. Lost, Stolen or Destroyed Certificates.

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

Section 5. Regulations.

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

ARTICLE VI - NOTICES

Section 1. Notices.

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

Section 2. Waivers.

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

ARTICLE VII - INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Right to Indemnification.

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

Section 2. Right to Advancement of Expenses.

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

adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section 2 or otherwise.

Section 3. Right of Indemnitee to Bring Suit.

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

Section 4. Non-Exclusivity of Rights.

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

Section 5. Insurance.

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

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

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

Section 7. Nature of Rights.

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

ARTICLE VIII - MISCELLANEOUS

Section 1. Facsimile Signatures.

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

Section 2. Corporate Seal.

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

Section 3. Reliance upon Books, Reports and Records.

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

Section 4. Fiscal Year.

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

Section 5. Time Periods.

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

ARTICLE IX - AMENDMENTS

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

NUMBER

SHARES

AB [PICTURE]

COMMON STOCK

COMMON STOCK

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

ACUITY BRANDS, INC.

THIS CERTIFICATE IS TRANSFERABLE IN
NEW YORK, NEW YORK OR MINNEAPOLIS, MINNESOTA

CUSIP 00508Y 10 2

This Certifies that

SEE REVERSE FOR
CERTAIN DEFINITIONS

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF THE PAR VALUE OF ONE CENT (\$.01) EACH,
OF THE COMMON STOCK OF

COUNTERSIGNED AND REGISTERED
WELLS FARGO BANK MINNESOTA, N.A.

TRANSFER AGENT
AND REGISTRAR

BY

AUTHORIZED SIGNATURE

Acuity Brands, Inc. (herein called "the Corporation") transferable on the books of the Corporation in person or by duly authorized attorney upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby are issued and shall be held subject to all the process of the Certificate of Incorporation as amended of the Corporation, a copy of which Certificate of Incorporation is on file with the Transfer Agent, all of which the holder by the acceptance hereof expressly assents and is bound. This Certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar. Witness the seal of the Corporation and the signatures of its duly authorized officers.

Dated

[SEAL]

/s/ Helen D. Haines

SECRETARY

/s/ James S. Balloun

CHAIRMAN OF THE BOARD

AMERICAN BANK NOTE COMPANY

Until the Separation Time (as defined in the Rights Agreement referred to below), this certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Stockholder Protection Rights Agreement, dated as of November 12, 2001 (as such may be amended from time to time, the "Rights Agreement"), between Acuity Brands, Inc. (the "Company") and Wells Fargo Bank Minnesota, N.A. as Rights Agent, the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of the Company. Under certain circumstances, as set forth in the Rights Agreement, such Rights may be redeemed, may become exercisable for securities or assets of the Company or securities of another entity, may be exchanged for shares of Common Stock or other securities or assets of the Company, may expire, may become null and void (if they are "Beneficially Owned" by an "Acquiring Person" or an "Affiliate" or "Associate" thereof, as such terms are defined in the Rights Agreement, or by any transferee of any of the foregoing) or may be evidenced by separate certificates and may no longer be evidenced by this certificate. The Company will mail or arrange for the mailing of a copy of the Rights Agreement to the holder of this certificate without charge after the receipt of a written request therefor.

ACUITY BRANDS, INC.

A FULL STATEMENT OF THE DESIGNATIONS, PREFERENCES, LIMITATIONS, VOTING RIGHTS AND RELATIVE RIGHTS OF THE SHARES OF EACH CLASS OF STOCK MAY BE OBTAINED BY ANY STOCKHOLDER, WITHOUT CHARGE, FROM THE TRANSFER AGENT, OR THE OFFICE OF THE SECRETARY OF THE CORPORATION.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN CON -- as tenants in common
TEN ENT -- as tenant by the entirety
JT TEN -- as joint tenants with right of survivorship and not as tenants in common
UNIF GIFT MIN ACT -- Custodian (Cust) (Minor) under Uniform Gifts to Minors
ACT (State)

Additional abbreviations may also be used though not in the above list.

For value received hereby sell, assign and transfer into

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF ASSIGNEE

Shares of the capital stock

represented by the within Certificate, and do hereby irrevocably constitute and appoint

Attorney, to

transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM PURSUANT TO RULE 17Ad-15 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

SIGNATURE(S) GUARANTEED BY:

AMERICAN BANK NOTE COMPANY
55TH STREET AT SANSOM STREET
PHILADELPHIA, PA 15139
(212) 784-5600

PRODUCTION COORDINATOR: LISA MARTIN: 215-764-??26
PROOF OF OCTOBER 25, 2001
ACUITY BRANDS, INC.
H 71319 back

SALES ANDY HOBBS: 404-525-1455

OPERATOR: eg

/NET/BANKNOTE/HOME 23/MAC 6/ACUITYm71319

NEW

STOCKHOLDER PROTECTION RIGHTS AGREEMENT

DATED AS OF

NOVEMBER 12, 2001

BETWEEN

ACUITY BRANDS, INC.

AND

WELLS FARGO BANK MINNESOTA, N.A.,

AS RIGHTS AGENT

STOCKHOLDER PROTECTION RIGHTS AGREEMENT

Table of Contents

	Page

ARTICLE I	CERTAIN DEFINITIONS.....2
1.1	Certain Definitions.....2
ARTICLE II	THE RIGHTS.....9
2.1	Legend on Common Stock Certificates.....9
2.2	Exercise of Rights; Separation of Rights.....10
2.3	Adjustments to Exercise Price; Number of Rights.....13
2.4	Date on Which Exercise is Effective.....15
2.5	Execution, Authentication, Delivery and Dating of Rights Certificates.....16
2.6	Registration, Registration of Transfer and Exchange.....16
2.7	Mutilated, Destroyed, Lost and Stolen Rights Certificates.....18
2.8	Persons Deemed Owners.....19
2.9	Delivery, Cancellation and Destruction of Certificates.....19
2.10	Agreement of Rights Holders.....20
ARTICLE III	ADJUSTMENTS TO THE RIGHTS IN THE EVENT OF CERTAIN TRANSACTIONS.....21
3.1	Flip-in.....21
3.2	Flip-over.....24
ARTICLE IV	THE RIGHTS AGENT.....25
4.1	General.....25
4.2	Merger or Consolidation or Change of Name of Rights Agent.....27
4.3	Duties of Rights Agent.....28
4.4	Change of Rights Agent.....31
ARTICLE V	MISCELLANEOUS.....32
5.1	Redemption.....32
5.2	Expiration.....33
5.3	Issuance of New Rights Certificates.....33
5.4	Supplements and Amendments.....34
5.5	Fractional Shares.....35
5.6	Rights of Action.....35
5.7	Holder of Rights Not Deemed a Stockholder.....36
5.8	Notice of Proposed Actions.....36
5.9	Notices.....36
5.10	Suspension of Exercisability.....38
5.11	Costs of Enforcement.....38
5.12	Successors.....38
5.13	Benefits of this Agreement.....38

5.14 Determination and Actions by the Board of Directors, etc.....39
5.15 Descriptive Headings.....39
5.16 GOVERNING LAW.....39
5.17 Counterparts.....39
5.18 Severability.....40

EXHIBITS

Exhibit A Form of Rights Certificate (Together with Form of Election to Exercise)

Exhibit B Form of Article IV. C to Restated Certificate of Incorporation of Acuity Brands, Inc. (setting forth terms of Participating Preferred Stock)

STOCKHOLDER PROTECTION RIGHTS AGREEMENT

STOCKHOLDER PROTECTION RIGHTS AGREEMENT (as amended from time to time, this "Agreement"), dated as of November 12, 2001, between Acuity Brands, Inc., a Delaware corporation (the "Company"), and Wells Fargo Bank Minnesota, N.A., as Rights Agent (the "Rights Agent", which term shall include any successor Rights Agent hereunder).

WITNESSETH:

WHEREAS, the Board of Directors of the Company has (a) authorized and declared a dividend of one right ("Right") in respect of each share of Common Stock (as hereinafter defined) held of record as of the Close of Business on November 16, 2001 (the "Record Time") and (b) as provided in Section 2.3, authorized the issuance of one Right in respect of each share of Common Stock issued on or after the date hereof and prior to the Separation Time (as hereinafter defined) and, to the extent provided in Section 5.3, each share of Common Stock issued after the Separation Time;

WHEREAS, subject to the terms and conditions hereof, each Right entitles the holder thereof, after the Separation Time, to purchase securities or assets of the Company (or, in certain cases, securities of certain other entities) pursuant to the terms and subject to the conditions set forth herein; and

WHEREAS, the Company desires to appoint the Rights Agent to act on behalf of the Company, and the Rights Agent is willing so to act, in connection with the issuance, transfer, exchange and replacement of Rights Certificates (as hereinafter defined), the exercise of Rights and other matters referred to herein;

NOW THEREFORE, in consideration of the premises and the respective agreements set forth herein, the parties hereby agree as follows:

ARTICLE I.

CERTAIN DEFINITIONS

1.1 Certain Definitions. For purposes of this Agreement, the following terms have the meanings indicated:

"Acquiring Person" shall mean any Person, together with all Affiliates and Associates of such Person, who is or becomes the Beneficial Owner of 15% or more of the outstanding shares of Common Stock; provided, however, that the term "Acquiring Person" shall not include (i) National Service Industries, Inc., a Delaware corporation ("Parent"), until the effective date of the distribution of shares of Common Stock by Parent as contemplated by the Agreement and Plan of Distribution, dated as of November 30, 2001, between Parent and the Company; (ii) any Person who is the Beneficial Owner of 15% or more of the outstanding shares of Common Stock on the date of this Agreement or who shall become the Beneficial Owner of 15% or more of the outstanding shares of Common Stock solely as a result of an acquisition by the Company of shares of Common Stock, until such time hereafter or thereafter as any of such Persons shall become the Beneficial Owner (other than by means of a stock dividend or stock split) of any additional shares of Common Stock, or (iii) any Person who becomes the Beneficial Owner of 15% or more of the outstanding shares of Common Stock but who acquired Beneficial Ownership of shares of Common Stock without any plan or intention to seek or affect control of the Company, if such Person promptly divests, or enters into an agreement with the Company satisfactory to the Company, in its sole discretion, to divest, and thereafter promptly divests (without exercising or retaining any power, including voting power, with respect to such shares), sufficient shares of Common Stock (or securities convertible into, exchangeable into or exercisable for Common Stock) so that such Person ceases to be the Beneficial Owner of 15% or

more of the outstanding shares of Common Stock. In addition, the Company, any Subsidiary of the Company and any employee stock ownership or other employee benefit plan of the Company or a Subsidiary of the Company (or any entity or trustee holding shares of Common Stock for or pursuant to the terms of any such plan or for the purpose of funding any such plan or funding other employee benefits for employees of the Company or of any Subsidiary of the Company) or any Person organized, appointed or established by the Company for or pursuant to the terms of any such plan shall not be an Acquiring Person.

"Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 under the Exchange Act, as such Rule is amended and in effect on the date of this Agreement.

A Person shall be deemed the "Beneficial Owner", and to have "Beneficial Ownership" of, and to "Beneficially Own", any securities as to which such Person or any of such Person's Affiliates or Associates is or may be deemed to be the beneficial owner of pursuant to Rule 13d-3 and 13d-5 under the Exchange Act, as such Rules are amended and in effect on the date of this Agreement, as well as any securities as to which such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to become Beneficial Owner (whether such right is exercisable immediately or only after the passage of time or the occurrence of conditions) pursuant to any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a bona fide public offering of securities), or upon the exercise of conversion rights, exchange rights, rights (other than the Rights), warrants or options, or otherwise; provided, however, that a Person shall not be deemed the "Beneficial Owner", or to have "Beneficial Ownership" of, or to "Beneficially Own", any security (i) solely because such security has been tendered pursuant to a

tender or exchange offer made by such Person or any of such Person's Affiliates or Associates until such tendered security is accepted for payment or exchange or (ii) solely because such Person or any of such Person's Affiliates or Associates has or shares the power to vote or direct the voting of such security pursuant to a revocable proxy given in response to a public proxy or consent solicitation made to more than ten holders of shares of a class of stock of the Company registered under Section 12 of the Exchange Act and pursuant to, and in accordance with, the applicable rules and regulations under the Exchange Act, except if such power (or the agreements, arrangements or understandings relating thereto) is then reportable under Item 6 of Schedule 13D under the Exchange Act (or any similar provision of a comparable or successor report). For purposes of this Agreement, in determining the percentage of the outstanding shares of Common Stock with respect to which a Person is the Beneficial Owner, all shares as to which such Person is deemed the Beneficial Owner shall be deemed outstanding.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which banking institutions in The City of New York are generally authorized or obligated by law or executive order to close.

"Close of Business" on any given date shall mean 5:00 p.m. New York City time on such date or, if such date is not a Business Day, 5:00 p.m. New York City time on the next succeeding Business Day.

"Common Stock" shall mean the shares of Common Stock, par value \$0.01 per share, of the Company.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Exchange Time" shall mean the time at which the right to exercise the Rights shall terminate pursuant to Section 3.1(c) hereof.

"Exercise Price" shall mean, as of any date, the price at which a holder may purchase the securities issuable upon exercise of one whole Right. Until adjustment thereof in accordance with the terms hereof, the Exercise Price shall equal \$100.00.

"Expiration Time" shall mean the earliest of (i) the Exchange Time, (ii) the Redemption Time, and (iii) the Close of Business on the tenth anniversary of the Record Time, unless extended by action of the Board of Directors.

"Flip-in Date" shall mean any Stock Acquisition Date or such later date and time as the Board of Directors of the Company may from time to time fix by resolution adopted prior to the Flip-in Date that would otherwise have occurred.

"Flip-over Entity," for purposes of Section 3.2, shall mean (i) in the case of a Flip-over Transaction or Event described in clause (i) of the definition thereof, the Person issuing any securities into which shares of Common Stock are being converted or exchanged and, if no such securities are being issued, the other party to such Flip-over Transaction or Event and (ii) in the case of a Flip-over Transaction or Event referred to in clause (ii) of the definition thereof, the Person receiving the greatest portion of the assets, operating income or cash flow being transferred in such Flip-over Transaction or Event, provided in all cases if such Person is a Subsidiary of a corporation, the parent corporation shall be the Flip-Over Entity.

"Flip-over Stock" shall mean the capital stock (or similar equity interest) with the greatest voting power in respect of the election of directors (or other Persons similarly responsible for direction of the business and affairs) of the Flip-Over Entity.

"Flip-over Transaction or Event" shall mean a transaction or series of transactions on or after a Flip-in Date in which, directly or indirectly, (i) the Company shall consolidate with, or merge with and into, any other Person, (ii) any Person shall consolidate with the Company, or

merge with and into the Company, and the Company shall be the continuing or surviving corporation of such merger and, in connection with such merger, all or part of the Common Stock shall be changed into or exchanged for stock or other securities of any other Person (or the Company) or cash or any other property, or (iii) the Company shall sell or otherwise transfer (or one or more of its Subsidiaries shall sell or otherwise transfer), in one or more transactions, assets (A) aggregating more than 50% of the assets (measured by either book value or fair market value) or (B) generating more than 50% of the operating income or cash flow, of the Company and its Subsidiaries (taken as a whole) to any Person (other than the Company or one or more of its wholly owned Subsidiaries) or to two or more such Persons which are Affiliates or Associates or otherwise acting in concert.

"Market Price" per share of any securities on any date shall mean the average of the daily closing prices per share of such securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if any event described in Section 2.3 hereof, or any analogous event, shall have caused the closing prices used to determine the Market Price on any Trading Days during such period of 20 Trading Days not to be fully comparable with the closing price on such date, each such closing price so used shall be appropriately adjusted in order to make it fully comparable with the closing price on such date. The closing price per share of any securities on any date shall be the last reported sale price, regular way, or, in case no such sale takes place or is quoted on such date, the average of the closing bid and asked prices, regular way, for each share of such securities, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange, Inc. or, if the securities are not listed or admitted to trading on the New

York Stock Exchange, Inc., as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the securities are listed or admitted to trading or, if the securities are not listed or admitted to trading on any national securities exchange, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or such other system then in use, or, if on any such date the securities are not listed or admitted to trading on any national securities exchange or quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the securities selected by the Board of Directors of the Company; provided, however, that if on any such date the securities are not listed or admitted to trading on a national securities exchange or traded in the over-the-counter market, the closing price per share of such securities on such date shall mean the fair value per share of securities on such date as determined in good faith by the Board of Directors of the Company, after consultation with a nationally recognized investment banking firm, and set forth in a certificate delivered to the Rights Agent.

"Person" shall mean any individual, firm, partnership, limited liability company, association, group (as such term is used in Rule 13d-5 under the Exchange Act, as such Rule is in effect on the date of this Agreement), corporation or other entity.

"Preferred Stock" shall mean the series of Participating Preferred Stock, \$.01 par value, of the Company created by Article IV.C of the Restated Certificate of Incorporation in substantially the form set forth in Exhibit B hereto appropriately completed.

"Redemption Price" shall mean an amount equal to one cent, \$.01.

"Redemption Time" shall mean the time at which the right to exercise the Rights shall terminate pursuant to Section 5.1 hereof.

"Separation Time" shall mean the earlier of (i) the Close of Business on the tenth Business Day (or such later date as the Board of Directors of the Company may from time to time fix by resolution adopted prior to the Separation Time that would otherwise have occurred) after the date on which any Person commences a tender or exchange offer which, if consummated, would result in such Person's becoming an Acquiring Person and (ii) the Flip-in Date; provided, that if any tender or exchange offer referred to in clause (i) of this paragraph is canceled, terminated or otherwise withdrawn prior to the Separation Time without the purchase of any shares of Common Stock pursuant thereto, such offer shall be deemed, for purposes of this paragraph, never to have been made.

"Stock Acquisition Date" shall mean the first date of public announcement by the Company (by any means, including, without limitation, a report filed pursuant to Section 13(d) of the Exchange Act) that a Person has become an Acquiring Person or the date on which any Person who has made a tender or exchange offer for 15% or more of the outstanding shares of Common Stock becomes an Acquiring Person by the purchase of shares pursuant to the tender or exchange offer (or by any other means within 180 days following the expiration of such tender or exchange offer).

"Subsidiary" of any specified Person shall mean any corporation or other entity of which a majority of the voting power of the equity securities or a majority of the equity or membership interest is Beneficially Owned, directly or indirectly, by such Person or otherwise controlled by such Person.

"Trading Day," when used with respect to any securities, shall mean a day on which the New York Stock Exchange, Inc. is open for the transaction of business or, if such securities are not listed or admitted to trading on the New York Stock Exchange, Inc., a day on

which the principal national securities exchange on which such securities are listed or admitted to trading is open for the transaction of business or, if such securities are not listed or admitted to trading on any national securities exchange, a Business Day.

ARTICLE II

THE RIGHTS

2.1 Legend on Common Stock Certificates. Certificates for the Common Stock issued on or after the date of this Agreement but prior to the Separation Time shall evidence one Right for each share of Common Stock represented thereby and shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

Until the Separation Time (as defined in the Rights Agreement referred to below), this certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Stockholder Protection Rights Agreement, dated as of November 12, 2001 (as such may be amended from time to time, the "Rights Agreement"), between Acuity Brands, Inc. (the "Company") and Wells Fargo Bank Minnesota, N.A., as Rights Agent, the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of the Company. Under certain circumstances, as set forth in the Rights Agreement, such Rights may be redeemed, may become exercisable for securities or assets of the Company or securities of another entity, may be exchanged for shares of Common Stock or other securities or assets of the Company, may expire, may become null and void (if they are "Beneficially Owned" by an "Acquiring Person" or an "Affiliate" or "Associate" thereof, as such terms are defined in the Rights Agreement, or by any transferee of any of the foregoing) or may be evidenced by separate certificates and may no longer be evidenced by this certificate. The Company will mail or arrange for the mailing of a copy of the Rights Agreement to the holder of this certificate without charge after the receipt of a written request therefor.

Certificates representing shares of Common Stock that are issued and outstanding at the Record Time shall evidence one Right for each share of Common Stock evidenced thereby notwithstanding the absence of the foregoing legend.

If the Common Stock issued after the Record Time but prior to the Separation Time shall be uncertificated, the registration of such Common Stock on the stock transfer books of the Company shall evidence one Right for each share of Common Stock represented thereby and the

Company will mail to every Person that holds such Common Stock a confirmation of the registration of such Common Stock on the stock transfer books of the Company, which confirmation will have impressed, printed, written or stamped thereon or otherwise affixed thereto the above legend or such other notification as to which the Company and the Rights Agent shall mutually agree. The Company will mail or arrange for the mailing of a copy of this Agreement to any Person that holds Common Stock, as evidenced by the registration of the Common Stock in the name of such Person on the stock transfer books of the Company, without charge after the receipt of a written request therefor from such Person.

2.2 Exercise of Rights; Separation of Rights. (a) Subject to Sections 3.1, 3.2, 5.1 and 5.10 and subject to adjustment as herein set forth, each Right will entitle the holder thereof, on or after the Separation Time and prior to the Expiration Time, to purchase, for the Exercise Price, one one-hundredth of a share of Preferred Stock.

(b) Until the Separation Time, (i) no Right may be exercised and (ii) each Right will be evidenced by the certificate for the associated share of Common Stock (or, if the Common Stock shall be uncertificated, by the registration of the associated Common Stock on the stock transfer books of the Company) and will be transferable only together with, and will be transferred by a transfer of, such associated share.

(c) Subject to the terms and conditions hereof, on or after the Separation Time and prior to the Expiration Time, the Rights (i) may be exercised and (ii) may be transferred independent of shares of Common Stock. Promptly following the Separation Time and receipt by the Rights Agent of notice thereof as well as other relevant information, the Rights Agent will mail to each holder of record of Common Stock as of the Separation Time (other than any Person whose Rights have become null and void pursuant to Section 3.1(b)), at such holder's address as

shown by the records of the Company (the Company hereby agreeing to furnish, or causing to be furnished, copies of such records to the Rights Agent for this purpose), (x) a certificate (a "Rights Certificate") in substantially the form of Exhibit A hereto appropriately completed, representing the number of Rights held by such holder at the Separation Time and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate (which do not affect the duties or responsibilities of the Rights Agent) and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any national securities exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage, and (y) a disclosure statement describing the Rights.

(d) Subject to the terms and conditions hereof, Rights may be exercised on any Business Day on or after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent the Rights Certificate evidencing such Rights with an Election to Exercise (an "Election to Exercise") substantially in the form attached to the Rights Certificate duly and properly completed, accompanied by payment in cash, or by certified or official bank check or money order payable to the order of the Company, of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any tax or governmental charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates (or, if uncertificated, the registration on the stock transfer books of the Company) for shares or depositary receipts (or both) in a name other than that of the holder of the Rights being exercised.

(e) Upon receipt of a Rights Certificate, with an Election to Exercise accompanied by payment as set forth in Section 2.2(d), and subject to the terms and conditions hereof, the Rights Agent will thereupon promptly (i) (A) requisition from the transfer agent of the Company stock certificates evidencing such number of shares or other securities to be purchased or, in the case of uncertificated shares or other securities, requisition from the transfer agent of the Company a notice setting forth such number of shares or other securities to be purchased for which registration will be made on the stock transfer books of the Company (the Company hereby irrevocably authorizing its transfer agents to comply with all such requisitions) and (B) if the Company elects pursuant to Section 5.5 not to issue certificates (or effect registration on the stock transfer books of the Company) representing fractional shares, requisition from the depository selected by the Company depository receipts representing the fractional shares to be purchased or requisition from the Company the amount of cash to be paid in lieu of fractional shares in accordance with Section 5.5 and (ii) after receipt of such certificates, depository receipts, notices and/or cash, deliver the same to or upon the order of the registered holder of such Rights Certificate, registered (in the case of certificates, depository receipts or notices) in such name or names as may be designated by such holder.

(f) In case the holder of any Rights shall exercise less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.

(g) The Company covenants and agrees that it will (i) take all such action as may be necessary to ensure that all shares delivered (or evidenced by registration on the stock transfer books of the Company) upon exercise of Rights shall, at the time of delivery of the

certificates (or registration) for such shares (subject to payment of the Exercise Price), be duly and validly authorized, executed, issued and delivered (or registered) and fully paid and nonassessable; (ii) take all such action as may be necessary to comply with any applicable requirements of the Securities Act of 1933, as amended, or the Exchange Act, and the rules and regulations thereunder, and any other applicable law, rule or regulation, in connection with the issuance of any securities upon exercise of Rights; and (iii) pay when due and payable any and all federal and state taxes and governmental charges which may be payable in respect of the original issuance or delivery of the Rights Certificates or of any shares issued upon the exercise of Rights, provided, that the Company shall not be required to pay any tax or governmental charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates (or the registration) for shares in a name other than that of the holder of the Rights being transferred or exercised.

2.3 Adjustments to Exercise Price; Number of Rights. (a) In the event the Company shall at any time after the Record Time and prior to the Separation Time (i) declare or pay a dividend on Common Stock payable in Common Stock, (ii) subdivide the outstanding Common Stock or (iii) combine the outstanding Common Stock into a smaller number of shares of Common Stock, (x) the Exercise Price in effect after such adjustment will be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of shares of Common Stock (the "Expansion Factor") that a holder of one share of Common Stock immediately prior to such dividend, subdivision or combination would hold thereafter as a result thereof and (y) each Right held prior to such adjustment will become that number of Rights equal to the Expansion Factor, and the adjusted number of Rights will be deemed to be distributed among the shares of Common Stock with respect to which the original Rights were associated (if they

remain outstanding) and the shares issued in respect of such dividend, subdivision or combination, so that each such share of Common Stock will have exactly one Right associated with it. Each adjustment made pursuant to this paragraph shall be made as of the payment or effective date for the applicable dividend, subdivision or combination.

In the event the Company shall at any time after the Record Time and prior to the Separation Time issue any shares of Common Stock otherwise than in a transaction referred to in the preceding paragraph, each such share of Common Stock so issued shall automatically have one new Right associated with it, which Right shall be evidenced by the certificate representing such share (or, if the Common Stock shall be uncertificated, such Right shall be evidenced by the registration of such Common Stock on the stock transfer books of the Company). Rights shall be issued by the Company in respect of shares of Common Stock that are issued or sold by the Company after the Separation Time only to the extent provided in Section 5.3.

(b) In the event the Company shall at any time after the Record Time and prior to the Separation Time issue or distribute any securities or assets in respect of, in lieu of or in exchange for Common Stock (other than pursuant to any non-extraordinary periodic cash dividend or a dividend paid solely in Common Stock) whether by dividend, in a reclassification or recapitalization (including any such transaction involving a merger, consolidation or share exchange), or otherwise, the Company shall make such adjustments, if any, in the Exercise Price, number of Rights and/or securities or other property purchasable upon exercise of Rights as the Board of Directors of the Company, in its sole discretion, may deem to be appropriate under the circumstances in order to adequately protect the interests of the holders of Rights generally, and the Company and the Rights Agent shall amend this Agreement as necessary to provide for such adjustments.

(c) Each adjustment to the Exercise Price made pursuant to this Section 2.3 shall be calculated to the nearest cent. Whenever an adjustment to the Exercise Price is made pursuant to this Section 2.3, the Company shall (i) promptly prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment and (ii) promptly file with the Rights Agent and with each transfer agent for the Common Stock a copy of such certificate. The Rights Agent shall be fully protected in relying on such certificate and on any adjustment therein contained and shall have no duty with respect to and shall not be deemed to have knowledge of any adjustment unless and until it shall have received such a certificate.

(d) Rights certificates shall represent the securities purchasable under the terms of this Agreement, including any adjustment or change in the securities purchasable upon exercise of the Rights, even though such certificates may continue to express the securities purchasable at the time of issuance of the initial Rights Certificates.

2.4 Date on Which Exercise is Effective. Each Person in whose name any certificate for shares is issued (or registration on the stock transfer books of the Company is effected) upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the shares represented thereby on the date upon which the Rights Certificate evidencing such Rights was duly surrendered and payment of the Exercise Price for such Rights (and any applicable taxes and other governmental charges payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the stock transfer books of the Company are closed, such Person shall be deemed to have become the record holder of such shares on, and such certificate (or registration) shall be

dated, the next succeeding Business Day on which the stock transfer books of the Company are open.

2.5 Execution, Authentication, Delivery and Dating of Rights Certificates. (a) The Rights Certificates shall be executed on behalf of the Company by its Chairman of the Board, Chief Executive Officer, President, Treasurer, Chief Operating Officer or one of its Vice Presidents, under its corporate seal reproduced thereon attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Rights Certificates may be manual or facsimile.

Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the countersignature and delivery of such Rights Certificates.

Promptly after the Separation Time, the Company will give written notice to the Rights Agent of such Separation Time and will deliver Rights Certificates executed by the Company to the Rights Agent for counter-signature, and, subject to Section 3.1(b), the Rights Agent shall countersign and deliver such Rights Certificates to the holders of the Rights pursuant to Section 2.2(c) hereof. No Rights Certificate shall be valid for any purpose unless countersigned by the Rights Agent. The countersignature of the Rights Agent on the Rights Certificates may be manual or facsimile.

(b) Each Rights Certificate shall be dated the date of countersignature thereof.

2.6 Registration, Registration of Transfer and Exchange. (a) After the Separation Time, the Company will cause to be kept a register (the "Rights Register") in which, subject to such reasonable regulations as it may prescribe, the Company will provide for the

registration and transfer of Rights. The Rights Agent is hereby appointed "Rights Registrar" for the purpose of maintaining the Rights Register for the Company and registering Rights and transfers of Rights after the Separation Time as herein provided. In the event that the Rights Agent shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times after the Separation Time.

After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of Section 2.6(c) and (d), the Company will execute, and the Rights Agent will countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder's instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificate so surrendered.

(b) Except as otherwise provided in Section 3.1(b), all Rights issued upon any registration of transfer or exchange of Rights Certificates shall be the valid obligations of the Company, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.

(c) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company or the Rights Agent, as the case may be, duly executed by the holder thereof or such holder's attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this Section 2.6, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

(d) The Company shall not register the transfer or exchange of any Rights after such Rights have become void under Section 3.1(b), been exchanged under Section 3.1(c) or been redeemed under Section 5.1.

2.7 Mutilated, Destroyed, Lost and Stolen Rights Certificates. (a) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, then, subject to Sections 3.1(b), 3.1(c) and 5.1, the Company shall execute and the Rights Agent shall countersign and deliver in exchange therefor a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so surrendered.

(b) If there shall be delivered to the Company and the Rights Agent prior to the Expiration Time (i) evidence to their satisfaction of the destruction, loss or theft of any Rights Certificate and (ii) such security or indemnity as may be required by them to save each of them and any of their agents harmless, then, subject to Sections 3.1(b), 3.1(c) and 5.1 and in the absence of notice to the Company or the Rights Agent that such Rights Certificate has been acquired by a bona fide purchaser, the Company shall execute and upon its request the Rights Agent shall countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so destroyed, lost or stolen.

(c) As a condition to the issuance of any new Rights Certificate under this Section 2.7, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) connected therewith.

(d) Every new Rights Certificate issued pursuant to this Section 2.7 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence an original additional contractual

obligation of the Company, whether or not the destroyed, lost or stolen Rights Certificate shall be at any time enforceable by anyone, and, subject to Section 3.1(b) shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Rights duly issued hereunder.

2.8 Persons Deemed Owners. Prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Stock certificate or notice of transfer, if uncertificated) for registration of transfer, the Company, the Rights Agent and any agent of the Company or the Rights Agent may deem and treat the Person in whose name such Rights Certificate (or, prior to the Separation Time, such Common Stock certificate or Common Stock registration, if uncertificated) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever, including the payment of the Redemption Price and neither the Company nor the Rights Agent shall be affected by any notice to the contrary. As used in this Agreement, unless the context otherwise requires, the term "holder" of any Rights shall mean the registered holder of such Rights (or, prior to the Separation Time, the associated shares of Common Stock).

2.9 Delivery, Cancellation and Destruction of Certificates. All Rights Certificates surrendered upon exercise or for registration of transfer or exchange shall, if surrendered to any Person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly canceled by the Rights Agent. The Company may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly canceled by the Rights Agent. No Rights Certificates shall be countersigned in lieu of or in exchange for any Rights Certificates canceled

as provided in this Section 2.9, except as expressly permitted by this Agreement. The Rights Agent shall return to the Company all canceled Rights Certificates approximately one and one-half (1 1/2) years after the cancellation date. The Company shall destroy the certificates after any applicable retention period required by the United States Securities and Exchange Commission.

2.10 Agreement of Rights Holders. Every holder of Rights by accepting the same consents and agrees with the Company and the Rights Agent and with every other holder of Rights that:

(a) prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated share of Common Stock;

(b) after the Separation Time, the Rights Certificates will be transferable only on the Rights Register as provided herein;

(c) prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Stock certificate or Common Stock registration, if uncertificated) for registration of transfer, the Company, the Rights Agent and any agent of the Company or the Rights Agent may deem and treat the Person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Common Stock certificate or Common Stock registration, if uncertificated) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary;

(d) Rights beneficially owned by certain Persons will, under the circumstances set forth in Section 3.1(b), become void; and

(e) this Agreement may be supplemented or amended from time to time pursuant to Section 2.3(b) or 5.4 hereof.

ARTICLE III

ADJUSTMENTS TO THE RIGHTS IN THE EVENT OF CERTAIN TRANSACTIONS

3.1 Flip-in. (a) In the event that prior to the Expiration Time a Flip-in Date shall occur, except as provided in this Section 3.1, each Right shall constitute the right to purchase from the Company, upon exercise thereof in accordance with the terms hereof (but subject to Section 5.10), that number of shares of Common Stock having an aggregate Market Price on the Stock Acquisition Date that gave rise to the Flip-in Date equal to twice the Exercise Price for an amount in cash equal to the Exercise Price (such right to be appropriately adjusted in order to protect the interests of the holders of Rights generally in the event that on or after such Stock Acquisition Date any of the events described in Section 2.3(a) or (b), or any analogous event, shall have occurred with respect to the Common Stock).

(b) Notwithstanding the foregoing, any Rights that are or were Beneficially Owned on or after the Stock Acquisition Date by an Acquiring Person or an Affiliate or Associate thereof or by any transferee, direct or indirect, of any of the foregoing shall become void and any holder of such Rights (including transferees) shall thereafter have no right to exercise or transfer such Rights under any provision of this Agreement. If any Rights Certificate is presented for assignment or exercise and the Person presenting the same will not complete the certification set forth at the end of the form of assignment or notice of election to exercise and provide such additional evidence of the identity of the Beneficial Owner and its Affiliates and Associates (or former Beneficial Owners and their Affiliates and Associates) as the Company shall reasonably request, then the Company shall be entitled conclusively to deem the Beneficial

Owner thereof to be an Acquiring Person or an Affiliate or Associate thereof or a transferee of any of the foregoing and accordingly will deem the Rights evidenced thereby to be void and not transferable or exercisable.

(c) The Board of Directors of the Company may, at its option, at any time after a Flip-in Date and prior to the time that an Acquiring Person becomes the Beneficial Owner of more than 50% of the outstanding shares of Common Stock elect to exchange all (but not less than all) the then outstanding Rights (which shall not include Rights that have become void pursuant to the provisions of Section 3.1(b)) for shares of Common Stock at an exchange ratio of one share of Common Stock per Right, appropriately adjusted in order to protect the interests of holders of Rights generally in the event that after the Separation Time any of the events described in Section 2.3(a) or (b), or any analogous event, shall have occurred with respect to the Common Stock (such exchange ratio, as adjusted from time to time, being hereinafter referred to as the "Exchange Ratio").

Immediately upon the action of the Board of Directors of the Company electing to exchange the Rights, without any further action and without any notice, the right to exercise the Rights will terminate and each Right (other than Rights that have become void pursuant to Section 3.1(b)), whether or not previously exercised, will thereafter represent only the right to receive a number of shares of Common Stock equal to the Exchange Ratio. Promptly after the action of the Board of Directors electing to exchange the Rights, the Company shall give written notice thereof (specifying the steps to be taken to receive shares of Common Stock in exchange for Rights) to the Rights Agent and the holders of the Rights (other than Rights that have become void pursuant to Section 3.1(b)) outstanding immediately prior thereto by mailing such notice in accordance with Section 5.9.

Each Person in whose name any certificate for shares is issued (or for whom any registration on the stock transfer books of the Company is made) upon the exchange of Rights pursuant to this Section 3.1(c) or Section 3.1(d) shall for all purposes be deemed to have become the holder of record of the shares represented thereby on, and such certificate (or registration on the stock transfer books of the Company) shall be dated (or registered as of), the date upon which the Rights Certificate evidencing such Rights was duly surrendered and payment of any applicable taxes and other governmental charges payable by the holder was made; provided, however, that if the date of such surrender and payment is a date upon which the stock transfer books of the Company are closed, such Person shall be deemed to have become the record holder of such shares on, and such certificate (or registration on the stock transfer books of the Company) shall be dated (or registered as of), the next succeeding Business Day on which the stock transfer books of the Company are open.

(d) Whenever the Company shall become obligated under Section 3.1(a) or (c) to issue shares of Common Stock upon exercise of or in exchange for Rights, the Company, at its option, may substitute therefor shares of Preferred Stock, at an initial rate of one one-hundredth of a share of Preferred Stock for each share of Common Stock so issuable, as appropriately adjusted to reflect adjustments in the voting rights of the Preferred Stock pursuant to the terms thereof, so that the fraction of a share of Preferred Stock delivered in lieu of each share of Common Stock shall have the same voting rights as one share of Common Stock.

(e) In the event that there shall not be sufficient treasury shares or authorized but unissued shares of Common Stock or Preferred Stock of the Company to permit the exercise or exchange in full of the Rights in accordance with Section 3.1(a) or if the Company so elects to make the exchange referred to in Section 3.1(c), the Company shall either (i) call a meeting of

stockholders seeking approval to cause sufficient additional shares to be authorized (provided that if such approval is not obtained the Company will take the action specified in clause (ii) of this sentence) or (ii) take such action as shall be necessary to ensure and provide, to the extent permitted by applicable law and any agreements or instruments in effect on the Stock Acquisition Date to which it is a party, that each Right shall thereafter constitute the right to receive, (x) at the Company's option, either (A) in return for the Exercise Price, debt or equity securities or other assets (or a combination thereof) having a fair value equal to twice the Exercise Price, or (B) without payment of consideration (except as otherwise required by applicable law), debt or equity securities or other assets (or a combination thereof) having a fair value equal to the Exercise Price, or (y) if the Board of Directors of the Company elects to exchange the Rights in accordance with Section 3.1(c), debt or equity securities or other assets (or a combination thereof) having a fair value equal to the product of the Market Price of a share of Common Stock on the Flip-in Date times the Exchange Ratio in effect on the Flip-in Date, where in any case set forth in (x) or (y) above the fair value of such debt or equity securities or other assets shall be as determined in good faith by the Board of Directors of the Company, after consultation with a nationally recognized investment banking firm.

3.2 Flip-over. (a) Prior to the Expiration Time, the Company shall not enter into any agreement with respect to, consummate or permit to occur any Flip-over Transaction or Event unless and until it shall have entered into a supplemental agreement with the Flip-over Entity, for the benefit of the holders of the Rights, providing that, upon consummation or occurrence of the Flip-over Transaction or Event (i) each Right shall thereafter constitute the right to purchase from the Flip-over Entity, upon exercise thereof in accordance with the terms hereof, that number of shares of Flip-over Stock of the Flip-over Entity having an aggregate

Market Price on the date of consummation or occurrence of such Flip-over Transaction or Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price (such right to be appropriately adjusted in order to protect the interests of the holders of Rights generally in the event that after such date of consummation or occurrence any of the events described in Section 2.3(a) or (b), or any analogous event, shall have occurred with respect to the Flip-over Stock) and (ii) the Flip-over Entity shall thereafter be liable for, and shall assume, by virtue of such Flip-over Transaction or Event and such supplemental agreement, all the obligations and duties of the Company pursuant to this Agreement. The provisions of this Section 3.2 shall apply to successive Flip-over Transactions or Events.

(b) Prior to the Expiration Time, the Company shall not enter into any agreement with respect to, consummate or permit to occur any Flip-over Transaction or Event if at the time thereof there are any rights, warrants or securities outstanding or any other arrangements, agreements or instruments that would eliminate or otherwise diminish in any material respect the benefits intended to be afforded by this Rights Agreement to the holders of Rights upon consummation of such transaction.

ARTICLE IV
THE RIGHTS AGENT

4.1 General. (a) The Company hereby appoints the Rights Agent to act as agent for the Company in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the preparation, delivery, amendment, administration and execution of this Agreement and the

exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability, damage, judgment, fine, penalty, claim, demand, settlement, cost or expense, incurred without gross negligence, bad faith or willful misconduct on the part of the Rights Agent (which gross negligence, bad faith or willful misconduct must be determined by a final, non-appealable order, judgment, decree or ruling of a court of competent jurisdiction), for any action taken, suffered or omitted to be done by the Rights Agent in connection with the acceptance and administration of this Agreement, including, without limitation, the costs and expenses of defending against any claim of liability. The indemnity provided herein shall survive termination of this Agreement and the termination and the expiration of the Rights. The costs and expenses incurred in enforcing this right of indemnification shall be paid by the Company. Anything to the contrary notwithstanding, in no event shall the Rights Agent be liable for special, punitive, indirect, incidental or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Rights Agent has been advised of the likelihood of such loss or damage. Any liability of the Rights Agent under this Rights Agreement will be limited to the amount of fees paid by the Company to the Rights Agent.

(b) The Rights Agent shall be authorized and protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with the acceptance and administration of this Agreement in reliance upon any certificate for securities (or registration on the stock transfer books of the Company) purchasable upon exercise of Rights, Rights Certificate, certificate for other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be

signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons. The Rights Agent shall not be required to take any action hereunder unless properly notified pursuant to this Agreement.

4.2 Merger or Consolidation or Change of Name of Rights Agent. (a) Any Person into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or any Person resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any Person succeeding to the shareholder services business of the Rights Agent or any successor Rights Agent, will be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 4.4 hereof. In case at the time such successor Rights Agent succeeds to the agency created by this Agreement any of the Rights Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates have not been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.

(b) In case at any time the name of the Rights Agent is changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been

countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

4.3 Duties of Rights Agent. The Rights Agent undertakes the duties and obligations expressly imposed by this Agreement upon the following terms and conditions, by all of which the Company and the holders of Rights Certificates, by their acceptance thereof, shall be bound:

(a) The Rights Agent may consult with legal counsel (who may be legal counsel for the Company), and the advice or opinion of such counsel will be full and complete authorization and protection to the Rights Agent and the Rights Agent shall incur no liability for or in respect of any action taken, suffered, or omitted by it in good faith and in accordance with such advice or opinion.

(b) Whenever in the performance of its duties under this Agreement the Rights Agent deems it necessary or desirable that any fact or matter (including, without limitation, the identity of any Acquiring Person and the determination of Market Price) be proved or established by the Company prior to taking, suffering or omitting any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by a Person believed by the Rights Agent to be the Chairman of the Board, the President or any Vice President and by the Treasurer or any Assistant Treasurer or the Secretary or any Assistant Secretary of the Company and delivered to the Rights Agent; and such certificate will be full authorization and protection to the Rights Agent and the Rights Agent shall incur no liability for

or in respect of any action taken, suffered or omitted in good faith by it under the provisions of this Agreement in reliance upon such certificate.

(c) The Rights Agent will be liable hereunder only for its own gross negligence, bad faith or willful misconduct (as determined by a final, non-appealable order, judgment, decree or ruling of a court of competent jurisdiction).

(d) The Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates, if any, for securities purchasable upon exercise of Rights or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Company only.

(e) The Rights Agent will not be under any liability or responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any certificate, if any, for securities purchasable upon exercise of Rights or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Rights Certificate; nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Section 3.1(b) hereof) or any adjustment required under the provisions of Section 2.3, 3.1 or 3.2 hereof or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 2.3 describing any such adjustment); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any

securities purchasable upon exercise of Rights or any Rights or as to whether any securities purchasable upon exercise of Rights will, when issued, be duly and validly authorized, executed, issued and delivered and fully paid and nonassessable.

(f) The Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.

(g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any Person believed by the Rights Agent to be the Chairman of the Board, the President or any Vice President or the Secretary or any Assistant Secretary or the Treasurer or any Assistant Treasurer of the Company, and to apply to such Persons for advice or instructions in connection with its duties, and such instructions shall be full authorization and protection to the Rights Agent and the Rights Agent shall incur no liability for or in respect of any action taken, suffered or omitted by it in good faith in accordance with instructions of any such Person.

(h) The Rights Agent and any Affiliate, stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in Common Stock, Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other Person or legal entity.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent will not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct, absent gross negligence, bad faith or willful misconduct in the selection and continued employment thereof.

(j) No provision of this Agreement shall require the Rights Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of its rights if it reasonably believes that repayment of such funds or adequate indemnification against such risk or liability is not reasonably assured to it.

4.4 Change of Rights Agent. The Rights Agent may resign and be discharged from its duties under this Agreement upon 30 days' notice (or such lesser notice as is acceptable to the Company) in writing mailed to the Company and to each transfer agent of Common Stock by registered or certified mail, and to the holders of the Rights in accordance with Section 5.9. The Company may remove the Rights Agent upon 30 days' notice in writing, mailed to the Rights Agent and to each transfer agent of the Common Stock by registered or certified mail, and to the holders of the Rights in accordance with Section 5.9. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Company will appoint a successor to the Rights Agent. If the Company fails to make such appointment within a period of 30 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of any Rights (which holder shall, with such notice, submit such holder's Rights Certificate for inspection by the Company), then the holder of any Rights or the Rights Agent may apply to any court of competent jurisdiction for the

appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be a Person (or an affiliate of such a Person) organized and doing business under the laws of the United States or any state of the United States, in good standing, which is authorized under such laws to exercise the powers of the Rights Agent contemplated by this Agreement and is subject to supervision or examination by federal or state authority and which has at the time of its appointment as Rights Agent a combined capital and surplus of at least \$50,000,000. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Company will file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Stock, and mail a notice thereof in writing to the holders of the Rights. Failure to give any notice provided for in this Section 4.4, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

ARTICLE V

MISCELLANEOUS

5.1 Redemption. (a) The Board of Directors of the Company may, at its option, at any time prior to the Flip-in Date, elect to redeem all (but not less than all) the then outstanding Rights at the Redemption Price and the Company, at its option, may pay the Redemption Price either in cash or shares of Common Stock or other securities of the Company

deemed by the Board of Directors, in the exercise of its sole discretion, to be at least equivalent in value to the Redemption Price.

(b) Immediately upon the action of the Board of Directors of the Company electing to redeem the Rights (or, if the resolution of the Board of Directors electing to redeem the Rights states that the redemption will not be effective until the occurrence of a specified future time or event, upon the occurrence of such future time or event), without any further action and without any notice, the right to exercise the Rights will terminate and each Right, whether or not previously exercised, will thereafter represent only the right to receive the Redemption Price in cash or securities, as determined by the Board of Directors. Promptly after the Rights are redeemed, the Company shall give notice of such redemption to the Rights Agent and the holders of the then outstanding Rights by mailing such notice in accordance with Section 5.9.

5.2 Expiration. The Rights and this Agreement shall expire at the Expiration Time and no Person shall have any rights pursuant to this Agreement or any Right after the Expiration Time, except, if the Rights are exchanged or redeemed, as provided in Section 3.1 or 5.1 hereof, respectively.

5.3 Issuance of New Rights Certificates. Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Company may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by its Board of Directors to reflect any adjustment or change in the number or kind or class of shares of stock purchasable upon exercise of Rights made in accordance with the provisions of this Agreement. In addition, in connection with the issuance or sale of shares of Common Stock by the Company following the Separation Time and prior to the Expiration Time pursuant to the terms of

securities convertible or redeemable into shares of Common Stock or to options, in each case issued or granted prior to, and outstanding at, the Separation Time, the Company shall issue to the holders of such shares of Common Stock, Rights Certificates representing the appropriate number of Rights in connection with the issuance or sale of such shares of Common Stock; provided, however, in each case, (i) no such Rights Certificate shall be issued, if, and to the extent that, the Company shall be advised by counsel that such issuance would create a significant risk of material adverse tax consequences to the Company or to the Person to whom such Rights Certificates would be issued, (ii) no such Rights Certificates shall be issued if, and to the extent that, appropriate adjustment shall have otherwise been made in lieu of the issuance thereof, and (iii) the Company shall have no obligation to distribute Rights Certificates to any Acquiring Person or Affiliate or Associate of an Acquiring Person or any transferee of any of the foregoing.

5.4 Supplements and Amendments. The Company and the Rights Agent may from time to time supplement or amend this Agreement without the approval of any holders of Rights (i) prior to the Flip-in Date, in any respect and (ii) on or after the Flip-in Date, to make any changes that the Company may deem necessary or desirable and which shall not materially adversely affect the interests of the holders of Rights generally or in order to cure any ambiguity or to correct or supplement any provision contained herein which may be inconsistent with any other provisions herein or otherwise defective. The Rights Agent will, upon the delivery of a certificate from an appropriate officer of the Company that states that the proposed supplement or amendment complies with this Section 5.4, duly execute and deliver any supplement or amendment hereto requested by the Company which satisfies the terms of the preceding sentence. Notwithstanding anything contained in this Agreement to the contrary, the Rights

Agent may, but shall not be obligated to, enter into any supplement or amendment that affects the Rights Agent's own rights, duties or immunities under this Agreement.

5.5 Fractional Shares. If the Company elects not to issue certificates representing (or register on the stock transfer books of the Company) fractional shares upon exercise or redemption of Rights, the Company shall, in lieu thereof, in the sole discretion of the Board of Directors, either (a) evidence such fractional shares by depositary receipts issued pursuant to an appropriate agreement between the Company and a depositary selected by it, providing that each holder of a depositary receipt shall have all of the rights, privileges and preferences to which such holder would be entitled as a beneficial owner of such fractional share, or (b) pay to the registered holder of such Rights the appropriate fraction of the Market Price per share in cash.

5.6 Rights of Action. Subject to the terms of this Agreement (including Sections 3.1(b) and 5.14), rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective holders of the Rights; and any holder of any Rights, without the consent of the Rights Agent or of the holder of any other Rights, may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights, enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce, or otherwise act in respect of, such holder's right to exercise such holder's Rights in the manner provided in such holder's Rights Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the

obligations under, and injunctive relief against actual or threatened violations of, the obligations of any Person subject to this Agreement.

5.7 Holder of Rights Not Deemed a Stockholder. No holder, as such, of any Rights shall be entitled to vote, receive dividends or be deemed for any purpose the holder of shares or any other securities which may at any time be issuable on the exercise of such Rights, nor shall anything contained herein or in any Rights Certificate be construed to confer upon the holder of any Rights, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in Section 5.8 hereof), or to receive dividends or subscription rights, or otherwise, until such Rights shall have been exercised or exchanged in accordance with the provisions hereof.

5.8 Notice of Proposed Actions. In case the Company shall propose on or after the Separation Time and prior to the Expiration Time (i) to effect or permit a Flip-over Transaction or Event or (ii) to effect the liquidation, dissolution or winding up of the Company, then, in each such case, the Company shall give to each holder of a Right, in accordance with Section 5.9 hereof, a notice of such proposed action, which shall specify the date on which such Flip-over Transaction or Event, liquidation, dissolution, or winding up is to take place, and such notice shall be so given at least 20 Business Days prior to the date of the taking of such proposed action.

5.9 Notices. Notices or demands authorized or required by this Agreement to be given or made by the Rights Agent or by the holder of any Rights to or on the Company shall

be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

Acuity Brands, Inc.
1420 Peachtree Street, N.E.
Atlanta, Georgia 30309-3002
Attention: Corporate Secretary

with a copy to:

Acuity Brands, Inc.
1420 Peachtree Street, N.E.
Atlanta, Georgia 30309-3002
Attention: General Counsel

Any notice or demand authorized or required by this Agreement to be given or made by the Company or by the holder of any Rights to or on the Rights Agent shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Company) as follows:

Wells Fargo Bank Minnesota, N.A.
Shareowner Services
161 North Concord Exchange Street
South St. Paul, Minnesota 55075-1139

Notices or demands authorized or required by this Agreement to be given or made by the Company or the Rights Agent to or on the holder of any Rights shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the registry books of the Rights Agent or, prior to the Separation Time, on the registry books of the transfer agent for the Common Stock. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice.

5.10 Suspension of Exercisability. To the extent that the Company determines in good faith that some action will or need be taken pursuant to Section 3.1 or to comply with federal or state securities laws, the Company may suspend the exercisability of the Rights for a reasonable period in order to take such action or comply with such laws. In the event of any such suspension, the Company shall issue as promptly as practicable a public announcement with prompt written notice to the Rights Agent stating that the exercisability or exchangeability of the Rights has been temporarily suspended. Notice thereof pursuant to Section 5.9 shall not be required.

Failure to give a notice pursuant to the provisions of this Agreement shall not affect the validity of any action taken hereunder.

5.11 Costs of Enforcement. The Company agrees that if the Company or any other Person the securities of which are purchasable upon exercise of Rights fails to fulfill any of its obligations pursuant to this Agreement, then the Company or such Person will reimburse the holder of any Rights for the costs and expenses (including legal fees) incurred by such holder in actions to enforce such holder's rights pursuant to any Rights or this Agreement.

5.12 Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

5.13 Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any Person other than the Company, the Rights Agent and the holders of the Rights any legal or equitable right, remedy or claim under this Agreement and this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the holders of the Rights.

5.14 Determination and Actions by the Board of Directors, etc. The Board of Directors of the Company shall have the exclusive power and authority to administer this Agreement and to exercise all rights and powers specifically granted to the Board or to the Company, or as may be necessary or advisable in the administration of this Agreement, including, without limitation, the right and power to (i) interpret the provisions of this Agreement and (ii) make all determinations deemed necessary or advisable for the administration of this Agreement. All such actions, interpretations and determinations (including, for purposes of clause (y) below, all omissions with respect to the foregoing) done or made by the Board shall (x) be final, conclusive and binding on the Company, the Rights Agent, the holders of the Rights and all other parties, and (y) not subject the Board of Directors of the Company to any liability to the holders of the Rights.

5.15 Descriptive Headings. Descriptive headings appear herein for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

5.16 GOVERNING LAW. THIS AGREEMENT AND EACH RIGHT ISSUED HEREUNDER SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF DELAWARE AND FOR ALL PURPOSES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF SUCH STATE APPLICABLE TO CONTRACTS TO BE MADE AND PERFORMED ENTIRELY WITHIN SUCH STATE.

5.17 Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

5.18 Severability. If any term or provision hereof or the application thereof to any circumstance shall, in any jurisdiction and to any extent, be invalid or unenforceable, such term or provision shall be ineffective as to such jurisdiction to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining terms and provisions hereof or the application of such term or provision to circumstances other than those as to which it is held invalid or unenforceable.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be
duly executed as of the date first above written. ACUITY BRANDS, INC.

By: /s/ Kenyon W. Murphy

Kenyon W. Murphy
Senior Vice President

WELLS FARGO BANK MINNESOTA, N.A.

By: /s/ Katherine M. Johnson

Katherine M. Johnson
Assistant Vice President

EXHIBIT A

[Form of Rights Certificate]

Certificate No. W-

Rights

THE RIGHTS ARE SUBJECT TO REDEMPTION OR MANDATORY EXCHANGE, AT THE OPTION OF THE COMPANY, ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. RIGHTS BENEFICIALLY OWNED BY ACQUIRING PERSONS OR AFFILIATES OR ASSOCIATES THEREOF (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) OR TRANSFEREES OF ANY OF THE FOREGOING WILL BE VOID.

Rights Certificate

ACUITY BRANDS, INC.

This certifies that _____, or registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Stockholder Protection Rights Agreement, dated as of November 12, 2001 (as amended from time to time, the "Rights Agreement"), between Acuity Brands, Inc., a Delaware corporation (the "Company"), and Wells Fargo Bank Minnesota, N.A., as Rights Agent (the "Rights Agent", which term shall include any successor Rights Agent under the Rights Agreement), to purchase from the Company at any time after the Separation Time (as such term is defined in the Rights Agreement) and prior to the Close of Business on November 16, 2011, one one-hundredth of a fully paid share of Participating Preferred Stock, \$.01 par value (the "Preferred Stock"), of the Company (subject to adjustment as provided in the Rights Agreement) at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate with the Form of Election to Exercise duly executed at the office of the Rights Agent designated for such purposes. The Exercise Price shall

initially be \$100.00 per Right and shall be subject to adjustment in certain events as provided in the Rights Agreement.

In certain circumstances described in the Rights Agreement, the Rights evidenced hereby may entitle the registered holder thereof to purchase securities of an entity other than the Company or securities or assets of the Company other than Preferred Stock, all as provided in the Rights Agreement.

This Rights Certificate is subject to all of the terms, covenants and restrictions of the Rights Agreement, which terms, covenants and restrictions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities hereunder of the Rights Agent, the Company and the holders of the Rights Certificates, which limitations of rights include the temporary suspension of exercisability of such Rights under the specific circumstances set forth in the Rights Agreement. Copies of the Rights Agreement are on file at the principal office of the Company and are available without cost upon written request.

This Rights Certificate, with or without other Rights Certificates, upon surrender at the office of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing an aggregate number of Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, each Right evidenced by this Certificate may be (a) redeemed by the Company under certain circumstances, at its option, at a

redemption price of \$0.01 per Right or (b) exchanged by the Company under certain circumstances, at its option, for one share of Common Stock or one one-hundredth of a share of Preferred Stock per Right (or, in certain cases, other securities or assets of the Company), subject in each case to adjustment in certain events as provided in the Rights Agreement.

No holder of this Rights Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of Common Stock or of any other securities which may at any time be issuable on the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in the Rights Agreement), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by this Rights Certificate shall have been exercised or exchanged as provided in the Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Company and its corporate seal.

Date: _____

ATTEST: ACUITY BRANDS, INC.

Secretary By -----

Countersigned:
WELLS FARGO BANK MINNESOTA, N.A.

By -----
Authorized Signature

[Form of Reverse Side of Rights Certificate]

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer this Rights Certificate.)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto _____ (Please print name and address of transferee)

this Rights Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ Attorney, to transfer the within Rights Certificate on the books of the within-named Company, with full power of substitution.

Dated: _____, _____

Signature Guaranteed:

Signature
(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever)

Signatures must be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee Medallion program), pursuant to Exchange Act Rule 17Ad-15.

(To be completed if true)

The undersigned hereby represents, for the benefit of all holders of Rights and shares of Common Stock, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement).

Signature

NOTICE

In the event the certification set forth above is not completed in connection with a purported assignment, the Company will deem the Beneficial Owner of the Rights evidenced by the enclosed Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) or a transferee of any of the foregoing and accordingly will deem the Rights evidenced by such Rights Certificate to be void and not transferable or exercisable.

[To be attached to each Rights Certificate]

FORM OF ELECTION TO EXERCISE

(To be executed if holder desires to exercise the Rights Certificate.)

TO: ACUITY BRANDS, INC.

The undersigned hereby irrevocably elects to exercise _____ whole Rights represented by the attached Rights Certificate to purchase the shares of Participating Preferred Stock issuable upon the exercise of such Rights and requests that certificates for such shares be issued in the name of:

Address: _____

Social Security or Other Taxpayer
Identification Number: _____

If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights shall be registered in the name of and delivered to:

Address: _____

Social Security or Other Taxpayer
Identification Number: _____

Dated: _____, _____

Signature Guaranteed:

Signature
(Signature must correspond to name as
written upon the face of the attached Rights
Certificate in every particular, without
alteration or enlargement or any change
whatsoever)

Signatures must be guaranteed by an eligible guarantor institution (banks,
stockbrokers, savings and loan associations and credit unions with membership in
an approved signature guarantee Medallion program), pursuant to Exchange Act
Rule 17Ad-15.

- -----
(To be completed if true)

The undersigned hereby represents, for the benefit of all holders of Rights and
shares of Common Stock, that the Rights evidenced by the attached Rights
Certificate are not, and, to the knowledge of the undersigned, have never been,
Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof
(as defined in the Rights Agreement).

Signature

- -----
NOTICE

In the event the certification set forth above is not
completed in connection with a purported exercise, the Company will deem the
Beneficial Owner of the Rights evidenced by the attached Rights Certificate to
be an Acquiring Person or an Affiliate or Associate thereof (as defined in the
Rights Agreement) or a transferee of any of the foregoing and accordingly will
deem the Rights evidenced by such Rights Certificate to be void and not
transferable or exercisable.

FORM OF ARTICLE IV. C TO RESTATED CERTIFICATE OF INCORPORATION
OF ACUITY BRANDS, INC. (SETTING FORTH TERMS OF
PARTICIPATING PREFERRED STOCK OF ACUITY BRANDS, INC.)

PARTICIPATING PREFERRED STOCK

There is hereby established a series of Preferred Stock, \$.01 par value, of the Corporation, and the designation and certain terms, powers, preferences and other rights of the shares of such series, and certain qualifications, limitations and restrictions thereon, are hereby fixed as follows:

(i) The distinctive serial designation of this series shall be "Participating Preferred Stock" (hereinafter called "this Series"). Each share of this Series shall be identical in all respects with the other shares of this Series except as to the dates from and after which dividends thereon shall be cumulative.

(ii) The number of shares in this Series shall initially be 5,000,000, which number may from time to time be increased or decreased (but not below the number then outstanding) by the Board of Directors. Shares of this Series purchased by the Corporation shall be canceled and shall revert to authorized but unissued shares of Preferred Stock undesignated as to series. Shares of this Series may be issued in fractional shares, which fractional shares shall entitle the holder, in proportion to such holder's fractional share, to all rights of a holder of a whole share of this Series.

(iii) The holders of full or fractional shares of this Series shall be entitled to receive, when and as declared by the Board of Directors, but only out of funds legally available therefor, dividends, (A) on each date that dividends or other distributions (other than dividends or distributions payable in Common Stock of the Corporation) are payable on or in respect of Common Stock comprising part of the Reference Package (as defined below), in an amount per whole share of this Series equal to the aggregate amount of dividends or other distributions (other than dividends or distributions payable in Common Stock of the Corporation) that would be payable on such date to a holder of the Reference Package and (B) on the last day of March, June, September and December in each year, in an amount per whole share of this Series equal to the excess (if any) of \$25.00 over the aggregate dividends paid per whole share of this Series during the three month period ending on such last day. Each such dividend shall be paid to the holders of record of shares of this Series on the date, not exceeding sixty days preceding such dividend or distribution payment date, fixed for the purpose by the Board of Directors in advance of payment of each particular dividend or distribution. Dividends on each full and each fractional share of this Series shall be cumulative from the date such full or fractional share is originally issued; provided that any such full or fractional share originally issued after a dividend record date and on or prior to the dividend payment date to which such record date relates shall not be entitled to receive the dividend payable on such dividend payment date or any amount in respect of the period from such original issuance to such dividend payment date.

The term "Reference Package" shall initially mean 100 shares of Common Stock, par value \$.01 per share ("Common Stock"), of the Corporation. In the event the Corporation shall at any time after the Close of Business on December 1, 2001 (A) declare or pay a dividend on any Common Stock payable in Common Stock, (B) subdivide any Common Stock or (C) combine any Common Stock into a smaller number of shares, then and in each such case the Reference Package after such event shall be the Common Stock that a holder of the Reference Package immediately prior to such event would hold thereafter as a result thereof.

Holders of shares of this Series shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of full cumulative dividends, as herein provided on this Series.

So long as any shares of this Series are outstanding, no dividend (other than a dividend in Common Stock or in any other stock ranking junior to this Series as to dividends and upon liquidation) shall be declared or paid or set aside for payment or other distribution declared or made upon the Common Stock or upon any other stock ranking junior to this Series as to dividends or upon liquidation, unless the full cumulative dividends (including the dividend to be paid upon payment of such dividend or other distribution) on all outstanding shares of this Series shall have been, or shall contemporaneously be, paid. When dividends are not paid in full upon this Series and other stock ranking on a parity as to dividends with this Series, all dividends declared upon shares of this Series and any other stock ranking on a parity as to dividends shall be declared pro rata so that in all cases the amount of dividends declared per share on this Series and such other stock shall bear to each other the same ratio that accumulated dividends per share on the shares of the Series and such other stock bear to each other. Neither the Common Stock nor any other stock of the Corporation ranking junior to or on a parity with this Series as to dividends or upon liquidation shall be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation (except by conversion into or exchange for stock of the Corporation ranking junior to this Series as to dividends and upon liquidation), unless the full cumulative dividends (including the dividend to be paid upon payment of such dividend, distribution, redemption, purchase or other acquisition) on all outstanding shares of this Series shall have been, or shall contemporaneously be, paid.

(iv) In the event of any merger, consolidation, reclassification or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of this Series shall at the same time be similarly exchanged or changed in an amount per whole share equal to the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, that a holder of the Reference Package would be entitled to receive as a result of such transaction.

(v) In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the holders of full and fractional shares of this Series shall be entitled, before any distribution or payment is made on any date to the holders of the Common Stock or any other stock of the Corporation ranking junior to this Series upon liquidation, to be paid in full an amount per whole share of this Series equal to the greater of

(A) \$10,000.00 or (B) the aggregate amount distributed or to be distributed prior to such date in connection with such liquidation, dissolution or winding up to a holder of the Reference Package (such greater amount being hereinafter referred to as the "Liquidation Preference"), together with accrued dividends to such distribution or payment date, whether or not earned or declared. If such payment shall have been made in full to all holders of shares of this Series, the holders of shares of this Series as such shall have no right or claim to any of the remaining assets of the Corporation.

In the event the assets of the Corporation available for distribution to the holders of shares of this Series upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to the first paragraph of this Section (v), no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the shares of this Series upon such liquidation, dissolution or winding up unless proportionate distributive amounts shall be paid on account of the shares of this Series, ratably in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such liquidation, dissolution or winding up.

Upon the liquidation, dissolution or winding up of the Corporation, the holders of shares of this Series then outstanding shall be entitled to be paid out of assets of the Corporation available for distribution to its stockholders all amounts to which such holders are entitled pursuant to the first paragraph of this Section (v) before any payment shall be made to the holders of Common Stock or any other stock of the Corporation ranking junior upon liquidation to this Series.

For the purposes of this Section (v), the consolidation or merger of, or binding share exchange by, the Corporation with any other corporation shall not be deemed to constitute a liquidation, dissolution or winding up of the Corporation.

(vi) The shares of this Series shall not be redeemable.

(vii) In addition to any other vote or consent of stockholders required by law or by the Certificate of Incorporation, as amended, of the Corporation, each whole share of this Series shall, on any matter, vote as a class with any other capital stock comprising part of the Reference Package and voting on such matter and shall have the number of votes thereon that a holder of the Reference Package would have.

TAX DISAFFILIATION AGREEMENT dated as of November 30, 2001, by and between NATIONAL SERVICE INDUSTRIES, INC. ("NSI-Del"), a Delaware corporation, NATIONAL SERVICE INDUSTRIES, INC. ("NSI Enterprises"), a California corporation, and ACUITY BRANDS, INC. ("Spinco"), a Delaware corporation.

RECITALS

- A. NSI Enterprises and National Services Industries, Inc. ("NSI-GA"), a Georgia corporation, are first tier subsidiaries of NSI-Del.
- B. NSI-Del is the common parent of an affiliated group of corporations within the meaning of Section 1504(a) of the Internal Revenue Code of 1986, as amended (the "Code"), which currently files consolidated Federal income tax returns.
- C. As reflected in the Agreement and Plan of Distribution (the "Distribution Agreement") dated November 30, 2001 by and between NSI-Del and Spinco, NSI Enterprises has formed Spinco as a first tier subsidiary.
- D. In addition, NSI-GA has merged into NSI Enterprises. Immediately after such merger, NSI Enterprises contributed its lighting equipment and chemical businesses to Spinco along with certain intercompany debt.
- E. As reflected in the Distribution Agreement, NSI Enterprises then distributed all of the outstanding shares of stock of Spinco to NSI-Del (the "First Distribution").
- F. After the First Distribution, NSI-Del contributed to Spinco the stock of certain foreign subsidiaries and certain intercompany debt owed by Spinco to NSI-Del. Further contributions were then made by Spinco to subsidiaries of Spinco.
- G. After these contributions and pursuant to the Distribution Agreement, NSI-Del shall distribute to its stockholders all of the outstanding shares of stock of Spinco, together with associated preferred stock purchase rights, on a pro rata basis (the "Second Distribution," together with the First Distribution, the "Distributions").
- H. NSI-Del, NSI Enterprises and Spinco intend that the Distributions will qualify as distributions described in Section 355 of the Code and will not result in the recognition of any taxable gain or income to NSI-Del, NSI Enterprises, Spinco or any of their respective stockholders.
- I. From the day after the Date of the Second Distribution forward, Spinco and its subsidiaries shall cease to be a member of the NSI-Del affiliated group for all applicable tax purposes.
- J. NSI-Del, NSI Enterprises and Spinco desire on behalf of themselves, their

subsidiaries and their successors to set forth their rights and obligations with respect to taxes due for periods before and after the Second Distribution.

NOW, THEREFORE, in consideration of the transactions recited above and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I

Definitions

For the purposes of this Agreement:

1.01 "40 Percent Interest" shall have the meaning ascribed to the term "50-percent or greater interest" in Section 355(e)(4) of the Code, substituting therein "40" each place "50" appears.

1.02 "40 Percent Threshold" shall have the meaning set forth in Section 2.04(d)(v).

1.03 "Ancillary Agreements" shall have the meaning specified in the Distribution Agreement.

1.04 "Affiliate" shall mean, when used with respect to any specified Person, a Person that directly or indirectly controls, is controlled by, or is under common control with such specified Person; provided, however, that for purposes of this Agreement, any Person who was a member of both Groups prior to the Second Distribution shall be deemed to be an Affiliate only of the Group of which such Person is a member following the Second Distribution. As used herein, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract or otherwise. Any contrary provision of this Agreement notwithstanding, neither NSI-Del nor any NSI-Del Subsidiaries shall be deemed to be an Affiliate of SpinCo, and neither SpinCo nor any SpinCo Subsidiaries shall be deemed to be an Affiliate of NSI-Del.

1.05 "After Tax Basis" shall mean, with respect to any payment to be received, that the amount of such payment is increased to the extent necessary so that, after deduction of all taxes (assuming for this purpose that the recipient of such payment is subject to taxation at the highest federal and applicable state and local marginal rates applicable to widely held corporations for the year in which such income is taxable) required to be paid by the recipient (less any tax savings to be realized, utilizing the same tax rate assumptions as set forth in the immediately preceding parenthetical phrase, by the recipient as a result of the payment of such amounts) with respect to the receipt of such amounts, such increased payment (as so reduced) is equal to the payment otherwise required to be made.

1.06 "Agreement" shall mean this Tax Disaffiliation Agreement dated November 30, 2001, between NSI-Del, NSI Enterprises, and Spinco, as the same may be amended from time to time.

- 1.07 "Applicable Federal Rate" shall have the meaning set forth in Section 1274(d) of the Code for a short term rate, compounded quarterly.
- 1.08 "Assets" shall mean the assets of NSI-Del, NSI Enterprises, Spinco, their respective Affiliates, or a "predecessor or successor" (within the meaning Section 355(e)(4)(D) of the Code) of such corporations or their Affiliates; it being understood that any transfer, sale or assignment of the assets of NSI-Del, NSI Enterprises, Spinco, their Affiliates, or a predecessor or a successor in the ordinary course of business shall not be taken into account for purposes of Section 2.04(d) of this Agreement, unless in conjunction with a transaction described in Section 355(e)(3)(B) of the Code or Final or Temporary regulations promulgated thereunder.
- 1.09 "Claim" shall have the meaning set forth in Section 5.03(a).
- 1.10 "Closing Price" of Spinco Common Stock or NSI-Del Common Stock on any day shall mean the last reported sales price for such stock, on such day, or in the case no sale takes place on such day, the average of the reported closing bid and asked prices for the stock in either case as reported on the New York Stock Exchange.
- 1.11 "Code" shall have the meaning set forth in paragraph B of the recitals.
- 1.12 "Controlling Party" shall have the meaning set forth in Section 5.01.
- 1.13 "Corporate Transactions" shall have the meaning set forth in the Distribution Agreement.
- 1.14 "Date of the First Distribution" shall mean August 31, 2001.
- 1.15 "Date of the Second Distribution" shall mean the Distribution Date specified in the Distribution Agreement.
- 1.16 "Distribution Agreement" shall have the meaning set forth in paragraph C of the recitals.
- 1.17 "Distribution Related Gain" shall mean any gain recognized by NSI Enterprises or NSI-Del, respectively, or NSI-Del's or Spinco's stockholders, by virtue of (i) either Distribution failing to qualify as a distribution described in Section 355 of the Code, (ii) any stock or securities of Spinco failing to qualify as "qualified property" within the meaning of Section 355(c)(2)(B) and 361(c)(2)(B) of the Code, (iii) the application of Section 355(f) of the Code to the First Distribution, or (iv) the application of Section 355(e) of the Code to the Second Distribution.
- 1.18 "Distributions" shall have the meaning set forth in paragraph G of the recitals.
- 1.19 "Final Determination" shall mean with respect to any issue (a) a decision,

judgment, decree or other order by any court of competent jurisdiction, which decision, judgment, decree or other order has become final and not subject to further appeal, (b) a binding closing agreement whether or not entered into under Section 7121 of the Code or any other binding settlement agreement (whether or not with the Internal Revenue Service), or (c) the completion of the highest level of administrative proceedings if a judicial contest is not or is no longer available.

1.20 "First Distribution" shall have the meaning set forth in paragraph E of the recitals.

1.21 "First Spinco Notification Letter" shall have the meaning set forth in Section 2.03(c) (ii).

1.22 "Indemnitor" shall have the meaning set forth in Section 5.02.

1.23 "IRS" shall have the meaning set forth in Section 2.04(d) (vi).

1.24 "Market Cap" shall mean, with respect to NSI-Del or Spinco, the total of (a) the average Closing Price of NSI-Del Common Stock or Spinco Common Stock, respectively, over the 10 business days following the Date of the Second Distribution, multiplied by (b) the number of outstanding shares of such common stock on the Date of the Second Distribution.

1.25 "NSI-Del" shall have the meaning set forth in the preamble to this Agreement.

1.26 "NSI-Del Common Stock" shall mean the common stock of NSI-Del, par value \$1.00 per share.

1.27 "NSI-Del Group" shall mean, for any period, NSI-Del and its then Subsidiaries. Under no circumstances shall the NSI-Del Group include any member of the Spinco Group.

1.28 "NSI-Del Notification Letter" shall have the meaning set forth in Section 2.03(c) (ii).

1.29 "NSI-Del Subsidiary" or "Subsidiary of NSI-Del" shall include all of the Subsidiaries listed on EXHIBIT A attached hereto. None of Spinco or the Spinco Subsidiaries shall be considered a Subsidiary of NSI-Del.

1.30 "NSI-Del Tainting Act" means (a) any breach of any written representation given by Brock A. Hattox on behalf of NSI-Del in the letter to King & Spalding and Ernst & Young dated November 29, 2001 (notwithstanding such representation was also given by James S. Balloun on behalf of Spinco and NSI-Del in a separate letter to King & Spalding and Ernst & Young dated November 29, 2001), or (b) any act or acts first occurring after the Date of the Second Distribution of or involving any Person (other than Spinco or any Person that is an Affiliate of Spinco immediately before or immediately after such action or actions), or any omission or omissions of any Person (other than Spinco or any Person that is an Affiliate of Spinco immediately before or immediately after such omission or omissions), of an act or acts first available to it after the Date of the Second Distribution, if such breach, action or omission

described in (a) or (b) contributes to a Final Determination that the First or Second Distribution results in any Distribution Related Gain. Notwithstanding any provision of this Agreement to the contrary, a breach of any written representation given by Brock A. Hattox on behalf of NSI-Del in the letter to King & Spalding and Ernst & Young dated November 29, 2001 shall not be considered an NSI-Del Tainting Act under clause (a) of the first sentence of this Section 1.30, if such breach is the result of a Spinco Tainting Act.

1.31 "NSI Enterprises" shall have the meaning set forth in the preamble to this Agreement.

1.32 "NSI-GA" shall have the meaning set forth in paragraph A of the recitals.

1.33 "Period After the Second Distribution" shall mean (i) any taxable year or other taxable period beginning after the Date of the Second Distribution and, (ii) in the case of any Stub Period, that part of the Stub Period that begins on the day immediately after the Date of the Second Distribution.

1.34 "Period Before the Second Distribution" shall mean (i) any taxable year or other taxable period that ends on, at the close of, or before the Date of the Second Distribution and, (ii) in the case of any Stub Period, that part of the Stub Period through and including the Date of the Second Distribution.

1.35 "Person" shall mean any individual, partnership, joint venture, corporation, limited liability company, trust, unincorporated organization, government or department or agency of a government.

1.36 "Restructuring Taxes" means any taxes resulting from the Corporate Transactions or either Distribution, including, but not limited to, any taxes imposed pursuant to or as a result of Sections 311 or 1001 of the Code or the Treasury Regulations under Section 1502 of the Code (and any applicable similar federal, state, local or foreign taxes, together with related interest, penalties and additions to tax), but excluding (i) any taxes imposed as a result of a Final Determination that the First or Second Distribution results in any Distribution Related Gain, and (ii) any transfer taxes imposed on the transfer of real or personal property in the Corporate Transactions.

1.37 "Second Distribution" shall have the meaning set forth in paragraph G of the recitals.

1.38 "Second Spinco Notification Letter" shall have the meaning set forth in Section 2.03(c) (ii).

1.39 "Spinco" shall have the meaning set forth in the preamble to this Agreement.

1.40 "Spinco Common Stock" shall mean the common stock of Spinco, par value \$.01 per share.

1.41 "Spinco Group" shall mean, for any period, Spinco and its then Subsidiaries. Under no circumstances shall the Spinco Group include any member of the NSI-Del Group.

1.42 "Spinco Subsidiary" or "Subsidiary of Spinco" shall include all of the Subsidiaries listed on EXHIBIT B attached hereto. None of the NSI-Del Subsidiaries shall be considered a Subsidiary of Spinco.

1.43 "Spinco Tainting Act" means (a) any breach of any written representation given by James S. Balloun on behalf of Spinco and NSI-Del in the letter to King & Spalding and Ernst & Young dated November 29, 2001 (notwithstanding such representation was also given by Brock A. Hattox on behalf of NSI-Del in a separate letter to King & Spalding and Ernst & Young dated November 29, 2001), or (b) any act or acts first occurring after the Date of the Second Distribution of or involving any Person (other than NSI-Del or any Person that is an Affiliate of NSI-Del immediately before or immediately after such action or actions), or any omission or omissions of any Person (other than NSI-Del or any Person that is an Affiliate of NSI-Del immediately before or immediately after such omission or omissions) of an act or acts first available to it after the Date of the Second Distribution, if such breach, act or omission described in (a) or (b) contributes to a Final Determination that First or Second Distribution results in any Distribution Related Gain. Notwithstanding any provision of this Agreement to the contrary, a breach of any written representation given by James S. Balloun on behalf of Spinco and NSI-Del in the letter to King & Spalding and Ernst & Young dated November 29, 2001 shall not be considered a Spinco Tainting Act under clause (a) of the first sentence of this Section 1.43, if such breach is the result of an NSI-Del Tainting Act.

1.44 "Spinco Tax Adjustment Amount" shall have the meaning set forth in Section 2.03(c) (ii).

1.45 "Spinco Tax Position" shall have the meaning set forth in Section 2.03(c) (i).

1.46 "Stock" shall mean common or preferred stock or any instrument that might reasonably be treated as common or preferred stock for federal income tax purposes; provided, however, for purposes of Section 2.04(d) only, the term Stock shall not include stock in NSI-Del, NSI Enterprises or Spinco acquired by an employee or director of such corporation (or a Person related to such corporation under Section 355(d) (7) (A) of the Code) in connection with the performance of services as an employee or director for the corporation or a Person related to it under Section 355(d) (7) (A) of the Code (and that is not excessive by reference to the services performed) in a transaction in which Section 83 of the Code applies.

1.47 "Stock Options" shall mean call options, warrants, convertible obligations, the conversion feature of convertible stock, put options, redemption agreements (including rights to cause the redemption of stock), any other instruments that provide for the right or possibility to issue, redeem, or transfer stock (including an option on an option), or any other similar interest treated as an option; provided, however, for purposes of Section 2.04(d) only the term Stock Options only includes instruments that provide for the right or possibility to issue, redeem or transfer stock and does not include: (i) an option that is part of a security arrangement in a typical lending transaction (including a purchase money loan), if the arrangement is subject to

customary commercial conditions; (ii) an option to acquire stock in NSI-Del, NSI Enterprises or Spinco with customary terms and conditions provided to an employee or director of such corporation, or a person related to NSI-Del, NSI Enterprises, or Spinco under Section 355(d)(7)(A) of the Code in connection with the performance of services for the corporation or a person related to it under Section 355(d)(7)(A) of the Code (and is not excessive by reference to the services performed) and that immediately after the Second Distribution and 6 months thereafter (a) is nontransferable within the meaning of Treasury Regulation Section 1.83-3(d) and (b) does not have a readily ascertainable fair market value as defined in Treasury Regulation Section 1.83-7(b); and (iii) an option entered into between shareholders of a corporation (or a shareholder and the corporation) that is exercisable only upon death, disability or mental incompetency of the shareholder, or, in the case of stock acquired in connection with the performance of services for a corporation, or a person related to the corporation under Section 355(d)(7)(A) (and that is not excessive by reference to the services performed), the shareholder's separation from service.

1.48 "Stub Period" shall mean any taxable year or other taxable period that begins on or before and ends after the Date of the Second Distribution.

1.49 "Subsidiary" shall mean a corporation, limited liability company, partnership, joint venture or other business entity if 50% or more of the outstanding equity or voting power of such entity is owned directly or indirectly by the corporation with respect to which such term is used. Each of the Subsidiaries listed on Exhibit A, attached hereto, shall be considered a Subsidiary of NSI-Del. Each of the Subsidiaries listed on Exhibit B, attached hereto, shall be considered a Subsidiary of Spinco. Notwithstanding any provision of this agreement to the contrary, Spinco shall not be considered a Subsidiary of NSI-Del.

1.50 "tax" or "taxes" whether used in the form of a noun or adjective, shall mean all forms of taxation, whenever created or imposed, including, but not limited to, taxes on or measured by income, franchise, gross receipts, sales, use, excise, payroll, personal property (tangible or intangible), real property, ad-valorem, value-added, leasing, leasing use or other taxes, levies, imposts, duties, charges or withholdings of any nature whether imposed by a nation, locality, municipality, government, state, federation, or other governmental body (a "Taxing Authority"). Whenever the term "tax" or "taxes" is used (including, without limitation, in the context of any duty to pay, or to reimburse another party or indemnify for taxes or refunds or credits of taxes) it shall include penalties, fines, additions to tax and interest thereon. The term "tax" or "taxes" does not include any unclaimed or abandoned property remitted or required to be remitted to any Taxing Authority under applicable law.

1.51 "Taxing Authority" shall have the meaning set forth in Section 1.50.

1.52 "Tax Returns" shall mean all reports, returns, information statements, questionnaires, evidence of tax payments, invoices or other documents received from, or required to be filed or that may be filed for any period with, any Taxing Authority (whether domestic or foreign) in connection with any tax or taxes (whether domestic or foreign).

All capitalized terms used but not defined herein shall have the meaning given to such terms in the Distribution Agreement.

ARTICLE II

Tax Returns, Tax Payments and Tax Sharing Obligations

2.01 Obligations to File Tax Returns.

(a) Spinco shall prepare, at its own expense, and shall timely file or cause to be filed (i) all Tax Returns with respect to the Spinco Group and the NSI-Del Group that are due (including extensions) after the Date of the Second Distribution but are for a taxable year or period ending on or before the Date of the Second Distribution, (ii) all Tax Returns with respect to the Spinco Group for any taxable year or other taxable period beginning after the Date of the Second Distribution, (iii) all Tax Returns filed on a separate company basis for any member of the Spinco Group for any Stub Period, and (iv) all Tax Returns filed on a consolidated, combined or unitary basis for the Stub Period other than those described in clause (iii) of Section 2.01(b). Spinco shall make full and timely payment of all taxes shown due on all Tax Returns described in this Section 2.01(a).

(b) NSI-Del shall prepare, at its own expense, and shall timely file or cause to be filed (i) all Tax Returns with respect to the NSI-Del Group for any taxable year or other taxable period beginning after the Date of the Second Distribution, (ii) all Tax Returns filed on a separate company basis, for any member of the NSI-Del Group for any Stub Period, and (iii) all Tax Returns filed on a consolidated, combined or unitary basis for the Stub Period that include one or more members of the NSI-Del Group (whether or not they include one or more members of the Spinco Group). Subject to Section 2.03(c) hereof, NSI-Del shall make full and timely payment of all taxes shown due on all Tax Returns described in this Section 2.01(b).

(c) To the extent required or permitted by law or administrative practice, in the case of any Tax Return prepared by NSI-Del pursuant to clause (iii) of Section 2.01(b) that includes one or more members of the Spinco Group, the taxable year of the Spinco Group shall be treated as closing at the close of the Date of the Second Distribution.

2.02 Obligation to Remit Taxes. Spinco and NSI-Del shall each timely remit or cause to be remitted any taxes due in respect of any tax for which it is required to file a Tax Return hereunder and shall be entitled to reimbursement for such payments only to the extent provided in Section 2.03.

2.03 Tax Sharing Obligations and Prior Agreements.

(a) Spinco's obligations. Other than liabilities dealt with elsewhere in this Agreement and except as provided in Section 3.01(d), Spinco shall be liable for and shall indemnify and hold the NSI-Del Group harmless on an After Tax Basis against (i) any tax liability of any member of the Spinco Group or any member of the NSI-Del Group for any Period Before the Second Distribution, except for \$5,258,977 of which NSI-Del is liable

pursuant to Section 2.03(b), (ii) any tax liability for any member of the Spinco Group for any Period After the Second Distribution, and (iii) any amount determined to be Spinco's liability under Section 2.04 hereof. Except as provided in Section 3.01 for refunds attributable to carry backs, Spinco shall be entitled to any refund of or credit for taxes for which Spinco is responsible under this Section 2.03(a) or with respect to which Spinco is required to file a Tax Return under Section 2.01 hereof.

(b) NSI-Del's Obligations. Other than liabilities dealt with elsewhere in this Agreement, NSI-Del shall be liable for, and shall hold the Spinco Group harmless on an After Tax Basis against (i) any tax liability of any member of the NSI-Del Group for any Period After the Second Distribution, and (ii) any amount determined to be NSI-Del's liability under Section 2.04 hereof. In addition, NSI-Del shall be liable for, and shall hold the Spinco Group harmless on an After Tax Basis against, \$5,258,977 of tax liability of any member of the Spinco Group or any member of the NSI-Del Group for any Period Before the Second Distribution. Except as provided in Section 3.01 for refunds attributable to carry backs, NSI-Del shall be entitled to any refund of or credit for taxes for any periods for which NSI-Del is responsible under this Section 2.03(b) or with respect to which NSI-Del is required to file a Tax Return under Section 2.01 hereof.

(c) Spinco's Stub Period Liability. (i) Subject to clause (ii) of this Section 2.03(c), with respect to any Tax Return that is described in clause (ii) or (iii) of Section 2.01(b), or with respect to any estimated tax payment relating to any such Tax Return, NSI-Del shall, in good faith, calculate Spinco's tax liability under clause (i) of the first sentence of Section 2.03(a) with respect to such Tax Return or estimated tax payment (taking into account one-fourth of NSI-Del's \$5,258,977 obligation under Section 2.03(b) when calculating Spinco's obligation for each of the four estimated tax payments for fiscal year 2002 (i.e. the estimated tax payments due on December 15, 2001, February 15, 2002, May 15, 2002 and August 15, 2002)) and notify Spinco of such amount. Such notification shall constitute a request for payment, and, subject to the following sentence, Spinco shall pay such amount, in immediately available funds, to NSI-Del within five (5) days after receipt of such notice from NSI-Del, provided that Spinco shall not be obligated to make such payment to NSI-Del (A) earlier than ten (10) days prior to the due date for the filing or making of the relevant Tax Return or estimated tax payment or (B) unless NSI-Del has offset Spinco's tax liability for the each of the prior estimated tax payments for fiscal year 2002 by one-fourth of \$5,258,977 in satisfaction of NSI-Del's obligation under Section 2.03(b) and (c). If Spinco determines, in good faith, that its tax liability under clause (i) of the first sentence of Section 2.03(a) with respect to such Tax Return or estimated payment should be greater than the amount determined by NSI-Del for such return or payment, Spinco can elect to pay a greater amount to NSI-Del and provide NSI-Del with a statement describing the tax position taken by Spinco implicit in the determination of such larger amount (the "Spinco Tax Position"). If pursuant to the proceeding sentence Spinco pays a greater amount, NSI-Del covenants, to the extent permitted by law, to take the Spinco Tax Position on the Tax Return or payment in question and will remit the larger amount received from Spinco to the appropriate Taxing Authority when filing such return or payment. After the filing or making of any Tax Return or estimated tax payment mentioned in this clause (i) of Section 2.03(c), NSI-Del shall supply Spinco with a copy of each tax return (or evidence of each estimated tax payment) with respect to which Spinco shall have made payment.

(ii) Spinco shall make an initial determination, in good faith, of the amount (the "Spinco Tax Adjustment Amount") of its tax liability under clause (i) of the first sentence of Section 2.03(a) with respect to all Tax Returns that are described in clause (ii) and (iii) of Section 2.01(b), such tax liability to be determined without regard to payments, if any, that Spinco shall have made to NSI-Del pursuant to clause (i) of this Section 2.03(c) (such determination, with calculations in reasonable detail, being referred to as the "First Spinco Notification Letter"). If NSI-Del determines in good faith that Spinco's determination of the Spinco Tax Adjustment Amount is incorrect, NSI-Del shall notify Spinco of such determination (including in such notification its determination of the correct amount of the Spinco Tax Adjustment Amount) (the "NSI-Del Notification Letter") within thirty (30) days of receipt of the First Spinco Notification Letter. If Spinco objects to NSI-Del's determination of the Spinco Tax Adjustment Amount in the NSI-Del Notification Letter, it must notify NSI-Del within twenty (20) days of receipt of the NSI-Del Notification Letter (the "Second Spinco Notification Letter"). If the dispute is not resolved by mutual accord within thirty (30) days of NSI-Del's receipt of the Second Spinco Notification Letter, the dispute shall be resolved under the provisions of Article VIII. Until NSI-Del and Spinco reach agreement, or any dispute between them is resolved pursuant to Article VIII, as to the Spinco Tax Adjustment Amount, the provisions of clause (i) of this Section 2.03(c) shall continue to apply. Clause (i) of this Section 2.03(c) will not apply once NSI-Del and Spinco reach agreement or any dispute between them as to the Spinco Tax Adjustment is resolved pursuant to Article VIII. Within ten (10) days of such agreement or resolution, Spinco shall pay to NSI-Del an amount equal to the excess of (x) the Spinco Tax Adjustment Amount, as so agreed or resolved, over (y) the payments, if any, that Spinco shall have theretofore made to NSI-Del pursuant to clause (i) of this Section 2.03(c). In the event that the payments that Spinco shall have theretofore made to NSI-Del pursuant to clause (i) of this Section 2.03(c) shall exceed the Spinco Tax Adjustment Amount, NSI-Del shall, within ten (10) days of such agreement or resolution, pay the amount of such excess to Spinco.

(d) Except as set forth in this Agreement and in consideration of the mutual indemnities and other obligations of this Agreement, any and all prior tax sharing agreements or practices between any member of the NSI-Del Group and any member of the Spinco Group shall be terminated as of the Date of the Second Distribution.

2.04 Restructuring Taxes; Other Taxes Relating to the Distribution.

(a) Generally. Notwithstanding any other provision of this Agreement to the contrary, Spinco shall bear any Restructuring Taxes (together with any reasonable expenses, including, but not limited to, attorney's fees, incurred in defending any audit or examination with respect to Restructuring Taxes). In the event of a Final Determination that the First or Second Distribution results in any Distribution Related Gain (other than a Final Determination that the First or Second Distribution results in any Distribution Related Gain which determination would not have been made but for a NSI-Del Tainting Act or a Spinco Tainting Act), the liability of NSI-Del and Spinco for any taxes arising from such Final Determination, including any liability to stockholders arising from such Final Determination (together with any reasonable expenses, including, but not limited to, attorney's fees incurred in defending against any liability) shall be borne by NSI-Del and Spinco pro rata based on their relative Market Caps. Also, in the event of

a Final Determination that the First or Second Distribution results in any Distribution Related Gain which determination would not have been made but for the occurrence of both a NSI-Del Tainting Act and a Spinco Tainting Act, any taxes or liability resulting from such Final Determination (together with any reasonable expenses, including, but not limited to, attorney's fees incurred in defending against any liability) shall be borne by NSI-Del and Spinco pro rata based on their relative Market Caps.

(b) Covenant and Indemnification for Spinco Tainting Acts.

Spinco covenants that neither Spinco nor any member of the Spinco Group shall commit or be party to or the subject of any Spinco Tainting Act. In the event of a Final Determination that the First or Second Distribution results in any Distribution Related Gain which Final Determination would not have been made but for a Spinco Tainting Act, Spinco shall pay, and shall indemnify and hold harmless NSI-Del and NSI Enterprises and their Affiliates on an After Tax Basis, from and against, any liability of NSI-Del or NSI Enterprises or their Affiliates to any Taxing Authority, NSI-Del stockholders or Spinco stockholders (together with any reasonable expenses, including, but not limited to, attorney's fees incurred in defending against any such liability) resulting from a Final Determination that the First or Second Distribution results in any Distribution Related Gain.

(c) Covenant and Indemnification for NSI-Del Tainting Acts.

NSI-Del covenants that neither NSI-Del nor any member of the NSI-Del Group shall commit or be party to or the subject of any NSI-Del Tainting Act. In the event of a Final Determination that the First or Second Distribution results in any Distribution Related Gain which Final Determination would not have been made but for a NSI-Del Tainting Act, NSI-Del shall pay, and shall indemnify and hold harmless Spinco and its Affiliates on an After Tax Basis, from and against, any liability of Spinco, NSI-Del, NSI Enterprises or their Affiliates to any Taxing Authority, NSI-Del stockholders or Spinco stockholders (together with any reasonable expenses, including, but not limited to, attorney's fees incurred in defending against any such liability) resulting from a Final Determination that the First or Second Distribution results in any Distribution Related Gain.

(d) Reporting and Restrictions. (i) At quarterly intervals

beginning on February 30, 2001 and at any other time reasonably requested by the party to receive such report, during the period commencing immediately after the Date of the Second Distribution and ending two years after such date, NSI-Del will provide to Spinco, NSI Enterprises will provide to Spinco and Spinco will provide to NSI-Del and NSI Enterprises a report ("Report") listing for the period commencing immediately after the Date of the Second Distribution and ending on the date of the Report any issuance, sale, transfer, assignment or redemption (or any agreement, understanding, arrangement, or substantial negotiations concerning the issuance, sale, transfer, assignment or redemption) of the reporting corporation's: (x) Stock (excluding any sale, transfer, or assignment of Stock between two shareholders neither of whom own, either directly or indirectly, five-percent or more of the Stock of the corporation whose Stock is transferred (treating all options as exercised), provided that the reporting corporation has not authorized such sale, transfer, or assignment and that such sale, transfer, or assignment meets the requirements of the safe harbor in Temporary regulations Section 1.355-7(f)(5)); (y) Stock Options; and (z) Assets (excluding: (A) any sale, transfer, or assignment of Assets that is fully taxable to the

transferor; and (B) any other sale, transfer, or assignment of Assets that in the aggregate does not exceed 5 percent of the gross assets of the selling, transferring, or assigning corporation as reflected on such corporation's balance sheet during any 90 day period).

(ii) In addition within two months following the Date of the Second Distribution, Spinco shall provide to NSI-Del a Report listing any issuance, sale, transfer, assignment or redemption (or any agreement, understanding, arrangement, or substantial negotiations, whether or not consummated, concerning the issuance, sale, arrangement, assignment or redemption) of NSI-Del's, NSI Enterprises' and Spinco's Stock, Stock Options, or Assets in each instance for the period commencing two years before the Date of the First Distribution and ending on the Date of the Second Distribution. For purposes of this clause (ii) of Section 2.04(d) the exclusions from NSI-Del's, NSI Enterprises' and Spinco's Stock and Asset reporting obligations contained in clause (i) of Section 2.04(d) shall apply.

(iii) At any time that the issuance, sale, transfer, assignment or redemption (or any agreement, understanding, arrangement, or substantial negotiations concerning the issuance, sale, arrangement, assignment or redemption) of the reporting corporation's Stock or Stock Options would exceed ten (10) percent by vote or value of the reporting corporation's outstanding Stock (treating Stock Options as exercised) or the issuance, sale, transfer, or assignment (or any agreement, understanding, arrangement, or substantial negotiations concerning the issuance, sale, transfer, or assignment) of the reporting corporation's Assets would exceed 10 percent of the gross assets of the selling, transferring, or assigning corporation as reflected on such corporation's balance sheet, a notice ("Notice") of such transaction must be given to the other party 30 days prior to such issuance, transfer, assignment or redemption (or the entering into of any agreement, understanding, arrangement, or substantial negotiations concerning the issuance, sale, arrangement, assignment or redemption). For purposes of this clause (iii) of Section 2.04(d), the exclusions from NSI-Del's, NSI Enterprises' and Spinco's Stock and Asset reporting obligations contained in clause (i) of Section 2.04(d) shall apply.

(iv) NSI-Del's, NSI Enterprises' and Spinco's obligations to issue Reports and Notices will be extended beyond the 2 year reporting period (not to exceed 5 years after the Date of the Second Distribution) until the consummation of any agreement, understanding, arrangement or substantial negotiations for the issuance, sale, transfer or assignment of the reporting corporations' Stock, Stock Options or Assets that is reported or required to be reported during the 2 year period after the Date of the Second Distribution.

(v) If, before the expiration of the reporting period (i.e. the two year anniversary of the Date of the Second Distribution or later if the period is extended under clause (iv) of this Section 2.04(d)), the issuances, sales, transfers, assignments, or redemptions (or agreement, understanding, arrangement or substantial negotiations concerning the issuance, sale, transfer, assignment or redemption) of the reporting corporation's Stock, Stock Options or Assets that have been reported pursuant to clauses (i) and (ii) of this Section 2.04(d) or would be required to be reported pursuant to clauses (i) and (ii) of this Section 2.04(d) if such reports were due, in the aggregate, would equal or exceed (as calculated using a method provided by a nationally recognized tax advisor acceptable to both NSI-Del and Spinco) a 40 Percent Interest in such reporting company (the "40 Percent Threshold"), such company (or companies, if both have

reached the 40 Percent Threshold) shall not take any action or fail to take any action that would cause the 40 Percent Threshold to be exceeded without obtaining an opinion from a nationally recognized tax advisor (acceptable to both NSI-Del and Spinco) that such issuance, sale, transfer, assignment, or redemption (or agreement, understanding, arrangement or substantial negotiations concerning the issuance, sale, transfer, assignment or redemption) will not cause Section 355(e) of the Code to apply to the Second Distribution or Section 355(f) of the Code to apply to the First Distribution. The expense of obtaining any opinion under this clause (v) of Section 2.04(d) will be borne by the party whose issuance, sale, transfer, assignment, redemption is the subject of such opinion.

(vi) For purposes of this Section 2.04(d), NSI-Del, NSI Enterprises and Spinco will not be required to report any issuance, sale, transfer, assignment, or redemption of Stock, Stock Options or Assets with respect to which (y) the Internal Revenue Service ("IRS") has issued a private letter ruling to NSI-Del, NSI Enterprises or Spinco, or (z) a nationally recognized tax advisor acceptable to both NSI-Del and Spinco has issued an opinion, that such issuance, sale, transfer, assignment, or redemption is not required to be taken into account in applying Sections 355(e) or 355(f) of the Code by reason of any statutory provision that may hereafter be enacted, any applicable final or temporary regulations that may be issued, or any applicable guidance that may be published by the IRS upon which taxpayers are authorized to rely. The expense of obtaining any opinion under this Section 2.04(d) (vi) from a nationally recognized tax advisor or an IRS private letter ruling will be borne by the party whose issuance, sale, transfer, assignment or redemption is the subject of such opinion or private letter ruling.

(f) Transfer Taxes. Notwithstanding clause (i) of Section 2.03(a), liability for any transfer taxes imposed on any transfer in the Corporate Transactions of real or personal property will be allocated between Spinco and NSI-Del according to Section 7.5 of the Distribution Agreement.

ARTICLE III

Carrybacks, Distributions and Elections

3.01 Carrybacks.

(a) To the extent permitted by law, any member of the Spinco Group shall be entitled to carry back any net operating loss or other item from a taxable period ending after the Date of the Second Distribution to a taxable period ending on or before the Date of the Second Distribution. At the direction of Spinco, NSI-Del shall file any claim for refund relating to such carry back. Any refund of taxes resulting from any such carryback by a member of the Spinco Group shall be payable to Spinco as provided in Section 4.01. Spinco shall indemnify and hold NSI-Del harmless for any tax liability that results from any refund claim relating to a carryback under this Section 3.01(a). Notwithstanding any other provision of this Agreement to the contrary, Spinco shall be considered the Controlling Party for purposes of Article V for any tax audit or proceeding involving any period ending on or before the Date of the Second Distribution to which the net operating loss or other item is carried back and Spinco shall have sole right to contest such audit or proceeding and to employ advisors of its choice under Section 5.01.

(b) To the extent permitted by law, any member of the NSI-Del Group shall be entitled, upon consent from Spinco (which consent shall not be unreasonably delayed or withheld), to carry back any net operating loss or other item from a taxable period ending after the Date of the Second Distribution to a taxable period ending on or before the Date of the Second Distribution. NSI-Del shall be responsible for filing any claim for refund relating to such carry back, except that NSI-Del shall not file any claim without prior written approval of such claim by Spinco (which approval shall not be unreasonably delayed or withheld). Any refund of taxes resulting from any such carryback by a member of the NSI-Del Group shall be payable to NSI-Del as provided in Section 4.01. NSI-Del shall indemnify and hold Spinco harmless for any tax liability that results from any refund claim relating to a carryback under this Section 3.01(b). Notwithstanding any other provision of this Agreement to the contrary, Spinco shall be considered the Controlling Party for purposes of Article V for any tax audit or proceeding involving any period ending on or before the Date of the Second Distribution to which the net operating loss or other item is carried back and Spinco shall have sole right to contest such audit or proceeding and to employ advisors of its choice under Section 5.01 provided, however, that Spinco shall (i) permit NSI-Del to participate at its own expense in any proceedings relating to any claim for refund pursuant to this Section 3.01(b); (ii) shall, at NSI's request, contest any denial (in whole or in part) of any such claim for refund, provided that NSI-Del shall agree to pay to Spinco on demand all out-of-pocket costs, losses and expenses (including, but not limited to, legal and accounting fees) paid or incurred by Spinco in connection with contesting such claim; (iii) not settle any such claim for refund without NSI-Del's consent (which consent shall not be unreasonably delayed or withheld); provided that if Spinco wishes to settle such claim and NSI-Del does not consent, NSI-Del will pay to Spinco on demand all out-of-pocket costs, losses and expenses (including, but not limited to, legal and accounting fees) paid or incurred by Spinco in connection with contesting such claim, regardless of whether NSI-Del requested such claim to be contested; and (iv) to the extent NSI-Del is not participating, shall keep NSI-Del informed as to all significant developments relating to any such claim for refund or the contest of any denial thereof.

(c) To the extent NSI-Del elects to carry back any net operating loss or other item from a taxable period beginning after the Date of the Second Distribution to a Stub Period (any refund resulting from which carry back to be payable to NSI-Del as provided in Section 4.01), Spinco shall not be liable (notwithstanding clause (i) of Section 2.03(a) to the contrary) for any tax liability resulting from a claim of refund for such carry back.

3.02 Distributions and Elections.

(a) No member of the Spinco Group shall make any tax election, pay or cause to be paid any distribution from an Affiliate or take any other action that would cause an actual increase in the taxes for which the NSI-Del Group is responsible or would cause an actual reduction in the amount of any refund of taxes payable to the NSI-Del Group.

(b) No member of the NSI-Del Group shall make any tax election, pay or cause to be paid any distribution from an Affiliate or take any other action that would cause an actual increase in the taxes for which the Spinco Group is responsible or would cause an actual reduction in the amount of any refund of taxes payable to the Spinco Group.

(c) Neither Spinco nor NSI-Del shall be liable to the other under Section 3.02(a) or Section 3.02(b) for any tax position on a Tax Return that independent tax counsel selected by Spinco (in the case of a Tax Return position desired to be taken by any member of the Spinco Group) or NSI-Del (in the case of a Tax Return position desired to be taken by any member of the NSI-Del Group), the identity of which is reasonably acceptable to the other party, opines that such position is necessary and required to comply with the Code, the regulations or other applicable law.

(d) To the extent permitted by law, Spinco and NSI-Del will file any Tax Return which such party is responsible to file for the Stub Period or for any Period Before the Second Distribution consistent with the tax principles and methods reflected in the NSI-Del fiscal year ending August 31, 2000 federal income tax return as filed.

ARTICLE IV

Payments

4.01 Payments. Subject to the provisions of Section 2.03 and Section 5.03, and except as otherwise explicitly provided herein, all payments due hereunder to a party shall be paid not later than twenty (20) days after the receipt or crediting of a refund or the receipt of notice of a Final Determination by reason of which a party is liable for an indemnified cost pursuant to this Agreement, together with interest at a rate equal to the Applicable Federal Rate from the date on which the indemnifying party receives such receipt, credit or notice.

4.02 Notice. Spinco and NSI-Del shall give each other prompt written notice of any payment that may be due under this Agreement.

4.03 Reimbursement. Any party hereto that is entitled to indemnification, payment or reimbursement pursuant to the terms of this agreement shall be reimbursed on an After Tax Basis for all reasonable expenses (including, but not limited to, attorney's fees) incurred in connection with the enforcement of its rights hereunder. The preceding sentence shall not be construed to limit a party's entitlement to reimbursements or payments to which it otherwise is entitled pursuant to the terms of this agreement.

ARTICLE V

Tax Audits

5.01 General. Except as provided in Sections 3.01, 5.02 and 6.02 hereof, each of Spinco and NSI-Del shall have sole responsibility for all audits or other proceedings with respect to Tax Returns that it is required to file under Section 2.01 (the "Controlling Party"). Except as provided in Section 5.03 hereof, the Controlling Party shall have the sole right to contest the

audit or proceeding and to employ advisors of its choice. In addition, Spinco shall be considered the Controlling Party of any audit or other proceeding with respect to any Tax Return filed before the Date of the Second Distribution.

5.02 Indemnified Claims in General. Spinco and NSI-Del shall promptly notify the other in writing prior to the issuance of an actual notice of assessment by the relevant Taxing Authority (for example, if by the IRS, prior to the issuance of a Form 5701 Notice of Proposed Adjustment) of any proposed adjustment to a Tax Return that may result in liability of the other party (the "Indemnitor") under this Agreement. If there is no Indemnitor other than the Controlling Party, Sections 5.02 and 5.03 are inapplicable and Section 5.01 shall govern the rights of the parties with respect to the audit or proceeding. If the Indemnitor is not also the Controlling Party (as may be the case in the Stub Period), the Controlling Party shall provide the Indemnitor with information about the nature and amounts of the proposed adjustments and shall permit the other party to participate in the proceeding at its own expense, provided, however, that the failure of the Controlling Party to notify or provide such information to the Indemnitor shall not affect the Indemnitor's indemnity obligations hereunder unless and to the extent the Indemnitor is materially prejudiced thereby. Upon a Final Determination of the assessment or proposed adjustment, the Indemnitor shall pay its pro rata share (based on its share of liability resulting from the Final Determination) of all reasonable expenses (including, but not limited to, legal and accounting fees) incurred by the Controlling Party in connection with the assessment or proposed adjustment within seven (7) days after a written request by the Controlling Party.

5.03 Certain Federal Income Tax Claims in the Stub Period. (a) Any issues raised by the IRS in any tax inquiry, audit, examination, investigation, dispute, litigation or other proceeding relating to the Stub Period which would result in federal income tax liability to the Indemnitor is defined as a "Claim". Except as provided in Sections 3.01(b), 5.03(d) and the second sentence of Section 5.02 hereof, and notwithstanding any other provision of this Agreement that may be construed to the contrary, the Controlling Party agrees to contest any Claim and not to settle any Claim without the prior written consent of the Indemnitor, provided that (i) the Controlling Party shall provide notice to Indemnitor pursuant to Section 5.02 hereof of any Claim, (ii) within thirty (30) days after notice by the Controlling Party to the Indemnitor of a Claim is received by the Indemnitor, the Indemnitor shall request in writing that such Claim be contested, (iii) within thirty (30) days after notice by the Controlling Party to the Indemnitor of such Claim is received by the Indemnitor, the Indemnitor shall have provided an opinion of independent tax counsel, selected by the Indemnitor and reasonably acceptable to the Controlling Party, to the effect that it is more likely than not that a Final Determination shall be substantially consistent with the Indemnitor's position relating to such Claim, (iv) the Indemnitor agrees to pay on demand all out-of-pocket costs, losses and expenses (including, but not limited to, legal and accounting fees) paid or incurred by the Controlling Party in connection with contesting such Claim, except for a Claim where the expenses are shared pursuant to Section 2.04(a) hereof, and (v) the Controlling Party, after reasonable consultation with the Indemnitor, shall determine in its sole discretion the nature of all actions to be taken to contest such Claim, including (1) whether any action to contest such Claim shall initially be by way of judicial or administrative proceeding, or both, (2) whether any such Claim shall be contested by resisting payment thereof or by paying the same and seeking a refund thereof, and (3) the court or other judicial body

before which judicial action, if any, shall be commenced. To the extent the Indemnitor is not participating, the Controlling Party shall keep the Indemnitor and, upon request by the Indemnitor, its counsel, informed as to the progress of the contest.

(b) If the Indemnitor requests that the Controlling Party accept a settlement of a Claim offered by the IRS and if such Claim may, in the reasonable discretion of the Controlling Party, be settled without prejudicing any claims the IRS may have with respect to matters other than the transactions contemplated by the Distribution Agreement, the Controlling Party shall either accept such settlement offer or agree with the Indemnitor that the Indemnitor's liability with respect to such Claim shall be limited to the lesser of (i) an amount calculated on the basis of such settlement offer or (ii) the amount calculated on the basis of a Final Determination. After a settlement or a Final Determination, the Controlling Party shall reimburse the Indemnitor in an amount equal to the excess, if any, of the amount of expenses paid by the Indemnitor pursuant to clause (iv) of Section 5.03(a) over the Indemnitor's pro rata portion of such expenses based on the Indemnitor's share of the liability with respect to such Claim as determined under the first sentence of this Section 5.03(b).

(c) If the Controlling Party shall elect to pay the Claim and seek a refund, the Indemnitor shall lend sufficient funds on an interest-free basis to the Controlling Party, and with no net after-tax cost to the Controlling Party, to cover any applicable indemnity obligations of the Indemnitor. To the extent such refund claim is ultimately disallowed, the loan or portion thereof equal to the amount of the refund claim so disallowed shall be applied against the Indemnitor's obligation to make indemnity payments pursuant to this Agreement. In addition if the refund is ultimately disallowed, the Controlling Party shall reimburse the Indemnitor for the Controlling Party's pro rata portion of the expenses paid by the Indemnitor under clause (iv) of Section 5.03(a) based on the Controlling Party's share of the tax previously paid. To the extent such refund claim is allowed, the Controlling Party shall pay to the Indemnitor (i) the amounts loaned or advanced to the Controlling Party with respect to the indemnity obligation (not to exceed the Indemnitor's share of any refund), and (ii) the Controlling Party's pro rata portion of the expenses paid by the Indemnitor under clause (iv) of Section 5.03(a) based on the Controlling Party's share of any refund, within ten (10) days of the receipt of such refund (or if the Controlling Party would have received such refund but for the existence of a counterclaim or other claim not indemnified by the Indemnitor under this Agreement, within ten (10) days of the final resolution of the contest), plus an amount equal to any interest received (or that would have been received) from the IRS that is properly attributable to such amount.

(d) Except as provided below, the Controlling Party shall not settle a Claim that Indemnitor is entitled to require the Controlling Party to contest under Section 5.03(a) without the prior written consent of the Indemnitor. At any time, whether before or after commencing to take any action pursuant to this Section 5.03 with respect to any Claim, the Controlling Party may decline to take action with respect to such Claim and may settle such Claim without the prior written consent of the Indemnitor by notifying the Indemnitor in writing that the Indemnitor is released from its obligations to indemnify the Controlling Party with respect to such Claim (which notification shall release the Indemnitor from such obligations except to the extent the Indemnitor has agreed in writing that it would be willing to have its liability calculated on the basis of a settlement offer, as provided in Section 5.03(b), at that point

in the contest) and with respect to any Claim the resolution of which is based on the outcome of such Claim. If the Controlling Party settles any Claim without the consent of the Indemnitor or otherwise takes or declines to take any action pursuant to this paragraph, the Controlling Party shall (i) reimburse the Indemnitor for all the expenses paid by the Indemnitor pursuant to clause (iv) of Section 5.03(a), and (ii) pay to the Indemnitor any other amounts paid or advanced by the Indemnitor with respect to such Claim (other than amounts payable by the Indemnitor in connection with a settlement offer pursuant to Section 5.03(b)), plus interest at a rate equal to the Applicable Federal Rate from the date on which the amounts were advanced.

ARTICLE VI

Cooperation

6.01 General. NSI-Del and Spinco shall cooperate with each other in the filing of any Tax Returns and the conduct of any audit or other proceeding and each shall execute and deliver such powers of attorney and make available such other documents as are reasonably necessary to carry out the intent of this Agreement. Each party agrees to notify the other party in writing of any audit adjustments which do not result in tax liability but can be reasonably expected to affect Tax Returns of the other party, or any of its Subsidiaries, for the Stub Period or a Period After the Second Distribution. Each party agrees to treat the First and Second Distribution for all income tax purposes as not causing the recognition of any gain or loss.

6.02 Cooperation With Respect to Tax Return Filings, Examinations and Tax Related Controversies.

(a) NSI-Del's Obligations. In addition to any obligations imposed pursuant to the Distribution Agreement, NSI-Del and each other member of the NSI-Del Group shall fully cooperate with Spinco and its representatives, in a prompt and timely manner, in connection with (i) the preparation and filing of and (ii) any inquiry, audit, examination, investigation, dispute, or litigation involving, any Tax Return filed or required to be filed by or for any member of the Spinco Group for any taxable period ending on or before the Date of the Second Distribution. Such cooperation shall include, but not be limited to, (x) the execution and delivery to Spinco by the appropriate NSI-Del Group member of any power of attorney required to allow Spinco and its counsel to participate on behalf of NSI-Del or such other NSI-Del Group member in any inquiry, audit or other administrative proceeding and to assume the defense or prosecution, as the case may be, of any suit, action or proceeding for which Spinco is the Controlling Party, (y) making available to Spinco, during normal business hours, and within thirty (30) days of any written request therefor, all books, records and information, and the assistance of all appropriate officers and employees, reasonably necessary or useful in connection with any tax inquiry, audit, examination, investigation, dispute, litigation or any other matter, and (z) use of its commercially reasonable best efforts in defending Spinco's interests in any tax inquiry, audit, examination, investigation, dispute, litigation or any other matter for which NSI-Del is the Controlling Party.

(b) Spinco's Obligations. In addition to any obligations imposed pursuant to the Distribution Agreement, Spinco shall fully cooperate with NSI-Del and its representatives, in a prompt and timely manner, in connection with (i) the preparation and filing of and (ii) any inquiry, audit, examination, investigation, dispute, or litigation involving, any Tax Return filed or required to be filed by or for any member of the NSI-Del Group which includes Spinco or any other member of the Spinco Group. Such cooperation shall include, but not be limited to, (x) the execution and delivery to NSI-Del by the appropriate Spinco Group member of any power of attorney required to allow NSI-Del and its counsel to participate on behalf of Spinco or such other Spinco Group member in any inquiry, audit or other administrative proceeding and to assume the defense or prosecution, as the case may be, of any suit, action or proceeding for which NSI-Del is the Controlling Party, (y) making available to NSI-Del, during normal business hours, and within thirty (30) days of any written request therefor, all books, records and information, and the assistance of all appropriate officers and employees, reasonably necessary or useful in connection with any tax inquiry, audit, examination, investigation, dispute, litigation or any other matter, and (z) the use of its commercially reasonable best efforts in defending NSI-Del's interests in any tax inquiry, audit, examination, investigation, dispute, litigation or other matter for which Spinco is the Controlling Party.

(c) Remedy for Failure to Comply. If Spinco reasonably determines that NSI-Del is not for any reason fulfilling its obligations under Section 6.02(a) hereof, or if NSI-Del reasonably determines that Spinco is not for any reason fulfilling its obligations under Section 6.02(b) hereof, then NSI-Del or Spinco, as the case may be, shall have the right to appoint an independent nationally-recognized public accounting or law firm to assist the other in meeting its obligations under this Section 6.02. Such entity shall have complete access, during normal business hours to all books, records and information, and the reasonable cooperation of all appropriate officers and employees, of NSI-Del or Spinco, as the case may be. In addition, the non-fulfilling party shall be responsible for any additional tax liability caused by the non-fulfillment of its obligations under Section 6.02(a) or (b). Anything in the preceding provisions of this Section 6.02(c) to the contrary notwithstanding, if the party alleged not to have fulfilled or be fulfilling its obligations under Section 6.02(a) or 6.02(b), as applicable, shall maintain that it fulfilled its obligations under Section 6.02(a) or Section 6.02(b), as applicable, and/or that no additional liability resulted from any non-fulfillment with respect to Section 6.02(a) or Section 6.02(b), as applicable, such matter or matters shall be determined by independent counsel agreed to by both the allegedly non-fulfilling party and the party alleging non-fulfillment (which determination shall be final and binding). If such independent counsel shall determine that the allegedly non-fulfilling party in fact fulfilled its obligations under Section 6.02(a) or Section 6.02(b), as applicable: (i) the fees and expenses of the accounting or law firm appointed pursuant to the first sentence of this Section 6.02(c) as well as the fees and expenses of the independent counsel making such determination shall be paid by the party alleging non-fulfillment, and (ii) liability for taxes alleged to have resulted from such non-fulfillment shall be borne by Spinco or NSI-Del without regard to this Section 6.02(c). If such independent tax counsel shall determine that the alleged non-fulfilling party did not fulfill its obligations under Section 6.02(a) or 6.02(b), as applicable: (i) the fees and expenses referred to in clause (i) of the preceding sentence shall be borne by the party determined not to have fulfilled such obligations, and (ii) the additional tax liability alleged to have been caused by such non-fulfillment shall be borne by the non-fulfilling party, unless and to the extent that such independent counsel determines that such taxes were not caused by such non-fulfillment, in which case and to which extent liability for taxes alleged to

have resulted from such non-fulfillment shall be borne by Spinco or NSI-Del without regard to this Section 6.02(c).

ARTICLE VII

Retention of Records; Access

The NSI-Del Group and the Spinco Group shall (a) in accordance with their then current record retention policy, retain records, documents, accounting data and other information (including computer data) necessary for the preparation and filing of all Tax Returns in respect of taxes of the NSI-Del Group or the Spinco Group for any Period Before the Second Distribution or any Stub Period for the audit of such Tax Returns; and (b) give to the other reasonable access to such records, documents, accounting data and other information (including computer data) and to its personnel (insuring their cooperation) and premises, for the purpose of the review or audit of such Tax Returns to the extent relevant to an obligation or liability of a party under this Agreement. At any time after the Date of the Second Distribution that either the NSI-Del Group or the Spinco proposes to destroy such material or information, it shall first notify the other Group in writing, and the other Group shall be entitled to receive such materials or information proposed to be destroyed.

ARTICLE VIII

Disputes

If NSI-Del and Spinco cannot agree on the calculation of any liabilities under this Agreement, such calculation shall be made by any independent public accounting firm acceptable to both NSI-Del and Spinco. The decision of such firm shall be final and binding. The fees and expenses incurred in connection with such calculation shall be allocated between and borne by the parties based upon the independent public accounting firm's determination with respect to the disputed calculation. Any accounting firm engaged pursuant to this Article VIII shall be empowered to make determinations with respect to matters of calculation only and not with regard to the proper interpretation of this Agreement.

ARTICLE IX

Termination of Liabilities

Notwithstanding any other provision in this Agreement, any liabilities determined under this Agreement shall not terminate any earlier than the expiration of the applicable statute of limitation for such liability. All other covenants under this Agreement shall survive indefinitely.

ARTICLE X

Miscellaneous Provisions

10.01 Complete Agreement; Construction. This Agreement, together with the Ancillary Agreements, shall constitute the entire agreement between the parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter.

10.02 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to the other parties.

10.03 Survival of Agreements. Except as otherwise contemplated by this Agreement, all covenants and agreements of the parties contained in this Agreement shall survive the Date of the Second Distribution.

10.04 Notices. All notices and other communications hereunder shall be in writing, shall reference this Agreement and shall be hand delivered or mailed by registered or certified mail (return receipt requested) or sent by any means of electronic message transmission with delivery confirmed (by voice or otherwise) to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice) and will be deemed given on the date on which such notice is received:

To NSI-Del:

National Service Industries, Inc.
1420 Peachtree Street, N.E.
Atlanta, Georgia 30309-3002
Attention: Carol Ellis Morgan

To Spinco:

Acuity Brands, Inc.
1420 Peachtree Street, N.E.
Atlanta, Georgia 30309-3002
Attention: Kenyon W. Murphy

10.05 Waivers. The failure of any party to require strict performance by any other party of any provision in this Agreement shall not waive or diminish that party's right to demand strict performance thereafter of that or any other provision hereof.

10.06 Amendments. This Agreement may not be modified or amended except by an agreement in writing signed by each of the parties hereto.

10.07 Successors and Assigns. The provisions to this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

10.08 Subsidiaries. Each of the parties hereto shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any Subsidiary of such party or by any entity that is contemplated to be a Subsidiary of such party on and after the Distribution Date.

10.09 Third-Party Beneficiaries. This Agreement is solely for the benefit of the parties hereto and their respective Subsidiaries and Affiliates and should not be deemed to confer upon third parties any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

10.10 Title and Headings. Titles and headings to Sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

10.11 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN THE STATE OF DELAWARE.

10.12 Dispute Resolution. Any dispute arising out of or relating to the performance, breach or interpretation of this Agreement shall be handled in accordance with Article VIII of this Agreement (solely with respect to matters of computation) and Article V of the Distribution Agreement.

10.13 Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic or operational effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

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

ACUITY BRANDS, INC.

By /s/ James S. Balloun

James S. Balloun
President and Chief Executive Officer

Witness: /s/ Kenyon W. Murphy

Kenyon W. Murphy

NATIONAL SERVICE INDUSTRIES, INC.,
a Delaware corporation

By: /s/ Brock A. Hattox

Brock A. Hattox
Executive Vice President and
Chief Financial Officer

Witness: /s/ Carol Morgan

Carol Morgan

NATIONAL SERVICE INDUSTRIES, INC., a
California corporation

By: /s/ Brock A. Hattox

Brock A. Hattox
Executive Vice President and
Chief Financial Officer

Witness: /s/ Carol Morgan

Carol Morgan

TRANSITION SERVICES AGREEMENT

THIS TRANSITION SERVICES AGREEMENT, dated as of November 30, 2001 (this "Agreement"), is made by and between National Service Industries, Inc., a Delaware corporation ("Parent"), and Acuity Brands, Inc., a Delaware corporation ("Spinco").

WITNESSETH:

WHEREAS, Parent and Spinco are parties to an Agreement and Plan of Distribution, dated as of November 30, 2001 (the "Distribution Agreement"), pursuant to which Parent will transfer certain assets to Spinco and have Spinco assume certain liabilities of Parent;

WHEREAS, in connection with the transactions contemplated by the Distribution Agreement, Parent and Spinco wish to enter into this Agreement for purposes of continuity and transition; and

WHEREAS, Spinco desires to cause Parent to provide the Services set forth on Schedule A to Spinco, and Parent is willing to provide such Services, and Parent desires to cause Spinco to provide the Services set forth on Schedule B to Parent, and Spinco is willing to provide such Services, all on the terms and conditions set forth below;

NOW, THEREFORE, the parties hereto, in consideration of the premises and the mutual covenants contained herein, agree as follows:

SECTION 1. SPECIFIC DEFINITIONS.

In addition to the terms defined elsewhere in this Agreement, as used in this Agreement, the following terms have the respective meanings set forth below:

"Applicable Rate" shall mean the rate of interest per annum announced from time to time by Wachovia Bank of Georgia, N.A. as its prime lending rate plus 4% per annum.

"Loss" shall mean all losses, liabilities, damages, claims, demands, judgments or settlements of any nature or kind, known or unknown, fixed, accrued, absolute or contingent, liquidated or unliquidated, including all reasonable costs and expenses (legal, accounting or otherwise as such costs are incurred) relating thereto.

"Parent Services" shall mean those transitional services to be provided by Parent to Spinco set forth on Schedule A hereto to assist Spinco in operating Spinco's business.

"Person" shall mean any natural person, corporation, business trust, limited liability company, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

"Services" shall mean, collectively, the Parent Services and the Spinco Services.

"Spinco Services" shall mean those transitional services to be provided by Spinco to Parent set forth on Schedule B hereto to assist Parent in operating Parent's business.

SECTION 2. SERVICES.

2.1 Services. (a) Parent shall provide to Spinco each Parent Service for the term set forth opposite the description of such Parent Service in Schedule A. Additional services may be provided to Spinco by Parent if such arrangement is agreed to in writing and executed by Parent and Spinco.

(b) Spinco shall provide to Parent each Spinco Service for the term set forth opposite the description of such Spinco Service in Schedule B. Additional services may be provided by Spinco to Parent if such arrangement is agreed in writing and executed by Parent and Spinco.

2.2 Standard of Service. In performing the Services, Parent and Spinco shall provide substantially the same level of service and use substantially the same degree of care as their respective personnel provided and used in providing such Services prior to the date hereof, subject in each case to any provisions set forth on Schedule A or Schedule B with respect to each such Service.

SECTION 3. LICENSES AND PERMITS.

Each party warrants and covenants that all duties and obligations (including with respect to Parent, all Parent Services and with respect to Spinco, all Spinco Services) to be performed hereunder shall be performed in compliance with all material applicable federal, state, provincial and local laws, rules and regulations. Each party shall obtain and maintain all material permits, approvals and licenses necessary or appropriate to perform its duties and obligations (including with respect to Parent, the Parent Services and with respect to Spinco, the Spinco Services) hereunder and shall at all times comply with the terms and conditions of such permits, approvals and licenses.

SECTION 4. PAYMENT.

4.1 Service Fees. (a) In consideration for the provision of each of the Parent Services, Spinco shall pay to Parent the fee set forth for such Parent Service on Schedule A.

(b) In consideration for the provision of each of the Spinco Services, Parent shall pay to Spinco the fee set forth for such Spinco Service on Schedule B.

4.2 Costs and Expenses. (a) In addition to the fees payable in accordance with Section 4.1(a), Spinco shall reimburse Parent for all reasonable and necessary out-of-pocket costs and expenses (including postage and other delivery costs, telephone, telecopy and similar expenses) incurred by Parent with respect to third parties in connection with the provision of Parent Services to Spinco pursuant to the terms of this Agreement or paid by Parent on behalf of Spinco.

(b) In addition to the fees payable in accordance with Section 4.1(b), Parent shall reimburse Spinco for all reasonable and necessary out-of-pocket costs and expenses (including amounts for premiums, claims, fees, postage and other delivery costs, telephone, telecopy and similar expenses) incurred by Spinco with respect to third parties in connection with the provision of Spinco Services to Parent pursuant to the terms of this Agreement or paid by Spinco on behalf of Parent.

4.3 Invoices. (a) Parent will invoice Spinco in U.S. dollars: (i) as of the last day of each calendar month for any fees payable by Spinco in accordance with Section 4.1(a) for Parent Services listed on Schedule A provided pursuant to the terms of this Agreement during such month; (ii) as of the last day of each calendar month for any amounts payable by Spinco in accordance with Section 4.2(a) for any out-of-pocket costs and expenses incurred during the immediately preceding month to the extent Parent has received an invoice from such third party; and (iii) as of the last day of each calendar month for any taxes (excluding income taxes) payable with respect to the provision of Parent Services to Spinco during such month. Parent shall deliver or cause to be delivered to Spinco each such invoice within thirty (30) days following the last day of the calendar month to which such invoice relates. Spinco shall pay each such invoice received by electronic funds transfer within thirty (30) days of the date on which such invoice was received.

(b) Spinco will invoice Parent in U.S. dollars: (i) as of the last day of each calendar month for any fees payable by Parent in accordance with Section 4.1(b) for Spinco Services listed on Schedule B provided pursuant to the terms of this Agreement during such month; (ii) as of the last day of each calendar month for any amounts payable by Parent in accordance with Section 4.2(b) for any out-of-pocket costs and expenses incurred during the immediately preceding month to the extent Spinco has received an invoice from such third party; and (iii) as of the last day of each calendar month for any taxes (excluding income taxes) payable with respect to the provision of Spinco Services to Parent during such month. Spinco shall deliver or cause to be delivered to Parent each such invoice within thirty (30) days following the last day of the calendar month to which such invoice relates. Parent shall pay each such invoice received by electronic funds transfer within thirty (30) days of the date on which such invoice was received.

4.4 Late Payment. Any amount not paid when due shall be subject to a late payment fee computed daily at a rate equal to the Applicable Rate. Notwithstanding the foregoing, in the event a party disputes the accuracy of any invoice, a party shall pay the undisputed portion of such invoice as provided herein, and the parties hereto will promptly meet and seek to resolve the disputed amount of the invoice. Each party agrees to pay the other party's reasonable attorneys' fees and other costs incurred in collection of any amounts owed to such other party

hereunder and not paid when due. Notwithstanding anything to the contrary contained herein, in the event either party fails to make a payment when due hereunder, and such failure continues for a period of thirty (30) days following delivery of written notice to such non-paying party of such failure, the other party shall have the right to cease provision of Services to such non-paying party until such overdue payment (and any applicable late payment fee accrued with respect thereto) is paid in full. Such right of the party providing Services shall not in any manner limit or prejudice any of such party's other rights or remedies in the event of the non-paying party's failure to make payments when due hereunder, including any rights or remedies pursuant to Section 7.

4.5 Fees, Etc. Upon Termination of Services. In the event of a termination of Services pursuant to Section 7.1, with respect to the calendar month in which such Services cease to be provided (the "Termination Month"), the recipient of such Services shall be obligated to pay a pro rata share of the fee for such Service set forth on Schedule A or Schedule B, as applicable, equal to the product of (x) the fee set forth on Schedule A or Schedule B, as applicable, multiplied by (y) a fraction, the numerator of which is the number of days in the Termination Month such Services are provided, and the denominator of which is 30.

SECTION 5. INDEMNIFICATION.

5.1 Indemnification by Principal. (a) Spinco agrees to indemnify, defend and hold Parent harmless from and against any Loss to which Parent may become subject arising out of, by reason of or otherwise in connection with the provision hereunder by Parent of Parent Services, other than Losses resulting from Parent's gross negligence, willful misconduct or material breach of its obligations pursuant to this Agreement. Notwithstanding any provision in this Agreement to the contrary, Spinco shall not be liable under this Section 5.1 for any consequential, special or punitive damages (including lost profits), except to the extent that such consequential, special or punitive damages relate to a Loss resulting from a Third-Party Claim (as defined in the Distribution Agreement).

(b) Parent agrees to indemnify, defend and hold Spinco harmless from and against any Loss to which Spinco may become subject arising out of, by reason of or otherwise in connection with the provision hereunder by Spinco of Spinco Services, other than Losses resulting from Spinco's gross negligence, willful misconduct or material breach of its obligations pursuant to this Agreement. Notwithstanding any provision in this Agreement to the contrary, Parent shall not be liable under this Section 5.1 for any consequential, special or punitive damages (including lost profits), except to the extent that such consequential, special or punitive damages relate to a Loss resulting from a Third-Party Claim (as defined in the Distribution Agreement).

5.2 Indemnification by Provider. (a) Parent agrees to indemnify, defend and hold Spinco harmless from and against any Loss to which Spinco may become subject arising out of, by reason of or otherwise in connection with the provision hereunder by Parent of Parent Services to Spinco where such Losses resulted from Parent's gross negligence, willful misconduct or material breach of its obligations pursuant to this Agreement.

(b) Spinco agrees to indemnify, defend and hold Parent harmless from and against any Loss to which Parent may become subject arising out of, by reason of or otherwise in connection with the provision hereunder by Spinco of Spinco Services to Parent where such Losses resulted from Spinco's gross negligence, willful misconduct or material breach of its obligations pursuant to this Agreement.

5.3 Procedures for Indemnification. Any indemnification claims made hereunder shall be made in accordance with Article III of the Distribution Agreement.

SECTION 6. CONFIDENTIALITY.

Each party shall keep confidential the Schedules to this Agreement and all information received from the other party regarding the Services, including any information received with respect to Parent or Spinco, and to use such information only for the purposes set forth in this Agreement unless otherwise agreed to in writing by the party from which such information was received. In the event a party is required by any court or legislative or administrative body (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigation demand or similar process) to disclose any confidential information provided pursuant to this Agreement, the party shall provide the other party with prompt notice of such requirement in order to afford the other party an opportunity to seek an appropriate protective order or other remedy. However, if the other party is unable to obtain or does not seek such protective order and the party required to disclose the confidential information is, in the opinion of its counsel, legally compelled to disclose such confidential information, disclosure of such information may be made without liability under this Agreement. The covenants in this Section 6 shall survive any termination of this Agreement indefinitely with respect to information qualifying as a trade secret under applicable law and for a period of three (3) years from the date such termination becomes effective with respect to all other information.

SECTION 7. TERM.

7.1 Duration. (a) Subject to Sections 6, 7.2, 7.3 and 7.4, the term of this Agreement shall commence on the date hereof and shall continue in full force and effect with respect to each Service until the earlier of (i) the expiration of the duration or term period assigned to such Service on Schedule A or Schedule B or (ii) the termination of such Service in accordance with Section 7.1(b).

(b) Each party acknowledges that the purpose of this Agreement is for Parent to provide the Parent Services to Spinco on an interim basis until Spinco can perform the Parent Services for itself, and for Spinco to provide the Spinco Services to Parent on an interim basis until Parent can perform the Spinco Services for itself. Accordingly, each of Parent and Spinco shall use its commercially reasonable efforts to make or obtain such approvals, permits and licenses and implement such systems, as shall be necessary for it to provide the appropriate Services for itself as promptly as practicable. As Spinco becomes self-sufficient or engages

other sources to provide any Parent Service, Spinco shall be entitled to release Parent from providing any or all of the Parent Services hereunder by delivering a written notice thereof to Parent at least thirty (30) days prior to the effective date of release of such Parent Service(s). At the end of such thirty (30) day period (or such shorter period as may be agreed by the parties), Parent shall discontinue the provision of the Parent Services specified in such notice and any such Parent Services shall be excluded from this Agreement, and Schedule A shall be deemed to be amended accordingly. As Parent becomes self-sufficient or engages other sources to provide any Spinco Service, Parent shall be entitled to release Spinco from providing any or all of the Spinco Services hereunder by delivering a written notice thereof to Spinco at least thirty (30) days (or in the case of Services provided under the heading "Employee Benefits" on Schedule B, at least ninety (90) days). At the end of such thirty (30) or ninety (90) day period (or such shorter period as may be agreed by the parties), Spinco shall discontinue the provision of the Spinco Services specified in such notice and any such Spinco Services shall be excluded from this Agreement, and Schedule B shall be deemed to be amended accordingly.

7.2 Early Termination by Parent. Parent may terminate this Agreement by giving written notice to Spinco if Spinco shall default in the performance of any of its material obligations under, or breach any of its warranties set forth in, this Agreement, and such default or breach shall continue and not be remedied for a period of thirty (30) days after Parent has given written notice to Spinco specifying such default or breach and requiring it to be remedied.

7.3 Early Termination by Spinco. Spinco may terminate this Agreement by giving written notice to Parent if Parent shall default in the performance of any of its material obligations under, or breach any of its warranties set forth in, this Agreement and such default or breach shall continue and not be remedied for a period of thirty (30) days after Spinco has given written notice to Parent specifying such default or breach and requiring it to be remedied.

7.4 Force Majeure. In the event the performance by Spinco or Parent of their respective duties or obligations hereunder is interrupted or interfered with by reason of any cause beyond its reasonable control, including fire, storm, flood, earthquake, explosion, war, strike or labor disruption, rebellion, insurrection, quarantine, act of God, boycott, embargo, shortage or unavailability of supplies, riot, or governmental law, regulation or edict (collectively, the "Force Majeure Events"), the party affected by such Force Majeure Event shall not be deemed to be in default of this Agreement by reason of its nonperformance due to such Force Majeure Event, but shall give prompt written notice to the other party of the Force Majeure Event. The party affected by the Force Majeure Event shall cooperate with the other party in obtaining, at the other party's sole expense, an alternative source for the affected Services, and the other party shall be released from any payment obligation to the party affected by the Force Majeure Event with respect to such Services during the period of such Force Majeure Event. Additionally, upon and during the occurrence of a Force Majeure Event, at the sole option of the party receiving the Services affected by the Force Majeure Event, the term of this Agreement shall be tolled with respect to any Services that are not being provided by a third party.

7.5 Consequences on Termination. In the event this Agreement expires or is terminated in accordance with this Section 7, then (a) all Services to be provided will promptly cease, (b) each of Parent and Spinco shall promptly return all confidential information received

from the other party in connection with this Agreement (including the return of all information received with respect to the Services of Parent or Spinco, as the case may be), without retaining a copy thereof, and (c) each of Parent and Spinco shall honor all credits and make any accrued and unpaid payment to the other party as required pursuant to the terms of this Agreement, and no rights already accrued hereunder shall be affected.

SECTION 8. RECORDS.

Each of the parties shall create and, for a period of six (6) years after the termination or expiration of this Agreement, maintain full and accurate books in connection with the provision of the Services, and all other records relevant to this Agreement, and upon reasonable notice from the other party shall make available for inspection and copy by such other party's agents such records during reasonable business hours.

SECTION 9. DISPUTE RESOLUTION.

9.1 Dispute Resolution under Distribution Agreement. Any dispute arising out of or relating to the performance, breach or interpretation of this Agreement shall be handled in accordance with Article V of the Distribution Agreement.

9.2 Continuity of Service and Performance. Unless otherwise agreed herein or in writing, the parties will continue to provide Services and honor all other commitments under this Agreement and each Ancillary Agreement (as defined in the Distribution Agreement) during the course of dispute resolution pursuant to the provisions of this Section 9 with respect to all matters not subject to such dispute, controversy or claim.

SECTION 10. NOTICES.

All notices and other communications hereunder shall be in writing, shall reference this Agreement and shall be hand delivered or mailed by registered or certified mail (return receipt requested) or sent by any means of electronic message transmission with delivery confirmed (by voice or otherwise) to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice) and will be deemed given on the date on which such notice is received:

To Parent:

National Service Industries, Inc.
1420 Peachtree Street, N.E.
Atlanta, Georgia 30309-3002
Attention: Carol E. Morgan
Telephone: (404) 853-1000
Facsimile: (404) 853-1015

To Spinco:

Acuity Brands, Inc.
1420 Peachtree Street, N.E.
Atlanta, Georgia 30309-3002
Attention: Kenyon W. Murphy
Telephone: (404) 853-1400
Facsimile: (404) 853-1415

SECTION 11. MISCELLANEOUS.

11.1 Waivers, Modifications, Amendments. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by Spinco, on the one hand, and Parent, on the other hand, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and in addition to other or further remedies provided by law or equity.

11.2 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN THE STATE OF DELAWARE.

11.3 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any person, corporation, partnership or other entity or any circumstance, is invalid and unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other persons, corporations, partnerships or other entities or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any jurisdiction.

11.4 Reference; Interpretation. References in this Agreement to any gender include references to all genders, and references to the singular include references to the plural and vice versa. The words "include", "includes" and "including" when used in this Agreement shall be deemed to be followed by the phrase "without limitation." Unless the context otherwise requires, references in this Agreement to Sections and Schedules shall be deemed references to Sections of, and Schedules to, this Agreement. Unless the context otherwise requires, the words "hereof", "hereby" and "herein" and words of similar meaning when used in this Agreement refer to this Agreement in its entirety and not to any particular Section or provision of this Agreement. This Agreement shall not be construed against either party as the principal drafter hereof.

11.5 Entire Agreement. This Agreement (including all Schedules hereto) contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters.

11.6 Assignment. Neither Parent nor Spinco may, directly or indirectly, assign or subcontract, or attempt to assign or subcontract, any of its rights or obligations hereunder, in whole or in part, by operation of law or otherwise, except as contemplated by Schedule A or Schedule B or except with the prior written consent of the other party; it being understood that such consent shall not be unreasonably withheld if Parent or Spinco assigns or subcontracts the Agreement to one of its Affiliates (as defined in the Distribution Agreement) with the financial and other resources and expertise to perform all of the obligations of such party hereunder. Any attempted assignment or delegation not in compliance with the forgoing shall be null and void and of no effect. Nothing contained herein shall prevent a party from providing Services through or with the assistance of third parties whom such party regularly used to provide such Services prior to the date hereof.

11.7 Binding Effect. This Agreement shall be binding upon the parties hereto and their respective successors and permitted assigns, if any, and except as provided herein, shall inure to the benefit of the parties hereto and their respective successors and permitted assigns, if any.

11.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same Agreement.

11.9 No Agency or Partnership. Nothing in this Agreement will create, or will be deemed to create, a partnership or the relationship of principal and agent or of employer and employee between the parties.

11.10 Provisions Unaffected. Nothing contained in this Agreement shall affect the rights and obligations of Parent and Spinco pursuant to the Distribution Agreement.

[SIGNATURES FOLLOW ON NEXT PAGE.]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered on behalf of the parties as of the date first herein above written.

NATIONAL SERVICE INDUSTRIES, INC.

By: /s/ Brock A. Hattox

Name: Brock A. Hattox
Title: Executive Vice President

ACUITY BRANDS, INC.

By: /s/ James S. Balloun

Name: James S. Balloun
Title: President

EMPLOYEE BENEFITS AGREEMENT
BETWEEN
NATIONAL SERVICE INDUSTRIES, INC.

AND

ACUITY BRANDS, INC.

Dated as of the 30th day of November, 2001

EMPLOYEE BENEFITS AGREEMENT

TABLE OF CONTENTS

ARTICLE I DEFINITIONS AND REFERENCES.....	2
1.1 DEFINITIONS.....	2
(a) Action.....	2
(b) Agreement.....	2
(c) Annual Incentive Plan.....	2
(d) ASO Contract.....	2
(e) Award.....	2
(f) Close of the Distribution Date.....	2
(g) Code.....	3
(h) Conversion Formula.....	3
(i) Corporate Office.....	3
(j) Deferred Compensation Plans.....	3
(k) Distribution.....	3
(l) Distribution Agreement.....	3
(m) Distribution Date.....	4
(n) ERISA.....	4
(o) Executive Programs.....	4
(p) Foreign Plan.....	4
(q) Governmental Authority.....	4
(r) Granted Restricted Stock.....	4
(s) Group Insurance Policy.....	4
(t) Health and Welfare Plans.....	5
(u) HMO.....	5
(v) HMO Agreements.....	5
(w) Immediately after the Distribution Date.....	5
(x) Individual Agreement.....	5
(y) Liabilities.....	5
(z) Long-Term Incentive Plan.....	6
(aa) Master Pension Trust.....	6
(bb) Master Savings Trust.....	6
(cc) Material Feature.....	6
(dd) NSI Common Stock.....	6
(ee) NSI Executive.....	7
(ff) NSI Group.....	7
(gg) Participating Company.....	7
(hh) Person.....	7
(ii) Plan.....	7
(jj) Reimbursement Plans.....	7
(kk) Retained Corporate Employee.....	7
(ll) Savings Plans.....	8
(mm) Spinco Business.....	8
(nn) Spinco Common Stock.....	8
(oo) Spinco Group.....	8
(pp) Spinco Mirror Plan.....	8
(qq) Spinco Pension Plans.....	8
(rr) Spinco Stand-Alone Plan.....	8
(ss) Stock Incentive Plan.....	8
(tt) Subsidiary.....	9
(uu) Transferred Individual.....	9
(vv) Transition Services Agreement.....	10

EMPLOYEE BENEFITS AGREEMENT

(w) Ungranted Restricted Stock.....	10
1.2 REFERENCES.....	11
ARTICLE II GENERAL PRINCIPLES.....	12
2.1 ASSUMPTION OF LIABILITIES.....	12
2.2 SPINCO GROUP PARTICIPATION IN NSI PLANS.....	12
(a) Participation in NSI Plans.....	12
(b) NSI's General Obligations as Plan Sponsor.....	12
(c) Spinco's General Obligations as Participating Company.....	12
(d) Termination of Participating Company Status.....	13
2.3 ESTABLISHMENT OR ASSUMPTION OF THE SPINCO PLANS.....	13
(a) Assumption of Spinco Stand-Alone Plans.....	13
(b) Establishment of Spinco Mirror Plans.....	13
2.4 TERMS OF PARTICIPATION BY TRANSFERRED INDIVIDUALS.....	13
ARTICLE III DEFINED BENEFIT PLANS.....	15
3.1 ASSUMPTION OF PENSION PLANS AND LIABILITIES.....	15
(a) Assumption of Spinco Pension Plans and Related Liabilities.....	15
(b) Transfer of Liabilities under NSI Pension Plan C.....	15
3.2 ESTABLISHMENT OF MIRROR PENSION TRUSTS.....	15
3.3 TRANSFER OF ASSETS FROM NSI MASTER PENSION TRUST.....	15
(a) Pension Plan Asset Transfer.....	15
(b) Transfer of Specific Assets.....	16
3.4 GOVERNMENTAL COMPLIANCE.....	16
ARTICLE IV DEFINED CONTRIBUTION PLANS.....	17
4.1 SAVINGS PLANS.....	17
(a) Assumption of Spinco Savings Plans and Related Liabilities.....	17
(b) Transfer of Liabilities under NSI Corporate 401(k) Plan.....	17
(c) Savings Plan Trust.....	17
(d) Transfer of Assets.....	17
(e) Specific Stock Funds in the NSI and Spinco Savings Plans.....	18
4.2 NON-EMPLOYER STOCK FUND PROCEDURES.....	18
(a) Application of Procedures.....	18
(b) Right of First Refusal and Notice Procedures.....	19
(c) Procedures After Notice is Given.....	19
ARTICLE V HEALTH AND WELFARE PLANS.....	20
5.1 ASSUMPTION OF HEALTH AND WELFARE PLAN LIABILITIES.....	20
(a) Assumption by Spinco.....	20
(b) Certain Audit Procedures with Respect to Health and Welfare Plans.....	20
5.2 VENDOR CONTRACTS.....	21
(a) ASO Contracts, Group Insurance Policies, HMO Agreements, and Letters of Understanding...	21
(b) Payment and Effect of Change in Rates.....	22
5.3 NSI SHORT-TERM DISABILITY ARRANGEMENTS.....	22
5.4 RETIREE HEALTH AND LIFE INSURANCE BENEFITS.....	23
5.5 COBRA AND HIPAA.....	23
5.6 LEAVE OF ABSENCE PROGRAMS.....	23
5.7 POST-DISTRIBUTION TRANSITIONAL ARRANGEMENTS.....	23
(a) Continuance of Elections, Co-Payments, and Maximum Benefits.....	23
(b) Administration.....	24
(c) NSI Reimbursement Plans.....	25
5.8 APPLICATION OF ARTICLE V TO THE SPINCO GROUP.....	25

EMPLOYEE BENEFITS AGREEMENT

ARTICLE VI EXECUTIVE PROGRAMS.....	27
6.1 ASSUMPTION OF OBLIGATIONS.....	27
6.2 ANNUAL INCENTIVE AWARDS.....	27
6.3 LONG-TERM INCENTIVE PLAN.....	27
(a) Award 4 (for the performance period 9/1/99-8/31/02).....	27
(b) Stock Options.....	27
(c) Restricted Stock Awards.....	28
6.4 EMPLOYEE STOCK PURCHASE PLAN.....	29
6.5 DEFERRED COMPENSATION PLANS.....	29
(a) Assumption or Establishment of Spinco Deferred Compensation Plans.....	29
(b) Transfer of Corporate-Owned Life Insurance.....	30
6.6 SUPPLEMENTAL RETIREMENT BENEFIT PLANS.....	30
6.7 BENEFITS PROTECTION TRUST AND EXECUTIVE BENEFITS TRUST.....	30
6.8 SEVERANCE PROTECTION AGREEMENTS.....	30
6.9 EMPLOYMENT AGREEMENTS.....	31
6.10 AUTOMOBILE PROGRAM.....	31
6.11 OTHER EXECUTIVE BENEFITS/PROGRAMS.....	31
6.12 NON-EMPLOYEE DIRECTOR BENEFITS.....	31
(a) Non-Employee Director Deferred Stock Unit Plan.....	31
(b) Non-Employee Directors' Stock Option Plan.....	31
ARTICLE VII GENERAL.....	33
7.1 PAYMENT OF AND ACCOUNTING TREATMENT FOR EXPENSES AND BALANCE SHEET AMOUNTS.....	33
(a) Expenses.....	33
(b) Balance Sheet Amounts.....	33
7.2 SHARING OF PARTICIPANT INFORMATION.....	33
7.3 RESTRICTIONS ON EXTENSION OF OPTION EXERCISE PERIODS, AMENDMENT OR MODIFICATION OF OPTION TERMS AND CONDITIONS.....	33
7.4 REPORTING AND DISCLOSURE AND COMMUNICATIONS TO PARTICIPANTS.....	34
7.5 PLAN AUDITS.....	34
(a) Audit Rights with Respect to the Allocation or Transfer of Plan Assets.....	34
(b) Audit Rights With Respect to Information Provided.....	35
(c) Audits Regarding Vendor Contracts.....	35
(d) Audit Assistance.....	35
7.6 BENEFICIARY DESIGNATIONS/RELEASE OF INFORMATION/RIGHT TO REIMBURSEMENT.....	36
7.7 REQUESTS FOR INTERNAL REVENUE SERVICE RULINGS AND UNITED STATES DEPARTMENT OF LABOR OPINIONS....	36
7.8 FIDUCIARY AND RELATED MATTERS.....	36
7.9 NO THIRD-PARTY BENEFICIARIES; NON-TERMINATION OF EMPLOYMENT.....	36
7.10 COLLECTIVE BARGAINING.....	37
7.11 CONSENT OF THIRD PARTIES.....	37
7.12 FOREIGN PLANS.....	37
7.13 EFFECT IF DISTRIBUTION DOES NOT OCCUR.....	37
7.14 RELATIONSHIP OF PARTIES.....	37
7.15 AFFILIATES.....	38
7.16 DISPUTE RESOLUTION.....	38
7.17 INDEMNIFICATION.....	38
7.18 W-2 MATTERS.....	40
7.19 CONFIDENTIALITY.....	40
7.20 NOTICES.....	40
7.21 INTERPRETATION.....	40
7.22 SEVERABILITY.....	40
7.23 GOVERNING LAW/EXECUTION.....	41

EMPLOYEE BENEFITS AGREEMENT

THIS EMPLOYEE BENEFITS AGREEMENT, dated as of the 30th day of November, 2001, is by and between National Service Industries, Inc., a Delaware corporation ("NSI" or the "Corporation"), and Acuity Brands, Inc., a Delaware corporation ("Spinco").

WHEREAS, NSI's Board of Directors has determined that separation from the Corporation of substantially all of the Corporation's lighting equipment and chemicals assets and businesses and public ownership of such assets and businesses is in the best interests of NSI and its stockholders; and

WHEREAS, NSI has consolidated the assets and operations of substantially all of the lighting equipment and chemicals businesses owned by it and its Subsidiaries into Spinco and its Subsidiaries; and

WHEREAS, NSI intends to accomplish the separation of Spinco through a distribution of the stock of Spinco to the stockholders of NSI that is intended to be tax free pursuant to section 355 of the Internal Revenue Code of 1986, as amended (the "Distribution"); and

WHEREAS, NSI and Spinco have entered into an Agreement and Plan of Distribution, dated as of November 30, 2001 (the "Distribution Agreement"), and several other agreements that will govern certain matters relating to the Distribution and the relationship of NSI and Spinco and their respective Subsidiaries following the Distribution; and

WHEREAS, pursuant to the Distribution Agreement, NSI and Spinco have agreed to enter into this Agreement for the purpose of allocating assets, liabilities, and responsibilities with respect to certain employee compensation and benefit plans and programs between them.

NOW, THEREFORE, in consideration of the mutual promises contained herein and in the Distribution Agreement, the parties agree as follows:

EMPLOYEE BENEFITS AGREEMENT

ARTICLE I DEFINITIONS AND REFERENCES

1.1 DEFINITIONS

For purposes of this Agreement, capitalized terms used (other than the formal names of NSI Plans (as defined below)) and not otherwise defined shall have the respective meanings assigned to them below or as assigned to them in the Distribution Agreement (as defined above):

(A) ACTION

"Action" means any demand, action, cause of action, suit, countersuit, arbitration, inquiry, proceeding, or investigation by or before any Governmental Authority or any arbitration or mediation tribunal, pending or threatened, known or unknown.

(B) AGREEMENT

"Agreement" means this Employee Benefits Agreement, including all the attached Appendices.

(C) ANNUAL INCENTIVE PLAN

"Annual Incentive Plan," when immediately preceded by "NSI" means the National Service Industries, Inc. Management Compensation and Incentive Plan, and any other short-term compensation, bonus, or incentive compensation programs established or maintained by the NSI Group. When immediately preceded by "Spinco," "Annual Incentive Plan" means any short-term compensation, bonus, or incentive compensation programs to be established or maintained by Spinco pursuant to Section 2.3.

(D) ASO CONTRACT

"ASO Contract" means an administrative services contract, related prior practice, or related understanding with a third-party administrator that pertains to any NSI Health and Welfare Plan or any Spinco Health and Welfare Plan.

(E) AWARD

"Award" means a long-term or short-term award under a Long-Term Incentive Plan or a Short-Term Incentive Plan or, as the context or facts may require, any other award under another incentive or special bonus, incentive, or award program or arrangement.

(F) CLOSE OF THE DISTRIBUTION DATE

"Close of the Distribution Date" means 11:59 P.M., Eastern Time, on the Distribution Date.

EMPLOYEE BENEFITS AGREEMENT

(G) CODE

"Code" means the Internal Revenue Code of 1986, as amended, or any successor federal income tax law. Reference to a specific Code provision also includes any proposed, temporary, or final regulation in force under that provision.

(H) CONVERSION FORMULA

"Conversion Formula" means the appropriate formula which shall be applied in adjusting the exercise price and award size of NSI options under the NSI Stock Incentive Plans and in determining the exercise price and number of Spinco options under the Spinco Stock Incentive Plans. The Conversion Formula shall be based on the closing per share prices of NSI Common Stock (with a due bill) and Spinco Common Stock (on a when-issued basis) as traded on the New York Stock Exchange on the Distribution Date or such other prices as jointly agreed upon by Spinco and NSI, and shall be determined and applied in such a manner as to maintain (1) the aggregate spread (or, if there is no such spread, the economic value) of such options, which is the difference between the exercise price per share of NSI Common Stock covered by the option and the price per share of Spinco Common Stock (with a due bill) immediately preceding the Distribution, multiplied by the total number of shares covered by the option; and (2) the ratio of the exercise price per share covered by the option to the price per share of NSI Common Stock (with a due bill) immediately preceding the Distribution.

(I) CORPORATE OFFICE

"Corporate Office" means the corporate office of NSI, including certain individuals employed by National Service Industries, Inc., a California corporation and Spinco.

(J) DEFERRED COMPENSATION PLANS

"Deferred Compensation Plans," when immediately preceded by "NSI" means the National Service Industries, Inc. Supplemental Deferred Savings Plan, the National Service Industries, Inc. Senior Management Benefit Plan, National Service Industries, Inc. Executive Savings Plan and the National Service Industries, Inc. Executives' Deferred Compensation Plan. When immediately preceded by "Spinco," "Deferred Compensation Plans" means the executive deferred compensation plans to be assumed, established or maintained by Spinco pursuant to Section 2.3.

(K) DISTRIBUTION

"Distribution" has the meaning given that term under the Distribution Agreement.

(L) DISTRIBUTION AGREEMENT

"Distribution Agreement" is defined in the preamble of this Agreement.

EMPLOYEE BENEFITS AGREEMENT

(M) DISTRIBUTION DATE

"Distribution Date" has the meaning given that term under the Distribution Agreement.

(N) ERISA

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended. Reference to a specific provision of ERISA also includes any proposed, temporary, or final regulation in force under that provision.

(O) EXECUTIVE PROGRAMS

"Executive Programs," when immediately preceded by "NSI" means the executive benefit and nonqualified plans, programs, and arrangements established, maintained, agreed upon, or assumed by a member of the NSI Group for the benefit of employees and former employees of members of the NSI Group before the Close of the Distribution Date. When immediately preceded by "Spinco," "Executive Programs" means the executive benefit plans and programs to be established, assumed or maintained by Spinco or a member of the Spinco Group, including those plans and programs listed and designated as such in Appendix B.

(P) FOREIGN PLAN

"Foreign Plan," when immediately preceded by "NSI," means a Plan maintained by the NSI Group or when immediately preceded by "Spinco," a plan to be established or which is maintained by the Spinco Group, in either case for the benefit of employees who are compensated under a payroll which is administered outside the 50 United States, its territories and possessions, and the District of Columbia, including those Plans described in Appendix D.

(Q) GOVERNMENTAL AUTHORITY

"Governmental Authority" means any federal, state, local, foreign, or international court, government, department, commission, board, bureau, agency, official, or other regulatory, administrative, or governmental authority, including the Department of Labor, the Securities and Exchange Commission, the Internal Revenue Service, and the Pension Benefit Guaranty Corporation.

(R) GRANTED RESTRICTED STOCK

"Granted Restricted Stock" is defined in Section 6.3(c)(1).

(S) GROUP INSURANCE POLICY

"Group Insurance Policy" means a group insurance policy issued in connection with any NSI Health and Welfare Plan or any Spinco Health and Welfare Plan, as applicable.

EMPLOYEE BENEFITS AGREEMENT

(T) HEALTH AND WELFARE PLANS

"Health and Welfare Plans," when immediately preceded by "NSI" means the health and welfare benefit plans, programs, and policies (including the Reimbursement Plans) which are sponsored by NSI. When immediately preceded by "Spinco," "Health and Welfare Plans" means the benefit plans, programs, and policies (including the Reimbursement Plans) corresponding to those plans, programs, and policies sponsored by NSI as of the Distribution Date, including those plans, programs, and policies listed in Appendix C to this Agreement which will be sponsored by a member of the Spinco Group Immediately after the Distribution Date.

(U) HMO

"HMO" means a health maintenance organization that provides benefits under the NSI Health and Welfare Plans or the Spinco Health and Welfare Plans, as applicable.

(V) HMO AGREEMENTS

"HMO Agreements" means contracts, letter agreements, practices, and understandings with HMOs that provide medical, dental, prescription drug, or vision services under the NSI Health and Welfare Plans and the Spinco Health and Welfare Plans, as applicable.

(W) IMMEDIATELY AFTER THE DISTRIBUTION DATE

"Immediately after the Distribution Date" means 12:00 A.M., Eastern Time, on the day after the Distribution Date.

(X) INDIVIDUAL AGREEMENT

"Individual Agreement" means an individual contract or agreement (whether written or unwritten) entered into between a member of the NSI Group or a member of the Spinco Group and any employee or individual who will be an employee of, or otherwise assigned to, the Spinco Group Immediately after the Distribution Date that establishes the right of such individual to special compensation or benefits, special bonuses, supplemental pension benefits, hiring bonuses, loans, guaranteed payments, special allowances, tax equalization payments, special expatriate compensation payments, disability benefits, or other forms of compensation and benefits.

(Y) LIABILITIES

"Liabilities" means any and all losses, claims, charges, debts, premiums, demands, actions, costs, and expenses (including any current or future benefit payments or other entitlements, and administrative and related costs and expenses of any Plan, program, service or consulting agreement, or arrangement), of any nature whatsoever, whether absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whether or not imposed or determined by a court, whenever arising.

EMPLOYEE BENEFITS AGREEMENT

(Z) LONG-TERM INCENTIVE PLAN

"Long-Term Incentive Plan," when immediately preceded by "NSI" means the National Service Industries, Inc. Long-Term Achievement Incentive Plan, the National Service Industries, Inc. Long-Term Incentive Program, and any other long-term incentive plans established or maintained by a member of the NSI Group. When immediately preceded by "Spinco," "Long-Term Incentive Plan" means the long-term incentive plan to be established or assumed by Spinco pursuant to Section 2.3.

(AA) MASTER PENSION TRUST

"Master Pension Trust," when immediately preceded by "NSI," means the trust evidenced by the National Service Industries, Inc. Defined Benefit Plans Master Trust Agreement, as amended from time to time, and currently associated with the defined benefit plans that are sponsored by NSI or one of its affiliates. When immediately preceded by "Spinco," "Master Pension Trust" means the trust to be established or maintained by Spinco pursuant to Section 3.2 that corresponds to the NSI Master Pension Trust and that will be associated with the Spinco Pension Plans.

(BB) MASTER SAVINGS TRUST

"Master Savings Trust," when immediately preceded by "NSI," means the trust evidenced by the National Service Industries, Inc. Defined Contribution Plans Master Trust Agreement, as amended from time to time, and currently associated with the defined contribution plans that are sponsored by NSI or one of its affiliates. When immediately preceded by "Spinco," "Master Savings Trust" means the trust to be established or maintained by Spinco pursuant to Section 4.1 that corresponds to the NSI Master Savings Trust and that will be associated with the Spinco Savings Plans.

(CC) MATERIAL FEATURE

"Material Feature" means any feature of a Plan that could reasonably be expected to be of material importance to the sponsoring employer or the participants and beneficiaries of the Plan, which could include, depending on the type and purpose of the particular Plan, the class or classes of employees eligible to participate in such Plan, the nature, type, form, source, and level of benefits provided by the employer under such Plan and the amount or level of contributions, if any, required or permitted to be made by participants (or their dependents or beneficiaries) to such Plan.

(DD) NSI COMMON STOCK

"NSI Common Stock" has the same meaning as the term "Parent Common Stock" under the Distribution Agreement.

EMPLOYEE BENEFITS AGREEMENT

(EE) NSI EXECUTIVE

"NSI Executive" means an employee or former employee of a member of the NSI Group or a member of the Spinco Group who, as of the Close of the Distribution Date, is or was eligible to participate in or receive a benefit under any NSI Executive Program.

(FF) NSI GROUP

"NSI Group" has the same meaning as the term "Parent Group" under the Distribution Agreement.

(GG) PARTICIPATING COMPANY

"Participating Company" means any Person (other than an individual) that is participating in a Plan sponsored by a member of the NSI Group or a member of the Spinco Group, as the context requires.

(HH) PERSON

"Person" means an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity, or any Governmental Authority.

(II) PLAN

"Plan," when immediately preceded by "NSI" or "Spinco," means any plan, policy, program, payroll practice, on-going arrangement, contract, trust, insurance policy, or other agreement or funding vehicle, whether written or unwritten, providing benefits to employees or former employees of the NSI Group or the Spinco Group, as applicable.

(JJ) REIMBURSEMENT PLANS

"Reimbursement Plans," when immediately preceded by "NSI," means the NSI Health Care Flexible Spending Account and the NSI Dependent Care Flexible Spending Account, as applicable. When immediately preceded by "Spinco," "Reimbursement Plans" means the health care flexible spending account plan and the dependent care flexible spending account plan to be established or maintained by Spinco pursuant to Section 2.3 that corresponds to the corresponding NSI Reimbursement Plans.

(KK) RETAINED CORPORATE EMPLOYEE

"Retained Corporate Employee" means an employee of the Corporate Office who, pursuant to an agreement between NSI and Spinco, is designated to remain an employee of NSI or a member of the NSI Group after the Distribution.

EMPLOYEE BENEFITS AGREEMENT

(LL) SAVINGS PLANS

"Savings Plans," when immediately preceded by "NSI," means the defined contribution plans that are sponsored by a member of the NSI Group other than the Spinco Savings Plans. When immediately preceded by "Spinco," "Savings Plans" means the defined contribution plans listed in Appendix A to this Agreement that will be sponsored by a member of the Spinco Group for periods immediately after the Distribution Date.

(MM) SPINCO BUSINESS

"Spinco Business" has the meaning given that term under the Distribution Agreement.

(NN) SPINCO COMMON STOCK

"Spinco Common Stock" has the meaning given that term under the Distribution Agreement.

(OO) SPINCO GROUP

"Spinco Group" has the meaning given that term under the Distribution Agreement.

(PP) SPINCO MIRROR PLAN

"Spinco Mirror Plan" means any of the Spinco Health and Welfare Plans, and any Spinco Executive Program that will be substantially similar to an NSI Executive Program, as set forth on Appendix B hereto.

(QQ) SPINCO PENSION PLANS

"Spinco Pension Plans," means the defined benefit pension plans listed and further defined in Appendix A to this Agreement that will be sponsored by a member of the Spinco Group for periods immediately after the Distribution Date.

(RR) SPINCO STAND-ALONE PLAN

"Spinco Stand-Alone Plan" means any Plan maintained by NSI or an affiliate of NSI, that, no later than the Close of the Distribution Date, will be assumed, sponsored and maintained by Spinco or a member of the Spinco Group for the exclusive benefit of Transferred Individuals, including but not limited to the Spinco Pension Plans set forth on Appendix A, the Spinco Savings Plans set forth on Appendix A, and those Executive Plans set forth and designated as Stand-Alone Plans on Appendix B hereto.

(SS) STOCK INCENTIVE PLAN

"Stock Incentive Plan," when immediately preceded by "NSI," means the National Service Industries, Inc. Long-Term Achievement Incentive Plan, the National Service Industries, Inc. Long-Term Incentive Plan, the National Service Industries, Inc. Non-Employee Directors

EMPLOYEE BENEFITS AGREEMENT

Stock Option Plan and any other stock-based incentive plan established or maintained by a member of the NSI Group. When immediately preceded by "Spinco," "Stock Incentive Plan" means the stock incentive plans to be established or assumed by Spinco pursuant to Section 2.3.

(TT) SUBSIDIARY

"Subsidiary" of any Person means any corporation or other organization, whether incorporated or unincorporated, of which at least a majority of the securities or interests having by the terms thereof ordinary voting power to elect at least a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is, directly or indirectly, owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries; provided, however, that no Person that is not directly or indirectly wholly owned by any other Person shall be a Subsidiary of such other Person unless such other Person controls, or has the right, power, or ability to control, that Person.

(UU) TRANSFERRED INDIVIDUAL

"Transferred Individual" means any individual who, as of the Close of the Distribution Date:

(1) is actively employed by, or on a leave of absence (including those individuals receiving short-term disability benefits and those taking leave pursuant to the Family and Medical Leave Act of 1993, as amended) from, a member of the Spinco Group (or is deemed to be so employed or on leave in accordance with an agreement between NSI and Spinco);

(2) is actively employed by, or on a leave of absence (including those individuals receiving short-term disability benefits and those taking leave pursuant to the Family and Medical Leave Act of 1993, as amended) from, the Corporate Office, unless such individual is a Retained Corporate Employee; or

(3) is not actively employed by, nor on a leave of absence (including those individuals receiving short-term disability benefits and those taking leave pursuant to the Family and Medical Leave Act of 1993, as amended) from, NSI or a member of the NSI Group, or Spinco or a member of the Spinco Group, and:

(A) whose most recent (through the Close of the Distribution Date) active employment with NSI or a past or present affiliate of NSI was with a member of the Spinco Group or the Spinco Business, or the predecessors of such business, or was with the Corporate Office; or

(B) who otherwise is identified pursuant to a methodology approved by NSI and Spinco, which methodology shall be consistent with the intent of the parties that former employees of NSI or a past or present affiliate of NSI and such other individuals who performed services for NSI (including non-employees) will only be aligned with

EMPLOYEE BENEFITS AGREEMENT

Spinco if they provided services to the Spinco Group or Spinco Business, and, for such purposes, aligning former employees of the Corporate Office with Spinco.

An alternate payee under a qualified domestic relations order (within the meaning of Code ss. 414(p) and ERISA ss. 206(d)), alternate recipient under a qualified medical child support order (within the meaning of ERISA ss. 609(a)), beneficiary, or covered dependent, in each case, of an employee or former employee described in (1), (2) or (3) above shall also be a Transferred Individual with respect to the interest of such alternate payee, alternate recipient, beneficiary, or covered dependent in that employee's or former employee's benefit under the applicable Plans. Such an alternate payee, alternate recipient, beneficiary, or covered dependent shall not otherwise be considered a Transferred Individual with respect to his or her own benefits under any applicable Plans, unless he or she is a Transferred Individual by virtue of either of subparagraphs (1), (2) or (3) above. In addition, NSI and Spinco may agree to designate any other individuals, or group of individuals, as Transferred Individuals.

Subject to the other provisions of this definition, an individual may be a Transferred Individual pursuant to this definition regardless of whether such individual is, as of the Distribution Date, alive, actively employed, on a temporary leave of absence from active employment, on layoff, terminated from employment, retired or on any other type of employment, post-employment, or independent contractor status relative to NSI or Spinco or to an NSI or Spinco Plan. Transferred Individual includes any individual who is on an international assignment whether paid on a U.S. payroll or a payroll outside the U.S. if such individual otherwise falls within any of the above categories.

Notwithstanding anything to the contrary in this definition, the term Transferred Individual under this Agreement shall not include any individual who was otherwise directly transferred from former employment with a member of the NSI Group to employment with any other Person, whether by sale or transfer of the assets and liabilities or stock of a business or otherwise, unless such individual has been re-employed as an active employee of a member of the NSI Group subsequent to such event and prior to the Close of the Distribution Date.

Nothing contained in this Agreement shall permit, or be construed or interpreted to permit, any non-employee of NSI or Spinco to participate, at any time, in any Plan of NSI or Spinco.

(VV) TRANSITION SERVICES AGREEMENT

"Transition Services Agreement" means the Transition Services Agreement entered into by NSI and Spinco governing certain matters related to the relationship of the parties after the Distribution.

(WW) UNGRANTED RESTRICTED STOCK

"Ungranted Restricted Stock" is defined in Section 6.3(c)(1).

EMPLOYEE BENEFITS AGREEMENT

1.2 REFERENCES

Unless the context clearly indicates otherwise, reference to a particular Article, Section, subsection or paragraph means the Article, Section, subsection or paragraph so delineated in this Agreement.

EMPLOYEE BENEFITS AGREEMENT

ARTICLE II GENERAL PRINCIPLES

2.1 ASSUMPTION OF LIABILITIES

Except for each Liability that is expressly retained in writing by NSI or excluded in writing by NSI from those being assumed by Spinco and unless otherwise provided for elsewhere in this Agreement, Spinco hereby assumes and agrees to pay, perform, fulfill, and discharge, in accordance with their respective terms and conditions, all of the following (regardless of when or where such Liabilities arose or arise or were or are incurred): (i) all Liabilities to or relating to Transferred Individuals arising out of or resulting from employment by, or the performance of services for, a member of the NSI Group before becoming Transferred Individuals and thereafter (including Liabilities under NSI Plans and Spinco Plans), (ii) all other Liabilities to or relating to Transferred Individuals, and their dependents and beneficiaries, to the extent relating to, arising out of or resulting from future, present, or former employment with, or the provision of services for, a member of the Spinco Group or the Spinco Business (including Liabilities under NSI Plans and Spinco Plans), (iii) all Liabilities under any Individual Agreements relating to Transferred Individuals, and (iv) all other Liabilities relating to, arising out of, or resulting from obligations, liabilities, and responsibilities expressly assumed or retained by a member of the Spinco Group or a Spinco Plan pursuant to this Agreement.

2.2 SPINCO GROUP PARTICIPATION IN NSI PLANS

(A) PARTICIPATION IN NSI PLANS

Subject to the terms and conditions of this Agreement, each member of the Spinco Group that is, as of the date of this Agreement, a Participating Company in any of the NSI Plans shall continue as such through the Close of the Distribution Date unless, for periods before the Distribution Date, the parties mutually agree otherwise. Effective as of any date before the Distribution Date, a member of the Spinco Group not described in the preceding sentence may, at its request and with the consent of NSI (which consent shall not be unreasonably withheld), become a Participating Company in any or all of the NSI Plans in which Transferred Individuals participate.

(B) NSI'S GENERAL OBLIGATIONS AS PLAN SPONSOR

NSI shall continue through the Close of the Distribution Date to administer, or cause to be administered, in accordance with their terms and applicable law, the NSI Plans and NSI (or its designee) shall have the sole discretion and authority to interpret the NSI Plans through such date and during any subsequent period.

(C) SPINCO'S GENERAL OBLIGATIONS AS PARTICIPATING COMPANY

Spinco shall perform with respect to its participation in the NSI Plans, and shall cause each other member of the Spinco Group that is a Participating Company in any NSI Plan to perform the duties of a Participating Company as set forth in such Plans, and any written or oral procedures adopted pursuant thereto, including: (i) assisting in the administration of claims, to

EMPLOYEE BENEFITS AGREEMENT

the extent requested by the claims administrator or plan administrator of the applicable NSI Plan, (ii) cooperating fully with NSI Plan auditors, benefit personnel and benefit vendors, (iii) preserving the confidentiality of all financial and business arrangements NSI has or may have with any vendors, claims administrators, trustees or any other entity or individual with whom NSI has entered into an agreement relating to the NSI Plans, and (iv) preserving the confidentiality of participant health information (including health information in relation to leaves under the Family and Medical Leave Act of 1993, as amended).

(D) TERMINATION OF PARTICIPATING COMPANY STATUS

Unless otherwise provided in this Agreement, to the extent applicable, effective as of the Close of the Distribution Date, Spinco and each member of the Spinco Group shall cease to be a Participating Company in any of the NSI Plans remaining with NSI, and NSI and each member of the NSI Group shall cease to be a Participating Company in any Plan assumed by Spinco or a member of the Spinco Group.

2.3 ESTABLISHMENT OR ASSUMPTION OF THE SPINCO PLANS

(A) ASSUMPTION OF SPINCO STAND-ALONE PLANS

Unless otherwise provided in this Agreement, effective no later than the Close of the Distribution Date, Spinco or a member of the Spinco Group shall assume or cause to be assumed, the Spinco Stand-Alone Plans for the benefit of Transferred Individuals and other current, future and former employees of the Spinco Group. Spinco and NSI shall take all action necessary to provide for such assumption of the Spinco Stand-Alone Plans, including any necessary amendments, and the name of the Plans shall be changed as and where appropriate.

(B) ESTABLISHMENT OF SPINCO MIRROR PLANS

Unless otherwise provided in this Agreement, effective no later than the Close of the Distribution Date, Spinco or a member of the Spinco Group shall adopt or cause to be adopted, the Spinco Mirror Plans for the benefit of Transferred Individuals and other current, future, and former employees of the Spinco Group. The foregoing Spinco Mirror Plans as in effect Immediately after the Distribution Date shall be substantially identical in all Material Features to the corresponding NSI Plans as in effect as of the Close of the Distribution Date.

2.4 TERMS OF PARTICIPATION BY TRANSFERRED INDIVIDUALS

The Spinco Plans shall be, with respect to Transferred Individuals, in all respects the successors in interest to, shall recognize all rights and entitlements as of the Close of the Distribution Date under, and shall not provide benefits that duplicate benefits provided by, the corresponding NSI Plans for such Transferred Individuals. NSI and Spinco shall agree on methods and procedures, including amending the respective Plan documents, to prevent Transferred Individuals from receiving duplicative benefits from the NSI Plans and the Spinco Plans. Spinco shall not permit any Spinco Plan to commence benefit payments to Transferred Individuals until it receives written notice from NSI regarding the date on which payments under

EMPLOYEE BENEFITS AGREEMENT

the corresponding NSI Plan shall cease. With respect to Transferred Individuals, each Spinco Plan shall provide that all benefit or other elections, all designations of beneficiaries, all service, all compensation, and all other benefit-affecting determinations that, as of the Close of the Distribution Date, were recognized under the corresponding NSI Plan (for periods immediately before the Close of the Distribution Date) shall, as of Immediately after the Distribution Date, receive full recognition, credit, and validity and be taken into account under such Spinco Plan to the same extent as if such items originally occurred under such Spinco Plan, except to the extent that duplication of benefits would result. The provisions of this Agreement for the transfer of assets, if any, from certain trusts relating to NSI Plans (including Foreign Plans) to the corresponding trusts relating to Spinco Plans (including Foreign Plans) are based upon the understanding and agreement of the parties that each such Spinco Plan will assume all Liabilities of the Transferred Individuals and corresponding NSI Plan to or relating to Transferred Individuals, as provided for herein. If there are any legal or other authoritative reasons that any such Liabilities are not effectively assumed by the appropriate Spinco Plan, then the amount of assets transferred to the trust relating to such Spinco Plan from the trust relating to the corresponding NSI Plan shall be recomputed, ab initio, as set forth in this Agreement but taking into account the retention of any such Liabilities by such NSI Plan, and assets shall be transferred by the trust relating to such Spinco Plan to the trust relating to such NSI Plan so as to place each such trust in the position it would have been in, had the initial asset transfer been made in accordance with such recomputed amount of transferred Liabilities and assets.

EMPLOYEE BENEFITS AGREEMENT

ARTICLE III DEFINED BENEFIT PLANS

3.1 ASSUMPTION OF PENSION PLANS AND LIABILITIES

(A) ASSUMPTION OF SPINCO PENSION PLANS AND RELATED LIABILITIES

Effective no later than the Close of the Distribution Date, Spinco or a member of the Spinco Group shall take all actions necessary to become the plan sponsor of the Spinco Pension Plans and shall be responsible for all Liabilities relating to the Spinco Pension Plans, subject to the transfer of related assets as provided in Section 3.3 below.

(B) TRANSFER OF LIABILITIES UNDER NSI PENSION PLAN C

Effective no later than the Close of the Distribution Date: (i) all Liabilities to or relating to Retained Corporate Employees under the National Service Industries Pension Plan C ("Pension Plan C") shall cease to be Liabilities of Pension Plan C and shall be assumed in full and in all respects by one or more NSI Pension Plans; and (ii) to the extent legally required, there shall be transferred from the NSI Master Pension Trust account for Pension Plan C to one or more NSI Pension Plans, an amount of assets required to be transferred as a result of such transfer and assumption of Liabilities as reasonably determined by NSI, in accordance with the calculations of a party making actuarial or similar determinations pursuant to this Agreement, and subject to Section 414(l) of the Code, but not to include any portion of the surplus assets, if any, credited to the NSI Master Pension Trust account for Pension Plan C.

3.2 ESTABLISHMENT OF MIRROR PENSION TRUSTS

Effective no later than the Close of the Distribution Date, Spinco shall establish, or cause to be established, the Spinco Master Pension Trust which shall be qualified under Code ss. 401(a), be exempt from taxation under Code ss. 501(a)(1), and form part of the Spinco Pension Plans. Spinco shall, prior to the end of the remedial amendment period for the Spinco Pension Plans, apply for determination letters from the Internal Revenue Service that shall provide that the Spinco Pension Plans and the Spinco Master Pension Trust satisfy the requirements for qualification under Code sections 401(a) and 501(a), and Spinco shall take all actions necessary or appropriate to obtain such letters.

3.3 TRANSFER OF ASSETS FROM NSI MASTER PENSION TRUST

(A) PENSION PLAN ASSET TRANSFER

Subject to Section 3.1(b), it is expected that no later than the Close of the Distribution Date, all of the assets associated with and allocated to the accounts of each Spinco Pension Plan under the NSI Master Pension Trust shall be transferred from the NSI Master Pension Trust to the Spinco Master Pension Trust. If the transfer of assets does not occur prior to the Close of the Distribution Date, NSI and Spinco shall mutually reschedule the asset transfer date; provided, however, such rescheduled date must occur not later than December 31, 2001.

EMPLOYEE BENEFITS AGREEMENT

(B) TRANSFER OF SPECIFIC ASSETS

The specific assets to be transferred from the NSI Master Pension Trust to the Spinco Master Pension Trust shall be made up of cash and marketable assets selected by NSI consistent with the objective of enabling Spinco to implement prospectively an investment program for the Spinco Master Pension Trust, but in no event shall NSI or the NSI Master Pension Trust be required to incur unreasonable transaction costs in the process of transferring assets and subsequently re-balancing the investment portfolio held by the NSI Master Pension Trust. Furthermore, NSI shall not be required to transfer any specific asset or any portion of any specific fund or investment manager account, and NSI shall not transfer any amount of Spinco Common Stock that would place the Spinco Pension Plans in violation of the employer stock acquisition limitations of ERISA section 407; provided, however, that NSI shall transfer interests in group annuity contracts held by the NSI Master Pension Trust to the extent such group annuity contracts (in whole or in part, as the case may be) specifically cover the accrued pension benefits of Transferred Individuals. In transferring specific assets, NSI makes no representation as to the appropriateness of the resulting asset allocation or investment performance resulting from the specific assets transferred. By accepting the assets transferred, Spinco acknowledges that it and not NSI is serving as the fiduciary for the Spinco Master Pension Trust with respect to the determination and actual transfer of assets from the NSI Master Pension Trust and that, acting as fiduciary for the Spinco Pension Plans, Spinco further acknowledges that it is able to change the asset allocation as it deems appropriate at any time. Once the assets have been transferred to and received by the Spinco Master Pension Trust, such event shall fully and finally foreclose any issue or matter of any nature whatsoever by Spinco, the Spinco Master Pension Trust, the Spinco Pension Plans, or any other trust(s) related to such Plans against NSI, the NSI Master Pension Trust, the NSI Pension Plans, or any other trust(s) related to such Plans with respect to the condition, identity, or value of such assets and Spinco shall fully indemnify NSI, its employees, officers, directors, and the NSI Pension Plans, the NSI Master Pension Trust, and any trustees or fiduciaries thereof regarding any Liability or legal or regulatory issue of any nature with respect thereto.

3.4 GOVERNMENTAL COMPLIANCE

Notwithstanding any provision of this Agreement to the contrary, in the event that at any time any Governmental Authority challenges or seeks to prevent the transfer of assets and Liabilities provided for in Sections 3.1 and 3.3, NSI and Spinco shall reach such other agreement as may be mutually satisfactory to NSI and Spinco respecting the matters covered by this Article III.

EMPLOYEE BENEFITS AGREEMENT

ARTICLE IV DEFINED CONTRIBUTION PLANS

4.1 SAVINGS PLANS

(A) ASSUMPTION OF SPINCO SAVINGS PLANS AND RELATED LIABILITIES

Effective no later than the Close of the Distribution Date, Spinco or a member of the Spinco Group shall take all action necessary to assume and become the plan sponsor of the Spinco Savings Plans and shall be responsible for all Liabilities relating to the Spinco Savings Plans. The Spinco Savings Plans shall recognize and maintain all contribution and investment elections made by Transferred Individuals under the Spinco Savings Plans as such elections were last in effect during the period immediately prior to the Distribution Date and shall apply such elections under the Spinco Savings Plans for the remainder of the period or periods for which such elections are by their terms applicable (subject in all cases to applicable election change rights of the Transferred Individuals).

(B) TRANSFER OF LIABILITIES UNDER NSI CORPORATE 401(K) PLAN

Effective no later than the Close of the Distribution Date: (i) all Liabilities to or relating to Retained Corporate Employees under the National Service Industries Retirement and 401(k) Plan ("Corporate 401(k) Plan") shall cease to be Liabilities of the Corporate 401(k) Plan and shall be assumed in full and in all respects by one or more NSI Savings Plans; (ii) the appropriate NSI Savings Plan(s) shall assume and be solely responsible for all ongoing rights of or relating to these Retained Corporate Employees for future participation (including the right to make contributions through payroll deductions in the NSI Savings Plan(s); and (iii) the accounts of the Retained Corporate Employees under the Corporate 401(k) Plan which are held by its related trust shall be transferred to the account(s) of the appropriate NSI Savings Plan under the NSI Master Savings Trust.

(C) SAVINGS PLAN TRUST

Effective no later than the Close of the Distribution Date, Spinco shall establish, or cause to be established, the Spinco Master Savings Trust which shall be qualified under Code ss. 401(a), be exempt from taxation under Code ss. 501(a)(1), and form part of the Spinco Savings Plans. Spinco shall, prior to the end of the remedial amendment period for the Spinco Savings Plans, apply for determination letters from the Internal Revenue Service that shall provide that the Spinco Savings Plans and the Spinco Master Savings Trust satisfy the requirements for qualification under Code sections 401(a) and 501(a), and Spinco shall take all actions necessary or appropriate to obtain such letters.

(D) TRANSFER OF ASSETS

Effective on a date selected by NSI, which is expected to be no later than the Close of the Distribution Date (the "Savings Plans Transfer Date"), all of the assets associated with and allocated to the accounts of each Spinco Savings Plan under the NSI Master Savings Trust shall be transferred from the NSI Master Savings Trust to the Spinco Master Savings Trust. If the

EMPLOYEE BENEFITS AGREEMENT

transfer of assets does not occur prior to the Close of the Distribution Date, NSI and Spinco shall mutually reschedule the asset transfer date; provided, however, such rescheduled date must occur not later than December 31, 2001.

(E) SPECIFIC STOCK FUNDS IN THE NSI AND SPINCO SAVINGS PLANS

Effective no later than Immediately after the Distribution Date, a Spinco Common Stock fund shall be added as an investment option to any NSI Savings Plan or Spinco Savings Plan that has an NSI Common Stock fund. The Spinco Common Stock fund in the NSI Savings Plans and the NSI Common Stock fund in the Spinco Savings Plans are each referred to as a "Non-Employer Stock Fund" with respect to the applicable Plan. Unless NSI and Spinco agree otherwise, each Non-Employer Stock Fund shall be maintained under the respective Plan through December 31, 2002. After such date, NSI and Spinco agree to cooperate with each other with respect to the disposition of the stock when either party decides to liquidate or otherwise terminate the Non-Employer Stock Fund in its Savings Plans. In the absence of any agreement regarding such liquidation, the liquidation of the Non-Employer Stock Fund shall be made in a ratable manner over a period of six months. Furthermore, at any time that NSI or Spinco decides to sell or otherwise dispose of any amount of shares in their Non-Employer Stock Fund (other than sales or dispositions required to satisfy the investment directions from participants, for liquidity reasons or other general operational purposes), the selling party shall follow the procedures of Section 4.2 (except to the extent waived in writing by an authorized representative of the other party). The NSI Savings Plans and the Spinco Savings Plans shall each provide that, after the Distribution Date, no new contributions may be invested in, and no amounts may be transferred from other investment options to the Non-Employer Stock Fund under the respective Plan; but, subject to the terms of the respective Plan, participants may direct that amounts be transferred out of the Non-Employer Stock Fund to other investment options. To the extent the parties determine it is necessary to preserve the tax status of the Distribution under the Code, the NSI Savings Plans shall provide that no earnings or dividends under its Non-Employer Stock Fund may be reinvested in Spinco Common Stock and the Spinco Savings Plans shall provide that no earnings or dividends under its Non-Employer Stock Fund may be reinvested in NSI Common Stock; provided, however, this requirement shall not prohibit such earnings and dividends from remaining in the applicable Non-Employer Stock Fund as cash or as an amount that is invested in any non-stock investment in such fund.

4.2 NON-EMPLOYER STOCK FUND PROCEDURES

(A) APPLICATION OF PROCEDURES

Whenever NSI or Spinco (the "Selling Party") desires to sell or otherwise dispose of any or all of the shares of stock of the other party (the "Notice Party") in their respective Non-Employer Stock Funds (other than sales or dispositions required to satisfy the investment directions from participants, for liquidity reasons or other general operational purposes), the Selling Party shall follow the procedures for selling or otherwise disposing of such stock set forth in this Section 4.2, and the Notice Party shall be entitled to advance notice and a right of first

EMPLOYEE BENEFITS AGREEMENT

refusal to purchase such stock all as provided in this Section 4.2. The provisions of this Section 4.2 shall be subject to the provisions of Section 7.8.

(B) RIGHT OF FIRST REFUSAL AND NOTICE PROCEDURES

When the Selling Party desires to sell or otherwise dispose of any or all of the shares of stock in their Non-Employer Stock Fund (other than sales or dispositions required to satisfy the investment directions from participants, for liquidity reasons or other general operational purposes), the Selling Party shall first offer such stock for sale to the Notice Party by delivering to the Notice Party's Chief Financial Officer, or his or her designee, a written offer of such shares of stock for sale to the Notice Party. The offer for sale to the Notice Party shall designate the total number of shares of stock desired to be sold (the "Offered Shares") and any special terms of sale, if the Offered Shares will not be sold on the market.

(C) PROCEDURES AFTER NOTICE IS GIVEN

The Notice Party shall within 30 days after receipt of notice advise the Selling Party in writing whether it desires to purchase the Offered Shares (which notice must confirm that it agrees to purchase all of the Offered Shares), and the terms upon which such purchase would be consummated. Failure to so notify the Selling Party shall be deemed a rejection of the offer, and the Selling Party after the close of the 30-day period may sell or otherwise dispose of the Offered Shares in its sole discretion. In the event that the Notice Party advises the Selling Party of its acceptance of the offer for sale, such acceptance shall specify a purchase date (the "Purchase Date") that is not less than ten nor more than 30 days after the date of such acceptance, and on which the New York Stock Exchange is scheduled to be open for trading. The purchase price paid for the Offered Shares and the terms and conditions of the payment shall be negotiated and agreed upon between the Selling Party and the Notice Party before the Purchase Date. If the Selling Party and the Notice Party have not agreed upon the price and the terms and conditions for payment by the Purchase Date, the Notice Party shall have the right to purchase all of the Offered Shares for cash immediately following the close of the New York Stock Exchange on the Purchase Date, at a price per Offered Share equal to its closing price on the New York Stock Exchange (but with any adjustment for the size of the block that is necessary, in the judgment of the valuation expert designated by NSI and Spinco for this purpose, to accomplish the sale at fair market value). If the Notice Party does not purchase and pay for all of the Offered Shares on the Purchase Date, it shall be deemed to have completely rejected the offer and all of the Offered Shares may be sold or otherwise disposed of by the Selling Party in its sole discretion.

EMPLOYEE BENEFITS AGREEMENT

ARTICLE V HEALTH AND WELFARE PLANS

5.1 ASSUMPTION OF HEALTH AND WELFARE PLAN LIABILITIES

(A) ASSUMPTION BY SPINCO

Effective no later than the Close of the Distribution Date, Spinco shall establish or cause to be established, the Spinco Health and Welfare Plans. Immediately after the Distribution Date, all Liabilities for or relating to Transferred Individuals under the NSI Health and Welfare Plans, shall cease to be Liabilities of NSI or the NSI Health and Welfare Plans and shall be assumed by Spinco and the corresponding Spinco Health and Welfare Plans. Thus, Spinco and the Spinco Health and Welfare Plans shall be responsible for all Liabilities that pertain to Transferred Individuals regardless of when incurred, including all reported claims that are unpaid, all incurred but not reported claims as of the Close of the Distribution Date, and all claims incurred after the Close of the Distribution Date that pertain to Transferred Individuals under the NSI Health and Welfare Plans and the Spinco Health and Welfare Plans. Spinco shall be required to make all payments due or payable to Transferred Individuals under the appropriate Spinco Health and Welfare Plans for the period beginning Immediately after the Distribution Date, including all reported claims that are unpaid and all incurred but not reported claims as of the Close of the Distribution Date. All treatments which have been pre-certified for or are being provided on an on-going basis to a Transferred Individual under the NSI Health and Welfare Plans as of the Close of the Distribution Date shall continue to be provided without interruption under the appropriate Spinco Health and Welfare Plan until such treatment is concluded or discontinued pursuant to applicable plan rules and limitations, and Spinco and the Spinco Health and Welfare Plans shall be responsible for all Liabilities relating to, arising out of, or resulting from such pre-certified or on-going treatments as of the Close of the Distribution Date. Notwithstanding the preceding provisions of this Section 5.1, neither Spinco nor a Spinco Health and Welfare Plan shall assume any Liability with respect to: (i) a claim incurred on or prior to the Close of the Distribution Date for which NSI or an NSI Health and Welfare Plan has insurance coverage, and (ii) any benefit claim for which NSI is responsible under Section 5.4. Furthermore, NSI shall pay to Spinco a portion of any prescription drug rebates received by NSI under the NSI Major Medical Plan which relate to periods prior to the Distribution Date, which portion shall be determined by the number of Transferred Individuals compared to the total number of participants in the NSI Major Medical Plan as of the Distribution Date.

(B) CERTAIN AUDIT PROCEDURES WITH RESPECT TO HEALTH AND WELFARE PLANS

At periodic intervals beginning Immediately after the Distribution Date, NSI and Spinco shall examine their respective payments and receipts for health and welfare coverages to ascertain whether NSI has mistakenly made or received payments for coverages with respect to Transferred Individuals and whether Spinco has mistakenly made or received payments for coverages with respect to participants and beneficiaries in the NSI Health and Welfare Plans (other than Transferred Individuals). If any such mistaken payments have been made or received by NSI or Spinco, such mistaken payments and receipts shall first be netted against each other by NSI and Spinco and thereafter such net payments or net receipts shall be further netted against

EMPLOYEE BENEFITS AGREEMENT

the other party's net payments or net receipts. The party with the remaining amount of mistaken payments shall transfer such amount in cash to the other party at such time or times as agreed upon by NSI and Spinco, but not less than semi-annually. Furthermore, at periodic intervals beginning immediately after the Distribution Date, NSI and Spinco shall examine the payment of benefits and claims, and reimbursements for expenses, by their respective Health and Welfare Plans to ascertain whether any NSI Health and Welfare Plan has mistakenly paid claims or benefits, or reimbursed expenses, with respect to Transferred Individuals and whether any Spinco Health and Welfare Plan has mistakenly paid claims or benefits, or reimbursed expenses, with respect to participants and beneficiaries in the NSI Health and Welfare Plans (other than Transferred Individuals). If any such mistaken payments or reimbursements have been made by any NSI or Spinco Health and Welfare Plan, such mistaken payments and reimbursements shall be netted against the other corresponding Health and Welfare Plan's mistaken payments and reimbursements. The Health and Welfare Plan with the remaining amount of mistaken payments and reimbursements shall transfer such amount in cash to the other party's corresponding Health and Welfare Plan at such time or times as agreed upon by NSI and Spinco, but not less than semi-annually.

5.2 VENDOR CONTRACTS

(A) ASO CONTRACTS, GROUP INSURANCE POLICIES, HMO AGREEMENTS, AND LETTERS OF UNDERSTANDING

(1) Before the Distribution Date, NSI shall, in its sole discretion, take such steps as are necessary under each ASO Contract, Group Insurance Policy, HMO Agreement, letter of understanding, and arrangement in existence as of the date of this Agreement to permit Spinco to participate in the terms and conditions of such ASO Contract, Group Insurance Policy, HMO Agreement, letter of understanding, or arrangement from immediately after the Distribution Date through December 31, 2002. Alternatively, NSI shall take such steps as are necessary to arrange for an ASO Contract, Group Insurance Policy, HMO Agreement, letter of understanding, or arrangement covering Spinco that mirrors substantively that covering NSI. This mirror arrangement shall apply for all or a portion of such period, as necessary under the circumstances. NSI, in its sole discretion, may cause one or more of its ASO Contracts, Group Insurance Policies, HMO Agreements, letters of understanding, and arrangements into which NSI enters after the date of this Agreement to allow Spinco to participate in the terms and conditions thereof. Nothing contained in this Section 5.2(a) shall preclude NSI from choosing to enter into ASO Contracts, Group Insurance Policies, HMO Agreements, letters of understanding, or other arrangements with new or different vendors; provided, until December 31, 2002, NSI shall give Spinco advance notice of any decision to change or add vendors. Furthermore, nothing contained in this paragraph (1) shall require NSI to use more than its reasonable best efforts in complying with the provisions of the first and second sentence of this paragraph (1).

(2) NSI shall have the right to determine, and shall promptly notify Spinco of, the manner in which Spinco's participation in the terms and conditions of ASO Contracts, Group Insurance Policies, HMO Agreements, letters of understanding and arrangements as set forth above shall be effectuated; provided, however, NSI shall use its best efforts to accommodate any

EMPLOYEE BENEFITS AGREEMENT

reasonable needs communicated to NSI by Spinco that relate thereto. Such terms and conditions shall include the financial and termination provisions, performance standards, methodologies, auditing policies, quality measures, reporting requirements, and target claims. Spinco hereby authorizes NSI to act on its behalf to extend to Spinco the terms and conditions of the ASO Contracts, Group Insurance Policies, HMO Agreements, and letters of understanding and arrangements. Spinco shall fully cooperate with NSI in such efforts, and, for periods through December 31, 2002, Spinco shall not perform any act or fail to take any action that would prejudice NSI's efforts and financial arrangements under the Health and Welfare Plans (other than taking reasonable steps to enter into replacement ASO Contracts, Group Insurance Policies, HMO Agreements, and letters of understanding and arrangements for periods after December 31, 2002, which steps shall not, unless the parties otherwise agree, commence publicly prior to January 1, 2002).

(B) PAYMENT AND EFFECT OF CHANGE IN RATES

NSI and Spinco shall use their reasonable best efforts to cause each of the insurance companies, HMOs, paid provider organizations and third-party administrators providing services and benefits under the NSI Health and Welfare Plans and the Spinco Health and Welfare Plans to maintain the premium and/or administrative rates based on the aggregate number of participants in the NSI Health and Welfare Plans and the Spinco Health and Welfare Plans, from the Close of the Distribution Date through December 31, 2001, separately rated or adjusted for the demographics, experience or other relevant factors related to the covered participants of NSI and Spinco, respectively. To the extent they are not successful in such efforts, NSI and Spinco shall each bear the revised premium or administrative rates for health and welfare benefits attributable to the individuals covered by their respective Health and Welfare Plans. The assistance that NSI shall provide Spinco pursuant to this subsection (b) shall be provided subject to the terms and conditions of the Transition Services Agreement.

5.3 NSI SHORT-TERM DISABILITY ARRANGEMENTS

Any final determinations made by NSI with respect to short-term disability claims by Transferred Individuals prior to the Distribution Date shall be final and binding. NSI shall transfer to Spinco, effective Immediately after the Distribution Date, and Spinco shall assume responsibility for (i) administering all short-term disability claims incurred by Transferred Individuals before the Close of the Distribution Date that are administered by NSI as of the Close of the Distribution Date, and (ii) all Liabilities under any NSI short-term disability arrangements to Transferred Individuals as of the Close of the Distribution Date, in the same manner, and using the same methods and procedures, as NSI used in determining and paying such claims. Effective Immediately after the Distribution Date, Spinco shall have sole discretionary authority to make any necessary determinations with respect to such claims, including entering into settlements with respect to such claims, and shall be solely responsible for any costs, Liabilities or related expenses of any nature whatsoever related to such claims, payments or obligations.

EMPLOYEE BENEFITS AGREEMENT

5.4 RETIREE HEALTH AND LIFE INSURANCE BENEFITS

Effective immediately after the Distribution Date, Spinco shall adopt a Spinco Plan or Plans to provide any retiree medical or life insurance benefits that are required to be provided to Transferred Individuals. Any retiree medical or life insurance benefits provided shall be substantially identical to the retiree medical or life insurance benefits that would have been provided under an NSI Plan for such individuals, subject to the right of Spinco to amend or terminate any such retiree benefits. In the case of any individual who is not a Transferred Individual, NSI will retain the liability for providing any retiree medical or life insurance benefits required to be provided to such individual, subject to the right of NSI to amend or terminate any such retiree benefits.

5.5 COBRA AND HIPAA

Effectively Immediately after the Distribution Date, Spinco or a member of the Spinco Group shall be responsible for administering compliance and providing coverage in accordance with the health care continuation coverage requirements for "group health plans" under Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), and the portability requirements (including the requirements for issuance of certificates of creditable coverage) under the Health Insurance Portability and Accountability Act of 1996 with respect to all Transferred Individuals and other employees and former employees of Spinco or a member of the Spinco Group and any beneficiaries and dependents thereof who experience a COBRA qualifying event or loss of coverage under the Spinco Health and Welfare Plans after the Close of the Distribution Date. Effective Immediately after the Distribution Date, Spinco or a member of the Spinco Group shall be responsible for filing all necessary employee change notices with respect to these persons identified in the previous sentence in accordance with applicable law.

5.6 LEAVE OF ABSENCE PROGRAMS

Effective Immediately after the Distribution Date, Spinco or a member of the Spinco Group shall assume sole responsibility for the administration and compliance of all leaves of absences and related programs (including compliance with the Family and Medical Leave Act of 1993, as amended) affecting Transferred Individuals.

5.7 POST-DISTRIBUTION TRANSITIONAL ARRANGEMENTS

(A) CONTINUANCE OF ELECTIONS, CO-PAYMENTS, AND MAXIMUM BENEFITS

(1) Spinco shall cause the Spinco Health and Welfare Plans to recognize and maintain all coverage and contribution elections made by Transferred Individuals under the NSI Health and Welfare Plans, as such elections were last in effect during the period immediately prior to the Distribution Date, and shall apply such elections under the Spinco Health and Welfare Plans for the remainder of the period or periods for which such elections are by their terms applicable (subject to applicable election change rights). NSI shall cause the claims administrator for the NSI Health and Welfare Plans to transfer to the claims administrator for the Spinco Health and Welfare Plan all data necessary to maintain such coverage and elections.

EMPLOYEE BENEFITS AGREEMENT

(2) Spinco shall cause the Spinco Health and Welfare Plans to recognize and give credit for (A) all amounts applied to deductibles, out-of-pocket maximums, and other applicable benefit coverage limits with respect to such expenses which have been incurred by Transferred Individuals under the NSI Health and Welfare Plans for the remainder of the benefit limit year in which the Distribution occurs, and (B) all benefits paid to Transferred Individuals under the NSI Health and Welfare Plans, during and prior to the benefit limit year in which the Distribution occurs, for purposes of determining when such persons have reached their maximum benefits under the Spinco Health and Welfare Plans.

(3) Spinco shall recognize and cover under the Spinco Health and Welfare Plans all eligible employee groups covered by the NSI Health and Welfare Plans (pertaining to Transferred Individuals) as of the Close of the Distribution Date (determined under the applicable Plan documents).

(4) Spinco shall (A) provide coverage to Transferred Individuals under the Spinco Health and Welfare Plans without the need to undergo a physical examination or otherwise provide evidence of insurability, and (B) recognize and maintain all irrevocable assignments, elections and beneficiary designations made by Transferred Individuals in connection with their life insurance coverage under the NSI Health and Welfare Plans and any predecessor plans.

(B) ADMINISTRATION

(1) Coordination of Benefits for Spouses and Dependents

Effective as of the earlier of the first January 1 or the first applicable change in status (as defined under the Spinco Health and Welfare Plans) that occurs after the Distribution Date, Spinco shall cause the Spinco Health and Welfare Plans to permit eligible Transferred Individuals to cover their lawful spouses as dependents if such lawful spouses are active or retired NSI employees (but were not otherwise covered as a dependent under the NSI Health and Welfare Plans or other NSI Plans due to their previous status as both employee and dependent of an NSI employee). As of the earlier of the first January 1 or the first applicable status change (as defined under the Spinco Health and Welfare Plans) that occurs Immediately after the Distribution Date, NSI shall cause the NSI Health and Welfare Plans to permit eligible NSI employees to cover their lawful spouses as dependents if such lawful spouses are active or retired Spinco employees. All benefits provided under any such Health and Welfare Plans to a lawful spouse or dependent of the other company's employees shall be coordinated pursuant to the terms and conditions of the applicable NSI and Spinco Plans.

(2) Health Care Financing Administration Data Match

Effective Immediately after the Distribution Date, Spinco shall assume all Liabilities relating to, arising out of or resulting from claims verified by NSI or Spinco under the Health Care Financing Administration data match reports that relate to Transferred Individuals. Spinco and NSI shall share all information necessary to verify Health Care Financing Administration data match reports regarding Transferred Individuals. Spinco shall not change any employee

identification numbers assigned by NSI without notifying NSI of the change and the new employee identification number.

(C) NSI REIMBURSEMENT PLANS

To the extent any Transferred Individual contributed to an account under the NSI Reimbursement Plans during the calendar year that includes the Distribution Date, effective Immediately after the Distribution Date, Spinco shall recognize any such Transferred Individual's account balance, determined as of the Close of the Distribution Date, and Spinco shall thereafter be solely responsible for making any and all payments relative to such account balance of the Transferred Individual for all claims during such calendar year under the applicable Spinco Reimbursement Plan. As provided in Section 5.7(a), all elections by Transferred Individuals in effect immediately prior to the Distribution Date shall continue and be recognized by Spinco, and the Distribution alone shall not be considered an event that gives any participant the right to change any prior election. As soon as practicable after the Distribution Date, NSI shall calculate as of the Close of the Distribution Date the aggregate net balance in the accounts of Transferred Individuals under the NSI Reimbursement Plans, expressed relative to the contributions received from such Transferred Individuals. If the contributions received from a Transferred Individual exceed the reimbursements made to or on behalf of such Transferred Individual, the Transferred Individual shall be deemed to have a positive account balance. In turn, if the contributions received from a Transferred Individual are less than the reimbursements made to or on behalf of such Transferred Individual, the Transferred Individual shall be deemed to have a negative account balance. If the aggregate net balance in the accounts of all such Transferred Participants is a positive number, then NSI shall pay this amount in cash to Spinco as soon as practicable after the Distribution Date, and if the aggregate net balance in the accounts of all such Transferred Participants is a negative number, then Spinco shall pay this amount in cash to NSI as soon as practicable after the Distribution Date.

5.8 APPLICATION OF ARTICLE V TO THE SPINCO GROUP

Any reference in this Article V to "Spinco" shall include a reference to another member of the Spinco Group when and to the extent Spinco has caused the other member of the Spinco Group to (a) become a party to an ASO Contract, Group Insurance Policy, HMO Agreement, letter of understanding or arrangement associated with a Spinco Health and Welfare Plan, (b) become a self-insured entity for the purposes of one or more Spinco Health and Welfare Plans, (c) assume all or a portion of the Liabilities or the administrative responsibilities with respect to benefits which arose before the Close of the Distribution Date under any NSI Health and Welfare Plan and which were expressly assumed by Spinco pursuant to this Agreement, or (d) take any other action, extend any coverage, assume any other Liability or fulfill any other responsibility that Spinco would otherwise be required to take under the terms of this Article V, unless it is clear from the context that the particular reference is not intended to include another member of the Spinco Group. In all such instances in which a reference in this Article V to "Spinco" includes a reference to another member of the Spinco Group, Spinco shall be responsible to NSI for ensuring that the other member of the Spinco Group complies with the applicable terms of this Agreement and that the Transferred Individuals employed by such member of the Spinco

EMPLOYEE BENEFITS AGREEMENT

Group shall have the same rights and entitlements to benefits under the applicable Spinco Health and Welfare Plans that the Transferred Individual would have had, if he or she had instead been employed by Spinco.

EMPLOYEE BENEFITS AGREEMENT

ARTICLE VI EXECUTIVE PROGRAMS

6.1 ASSUMPTION OF OBLIGATIONS

Consistent with the principles set forth in Article II and except as otherwise specifically provided herein, effective no later than the Close of the Distribution Date, Spinco or a member of the Spinco Group shall become plan sponsor of and assume all Liabilities with respect to any Executive Program that is a Spinco Stand-Alone Plan and shall assume and be solely responsible for all Liabilities to or relating to Transferred Individuals under all NSI Executive Programs. Spinco shall be solely responsible for all such Liabilities, notwithstanding any failure by Spinco to complete its obligations under this Article.

6.2 ANNUAL INCENTIVE AWARDS

Prior to the Distribution Date, NSI shall pay to participants (including Transferred Individuals) any amounts earned under the Annual Incentive Plan for the performance period ending August 31, 2001 at the time and in the manner provided under the terms of such plan. For periods after the Distribution Date, Spinco shall establish the Spinco Annual Incentive Plan covering such of its active employees as it in its sole discretion deems appropriate.

6.3 LONG-TERM INCENTIVE PLAN

(A) AWARD 4 (FOR THE PERFORMANCE PERIOD 9/1/99-8/31/02)

With respect to Awards under "Award 4" of the National Service Industries, Inc. Long-Term Achievement Incentive Plan to Transferred Individuals who are Corporate Office employees for the performance period ending August 31, 2002, effective as of August 31, 2001, a determination shall be made by NSI of the extent to which the Awards have been earned for the performance period as of such date and no further amounts shall be earned by such Transferred Individuals after that date. The amounts earned (if any) under the Awards as of August 31, 2001 shall be payable by NSI as promptly as practicable after the amounts are determined.

With respect to Awards under Award 4 for Transferred Individuals other than Corporate Office employees, such Awards shall be assumed by Spinco and shall be paid, to the extent earned, after the close of the performance period ending on August 31, 2002, under and in accordance with the terms of the Spinco Long-Term Incentive Plan; provided, however, that Spinco will make such adjustments to the financial goals, targets, payments and forms of payments as Spinco in its sole discretion deems appropriate to reflect the Distribution.

(B) STOCK OPTIONS

The treatment of outstanding Awards described in this Section 6.3 shall apply to Transferred Individuals, including Transferred Individuals who have terminated employment or who are compensated under a payroll which is administered outside the 50 United States, its territories and possessions, and the District of Columbia; provided, however, if such treatment is

EMPLOYEE BENEFITS AGREEMENT

not legally permitted, or results in adverse consequences for NSI, any of its affiliates or the Transferred Individual, as determined by NSI in its sole discretion, NSI may determine, in its sole discretion, to provide for a different treatment.

Effective Immediately after the Distribution Date, each Award or grant consisting of an option, regardless of the date of the grant, under an NSI Stock Incentive Plan that is outstanding as of the Close of the Distribution Date for all Transferred Individuals and all Spinco non-employee directors who were previously non-employee directors of NSI shall be converted to options for Spinco Common Stock with the same material terms and conditions under the Spinco Stock Incentive Plan, and shall be transferred to the recordkeeper of the Spinco Stock Incentive Plan. As soon as practicable after the Distribution Date, the number of options and the exercise price for such options converted to options for Spinco Common Stock shall be determined in accordance with the Conversion Formula. Such converted Spinco stock option grants shall continue to vest and become exercisable under the Spinco Stock Incentive Plan in accordance with the terms of the original grant under the NSI Stock Incentive Plan. Spinco shall be the obligor with respect to such options and shall be solely responsible for all stock option grants and payments under the Spinco Stock Incentive Plan, with respect to, but not limited to, recordkeeping, administrative costs and fees, payroll taxes, plan maintenance, option exercise and related tax filings. Spinco shall, as soon as practicable after the Distribution Date provide each Transferred Individual with an agreement or notice relating to the Transferred Individual's options under the Spinco Stock Incentive Plan.

(C) RESTRICTED STOCK AWARDS

(1) Determination of Status of Restricted Stock

Effective as of the record date for the Distribution, NSI shall determine the extent to which shares of restricted stock awarded under an NSI Stock Incentive Plan pursuant to a restricted stock award agreement (A) have begun to vest as a result of an applicable stock price target having been achieved and have been registered in the name of the holder of such restricted stock on the books of NSI's transfer agent, but remain unvested and subject to a substantial risk of forfeiture (the "Granted Restricted Stock"), and (B) have not begun to vest and are not registered in the name of the holder of such restricted stock on the books of NSI's transfer agent, because the applicable stock price targets in the restricted stock award agreement have not been reached (the "Ungranted Restricted Stock").

(2) Treatment of Granted Restricted Stock

All executives (including Transferred Individuals) who hold shares of Granted Restricted Stock shall receive the distribution of shares of Spinco Common Stock on such shares of Granted Restricted Stock. All shares of Spinco Common Stock received with respect to such Granted Restricted Stock shall be subject to the same restrictions, terms and conditions as apply to the Granted Restricted Stock pursuant to the restricted stock award agreement; provided, however, that continued employment with Spinco or a member of the Spinco Group or NSI or a member of the NSI Group shall be considered continued employment under the restricted stock award agreement. NSI and Spinco agree to notify the other party when a holder of such restricted stock

EMPLOYEE BENEFITS AGREEMENT

terminates employment prior to the date such restricted stock is fully vested and no longer subject to a substantial risk of forfeiture.

(3) Treatment of Ungranted Restricted Stock

All executives (including Transferred Individuals) holding shares of Ungranted Restricted Stock shall not receive the distribution of Spinco Common Stock on such shares of Ungranted Restricted Stock. Effective Immediately after the Distribution Date, all Ungranted Restricted Stock for all Transferred Individuals shall be equitably converted to restricted stock Awards for Spinco Common Stock under the Spinco Stock Incentive Plan, subject to the same restrictions and the same material terms and conditions as under the restricted stock award agreement; provided, that the number of shares and the stock price targets under the converted restricted stock award agreements shall be equitably revised to reflect the Distribution and the conversion of the Award to Spinco Common Stock and Spinco Common Stock price targets.

(4) Issuance of New Agreements

As soon as practicable after the Distribution Date, NSI and Spinco shall cooperate to replace each existing restricted stock award agreement held by a Transferred Individual with two restricted stock award agreements: one agreement with respect to the Granted Restricted Stock that becomes restricted stock in both NSI and Spinco and the other agreement with respect to the Ungranted Restricted Stock that is converted to a restricted stock Award of Spinco Common Stock under the Spinco Stock Incentive Plan.

6.4 EMPLOYEE STOCK PURCHASE PLAN

It is intended that Spinco will establish an employee stock purchase plan that is substantially similar to the National Service Industries, Inc. Employee Stock Purchase Plan and that the NSI Common Stock, and Spinco Common Stock distributed with respect to such stock, held for Transferred Individuals will be transferred to a recordkeeper for the Spinco Plan, provided, however, Spinco, in its sole discretion, shall determine when such Plan shall become effective and may change the terms of such Plan as it deems appropriate.

6.5 DEFERRED COMPENSATION PLANS

(A) ASSUMPTION OR ESTABLISHMENT OF SPINCO DEFERRED COMPENSATION PLANS

Effective no later than the Close of the Distribution Date, Spinco shall take all necessary actions to assume, become plan sponsor of, and be solely responsible for all Liabilities with respect to, the Deferred Compensation Plans that are Spinco Stand-Alone Plans. Effective no later than the Close of the Distribution Date, Spinco shall also establish the Spinco Deferred Compensation Plans that are Spinco Mirror Plans, and the amounts credited to the accounts of Transferred Individuals under the NSI Deferred Compensation Plans shall be transferred to the applicable Spinco Deferred Compensation Plans.

The Transferred Individuals' termination of employment with the NSI Group as a result of the Distribution shall not constitute a termination of employment for purposes of the NSI or

EMPLOYEE BENEFITS AGREEMENT

Spinco Deferred Compensation Plans. All elections by the Transferred Individuals that were controlling under the terms of the applicable NSI Deferred Compensation Plan prior to the Distribution shall continue under the applicable Spinco Plan until changed under the terms of such Plan. All investment choices of Transferred Individuals under the NSI or Spinco Deferred Compensation Plans shall also be continued in effect; provided, however, that any account balance that is deemed to be invested in whole or in part in phantom shares of NSI Common Stock shall be converted into deemed investments in phantom shares of Spinco Common Stock in an equitable manner determined by Spinco. Nothing herein shall restrict NSI's or Spinco's rights to amend or terminate their respective Plans in the future.

(B) TRANSFER OF CORPORATE-OWNED LIFE INSURANCE

No later than the Close of the Distribution Date, NSI shall transfer and assign to Spinco all of the corporate-owned life insurance policies owned by NSI or an affiliate of NSI that have been held by NSI to help fund its obligations under the Deferred Compensation Plans that are being assumed or adopted by Spinco; provided, however, that such transfer shall not occur (or shall be modified in an appropriate manner) unless NSI has received a satisfactory opinion of legal counsel that such transfer of corporate-owned life insurance will not jeopardize the current tax treatment of such policies.

6.6 SUPPLEMENTAL RETIREMENT BENEFIT PLANS

Effective no later than the Close of the Distribution Date, NSI and Spinco shall take all necessary actions (a) to allow Spinco to adopt and assume, become the plan sponsor of, and be solely responsible for all Liabilities with respect to the supplemental retirement plans previously maintained by the Holophane Corporation; and (b) to allow Spinco to establish the Spinco Supplemental Pension Plan and the Spinco Supplemental Retirement Plan for Executives and to assume all Liabilities with respect to Transferred Individuals under the Supplemental Pension Plan of National Service Industries, Inc. and the Supplemental Retirement Plan for Executives of National Service Industries, Inc.

6.7 BENEFITS PROTECTION TRUST AND EXECUTIVE BENEFITS TRUST

Effective no later than the Close of the Distribution Date, NSI and Spinco shall take all actions necessary to allow Spinco or a member of the Spinco Group to adopt and assume, amend as appropriate, and replace NSI as a party to and grantor under, the National Service Industries, Inc. Benefits Protection Trust and the National Service Industries, Inc. Executive Benefits Trust ("Trusts").

6.8 SEVERANCE PROTECTION AGREEMENTS

Effective Immediately after the Distribution Date, Spinco shall enter into severance protection agreements with the Transferred Individuals listed in Appendix E which are substantially identical in all Material Features to the form of NSI severance protection agreement covering such Transferred Individual as of the Distribution Date. Spinco shall be solely

EMPLOYEE BENEFITS AGREEMENT

responsible for all Liabilities related to the Spinco severance protection agreements with the Transferred Individuals.

6.9 EMPLOYMENT AGREEMENTS

Effective Immediately after the Distribution Date, Spinco shall enter into employment agreements with the Transferred Individuals listed in Appendix E which are substantially identical in all Material Features to the corresponding NSI employment agreements or shall assume the existing agreements. Spinco shall be solely responsible for all Liabilities related to the Spinco employment agreements with the Transferred Individuals.

6.10 AUTOMOBILE PROGRAM

As of the Close of the Distribution Date, Spinco shall assume all of NSI's Liabilities and obligations with respect to the motor vehicles leased by NSI for Transferred Individuals pursuant to lease agreements under any NSI Executive automobile program.

6.11 OTHER EXECUTIVE BENEFITS/PROGRAMS

Effective no later than the Close of the Distribution Date, Spinco shall establish Plans that are substantially similar to the following NSI Plans and other executive benefits: Executive physical program, corporate matching gift program, automobile allowance policy. Spinco shall assume all Liabilities for Transferred Individuals under or relating to these Plans, and any elections, benefits, balances, or limits in effect immediately prior to the Distribution shall remain in effect under the Spinco Plans.

6.12 NON-EMPLOYEE DIRECTOR BENEFITS

(A) NON-EMPLOYEE DIRECTOR DEFERRED STOCK UNIT PLAN

Effective not later than the Close of the Distribution Date, Spinco shall establish a Spinco non-employee director deferred stock unit plan that is substantially identical in all Material Respects to the National Service Industries, Inc. Non-Employee Director Deferred Stock Unit Plan, and Spinco shall assume and be solely responsible for all Liabilities under the NSI Non-Employee Director Deferred Stock Unit Plan relating to individuals who become non-employee directors of Spinco (and certain former non-employee directors of NSI). The deferred stock units of NSI Common Stock relating to non-employee directors of Spinco shall be converted into deferred stock units of Spinco Common Stock in an equitable manner as determined by Spinco.

(B) NON-EMPLOYEE DIRECTORS' STOCK OPTION PLAN

Effective not later than the Close of the Distribution Date, Spinco shall establish the Spinco, Inc. Non-Employee Directors' Stock Option Plan that is substantially identical in all Material Respects to the National Service Industries, Inc. Non-Employee Directors' Stock Option Plan. All outstanding options held by non-employee directors of Spinco who were

EMPLOYEE BENEFITS AGREEMENT

previously non-employee directors of NSI (and certain former non-employee directors of NSI) shall be treated as provided in Section 6.3(b).

EMPLOYEE BENEFITS AGREEMENT

ARTICLE VII GENERAL

7.1 PAYMENT OF AND ACCOUNTING TREATMENT FOR EXPENSES AND BALANCE SHEET AMOUNTS

(A) EXPENSES

All expenses (and the accounting treatment related thereto) through the Close of the Distribution Date regarding matters addressed herein shall be handled and administered by NSI and Spinco in accordance with past NSI accounting and financial practices and procedures pertaining to such matters. To the extent expenses that pertain to Transferred Individuals are unpaid as of the Close of the Distribution Date, Spinco or any member of the Spinco Group shall be solely responsible for such payment, without regard to any accounting treatment to be accorded such expense by NSI or Spinco on their respective books and records. The accounting treatment to be accorded all expenses incurred prior to the Distribution Date, whether such expenses are paid by NSI or Spinco, shall be determined by NSI in its sole discretion.

(B) BALANCE SHEET AMOUNTS

Spinco shall assume any and all balance sheet liability that relates to any Liability assumed by it under this Agreement as of the Close of the Distribution Date or thereafter. The balance sheet liabilities to be assumed pursuant to this Section shall be determined by NSI in its sole discretion consistent with past accounting practices, consistently applied.

7.2 SHARING OF PARTICIPANT INFORMATION

Subject to applicable laws on confidentiality, NSI and Spinco shall share, NSI shall cause each applicable member of the NSI Group to share, and Spinco shall cause each applicable member of the Spinco Group to share, with each other and their respective agents and vendors (without obtaining releases) all participant information necessary for the efficient and accurate administration of each of the NSI Plans and the Spinco Plans during the period NSI and Spinco are coordinating with respect to vendor contracts under Section 5.2. NSI and Spinco and their respective authorized agents shall, subject to applicable laws on confidentiality, be given reasonable and timely access to, and may make copies of, all information relating to the subjects of this Agreement in the custody of the other party, to the extent necessary for such administration. Until the Close of the Distribution Date, all participant information shall be provided in the manner and medium applicable to Participating Companies in the NSI Plans generally, and thereafter until December 31, 2002, all participant information shall be provided in a manner and medium that is compatible with the data processing systems of NSI as in effect on the Close of the Distribution Date, unless otherwise agreed to by NSI and Spinco.

7.3 RESTRICTIONS ON EXTENSION OF OPTION EXERCISE PERIODS, AMENDMENT OR MODIFICATION OF OPTION TERMS AND CONDITIONS

Spinco agrees that, without the prior written consent of NSI, neither Spinco nor any of its affiliates or Subsidiaries shall take any action to extend the exercise period of or to provide for

EMPLOYEE BENEFITS AGREEMENT

additional vesting with respect to any Spinco options, which were received pursuant to Section 6.3(b) in replacement of NSI options, for Transferred Individuals, including providing such Transferred Individuals with leaves of absences or special termination or severance arrangements.

7.4 REPORTING AND DISCLOSURE AND COMMUNICATIONS TO PARTICIPANTS

While Spinco is a Participating Company in the NSI Plans, Spinco shall take, and shall cause each other applicable member of the Spinco Group to take, all actions necessary or appropriate to facilitate the distribution of all NSI Plan-related communications and materials to employees, participants and beneficiaries, including summary plan descriptions and related summaries of material modification, summary annual reports, investment information, prospectuses, notices and enrollment materials for the Spinco Plans. Spinco shall assist, and Spinco shall cause each other applicable member of the Spinco Group to assist, NSI in complying with all reporting and disclosure requirements of ERISA for plan years ending on or before December 31, 2002, including the preparation of Form 5500 annual reports for the NSI Plans, where applicable.

7.5 PLAN AUDITS

(A) AUDIT RIGHTS WITH RESPECT TO THE ALLOCATION OR TRANSFER OF PLAN ASSETS

The allocation of Pension Plan assets and liabilities pursuant to Section 3.3 shall, at the election of Spinco, be audited on behalf of both NSI and Spinco by an actuarial and benefit consulting firm mutually selected by the parties; provided, however, that no audit shall be permitted after the date of the pension plan asset transfer, in the case of the Pension Plans. The scope of such audit shall be limited to the accuracy of the data and the accuracy of the computation and adherence to the methodology specified in this Agreement and, except as set forth in the penultimate sentence of this Section 7.5(a), such audit shall not be binding on the parties. The actuarial and benefit consulting firm shall provide its report to both NSI and Spinco. No other audit shall be conducted with respect to the allocation of Plan assets and no issue of any nature whatsoever may be raised by Spinco once the transfer of assets has been completed. Subject to the following two sentences, no transfer of assets shall occur unless and until Spinco agrees to the allocation of assets. To the extent such audit recommends a change to the value of assets allocated to a Spinco Plan of less than 5%, the original determination shall be binding on the parties and shall not be subject to the dispute resolution process provided in Section 7.16. To the extent such audit recommends such a change of 5% or more (a "Significant Allocation Change"), any unresolved dispute between the parties as to whether and how to make any change in response to such recommendation shall be subject to the dispute resolution process provided in Section 7.16. Spinco shall pay or shall be responsible for the payment of the full costs of such audit; provided, however, that in the event such audit recommends a Significant Allocation Change and such recommendation is attributable to variances in actuarial assumptions or simplification or modification of the allocation calculated by NSI, NSI shall be responsible for the full costs of such audit.

EMPLOYEE BENEFITS AGREEMENT

(B) AUDIT RIGHTS WITH RESPECT TO INFORMATION PROVIDED

(1) Subject to Section 7.5(b)(2), each of NSI and Spinco, and their duly authorized representatives, shall have the right to conduct audits at any time upon reasonable prior notice, at their own expense, with respect to all information provided to it or to any Plan recordkeeper or third-party administrator by the other party. Subject to Sections 7.5(a) and 7.5(b)(2), the party conducting the audit shall have the sole discretion to determine the procedures and guidelines for conducting audits and the selection of audit representatives. The auditing party shall have the right to make copies of any records at its expense, subject to the confidentiality provisions set forth in the Distribution Agreement, which are incorporated by reference herein. The party being audited shall provide the auditing party's representatives with reasonable access during normal business hours to its operations, computer systems and paper and electronic files, and provide workspace to its representatives. After any audit is completed, the party being audited shall have the right to review a draft of the audit findings and to comment on those findings in writing within five business days after receiving such draft.

(2) The auditing party's audit rights under this Section 7.5(b) shall include the right to audit, or participate in an audit facilitated by the party being audited, of any Subsidiaries and affiliates of the party being audited and of any benefit providers and third parties with whom the party being audited has a relationship, or agents of such party, to the extent any such persons are affected by or addressed in this Agreement (collectively, the "Non-parties"). The party being audited shall, upon written request from the auditing party, provide an individual (at the auditing party's expense) to supervise any audit of any Non-party. The auditing party shall be responsible for supplying, at its expense, additional personnel sufficient to complete the audit in a reasonably timely manner.

(C) AUDITS REGARDING VENDOR CONTRACTS

From Immediately after the Distribution Date through December 31, 2002, NSI and Spinco and their duly authorized representatives shall have the right to conduct joint audits with respect to any vendor contracts that relate to both the NSI Health and Welfare Plans and the Spinco Health and Welfare Plans. The scope of such audits shall encompass the review of all correspondence, account records, claim forms, canceled drafts (unless retained by the bank), provider bills, medical records submitted with claims, billing corrections, vendor's internal corrections of previous errors and any other documents or instruments relating to the services performed by the vendor under the applicable vendor contracts. NSI and Spinco shall agree on the performance standards, audit methodology, auditing policy and quality measures and reporting requirements relating to the audits described in this Section 7.5(c) and the manner in which costs incurred in connection with such audits will be shared.

(D) AUDIT ASSISTANCE

To the extent that either NSI or Spinco is required to respond to any Governmental Authority, vendor or recordkeeper audit, or otherwise conducts an audit with respect to any provision or obligation of the other party under this Agreement, NSI or Spinco, whichever is applicable, shall be required to fully cooperate with the audit, including providing such records

EMPLOYEE BENEFITS AGREEMENT

and data as may be necessary to respond to any document or data request that may arise by reason of such audit. The party being audited shall provide the auditing party's representatives with reasonable access during normal business hours to its operations, computer systems and paper and electronic files, and provide workspace to its representatives. To the extent the results of an audit result in any correction to the Liabilities involving any Transferred Individuals, Spinco shall be solely responsible for all such costs and expenses associated with such Liabilities and any related corrections.

7.6 BENEFICIARY DESIGNATIONS/RELEASE OF INFORMATION/RIGHT TO REIMBURSEMENT

All beneficiary designations, authorizations for the release of information and rights to reimbursement made by or relating to Transferred Individuals under NSI Plans shall be transferred to and be in full force and effect under the corresponding Spinco Plans until such beneficiary designations, authorizations or rights are replaced or revoked by, or no longer apply, to the relevant Transferred Individual.

7.7 REQUESTS FOR INTERNAL REVENUE SERVICE RULINGS AND UNITED STATES DEPARTMENT OF LABOR OPINIONS

Spinco shall cooperate fully with NSI on any issue relating to the transactions contemplated by this Agreement for which NSI elects to seek a determination letter or private letter ruling from the Internal Revenue Service or an advisory opinion from the United States Department of Labor. NSI shall cooperate fully with Spinco with respect to any request for a determination letter or private letter ruling from the Internal Revenue Service or advisory opinion from the United States Department of Labor with respect to any of the Spinco Plans relating to the transactions contemplated by this Agreement.

7.8 FIDUCIARY AND RELATED MATTERS

The parties acknowledge that NSI will not be a fiduciary with respect to the Spinco Plans and that Spinco will not be a fiduciary with respect to the NSI Plans. The parties also acknowledge that neither party shall be deemed to be in violation of this Agreement if it fails to comply with any provisions hereof based upon its good faith determination that to do so would violate any applicable fiduciary duties or standards of conduct under ERISA or other applicable law. Notwithstanding any other provision in this Agreement, the parties may take such actions as necessary or appropriate to effectuate the terms and provisions of this Agreement.

7.9 NO THIRD-PARTY BENEFICIARIES; NON-TERMINATION OF EMPLOYMENT

This Agreement is not intended and shall not be construed as to confer upon any Person other than the parties hereto any rights or remedies hereunder. No provision of this Agreement or the Distribution Agreement shall be construed to create any right, or accelerate entitlement, to any compensation or benefit whatsoever on the part of any Transferred Individual or other future, present, or former employee of the NSI Group or the Spinco Group under any NSI Plan or Spinco Plan or otherwise. Without limiting the generality of the foregoing, except as expressly provided in this Agreement: (i) neither the Distribution nor the termination of the Participating

EMPLOYEE BENEFITS AGREEMENT

Company status of a member of the Spinco Group shall cause any employee to be deemed to have incurred a termination of employment which entitles such individual to the commencement of benefits under any of the NSI Plans, any of the Spinco Plans, or any of the Individual Agreements; and (ii) nothing in this Agreement other than those provisions specifically set forth herein to the contrary shall preclude Spinco, at any time after the Close of the Distribution Date, from amending, merging, modifying, terminating, eliminating, reducing, or otherwise altering in any respect any Spinco Plan, any benefit under any Plan or any trust, insurance policy or funding vehicle related to any Spinco Plan.

7.10 COLLECTIVE BARGAINING

To the extent any provision of this Agreement is contrary to and violates the provisions of any applicable collective bargaining agreement to which NSI or any affiliate of NSI is a party, the terms of such collective bargaining agreement shall continue to apply to the affected employees. Should any provision of this Agreement be deemed to relate to a topic determined by an appropriate authority to be a mandatory subject of collective bargaining, NSI or Spinco may be obligated to bargain with the union representing affected employees concerning those subjects.

7.11 CONSENT OF THIRD PARTIES

If any provision of this Agreement is dependent on the consent of any third party (such as a vendor) and such consent is withheld, NSI and Spinco shall use their reasonable best efforts to implement the applicable provisions of this Agreement to the full extent practicable. If any provision of this Agreement cannot be implemented due to the failure of such third party to consent, NSI and Spinco shall negotiate in good faith to implement the provision in a mutually satisfactory manner. The phrase "reasonable best efforts" as used in this Agreement shall not be construed to require the incurrence of any non-routine or unreasonable expense or liability or the waiver of any right.

7.12 FOREIGN PLANS

The treatment of Foreign Plans by NSI and Spinco shall be as set forth in Appendix D.

7.13 EFFECT IF DISTRIBUTION DOES NOT OCCUR

If the Distribution does not occur, then all actions and events that are, under this Agreement, to be taken or occur before or effective as of the Close of the Distribution Date, Immediately after the Distribution Date, or otherwise in connection with the Distribution, shall not be taken or occur except to the extent specifically agreed by Spinco and NSI.

7.14 RELATIONSHIP OF PARTIES

Nothing in this Agreement shall be deemed or construed by the parties or any third party as creating the relationship of principal and agent, partnership or joint venture between the parties, it being understood and agreed that no provision contained herein, and no act of the

EMPLOYEE BENEFITS AGREEMENT

parties, shall be deemed to create any relationship between the parties other than the relationship set forth herein.

7.15 AFFILIATES

Each of NSI and Spinco shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by members of the NSI Group or members of the Spinco Group, respectively, where relevant.

7.16 DISPUTE RESOLUTION

Any controversy or claim arising out of or relating to this Agreement, or the breach hereof, shall be settled pursuant to the dispute resolution provisions described in the Distribution Agreement.

7.17 INDEMNIFICATION

Effective on the Distribution Date, Spinco and each member of the Spinco Group agrees to jointly and severally indemnify and hold harmless NSI and each member of the NSI Group and each of their respective officers, directors, employees and agents and the NSI Plans and any related trusts, including the NSI Pension Trust and the trustees thereof, from and against any and all losses, liabilities, claims, suits, damages, costs and expenses (including without limitation, reasonable attorneys' fees and any and all expenses reasonably incurred in investigating, preparing or defending against any pending or seriously threatened litigation or claim) (collectively, "Indemnifiable Expenses") arising out of or related in any manner to Transferred Individuals, except for Indemnifiable Expenses arising solely out of a claim which is made by any Person (other than a Person who is a member of the Spinco or NSI Group) and which is related solely to NSI's exercise of its fiduciary responsibility for the investment of the assets of the NSI Plans prior to the Distribution Date (or prior to the Pension Plan Spinoff Date for purposes of the NSI Pension Plans and prior to the Savings Plan Transfer Date for purposes of the NSI Savings Plans). In addition, effective on the Distribution Date, NSI agrees to indemnify and hold harmless each member of the Spinco Group and each of their respective officers, directors, employees and agents and the Spinco Plans and any related trusts, including the Spinco Pension Trust and the trustees thereof, from and against any and all Indemnifiable Expenses arising solely out of a claim which is made by any Person (other than a Person who is a member of the Spinco or NSI Groups) and which is related solely to NSI's exercise of its fiduciary responsibility for the investment of the assets of the NSI Plans prior to the Distribution Date (or prior to the Pension Plan Spinoff Date for purposes of the NSI Pension Plans and prior to the Savings Plan Transfer Date for purposes of the NSI Savings Plans).

If any action is brought or any claim is made against a party or person in respect of which indemnity may be sought pursuant to this Section 7.17 (the "Indemnitee"), the Indemnitee shall, within twenty (20) days after the receipt of information indicating that an action or claim is likely, notify in writing the party from whom indemnification is sought (the "Indemnitor") of the institution of the action or the making of the claim, and the Indemnitor shall have the right, and

EMPLOYEE BENEFITS AGREEMENT

at the request of the Indemnitee, shall have the obligation, to assume the defense of the action or claim, including the employment of counsel. If the Indemnitor assumes the defense of the action or claim, the Indemnitor shall be entitled to settle the action or claim on behalf of the Indemnitee without the prior written consent of the Indemnitee, unless such settlement would, in addition to the payment of money, materially affect the ongoing business or employment of the Indemnitee.

The Indemnitee shall have the right to interpret the provisions of its own Plans and to employ its own counsel, but the fees and expenses of that counsel shall be the responsibility of the Indemnitee unless: (i) the employment of that counsel shall have been authorized in writing by the Indemnitor in connection with the defense of the action or claim; (ii) the Indemnitor shall not have employed counsel to have charge of the defense of such action or claim; or (iii) such Indemnitee shall have reasonably concluded that there may be defenses available to it which are different from or additional to those available to the Indemnitor (in which case the Indemnitor shall not have the right to direct any different defense of the action or claim on behalf of the Indemnitee). The Indemnitee shall, in any event, be kept fully informed of the defense of any such action or claim. Except as expressly provided above, in the event that the Indemnitor shall not previously have assumed the defense of an action or claim, at such time as the Indemnitor does assume the defense of the action or claim, the Indemnitor shall not thereafter be liable to any Indemnitee for legal or other expenses subsequently incurred by the Indemnitee in investigating, preparing or defending against such action or claim.

Anything in this Section 7.17 to the contrary notwithstanding, the Indemnitor shall not be liable for any settlement of any claim or action effected without its written consent; provided, however, that if after due notice the Indemnitor refuses to defend a claim or action, the Indemnitee shall have the right to defend and/or settle such action, and the Indemnitee shall not be precluded from making a claim against the Indemnitor for reasonable expenses and liabilities resulting from such defense and/or settlement in accordance with this Section 7.17.

Notwithstanding the foregoing provisions of this Section 7.17, there may be particular actions or claims which reasonably could result in both parties being liable to the other under the indemnification provisions of this Agreement. In such events, the Parties shall endeavor, acting reasonably and in good faith, to agree upon a manner of conducting the defense and settlement of the action or claim with a view to minimizing the legal expenses and associated costs that might otherwise be incurred by the parties, such as, by way of illustration only, agreeing to use the same legal counsel.

The indemnification provisions of this Section 7.17 shall not inure to the benefit of any third party. By way of illustration only, an insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto, or, solely by virtue of the indemnification provisions, hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other third party shall be entitled to a "windfall" (i.e., a benefit they would not be entitled to receive in the absence of the indemnification provisions) by virtue of these indemnification provisions.

EMPLOYEE BENEFITS AGREEMENT

7.18 W-2 MATTERS

Pursuant to the alternative procedure set forth in Internal Revenue Service Rev. Proc. 96-60, Spinco will assume NSI's obligations to furnish Forms W-2 to all Transferred Individuals for the year in which the Distribution Date occurs. NSI will provide to Spinco the information not available to Spinco relating to periods ending on the Distribution Date necessary for Spinco to prepare and distribute Forms W-2 to Transferred Individuals for the year in which the Distribution Date occurs, which will include all remuneration earned by Transferred Individuals before the Distribution Date and Forms W-4 provided to NSI by Transferred Individuals to the extent that Spinco is not already in possession of such information. Spinco shall prepare and distribute such forms. To the extent permitted by applicable law, in particular Code Sections 3121(a)(1) and 3306(b)(1), Spinco shall be deemed a successor employer to NSI with respect to Transferred Individuals for purposes of calculating the annual wage limitation to which state and federal payroll taxes apply.

7.19 CONFIDENTIALITY

Except as required by applicable law, for the purpose of satisfying any obligation under this Agreement or with the consent of the other party, neither NSI nor Spinco shall disclose to any Person (other than members of the NSI Group or the Spinco Group) any information (including, but not limited to, information regarding fees, expenses, assets, Liabilities and Plan terms) relating to the NSI Plans, Spinco Plans or Transferred Individuals. Each of NSI and Spinco shall be permitted to disclose such information within the NSI Group and Spinco Group only to the extent reasonably necessary in the ordinary course of business.

7.20 NOTICES

Any notice, demand, claim, or other communication under this Agreement shall be in writing and shall be given in accordance with the provisions for giving notice under the Distribution Agreement.

7.21 INTERPRETATION

Words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other genders as the context requires. The terms "hereof," "herein," and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all Appendices hereto) and not to any particular provision of this Agreement. The word "including" and words of similar import when used in this Agreement shall mean "including, without limitation," unless the context otherwise requires or unless otherwise specified. The word "or" shall not be exclusive.

7.22 SEVERABILITY

The provisions of this Agreement are severable and should any provision hereof be void, voidable or unenforceable under any applicable law, such provision shall not affect or invalidate any other provision of this Agreement, which shall continue to govern the relative rights and

EMPLOYEE BENEFITS AGREEMENT

duties of the parties as though such void, voidable or unenforceable provision were not a part hereof.

7.23 GOVERNING LAW/EXECUTION

This Agreement shall be construed in accordance with, and governed by, the laws of the State of Delaware without regard to the conflicts of law rules of such state, may not be assigned by either party without the prior written consent of the other, and shall bind and inure to the benefit of the parties hereto and their respective successors and permitted assignees. This Agreement may not be amended or supplemented except by an agreement in writing signed by NSI and Spinco. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original instrument, but all of which together shall constitute one and the same Agreement.

[SIGNATURE PAGE FOLLOWS]

EMPLOYEE BENEFITS AGREEMENT

IN WITNESS WHEREOF, the parties have caused this Employee Benefits Agreement to be duly executed as of the day and year first above written.

NATIONAL SERVICE INDUSTRIES, INC.

By: /s/ Brock A. Hattox

Brock A. Hattox
Executive Vice President and
Chief Financial Officer

ACUITY BRANDS, INC.

By: /s/ James S. Balloun

James S. Balloun
Chairman, President and
Chief Executive Officer

EMPLOYEE BENEFITS AGREEMENT

APPENDIX A -- QUALIFIED RETIREMENT PLANS

SPINCO PENSION PLANS (all are Stand-Alone Plans)

National Service Industries Pension Plan C

Pension Plan for Hourly Employees of the Emergency Lighting Division of
Lithonia Lighting Company

Major Reflector Products Co. Employees' Pension Plan

Pension Plan of Lithonia Lighting Company -- Members of Bargaining Unit
Represented by International Brotherhood of Electrical
Workers Local Union #613

Pension Plan of Lithonia Lighting Company -- Members of Bargaining Unit
Represented by Truck Drivers and Helpers Local Union #728
International Brotherhood of Teamsters, Chauffeurs, Warehousemen,
and Helpers of America

Pension Plan of Lithonia Lighting Company -- Members of Bargaining Unit
Represented by International Brotherhood of Electrical
Workers Local Union #1132

Pension Plan of Lithonia Lighting Company -- for Members of Bargaining Unit
Represented by International Brotherhood of Electrical Workers
Local Union #1048 (Amended and Restated Effective February 2, 1989)

Lithonia Lighting Division Hourly Employees' Retirement Plan

SPINCO SAVINGS PLANS (all are Stand-Alone Plans)

Lithonia Lighting Profit Sharing Retirement Plan for Salaried Employees

Zep Manufacturing Company Profit Sharing/401(k) Retirement Plan

Selig Chemical Industries Retirement Plan

National Service Industries Retirement and 401(k) Plan

Lithonia Lighting 401(k) Plan for Hourly Employees

Enforcer Products 401(k) Plan

Holophane Division of Lithonia Lighting Group Retirement and 401(k) Plan for
Hourly Employees

Holophane Division of Lithonia Lighting Group Retirement and 401(k) Plan for
Hourly Employees Covered by a Collective Bargaining Agreement

Hydrel/Lithonia Operations 401(k) Retirement Plan

EMPLOYEE BENEFITS AGREEMENT

APPENDIX B SPINCO EXECUTIVE PROGRAMS

STAND-ALONE PLANS/AGREEMENTS TO BE ASSUMED BY SPINCO (WITH APPROPRIATE NAME CHANGES)

National Service Industries, Inc. Executive Savings Plan

Supplemental retirement plans previously maintained by Holophane Corporation

National Service Industries, Inc. Executive Benefits Trust

National Service Industries, Inc. Benefits Protection Trust

Individual Agreements

Including employment, severance protection, and consulting agreements.

NSI PLANS FOR WHICH SPINCO MIRROR PLANS WILL BE ESTABLISHED

Supplemental Retirement Plan for Executives of National Service Industries, Inc.

National Service Industries, Inc. Long-Term Achievement Incentive Plan

National Service Industries, Inc. Supplemental Deferred Savings Plan

National Service Industries, Inc. Executives' Deferred Compensation Plan

National Service Industries, Inc. Senior Management Benefit Plan

National Service Industries, Inc. Management Compensation and Incentive Plan

National Service Industries, Inc. Non-Employee Directors' Deferred Stock Unit Plan

National Service Industries, Inc. Non-Employee Director Stock Option Plan

National Service Industries, Inc. Employee Stock Purchase Plan

Supplemental Pension Plan of National Service Industries, Inc.

NSI EXECUTIVE PROGRAMS THAT WILL REMAIN AT NSI AND NOT BE MIRRORED AT SPINCO

Supplemental Retirement Plan for Eligible Employees of AECO Products Division of National Service Industries, Inc.

Deferred Compensation Plan for National Linen Service Officers

EMPLOYEE BENEFITS AGREEMENT

APPENDIX C SPINCO HEALTH AND WELFARE PLANS

Health Plans (ERISA):

Spinco Major Medical Plan (which includes medical, dental, prescription drug, various HMOs, vision, wellness programs, and employee assistance benefits).

Group Insurance Plans (ERISA):

Spinco Group Basic Life and Supplemental Life Insurance Plan
Spinco Accidental Death and Dismemberment Insurance Plan
Spinco Group 24-Hour Business Travel Accident Plan
Spinco Personal Accident Plan

Disability Plans (ERISA):

Spinco Short-Term Disability Programs
Spinco Long Term Disability Plan

Cafeteria Plan (ERISA):

Spinco Before Tax Premium Plan
Spinco Health Care Flexible Spending Account Plan
Spinco Dependent Care Flexible Spending Account Plan (non-ERISA)

Miscellaneous Plans (non-ERISA):

Spinco Educational Assistance Program
Spinco Vacation Program
Spinco Executive Financial Planning Program

* Spinco shall have the right to rename, combine or disaggregate any of the above Plans for any purpose, including the satisfaction of any disclosure or reporting requirements under ERISA.

EMPLOYEE BENEFITS AGREEMENT

APPENDIX D FOREIGN PLANS

This Appendix D describes the principles under which Foreign Plans shall be treated. For purposes of this Appendix, outside the U.S. means outside the 50 United States, its territories and possessions, and the District of Columbia, and employed outside the U.S. means compensated under a payroll which is administered outside the United States.

D.1 PLANS COVERING ONLY EMPLOYEES OF NSI OR SPINCO

Effective as of the Close of the Distribution Date or such later date as may be required by applicable law, union, or works council agreement, any Foreign Plan that covers only individuals employed outside the U.S. by the NSI Group shall be the sole responsibility of the NSI Group and no member of the Spinco Group shall have any Liability with respect to such a Plan; and any Foreign Plan that covers only individuals employed outside the U.S. by the Spinco Group shall be the sole responsibility of the Spinco Group and no member of the NSI Group shall have any Liability with respect to such a Plan.

D.2 PLANS COVERING EMPLOYEES OF BOTH NSI AND SPINCO

(A) TERMINATION OF PARTICIPATION

To the extent legally permitted and except as otherwise provided herein, effective as of the Close of the Distribution Date, or as soon as practicable thereafter, Spinco and each other applicable member of the Spinco Group shall cease to be a Participating Company in each Foreign Plan maintained by NSI or the NSI Group and each other applicable member of the NSI Group shall cease to be a Participating Company in each Foreign Plan maintained by the Spinco Group. NSI and Spinco recognize that because of the requirements of local law or administrative considerations, a transition period extending beyond the Close of the Distribution Date may be required during which NSI or Spinco may continue to participate in each other's Foreign Plans. During such transition period, NSI and Spinco agree to cooperate in handling any and all matters with respect to the Foreign Plans.

(B) MIRROR PLANS

(1) Effective Immediately after the Distribution Date, Spinco shall adopt, or cause to be adopted, Foreign Plans for the benefit of employees of the Spinco Group employed outside the United States who are eligible to participate in NSI Foreign Plans and shall cause such Spinco Foreign Plans to be substantially identical in all Material Features to the corresponding NSI Foreign Plans as in effect on the Distribution Date. Notwithstanding the preceding sentence - (i) Spinco may satisfy this requirement by extending coverage to such individuals under a Foreign Plan of the Spinco Group which was in effect before the Distribution Date and which is, with respect to all Material Features, at least equal to the corresponding NSI Foreign Plan, and (ii) Spinco is not required to adopt a defined benefit pension plan for the benefit of its Canadian employees (but instead shall make an equitable adjustment to the defined contribution plan covering these employees).

EMPLOYEE BENEFITS AGREEMENT

(2) Effective Immediately after the Distribution Date, NSI shall adopt, or cause to be adopted, Plans for the benefit of any employees of the NSI Group employed outside the United States who are eligible to participate in Spinco Plans and shall cause such Plans to be substantially identical in all Material Features to the corresponding Spinco Foreign Plans as in effect on the Distribution Date; provided, however, that NSI may satisfy this requirement by extending or continuing coverage to such individuals under an NSI Foreign Plan of the NSI Group which was in effect before the Distribution Date.

(3) The continuation by NSI or Spinco of separate employment terms and conditions for employees previously covered by the other entity's Plans shall not continue beyond the time legally required.

(C) TRANSFER OF ASSETS

As of the Close of the Distribution Date, NSI and Spinco will use their reasonable best efforts to ensure that, to the extent legally permitted: (i) Liabilities of the Foreign Plans of NSI relating to Transferred Individuals shall be assumed by the appropriate Foreign Plans of Spinco; and (ii) an appropriate portion of any assets of the Foreign Plans of NSI shall be transferred to the appropriate Foreign Plans of Spinco, and vice versa.

D.3 SEVERANCE ISSUES

If under applicable law, any Transferred Individual employed outside the U.S. is deemed to have incurred a termination of employment as a result of the Distribution or any other transaction contemplated by the Distribution Agreement or this Agreement, which entitles such individual to receive any payment or benefit under any Foreign Plan, governmental plan or arrangement or pursuant to any law or regulation, including severance benefits, notwithstanding such individual's continued employment by the Spinco Group, then Spinco shall be liable for any such payment or benefit and, notwithstanding any other provision hereof, to the extent legally permitted, appropriate adjustments shall be made to the treatment of such individual during such continued employment, including not giving such individual credit for prior service and/or treating such individual as having been newly hired immediately after such deemed termination, for purposes of all applicable Foreign Plans. Liability with respect to such payments shall be the responsibility of Spinco.

D.4 LEGALLY PERMITTED

For purposes of this Appendix D, "legally permitted" means permitted under the laws of the country, the labor union, works council, or collective agreement without adverse consequences to NSI, Spinco or Transferred Individuals, as determined by NSI, in its sole discretion, including mandated waiting periods before which working conditions (including benefits) cannot be changed, and upon receiving required agreement from individual employees and/or Plan trustees, foundation boards and members, and any other organizations having a recognized right to determine or affect benefits and/or funding of the Plan.

EMPLOYEE BENEFITS AGREEMENT

APPENDIX E

Severance Protection Agreements

Mark Bachmann
Jim Balloun
Bob Burchfield
Sam Daniels
Charles Darnell
Kevin Davidson
John Ehrie
Helen Haines
Jim Heagle
Ken Honeycutt
Jeff Kernan
Richard Manning
Dave McCormish
Bob Mello
Larry Miller
John Morgan
Ken Morgan
Ken Murphy
Tom Naramore
Vern Nagel
Joe Parham
Wes Wittich
Allan Zeitlin

Employment Letters

Jim Balloun
Jim Heagle
Vern Nagel
Joe Parham

ACUITY BRANDS, INC.

LONG-TERM INCENTIVE PLAN

(Effective as of November 30, 2001)

1. PURPOSE. The purposes of the Acuity Brands, Inc. Long-Term Incentive Plan (the "Plan") are to provide additional incentives to those officers and key executives of Acuity Brands, Inc. (the "Company") and its Subsidiaries (as hereinafter defined) whose substantial contributions are essential to the continued growth and profitability of the Company's businesses, to strengthen their commitment to the Company and its Subsidiaries, to further motivate those officers and other executives to perform their assigned responsibilities diligently and skillfully, and to attract and retain competent and dedicated individuals whose efforts will result in the long term growth and profitability of the Company and, over time, appreciation in the market value of its stock. To accomplish these purposes, the Plan provides that the Company may grant Incentive Stock Options, Nonqualified Stock Options, Aspiration Achievement Incentive Awards, Restricted Stock, Performance Units and Performance Shares (as each term is hereinafter defined).

In connection with the spin-off of the Company by National Service Industries, Inc. ("NSI"), effective November 30, 2001, Options and Awards will be granted under this Plan as Replacement Awards to former employees of NSI and its Subsidiaries who become employees of the Company and its Subsidiaries.

2. DEFINITIONS. For purposes of the Plan:

(a) "ADJUSTED FAIR MARKET VALUE" means in the event of a Change in Control, the greater of (i) the highest price per share paid to holders of the Shares in any transaction (or series of transactions) constituting or resulting in a Change in Control or (ii) the highest Fair Market Value of a Share during the ninety (90) day period ending on the date of a Change in Control.

(b) "AGREEMENT" means the written agreement between the Company and an Optionee or Grantee evidencing the grant of an Option or Award and setting forth the terms and conditions thereof.

(c) "ASPIRATION ACHIEVEMENT INCENTIVE AWARD" or "ASPIRATION AWARD" means an Award granted to an Eligible Employee, as described in Section 7 of the Plan.

(d) "AWARD" means a grant of an Aspiration Award, Restricted Stock, Performance Awards, or any or all of them.

(e) "BOARD" means the Board of Directors of the Company.

(f) "BUSINESS UNIT" means any of the operating units or divisions of the Company, or its Subsidiaries, designated as a Business Unit by the Committee.

(g) "CHANGE IN CAPITALIZATION" means any increase or reduction in the number of Shares, or any change (including, but not limited to, a change in value) or exchange of Shares for a different number or kind of shares or other securities of the Company, by reason of a reclassification, recapitalization, merger, consolidation, reorganization, spin-off, split-up, issuance of warrants or rights or debentures, stock dividend, stock split or reverse stock split, cash dividend, property dividend, combination or exchange of shares, repurchase of shares, public offering, private placement, change in corporate structure or otherwise, which in the judgment of the Committee is material or significant.

(h) "CHANGE IN CONTROL" means any of the following events:

(i) The acquisition (other than from the Company) by any "Person" (as the term is used for purposes of Sections 13(d) or 14(d) of the Exchange Act) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of twenty percent (20%) or more of the combined voting power of the Company's then outstanding voting securities; or

(ii) The individuals who, as of December 1, 2001, are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least two-thirds of the Board; provided, however, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Agreement, be considered as a member of the Incumbent Board; or

(iii) A merger or consolidation involving the Company if the stockholders of the Company, immediately before such merger or consolidation do not, as a result of such merger or consolidation, own, directly or indirectly, more than seventy percent (70%) of the combined voting power of the then outstanding voting securities of the corporation resulting from such merger or consolidation in substantially the same proportion as their ownership of the combined voting power of the voting securities of the Company outstanding immediately before such merger or consolidation; or

(iv) A complete liquidation or dissolution of the Company or an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur pursuant to Section 2(g) (i), solely because twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities is acquired by (i) a trustee or other fiduciary holding securities, under one or more employee benefit plans maintained by the Company or any of its subsidiaries or (ii) any corporation which, immediately prior to such acquisition, is owned directly or indirectly by the stockholders of the Company in the same proportion as their ownership of stock in the Company immediately prior to such acquisition.

(i) "CODE" means the Internal Revenue Code of 1986, as amended.

(j) "COMMITTEE" means a committee consisting of two or more non-employee members of the Board who are appointed by the Board to administer the Plan and to perform the functions set forth herein.

(k) "COMPANY" means Acuity Brands, Inc., a Delaware corporation, or any successor corporation.

(l) "DISABILITY" means a physical or mental incapacity which impairs the Optionee's or Grantee's ability to substantially perform his duties for a period of one hundred eighty (180) consecutive days, as determined by the Committee.

(m) "ELIGIBLE EMPLOYEE" means any officer or other designated employee of the Company or a Subsidiary designated by the Committee as eligible to receive Options or Awards, subject to the conditions set forth herein.

(n) "EMPLOYEE BENEFITS AGREEMENT" means the Employee Benefits Agreement between NSI and the Company dated as of November 30, 2001, which provides for the treatment of the employee plans in connection with the spin-off of the Company from NSI.

(o) "EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

(p) "FAIR MARKET VALUE" means the fair market value of the Shares as determined in good faith by the Committee; provided, however, that (A) if the Shares are admitted to trading on a national securities exchange, Fair Market Value on any date shall be the last sale price reported for the Shares on such exchange on such date or, if no sale was reported on such date, on the last date preceding such date on which a sale was reported, (B) if the Shares are admitted to quotation on the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or other comparable quotation system and have been designated as a National Market System ("NMS") security, Fair Market Value on any date shall be the last sale price reported for the Shares on such system on such date or on the last day preceding such date on which a sale was reported, or (C) if the Shares are admitted to Quotation on NASDAQ and have not been designated a NMS Security, Fair Market Value on any date shall be the average of the highest bid and lowest asked prices of the Shares on such system on such date.

(q) "GRANTEE" means a person to whom an Award has been granted under the Plan.

(r) "INCENTIVE STOCK OPTION" means an Option within the meaning of Section 422 of the Code.

(s) "NAMED EXECUTIVE OFFICER" means an Eligible Employee who as of the date of grant, vesting and/or payout of an Award or Option is deemed by the Committee to be a "covered employee" as defined in Code Section 162(m) and the regulations thereunder.

(t) "NONQUALIFIED STOCK OPTION" means an Option which is not an Incentive Stock Option.

(u) "NSI LONG-TERM INCENTIVE PLANS" means the long-term incentive plans sponsored by NSI, including the National Service Industries, Inc. Long-Term Achievement Incentive Plan, and the National Service Industries, Inc. Long-Term Incentive Plan.

(v) "OPTION" means an Incentive Stock Option, a Nonqualified Stock Option, or either or both of them.

(w) "OPTIONEE" means a person to whom an Option has been granted under the Plan.

(x) "PARTICIPANT" means an Eligible Employee who has an outstanding Award or Option under the Plan.

(y) "PERFORMANCE AWARDS" means Performance Units, Performance Shares or either or both of them.

(aa) "PERFORMANCE CYCLE" means the time period specified by the Committee at the time an Aspiration Award or a Performance Award is granted during which the performance of the Company, a Subsidiary or a Business Unit will be measured.

(bb) "PERFORMANCE SHARES" means Restricted Stock granted under Section 9 of the Plan.

(cc) "PERFORMANCE UNIT" means Performance Units granted under Section 9 of the Plan.

(dd) "REPLACEMENT AWARDS" means Options or Awards that are issued in substitution of options or grants of restricted stock that were granted under the NSI Long-Term Incentive Plans to employees of NSI and its Subsidiaries who become employees of the Company and its Subsidiaries (or who are otherwise considered Transferred Employees under the Employee Benefits Agreement) as of the date of the spin-off of the Company to the stockholders of NSI. As provided in Sections 6(j) and 8(g), the Replacement Awards shall have the same material terms and conditions under the Plan as such awards had under the respective NSI Long-Term Incentive Plans.

(ee) "RESTRICTED STOCK" means Shares issued or transferred to an Eligible Employee which are subject to restrictions. Restricted Stock may be subject to restrictions which lapse over time without regard to the performance of the Company, a Subsidiary or a Business Unit, pursuant to Section 8 hereof, or may be awarded as Performance Shares pursuant to Section 9 hereof.

(ff) "RETIREMENT" means the voluntary termination of employment by the Grantee or Optionee at any time on or after the Grantee or Optionee attains age 65.

(gg) "SHARES" means the common stock, par value \$.01 per share, of the Company (including any new, additional or different stock or securities resulting from a Change in Capitalization).

(hh) "SUBSIDIARY" means any corporation in an unbroken chain of corporations, beginning with the Company (or NSI), if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. The term "Subsidiary" shall also include a partnership in which the Company or a Subsidiary owns 50% or more of the profits interest or capital interest in the partnership.

(ii) "SUCCESSOR CORPORATION" means a corporation, or a parent or subsidiary thereof within the meaning of Section 424(a) of the Code, which issues or assumes an Option in a transaction to which Section 424(a) of the Code applies.

(jj) "TEN-PERCENT STOCKHOLDER" means an Eligible Employee who, at the time an Incentive Stock Option is to be granted to him, owns (within the meaning of Section 422(b)(6) of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company.

(kk) "TERMINATION FOR CAUSE" means the Optionee or Grantee has terminated employment and has been found by the Committee to be guilty of theft, embezzlement, fraud or misappropriation of the Company's property or any action which, if the individual were an officer of the Company, would constitute a breach of fiduciary duty.

3. ADMINISTRATION.

(a) The Plan shall be administered by the Committee which shall hold such meetings as may be necessary for the proper administration of the Plan. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, or any Agreements, Options or Awards under the Plan, and all members of the Committee shall be fully indemnified by the Company with respect to any such action, determination or interpretation.

(b) Subject to the express terms and conditions set forth herein, the Committee shall have the power from time to time:

(i) to determine those Eligible Employees to whom Options shall be granted under the Plan and the number of Incentive Stock Options and/or Nonqualified Stock Options to be granted to each Eligible Employee and to prescribe the terms and conditions (which need not be identical) of each Option, including the purchase price per Share subject to each Option, and to make any amendment or modification to any Agreement consistent with the terms of the Plan;

(ii) to select those Eligible Employees to whom Awards shall be granted under the Plan and to determine the amount of Aspiration Award and Shares payable, the number of Performance Units, Performance Shares, and/or shares of Restricted Stock, to be granted pursuant to each Award, the terms and conditions of each Award, including the restrictions or performance criteria relating to such Award, the maximum value of each Award, and to make any amendment or modification to any Agreement consistent with the terms of the Plan; provided, however, that the Board can exercise any of the powers set forth in this Section 3(b), subject to any limitations imposed by Code Section 162(m) or Rule 16b-3 under the Exchange Act.

(c) Subject to the express terms and conditions set forth herein, the Committee shall have the power from time to time:

(i) to construe and interpret the Plan and the Options and Awards granted thereunder and to establish, amend and revoke rules and regulations for the administration of the Plan, including, but not limited to, correcting any defect or supplying any omission, or reconciling any inconsistency in the Plan or in any Agreement, in the manner and to the extent it shall deem necessary or advisable to make the Plan fully effective, and all decisions and determinations by the Committee in the exercise of this power shall be final, binding and conclusive upon the Company, a Subsidiary, and the Optionees and Grantees, as the case may be;

(ii) to determine the duration and purposes for leaves of absence which may be granted to an Optionee or Grantee on an individual basis without constituting a termination of employment or service for purposes of the Plan;

(iii) to exercise its discretion with respect to the powers and rights granted to it as set forth in the Plan;

(iv) generally, to exercise such powers and to perform such acts as are deemed necessary or advisable to promote the best interests of the Company with respect to the Plan.

4. SHARES SUBJECT TO PROGRAM.

(a) The maximum number of Shares that may be issued or transferred pursuant to Options and Awards under the Plan is 8,100,000 Shares (or the number and kind of shares of stock or other securities to which such Shares are adjusted upon a Change in Capitalization pursuant to Section 11) The Shares may, in the discretion of the Company, be authorized but unissued Shares or Shares held as treasury shares, including Shares purchased by the Company, whether on the market or otherwise, or a combination of each.

(b) Not more than an aggregate of thirty percent (30%) of the Shares referred to in Section 4(a) may be issued or transferred in connection with Aspiration Achievement Incentive Awards made pursuant to Section 7, Awards of Restricted Stock made pursuant to Section 8, and Awards of Performance Shares and Performance Units pursuant to Section 9.

(c) Whenever any outstanding Option or Award or portion thereof expires, is canceled or is otherwise terminated for any reason (other than by exercise of the Option), the Shares allocable to the canceled or otherwise terminated portion of such Option or Award may again be the subject of Options and Awards hereunder.

(d) Whenever any Shares subject to an Award or Option are forfeited for any reason pursuant to the terms of the Plan, such shares may again be the subject of Options and Awards hereunder.

(e) With respect to Shares used to exercise an Option or for tax withholding, the Committee shall, in its discretion and in accordance with applicable law, determine whether to include such shares in determining the maximum number of Shares that may be issued under the Plan.

5. ELIGIBILITY. Subject to the provisions of the Plan, the Committee shall have full and final authority to select those Eligible Employees who will receive Options and/or Awards; provided, however, that no Eligible Employee shall receive any Incentive Stock Options unless he is an employee of the Company or a Subsidiary (other than a Subsidiary that is a partnership) at the time the Incentive Stock Option is granted.

6. OPTIONS. The Committee may grant Options in accordance with the Plan and the terms and conditions of the Option shall be set forth in an Agreement. The Committee shall have sole discretion in determining the number of Shares underlying each Option to grant a Participant; provided, however, that in the case of any Incentive Stock Option granted under the Plan, the aggregate Fair Market Value (determined at the time such Option is granted) of the Shares to which Incentive Stock Options are exercisable for the first time by the Participant during any calendar year (under the Plan and all other incentive stock option plans of the Company and any Subsidiary) shall not exceed \$100,000. Excluding any Replacement Award, the maximum number of Shares subject to Options which can be granted under the Plan during a fiscal year of the Company to any Participant, including a Named Executive Officer, is 500,000 Shares. Each Option and Agreement shall be subject to the following conditions:

(a) PURCHASE PRICE. The purchase price or the manner in which the purchase price is to be determined for Shares under each Option shall be set forth in the Agreement, provided, that the purchase price per Share under each Option (other than Replacement Awards) shall not be less than 100% of the Fair Market Value of a Share on the date the Option is granted (110% in the case of an Incentive Stock Option granted to a Ten-Percent Stockholder).

(b) DURATION. Options granted hereunder shall be for such term as the Committee shall determine, provided that no Option shall be exercisable after the expiration of ten (10) years from the date it is granted (five (5) years in the case of an Incentive Stock Option granted to a Ten-Percent Stockholder). The Committee may, subsequent to the granting of any Option, extend the term thereof, but in no event shall the term as so extended exceed the maximum term provided for in the preceding sentence.

(c) NON-TRANSFERABILITY. Unless the Committee otherwise provides in the Agreement, no Option granted hereunder shall be transferable by the Optionee, otherwise than by will or the laws of descent and distribution, and an Option may be exercised during the lifetime of such Optionee only by the Optionee or his guardian or legal representative. The terms of such Option shall be final, binding and conclusive upon the beneficiaries, executors, administrators, heirs and successors of the Optionee.

(d) VESTING. Subject to Section 6(h) hereof, each Option shall be exercisable in such installments (which need not be equal or the same for each Optionee) and at such times as may be designated by the Committee and set forth in the Agreement. To the extent not exercised, installments shall accumulate and be exercisable, in whole or in part, at any time after becoming exercisable, but not later than the date the Option expires. The Committee may accelerate the exercisability of any Option or portion thereof at any time.

(e) METHOD OF EXERCISE. The exercise of an Option shall be made only by a written notice delivered in person or by mail to the Secretary of the Company at the Company's principal executive office (or to such other person or address as may be designated by the Committee), specifying the number of Shares to be purchased and accompanied by payment therefor and otherwise in accordance with the Agreement pursuant to which the Option was granted. The purchase price for any Shares purchased pursuant to the exercise of an Option shall be paid in full upon such exercise, as determined by the Committee in its discretion or as provided in the Agreement, in cash, by check, or by transferring Shares to the Company or by attesting to the ownership of Shares upon such terms and conditions as determined by the Committee. The written notice pursuant to this

Section 6(e) may also provide instructions from the Optionee to the Company that upon receipt of the purchase price in cash from the Optionee's broker or dealer, designated as such on the written notice, in payment for any Shares purchased pursuant to the exercise of an Option, the Company shall issue such Shares directly to the designated broker or dealer. Any Shares the Optionee transfers to the Company or attests to owning as payment of the purchase price under an Option shall be valued at their Fair Market Value on the day preceding the date of exercise of such Option. If requested by the Committee, the Optionee shall deliver the Agreement evidencing the Option to the Secretary of the Company who shall endorse thereon a notation of such exercise and return such Agreement to the Optionee. No fractional Shares shall be issued upon exercise of an Option and the number of Shares that may be purchased upon exercise shall be rounded to the nearest number of whole Shares.

(f) RIGHTS OF OPTIONEES. No Optionee shall be deemed for any purpose to be the owner of any Shares subject to any Option unless and until (i) the Option shall have been exercised pursuant to the terms thereof, (ii) the Company shall have issued and delivered the Shares to the Optionee and (iii) the Optionee's name shall have been entered as a stockholder of record on the books of the Company. Thereupon, the Optionee shall have full voting, dividend and other ownership rights with respect to such Shares.

(g) TERMINATION OF EMPLOYMENT. The Agreement shall set forth the terms and conditions of the Option upon the termination of the Optionee's employment with the Company, a Subsidiary or a Business Unit (including an Optionee's ceasing to be employed by a Subsidiary or Business Unit as a result of the sale of such Subsidiary or Business Unit or an interest in such Subsidiary or Business Unit), as the Committee may, in its discretion, determine at the time the Option is granted or thereafter, provided, however no Option shall be exercisable beyond its maximum term as described in Section 6(b) hereof.

(h) EFFECT OF CHANGE IN CONTROL. Unless otherwise provided in the Agreement, in the event of a Change in Control, (i) all Options outstanding on the date of such Change in Control shall become immediately and fully exercisable and (ii) an Optionee will be permitted to surrender for cancellation within sixty (60) days after such Change in Control, any Option or portion of an Option to the extent not yet exercised and the Optionee will be entitled to receive a cash payment in the amount equal to the excess, if any, of (x) (A) in the case of a Nonqualified Stock Option, the greater of (1) the Fair Market Value, on the date preceding the date of surrender, of the Shares subject to the Option or portion thereof surrendered or (2) the Adjusted Fair Market Value of the Shares subject to the option or portion thereof surrendered or (B) in the case of an Incentive Stock Option, the Fair Market Value, at the time of surrender, of the Shares subject to the Option or portion thereof surrendered, over (y) the aggregate purchase price for such Shares under the Option.

(i) MODIFICATION. Subject to the terms of the Plan, the Committee may, in its discretion, modify outstanding Options. Notwithstanding the foregoing, (a) no modification of an Option shall adversely alter or impair any rights or obligations under the Agreement without the Optionee's consent, and (b) the Committee shall not have authority to materially modify outstanding options or accept the surrender of outstanding options and grant new options in substitution for them or to change the exercise price of any outstanding Option.

(j) REPLACEMENT AWARDS. Each Replacement Award for an option granted under the NSI Long-Term Incentive Plans shall reflect the adjustments provided for in the Employee Benefits Agreements and shall have the same material terms and conditions as the award it replaces under the NSI Long-Term Incentive Plans, as determined by the Committee. Notwithstanding any other provision in this Plan to the contrary, no Replacement Award in substitution of an award that qualified as an Incentive Stock Option immediately before the grant of the Replacement Award shall contain any term that is materially more favorable than the terms of the substituted award which makes the award no longer qualify as an Incentive Stock Option.

7. ASPIRATION ACHIEVEMENT INCENTIVE AWARDS.

(a) GRANT OF ASPIRATION AWARDS. Subject to the terms of the Plan, the Committee may grant Aspiration Awards to Eligible Employees. The Committee shall have the discretion to determine the amount of each Aspiration Award and the other terms and conditions relating to the grant of such awards.

(b) TERMS OF ASPIRATION AWARDS. The following rules shall apply to the Aspiration Awards:

(i) Prior to or at the beginning of the Performance Cycle (or within such time period as is permitted by Code Section 162(m) and the regulations thereunder), the

Committee shall determine, based upon the Participant's salary and level of responsibility, the Aspiration Award applicable to the Participant. The Award will contain performance levels

related to the Performance Measure(s) that will determine the actual award the Participant will receive at the end of the Performance Cycle. The Committee will select one or more of the Performance Measures listed on Appendix A (which objectives may be different for different Participants or Performance Cycles) for purposes of the Aspiration Awards under the Plan. Performance Measures may be in respect of the performance of the Company and its Subsidiaries on a consolidated basis, or a Subsidiary or a Business Unit, or some combination of the foregoing. Performance levels with respect to a Performance Measure may be absolute or relative and may be expressed in terms of a progression within a specified range. The agreement for an Aspiration Award may provide for such adjustments to the financial performance of the Company (or a Business Unit or Subsidiary) for the Performance Cycle as the Committee deems appropriate and are not inconsistent with Code Section 162(m). Aspiration Awards may also include performance levels that relate to individual achievements or goals. Except with respect to Named Executive Officers, the Committee may establish additional Performance Measures for purposes of Aspiration Awards under the Plan. Further, in the event that applicable tax and/or securities laws (including, but not limited to, Code Section 162(m) and Section 16 of the Exchange Act) change to permit Committee discretion to alter the governing Performance Measures for Named Executive Officers without obtaining stockholder approval of such changes, the Committee shall have sole discretion to make such changes without obtaining stockholder approval.

(ii) No Participant may receive an Aspiration Award in excess of \$4 million with respect to a single Performance Cycle.

(c) EARNING OF ASPIRATION AWARDS. After the applicable Performance Cycle has ended, the Committee shall certify the extent to which the performance levels for the Performance Measure(s) have been achieved. In addition to any adjustments provided for by the Agreement, the Committee may, in determining whether the performance levels have been met, adjust the financial results for a Performance Cycle to exclude the effect of unusual charges or income items, or other events (such as acquisitions or divestitures and equity and other restructurings), which are distortive of financial results for the Performance Cycle; provided, that, with respect to Named Executive Officers, in determining financial results, items whose exclusion from consideration will increase the Award shall only have their effects excluded if they constitute "extraordinary" or "unusual" events or items under generally accepted accounting principles and all such events and items shall be excluded. The Committee shall also adjust the performance calculations to exclude the unanticipated effect on financial results of changes in the Code, or other tax laws, and the regulations thereunder. The Committee may decrease the amount of an Award otherwise payable if, in the Committee's view, the financial performance during the Performance Cycle justifies such adjustment, regardless of the extent to which the Performance Measure was achieved.

The Agreement may provide the Committee with the right, during a Performance Cycle or after it has ended, to revise the performance levels for the Performance Measure and the Award amounts, if unforeseen events (including, without limitation, a Change in Capitalization, an equity restructuring, an acquisition or a divestiture) occur which have a substantial effect on the financial results and which in the judgment of the Committee make the application of the performance levels unfair unless a revision is made. For Named Executive Officers, such changes shall be made in a manner that is not inconsistent with Code Section 162(m).

(d) FORM AND TIMING OF PAYMENT OF ASPIRATION AWARDS. The Agreement shall set forth the manner in which payment of earned Aspiration Awards will be made. Payment will be made in cash or in Shares, or in a combination of cash and Shares, as determined by the Committee in the Agreement. Payment will be made as soon as practical after the end of the Performance Cycle to which the Award relates. Unless the Committee provides otherwise in the Agreement, for purposes of the portion of the Award paid in Shares, the Shares shall be valued as the average of their Fair Market Value for the last 10 trading days of the Performance Cycle. Notwithstanding the foregoing, the Committee may permit a Participant to elect to surrender all or a portion of an earned Aspiration Award in exchange for Options upon such terms and conditions as may be established by the Committee. The Committee may, in its sole discretion, defer payment of an Award or a portion thereof and provide for payment at a later date, if the Committee believes such payment if not deferred would violate Section 162(m).

(e) TERMINATION OF EMPLOYMENT. The Agreement shall set forth the terms and conditions of the Aspiration Award upon the termination of the Participant's employment with the Company,

Subsidiary or a Business Unit (including a Participant's ceasing to be employed by a Subsidiary or Business Unit as a result of the sale of such Subsidiary or Business Unit or an interest in such Subsidiary or Business Unit), as the Committee may, in its discretion, determine at the time the Aspiration Award is granted or thereafter.

(f) NONTRANSFERABILITY. Unless the Agreement provides otherwise, Aspiration Awards may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than, if amounts are payable after the Participant's death, by will or by the laws of descent and distribution.

(g) EFFECT OF CHANGE IN CONTROL. In the event of a Change in Control, the Participant shall earn and become entitled to payment of such portion of the Aspiration Award as set forth in the Agreement. The time of payment of the Aspiration Award and the form of such payment shall also be as set forth in the Agreement.

8. RESTRICTED STOCK. The Committee may grant Awards of Restricted Stock, and may issue Shares of Restricted Stock in payment in respect of Aspiration Awards or vested Performance Units (as hereinafter provided in Section 9(b)), which shall be evidenced by an Agreement between the Company and the Grantee. Shares of Restricted Stock may be granted or awarded based upon the achievement of such Performance Measures (as listed on Appendix A) as the Committee may determine and subject to such other terms and conditions as the Committee may specify. Each Agreement shall contain such restrictions, terms and conditions as the Committee may, in its discretion, determine and (without limiting the generality of the foregoing) such Agreements may require that an appropriate legend be placed on Share certificates. Subject to the terms of the Plan, the Committee may modify outstanding Awards of Restricted Stock. Notwithstanding the foregoing, no modification of an award shall adversely alter or impair any rights or obligations under the Agreement without the Grantee's consent. The aggregate maximum number of Shares that may be awarded under a Restricted Stock Award and an Award of Performance Shares and Performance Units to a Participant during any fiscal year of the Company is 100,000 Shares and Units. Awards of Restricted Stock shall be subject to the following terms and provisions:

(a) RIGHTS OF GRANTEE. Shares of Restricted Stock granted pursuant to an Award hereunder shall be recorded in the name of the Grantee as soon as reasonably practicable after the Award is granted, provided that the Grantee has executed an Agreement evidencing the Award, the appropriate blank stock powers and, in the discretion of the Committee, an escrow agreement and any other documents which the Committee may require as a condition to the issuance of such Shares. If a Grantee shall fail to execute the documents which the Committee may require within the time period prescribed by the Committee at the time the Award is granted, the Award shall be null and void. At the discretion of the Committee, Shares issued in connection with a Restricted Stock Award shall be deposited together with the stock powers with an escrow agent designated by the Committee. Unless the Committee determines otherwise and as set forth in the Agreement, upon delivery of the Shares to the escrow agent, the Grantee shall have all of the rights of a stockholder with respect to such Shares, including the right to vote the Shares and to receive all dividends or other distributions paid or made with respect to the Shares.

(b) NONTRANSFERABILITY. Unless the Agreement provides otherwise, until any restrictions upon the Shares of Restricted Stock awarded to a Grantee shall have lapsed in the manner set forth in Section 8(c), such Shares shall not be sold, transferred or otherwise disposed of and shall not be pledged or otherwise hypothecated, nor shall they be delivered to the Grantee.

(c) LAPSE OF RESTRICTIONS.

(i) GENERALLY. Restrictions upon Shares of Restricted Stock awarded hereunder shall lapse at such time or times and on such terms and conditions as the Committee may provide in the Agreement.

(ii) EFFECT OF CHANGE IN CONTROL. Unless the Agreement provides otherwise, in the event of a Change in Control, all restrictions upon any Shares of Restricted Stock (other than Performance Shares) shall lapse immediately and all such Shares shall become fully vested in the Grantee.

(d) TERMINATION OF EMPLOYMENT. The Agreement shall set forth the terms and conditions that shall apply upon the termination of the Grantee's employment with the Company, a Subsidiary or a Business Unit (including a forfeiture of Shares for which the restrictions have not lapsed upon Grantee's ceasing to be employed) as the Committee may, in its discretion, determine at the time the Award is granted or thereafter.

(e) TREATMENT OF DIVIDENDS. At the time the Award of Shares of Restricted Stock is granted, the Committee may, in its discretion, determine that the payment to the Grantee of dividends, or a specified portion thereof, declared or paid on such Shares by the Company shall be (i) deferred until the lapsing of the restrictions imposed upon such Shares and (ii) held by the Company for the account of the Grantee until such time. In the event of such deferral, there shall be credited at the end of each year (or portion thereof) interest

on the amount of the account at the beginning of the year at a rate per
annum as the

Committee, in its discretion, may determine. Payment of deferred dividends, together with interest accrued thereon, shall be made upon the lapsing of restrictions imposed on such Shares, and any dividends deferred (together with any interest accrued thereon) in respect of any Shares of Restricted Stock shall be forfeited upon the forfeiture of such Shares pursuant to Section 8(d) or otherwise.

(f) DELIVERY OF SHARES. Upon the lapse of the restrictions on Shares of Restricted Stock, the Committee shall cause a stock certificate to be delivered to the Grantee with respect to such Shares, free of all restrictions hereunder (except any restrictions under Section 17).

(g) REPLACEMENT AWARDS. Each Replacement Award for restricted stock granted under the NSI Long-Term Incentive Plans shall reflect the adjustments provided for in the Employee Benefits Agreements and shall have the same material terms and conditions as the award it replaces under the NSI Long-Term Incentive Plans, as determined by the Committee.

9. PERFORMANCE AWARDS.

(a) PERFORMANCE OBJECTIVES. The Committee will select one or more of the Performance Measures listed on Appendix A attached hereto for purposes of Performance Awards under the Plan. Performance Measures may be in respect of the performance of the Company and its Subsidiaries (which may be on a consolidated basis), a Subsidiary or a Business Unit, or any combination of the foregoing. Performance Awards may also include performance levels that relate to individual achievements or goals. Performance objectives may be absolute or relative and may be expressed in terms of a progression within a specified range, with the Grantee becoming vested in (i) a minimum percentage of such Performance Awards in the event the Minimum Acceptable Objective is met or, if surpassed, a greater percentage (ii) an intermediate percentage of such Performance Awards in the event the Good Objective is met or, if surpassed, a greater percentage and (iii) one hundred percent (100%) of such Performance Awards in the event the Maximum Realistic Objective is met or surpassed. In addition to adjustments provided for by the Agreement, the Committee may, in determining whether the performance levels have been met, adjust the financial results for a Performance Cycle to exclude the effect of unusual charges or income items, or other events (such as acquisition or divestitures and equity and other restructurings), which are distortive of financial results for the Performance Cycle; provided, that, with respect to Named Executive Officers, in determining financial results, items whose exclusion from consideration will increase the Award shall only have their effects excluded if they constitute "extraordinary" or "unusual" events or items under generally accepted accounting principles and all such events and items shall be excluded. The Committee shall also adjust the performance calculations to exclude the unanticipated effect on financial results of changes in the Code, or other tax laws, and the regulations thereunder. The Committee may decrease the amount of an Award otherwise payable if, in the Committee's view, the financial performance during the Performance Cycle justifies such adjustment, regardless of the extent to which the Performance Measure was achieved.

The Agreement may provide the Committee with the right, during a Performance Cycle or after it has ended, to revise the performance levels for the Performance Measure and the Award amounts, if unforeseen events (including, without limitation, a Change in Capitalization, an equity restructuring, an acquisition or a divestiture) occur which have a substantial effect on the financial results and which in the judgment of the Committee make the application of the performance levels unfair unless a revision is made. For Named Executive Officers, such changes shall be made in a manner that is not inconsistent with Code Section 162(m).

Except with respect to Named Executive Officers, the Committee may establish additional Performance Measures for purposes of Performance Awards under the Plan. Further, in the event that applicable tax and/or securities laws (including, but not limited to, Code Section 162(m) and Section 16 of the Exchange Act) change to permit Committee discretion to alter the governing Performance Measures for Named Executive Officers without obtaining stockholder approval of such changes, the Committee shall have sole discretion to make such changes without obtaining stockholder approval.

The aggregate maximum number of Performance Units and Performance Shares and Shares of Restricted Stock a Participant may be awarded for any fiscal year of the Company shall be 100,000 Units and Shares.

(b) PERFORMANCE UNITS. The Committee may grant Performance Units, the terms and conditions of which shall be set forth in an Agreement between the Company and the Grantee. Each Performance Unit shall, contingent upon the attainment of specified performance

objectives within the Performance Cycle, represent one (1) Share. Each Agreement shall specify the number of the Performance Units to which it relates, the performance objectives which must be satisfied in order for the

Performance Units to vest, the Performance Cycle within which such objectives must be satisfied, and the form of payment in respect of vested Performance Units.

(i) VESTING AND FORFEITURE. A Grantee shall become vested with respect to the Performance Units to the extent that the performance objectives set forth in the Agreement are satisfied for the Performance Cycle. Subject to Section 9(d) hereof, if the Minimum Acceptable Objective specified in the Agreement is not satisfied for the applicable Performance Cycle, the Grantee's rights with respect to the Performance Units shall be forfeited.

(ii) PAYMENT OF AWARDS. Payment of Performance Units to Grantees in respect of vested Performance Units shall be made within sixty (60) days after the last day of the Performance Cycle to which such Award relates. Subject to Section 9(d), such payments may be made entirely in Shares, entirely in cash, or in such combination of Shares and cash as the Committee in its discretion, shall determine at any time prior to such payment, provided, however, that if the Committee in its discretion determines to make such payment entirely or partially in Shares of Restricted Stock, the Committee must determine the extent to which such payment will be in Shares of Restricted Stock at the time the Award is granted. Except as provided in Section 9(d), and except as the Committee otherwise provides in the Agreement, if payment is made in the form of cash, the amount payable in respect of any Share shall be equal to the average of the Fair Market Value of such Share for the last ten (10) trading days of the Performance Cycle.

(iii) TERMINATION OF EMPLOYMENT. The Agreement shall set forth the terms and conditions of the Award of Performance Units upon the termination of the Grantee's employment with the Company, a Subsidiary, or a Business Unit (including a Grantee's ceasing to be employed by a Subsidiary or Business Unit as a result of the sale of such Subsidiary or Business Unit or an interest in such Subsidiary or Business Unit) as the Committee may, in its discretion, determine at the time the Award is granted or thereafter.

(c) PERFORMANCE SHARES. The Committee, in its discretion, may grant Awards of Performance Shares and shall be evidenced by an Agreement between the Company and the Grantee. Each Agreement shall contain such restrictions, if any, and the terms and conditions as the Committee may, in its discretion, require, and (without limiting the generality of the foregoing) such Agreements may require that an appropriate legend be placed on Share certificates. Awards of Performance Shares shall be subject to the following terms and provisions:

(i) RIGHTS OF GRANTEE. The Committee shall provide at the time an Award of Performance Shares is made, the time or times at which the Performance Shares granted pursuant to such Award hereunder shall be issued in the name of the Grantee; provided, however, that no Performance Shares shall be issued until the Grantee has executed an Agreement evidencing the Award, the appropriate blank stock powers and, in the discretion of the Committee, an escrow agreement and any other documents which the Committee may require as a condition to the issuance of such Performance Shares. If a Grantee shall fail to execute the documents which the Committee may require within the time period prescribed by the Committee at the time the Award is granted, the Award shall be null and void. At the discretion of the Committee, Shares issued in connection with an Award of Performance Shares shall be deposited together with the stock powers with an escrow agent designated by the Committee. Except as restricted by the terms of the Agreement, upon delivery of the Shares to the escrow agent, the Grantee shall have, in the discretion of the Committee, all of the rights of a stockholder with respect to such Shares, including the right to vote the shares and to receive all dividends or other distributions paid or made with respect to the shares.

(ii) NONTRANSFERABILITY. Unless the Agreement provides otherwise, until any restrictions upon the Performance Shares awarded to a Grantee shall have lapsed in the manner set forth in Sections 9(c)(3) or 9(d), such Performance Shares shall not be sold, transferred or otherwise disposed of and shall not be pledged or otherwise hypothecated, nor shall they be delivered to the Grantee. The Committee may also impose such other restrictions and conditions on the Performance Shares, if any, as it deems appropriate.

(iii) LAPSE OF RESTRICTIONS. Subject to Section 9(d), restrictions upon Performance Shares awarded hereunder shall lapse and such Performance Shares shall become vested at such time or times and on such terms, conditions and satisfaction of performance and other objectives as the Committee may, in its discretion, determine at the time an Award is granted.

(iv) TERMINATION OF EMPLOYMENT. The Agreement shall set forth the terms and conditions of the Award of Performance Shares upon the termination of the Grantee's employment with the Company, a Subsidiary or a Division

(including a Grantee's ceasing to be employed by a Subsidiary or Division as a result of the sale of such Subsidiary or Division or an interest in such Subsidiary or Division) as the Committee may, in its discretion, determine at the time the Award is granted or thereafter.

(v) TREATMENT OF DIVIDENDS. At the time the Award of Performance Shares is granted, the Committee may, in its discretion, determine that the payment to the Grantee of dividends, or a specified portion thereof, declared or paid on Performance Shares issued by the Company to the Grantee shall be (i) deferred until the lapsing of the restrictions imposed upon such Performance Shares and (ii) held by the Company for the account of the Grantee until such time. In the event of such deferral, there shall be credited at the end of each year (or portion thereof) interest on the amount of the account at the beginning of the year at a rate per annum as the Committee, in its discretion, may determine. Payments of deferred dividends, together with interest accrued thereon as aforesaid, shall be made upon the lapsing of restrictions imposed on such Performance Shares, except that any dividends deferred (together with any interest accrued thereon) in respect of any Performance Shares shall be forfeited upon the forfeiture of such Performance Shares pursuant to Section 9(c)(iv) or otherwise.

(vi) DELIVERY OF SHARES. Upon the lapse of the restrictions on Performance Shares awarded hereunder, the Committee shall cause a stock certificate to be delivered to the Grantee with respect to such Shares, free of all restrictions hereunder.

(d) EFFECT OF CHANGE IN CONTROL. Unless the Agreement provides otherwise, in the event of a Change in Control:

(i) With respect to the Performance Units, the Grantee shall (i) become vested in a percentage of Performance Unit as determined by the Committee at the time of the Award of such Performance Units and as set forth in the Agreement and (ii) be entitled to receive in respect of all Performance Units which become vested as a result of a Change in Control, a cash payment within ten (10) days after such Change in Control equal to the product of the Adjusted Fair Market Value of a Share multiplied by the number of Performance Units which become vested in accordance with this Section 9(d); and

(ii) With respect to the Performance Shares, all restrictions shall lapse immediately on all or a portion of the Performance Shares as determined by the Committee at the time of the Award of such Performance Shares and as set forth in the Agreement.

(e) NONTRANSFERABILITY. Unless the Agreement provides otherwise, no Performance Awards shall be transferable by the Grantee otherwise than by will or the laws of descent and distribution.

(f) DEFINITIONS. For purposes of Performance Awards, the following definitions shall apply:

(i) "GOOD OBJECTIVE" means a challenging and above average level of performance of the Company, a Subsidiary or a Business Unit during a Performance Cycle for which a performance Award is granted, as determined by the Committee at the time such Performance Award is granted.

(ii) "MAXIMUM REALISTIC OBJECTIVE" means an excellent level of performance of the Company, a Subsidiary or a Business Unit during a Performance Cycle for which a Performance Award is granted, as determined by the Committee at the time such Performance Award is granted.

(iii) "MINIMUM ACCEPTABLE OBJECTIVE" means a minimum level of performance of the Company, a Subsidiary or a Business Unit during a Performance Cycle for which a Performance Award is granted, as determined by the Committee at the time such Performance Award is granted.

10. LOANS.

(a) The Company or any Subsidiary may make loans to a Grantee or Optionee in connection with the exercise of an Option, subject to the following terms and conditions and such other terms and conditions not inconsistent with the Plan including the rate of interest, if any, as the Committee shall impose from time to time.

(b) No loan made under the Plan shall exceed the sum of (i) the aggregate purchase price payable pursuant to the Option with respect to which the loan is made, plus (ii) the amount of the reasonably estimated income taxes payable by the Optionee or Grantee with respect to the Option or Award. In no event may any such loan exceed the Fair Market Value, at the date of exercise, of any such Shares.

(c) No loan shall have an initial term exceeding ten (10) years; provided, however, that loans under the Plan shall be renewable at the discretion of the Committee.

(d) Loans under the Plan may be satisfied by an Optionee or Grantee, as determined by the Committee, in cash or, with the consent of the Committee, in whole or in part by the transfer to the Company of Shares whose Fair Market Value on the date preceding the date of such payment is equal to the cash amount for which such Shares are transferred.

(e) A loan shall be secured by a pledge of Shares with a Fair Market Value of not less than the principal amount of the loan. After partial repayment of a loan, pledged Shares no longer required as security may be released into escrow or pursuant to the terms of the Option, Award or escrow agreement to the Optionee or Grantee.

11. ADJUSTMENT UPON CHANGES IN CAPITALIZATION.

(a) In the event of a Change in Capitalization, the Committee shall determine in its discretion, exercised in good faith, the appropriate adjustments, if any, to the maximum number and class of Shares or other stock or securities with respect to which Options or Awards may be granted under the Plan (in the aggregate and to an individual Participant), the number and class of Shares or other stock or securities which are subject to outstanding Options or Awards granted under the Plan, and the purchase price therefor, if applicable.

(b) Any such adjustment in the Shares or other stock or securities subject to outstanding Incentive Stock Options (including any adjustments in the purchase price) shall be made in such manner as not to constitute a modification as defined by Section 424(h)(3) of the Code and only to the extent otherwise permitted by Sections 422 and 424 of the Code.

(c) If, by reason of a Change in Capitalization, a Grantee of an Award shall be entitled to, or an Optionee shall be entitled to exercise an Option with respect to, new, additional or different shares of stock, securities, Aspiration Awards, Performance Units or Performance Shares (other than rights or warrants to purchase securities), such new, additional or different shares shall thereupon be subject to all of the conditions, restrictions and performance criteria which were applicable to the Aspiration Awards, Performance Units or Performance Shares pursuant to the Award or Shares subject to the Option, as the case may be, prior to such Change in Capitalization.

12. EFFECT OF CERTAIN TRANSACTIONS. Subject to Sections 6(h), 7(g), 8(c)(ii) and 9(d), in the event of (i) the liquidation or dissolution of the Company or (ii) a merger or consolidation of the Company (a "Transaction"), the Plan and the Options and Awards issued hereunder shall continue in effect in accordance with their respective terms and each Optionee and Grantee shall be entitled to receive in respect of each Share subject to any outstanding Options or Awards, as the case may be, upon exercise of any Option or Award or payment or transfer in respect of any Award, the same number and kind of stock, securities, cash, property, or other consideration that each holder of a Share was entitled to receive in the Transaction in respect of a Share.

13. RELEASE OF FINANCIAL INFORMATION. A copy of the Company's annual report to stockholders shall be delivered to each Optionee and Grantee at the time such report is distributed to the Company's stockholders. Upon reasonable request the Company shall furnish as soon as reasonably practicable, to each Optionee and Grantee a copy of its most recent annual report and each quarterly report and current report filed under the Exchange Act since the end of the Company's prior fiscal year.

14. FOREIGN EMPLOYEES. In order to facilitate the making of any grant of Options or Awards under this Plan, the Committee may provide for such special terms for Options or Awards to Participants who are foreign nationals or who are employed by the Company or any Subsidiary outside of the United States of America as the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom, which special terms may be contained in an Appendix attached hereto. Moreover, the Committee may approve such supplements to or amendments, restatements or alternative versions of this Plan as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of this Plan as in effect for any other purpose, and the Secretary or other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as this Plan. No such special terms, supplements, amendments or restatements, however, shall include any

provisions that are inconsistent with the terms of this Plan as then in effect unless this Plan could have been amended to eliminate such inconsistency without further approval by the shareholders of the Company.

15. TERMINATION AND AMENDMENT OF THE PLAN.

(a) The Plan shall terminate on November 6, 2011, and no Option or Award may be granted thereafter. The Board may sooner terminate or amend the Plan (other than to reduce the rights of Optionees and Grantees, as the case may be, under Sections 6(h), 7(g), 8(c)(ii) and 9(d)), at any time and from time to time; provided, however, that to the extent legally required, no amendment shall be effective unless approved by the stockholders of the Company in accordance with applicable law and regulations at an annual or special meeting.

(b) Except as provided in Sections 11 and 12 hereof, rights and obligations under any Option or Award granted before any amendment of the Plan shall not be adversely altered or impaired by such amendment, except with the consent of the Optionee or Grantee, as the case may be.

16. NONEXCLUSIVITY OF THE PLAN. The adoption of the Plan by the Board shall not be construed as amending, modifying or rescinding any previously approved incentive arrangement or as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of stock options otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

17. LIMITATION OF LIABILITY. As illustrative of the limitations of liability of the Company, but not intended to be exhaustive thereof, nothing in the Plan shall be construed to:

(a) give any person any right to be granted an Option or Award other than at the sole discretion of the Committee;

(b) give any person any rights whatsoever with respect to Shares except as specifically provided in the Plan;

(c) limit in any way the right of the Company to terminate the employment of any person at any time (with or without Cause); or

(d) be evidence of any agreement or understanding, expressed or implied, that the Company will employ any person in any particular position at any particular rate of compensation or for any particular period of time.

18. REGULATION AND OTHER APPROVALS; GOVERNING LAW.

(a) This Plan and the rights of all persons claiming hereunder shall be construed and determined in accordance with the laws of the State of Delaware without giving effect to the conflicts of laws principles thereof, except to the extent that such law is preempted by federal law.

(b) The obligation of the Company to sell or deliver Shares with respect to Options and Awards granted under the Plan shall be subject to all applicable laws, rules and regulations, including all applicable federal and state securities laws, and the obtaining of all such approvals by governmental agencies as may be deemed necessary or appropriate by the Committee.

(c) The Plan is intended to comply with Rule 16b-3 promulgated under the Exchange Act and the Committee shall interpret and administer the provisions of the Plan or any Agreement in a manner consistent therewith. Any provisions inconsistent with such Rule shall be inoperative and shall not affect the validity of the Plan.

(d) The Board may make such changes as may be necessary or appropriate to comply with the rules and regulations of any government authority, or to obtain for Eligible Employees granted Incentive Stock Options the tax benefits under the applicable provisions of the code and regulations promulgated thereunder.

(e) Each Option and Award is subject to the requirement that, if at any time the Committee determines, in its discretion, that the listing, registration or qualification of Shares issuable pursuant to the Plan is required by any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the grant of an Option or the issuance of Shares, no Options shall be granted or payment

made or Shares issued, in whole or in part, unless such listing, registration, qualification, consent or approval has been effected or obtained free of any conditions as acceptable to the Committee.

(f) Notwithstanding anything contained in the Plan to the contrary, in the event that the disposition of Shares acquired pursuant to the Plan is not covered by a then current registration statement under the Securities Act of 1933, as amended, and is not otherwise exempt from such registration, such Shares shall be restricted against transfer to the extent required by the Securities Act of 1933, as amended, and Rule 144 or other regulations thereunder. The Committee may require any individual receiving Shares pursuant to the Plan, as a condition precedent to receipt of such Shares (including upon exercise of an Option), to represent and warrant to the Company in writing that the Shares acquired by such individual are acquired without a view to any distribution thereof and will not be sold or transferred other than pursuant to an effective registration thereof under said Act or pursuant to an exemption applicable under the Securities Act of 1933, as amended, or the rules and regulations promulgated thereunder. The certificates evidencing any of such Shares shall be appropriately legended to reflect their status as restricted securities as aforesaid.

(g) In the event that changes are made to Code Section 162(m) to permit greater flexibility with respect to any Award or Option under the Plan, the Committee may, subject to this Section 18, make any adjustments it deems appropriate in such Award or Option.

19. MISCELLANEOUS.

(a) MULTIPLE AGREEMENTS. The terms of each Option or Award may differ from other Options or Awards granted under the Plan at the same time, or at some other time. The Committee may also grant more than one Option or Award to a given Eligible Employee during the term of the Plan, either in addition to, or in substitution for, one or more Options or Awards previously granted to that Eligible Employee. The grant of multiple Options and/or Awards may be evidenced by a single Agreement or multiple Agreements, as determined by the Committee.

(b) WITHHOLDING OF TAXES.

(i) The Company shall have the right to deduct from any distribution of cash to any Optionee or Grantee, an amount equal to the federal, state and local income taxes and other amounts as may be required by law to be withheld (the "Withholding Taxes") with respect to any Option or Award. If an Optionee or Grantee is entitled to receive Shares upon exercise of an Option or pursuant to an Award, the Optionee or Grantee shall pay the Withholding Taxes to the Company prior to the issuance, or release from escrow, of such Shares. In satisfaction of the Withholding Taxes to the Company, the Optionee or Grantee may make an irrevocable written election (the "Tax Election"), which may be accepted or rejected in the discretion of the Committee, to have withheld a portion of the Shares issuable to him or her upon exercise of the Option or pursuant to an Award having an aggregate Fair Market Value equal to the Withholding Taxes.

(ii) If an Optionee makes a disposition, within the meaning of Section 424(c) of the Code and regulations promulgated thereunder, of any Share or Shares issued to him pursuant to his exercise of an Incentive Stock Option within the two-year period commencing on the day after the date of the grant or within the one-year period commencing on the day after the date of transfer of such Share or Shares to the Optionee pursuant to such exercise, the Optionee shall, within ten (10) days of such disposition, notify the Company thereof, by delivery of written notice to the Company at its principal executive office, and immediately deliver to the Company the amount of Withholding Taxes.

(c) DESIGNATION OF BENEFICIARY. To the extent applicable to the type of Award, each Grantee (other than an Optionee) may designate a person or persons to receive in the event of his or her death, any Award or any amount payable pursuant thereto, to which he or she would then be entitled under the terms of the Plan. Such designation will be made upon forms supplied by and delivered to the Company and may be revoked in writing.

(d) DEFERRAL. The Committee may permit a Participant to defer to another plan or program such Participant's receipt of Shares or cash that would otherwise be due to such Participant by virtue of the exercise of an Option, earning of an Aspiration Award, the vesting of Restricted Stock or the earning of Performance Awards. If any such deferral election is required or permitted, the Committee shall, in its sole discretion, establish rules and procedures for such payment deferrals.

20. EFFECTIVE DATE. This Plan shall be effective November 30, 2001.

IN WITNESS WHEREOF, the Plan has been executed by the Company
on this 28th day of November, 2001, to be effective on the Effective Date.

ACUITY BRANDS, INC.

By: /s/ James S. Balloun

James S. Balloun
Chairman, President and
Chief Executive Officer

APPENDIX A
TO
ACUITY BRANDS, INC.
LONG-TERM INCENTIVE PLAN

PERFORMANCE MEASURE

AATP Margin

Adjusted After-Tax Profit (AATP)

Adjusted Pre-Tax Profit (AFTP)

Capitalized Economic Profit

Capitalized Entity Value

Capitalized Equity Value

Cashflow

Cashflow Return on Capital

Cashflow Return on Capitalized Entity/Equity Value

Cashflow Return on Investment

Change in Price of Shares

Earnings Per Share

Economic Profit

Net Income

Net Income Return on Capital

Return on Assets (ROA)

Return on Equity (ROE)

Return on Gross Investment

Return on Invested Capital

Return on Net Assets (RONA)

Sales

Sales Growth

Total Return to Stockholders

GENERAL DEFINITION

AATP divided by Sales

AFTP minus book income taxes (reported tax rate applied to AFTP)

Income before provision for income taxes plus interest expense plus implied interest on capitalized operating leases. The measure may include or exclude income from discontinued operations, extraordinary items, changes in accounting principles, and restructuring expense.

Economic Profit divided by a predetermined rate reflecting the cost of capital

Sum of average invested capital in the business and the Capitalized Economic Profit

Capitalized Entity Value minus total debt

Net cash provided by operating activities less net cash used for investing activities

Cashflow divided by average invested capital

Cashflow divided by Capitalized Entity/Equity Value

Primary or fully diluted earnings per share

AATP minus a charge for capital

Net income as reported in NSI's annual financial statements or the books and records of its segments. The measure may include or exclude income from discontinued operations, extraordinary items, changes in accounting principles, and restructuring expense.

Net Income divided by average invested capital

Net Income divided by average total assets

Net Income divided by average stockholders' equity

Sum of Net Income plus depreciation divided by sum of average invested capital plus accumulated depreciation

Net Income or AATP divided by average invested capital

Net Income, AFTP, or income before taxes, divided by average net assets

Net sales of products and service revenues

Percentage change in Sales from year to year

Percentage change in stockholder value (stock price plus reinvested dividends)

ACUITY BRANDS, INC.
2001 NONEMPLOYEE DIRECTORS' STOCK OPTION PLAN

1. PURPOSE

(a) The purpose of this Plan is to provide a means by which nonemployee directors of Acuity Brands, Inc. (the "Company") may be given an opportunity to purchase stock of the Company.

(b) The Company, by means of the Plan, seeks to secure and retain the services of persons best qualified to serve as directors of the Company and to provide incentives for such persons to exert maximum efforts for the success of the Company.

(c) The Company intends that the options issued under the Plan shall be options which do not qualify as incentive stock options for purpose of Section 422 of the Code.

(d) In connection with the spin-off of the Company by National Service Industries, Inc. ("NSI"), options will be granted under this Plan as Replacement Options, as hereinafter defined, to former nonemployee directors of NSI who do not continue to be nonemployee directors of NSI following the spin-off.

2. DEFINITIONS

For purposes of the Plan:

2.1 "Adjusted Fair Market Value" means, in the event of a Change in Control, the greater of (i) the highest price per Share paid to holders of the Shares in any transaction (or series of transactions) constituting or resulting in a Change in Control or (ii) the highest Fair Market Value of a Share during the ninety (90) day period ending on the date of a Change in Control.

2.2 "Agreement" means the written agreement between the Company and an Optionee evidencing the grant of an Option and setting forth the terms and conditions thereof.

2.3 "Board" means the Board of Directors of the Company.

2.4 "Cause" means the commission of an act of fraud or intentional misrepresentation or an act of embezzlement, misappropriation, or conversion of assets or opportunities of the Company or any subsidiary of the Company.

2.5 "Change in Capitalization" means any increase or reduction in the number of Shares, or any change (including, but not limited to, a change in value) in the Shares or exchange of Shares for a different number or kind of shares or other securities of the Company, by reason of a reclassification, recapitalization, merger, consolidation, reorganization, spin-off, split-up, issuance of warrants or rights or debentures, stock

dividend, stock split or reverse stock split, cash dividend, property dividend, combination or exchange of shares, repurchase of shares, change in corporate structure, or otherwise.

2.6 A "Change in Control" means any of the following events:

(a) The acquisition (other than from the Company) by any "Person" (as the term is used for purposes of Sections 13(d) or 14(d) of the Exchange Act) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of twenty percent (20%) or more of the combined voting power of the Company's then outstanding voting securities; or

(b) The individuals who, as of December 1, 2001 were members of the Board (the "Incumbent Board"), cease for any reason to constitute at least two-thirds of the Board; provided, however, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Plan, be considered as a member of the Incumbent Board; or

(c) A merger or consolidation involving the Company if the stockholders of the Company immediately before such merger or consolidation do not, as a result of such merger or consolidation, own, directly or indirectly, more than seventy percent (70%) of the combined voting power of the then outstanding voting securities of the corporation resulting from such merger or consolidation in substantially the same proportion as their ownership of the combined voting power of the voting securities of the Company outstanding immediately before such merger or consolidation; or

(d) A complete liquidation or dissolution of the Company or an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur pursuant to Section 2.6(a), solely because twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities is acquired by (i) a trustee or other fiduciary holding securities under one or more employee benefit plans maintained by the Company or any of its subsidiaries or (ii) any corporation which, immediately prior to such acquisition, is owned directly or indirectly by the stockholders of the Company in the same proportion as their ownership of stock in the Company immediately prior to such acquisition.

2.7 "Code" means the Internal Revenue Code of 1986, as amended.

2.8 "Company" means Acuity Brands, Inc.

2.9 "Director" means a director of the Company.

2.10 "Disability" means a physical or mental infirmity which impairs the Optionee's ability to perform substantially his or her duties for a period of one hundred eighty (180) consecutive days, as determined by the Board.

2.11 "Employee Benefits Agreement" means the Employee Benefits Agreement between National Service Industries, Inc. and Acuity Brands, Inc. dated as of November 30, 2001 which provides for the treatment of the employee plans in connection with the spin-off of the Company from National Service Industries, Inc.

2.12 "Exchange Act" means the Securities Exchange Act of 1934, as amended.

2.13 "Fair Market Value" on any date means (A) if the Shares are admitted to trading on a national securities exchange, the last sale price reported for the Shares on such exchange on such date or, if no sale was reported on such date, on the last date preceding such date on which a sale was reported, (B) if the Shares are admitted to quotation on the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or other comparable quotation system and have been designated as a National Market System ("NMS") security, the last sale price reported for the Shares on such system on such date or on the last day preceding such date on which a sale was reported, (C) if the Shares are admitted to quotation on NASDAQ and have not been designated a NMS security, the average of the highest bid and lowest asked prices of the Shares on such system on such date, or (D) if there have been no published bid or asked quotations with respect to Shares on such date, the value established by the Board in good faith and in accordance with Section 422 of the Code.

2.14 "Nonemployee Director" means a Director who is not an officer or employee of the Company or any subsidiary.

2.15 "Option" means an option granted under this Plan to purchase Shares.

2.16 "Optionee" means a person to whom an Option has been granted under the Plan.

2.17 "Parent" means any corporation which is a parent corporation (within the meaning of Section 424(e) of the Code) with respect to the Company.

2.18 "Plan" means the Acuity Brands, Inc. 2001 Nonemployee Directors' Stock Option Plan.

2.19 "Replacement Options" means Options that are issued in substitution of options that were granted under the National Service Industries, Inc. 1992 Nonemployee Directors' Stock Option Plan to nonemployee directors of NSI who do not remain as nonemployee directors of NSI following the spin-off of the Company to the stockholders of NSI. As provided in Section 5.9, the Replacement Options shall have the same material terms and conditions under the Plan as such options had under the National Service Industries, Inc. 1992 Nonemployee Directors Stock Option Plan.

2.20 "Shares" means the common stock, par value \$.01 per share, of the Company.

3. ADMINISTRATION

3.1 The Plan shall be administered by the Board.

3.2 The Board shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(a) To construe and interpret the Plan and any Option, to construe and interpret any condition or restrictions imposed on Shares acquired pursuant to the exercise of an Option, to define the terms used herein and to establish, amend, and revoke rules and regulations for administration of the Plan. The Board in the exercise of this power, may correct any defect, omission, or inconsistency in the Plan or in any Agreement, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(b) To amend, modify, suspend, or terminate the Plan in accordance with Section 9.

(c) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company in connection with the Plan.

4. STOCK SUBJECT TO THE PLAN

4.1 The maximum number of Shares that may be made the subject of Options granted under the Plan is 300,000 Shares (or the number and kind of shares of stock or other securities to which such Shares are adjusted upon a Change in Capitalization pursuant to Section 7) and the Company shall reserve for the purposes of the Plan, out of its authorized but unissued Shares or out of Shares held in the Company's treasury, or partly out of each, such number of Shares as shall be determined by the Board.

4.2 Whenever any outstanding Option or portion thereof expires, is forfeited, is cancelled or is otherwise terminated for any reason (other than upon the exercise of the Option or upon the surrender of the Option pursuant to Section 6), the Shares allocable to the cancelled or otherwise terminated Option or portion thereof may again be the subject of Options granted hereunder.

5. OPTION GRANTS FOR NONEMPLOYEE DIRECTORS

5.1 Initial Grant. An Option to purchase 1,500 Shares, subject to adjustment as provided in Section 7, shall be granted to each Nonemployee Director on December 3, 2001. The purchase price of each Option shall be as provided in this Section 5 and such Options shall be evidenced by an Agreement containing such other terms and conditions not inconsistent with the provisions of this Plan as determined by the Board.

5.2 Annual Grant. An Option to purchase 1,500 Shares, subject to adjustment as provided in Section 7, shall be granted to each Nonemployee Director on the date of the

annual meeting of the stockholders of the Company each year that the Plan remains in effect pursuant to its terms. The purchase price of each Option shall be as provided in this Section 5 and such Options shall be evidenced by an Agreement containing such other terms and conditions not inconsistent with the provisions of this Plan as determined by the Board.

5.3 Purchase Price. The purchase price for Shares under each Option, other than Replacement Options, shall be equal to 100% of the Fair Market Value of a Share on the date the Option is granted.

5.4 Duration. Options shall be for a term of ten (10) years, unless terminated earlier as follows:

(a) if an Optionee's service as a Director terminates for Cause, the Options granted to the Optionee hereunder shall immediately terminate in full and no rights thereunder may be exercised;

(b) if an Optionee's service as a Director terminates for any reason other than Cause, the Optionee (or any guardian, legal representative, heir or successor of the Optionee) may for a period of three (3) years after such termination exercise his or her Options to the extent, and only to the extent, that such Options or portions thereof were vested and exercisable as of the date the Optionee's service as a Director terminated, after which time the Options shall automatically terminate in full.

This Section 5.4 shall not be construed to extend the term of any Option or to permit anyone to exercise any Option after expiration of its term, nor shall it be construed to increase the number of Shares as to which any Option is exercisable from the amount exercisable on the date of termination of the Optionee's service as a Director.

5.5 Vesting. Subject to Section 6, each Option shall be exercisable in whole or in part at any time after one (1) year from the date of grant of the Option.

5.6 Non-transferability. No Option granted hereunder shall be transferable by the Optionee to whom granted otherwise than (i) by will or the laws of descent and distribution and (ii) upon such terms and conditions as the Company may establish, to immediate family members of the Optionee or to a trust, partnership or similar vehicle for the benefit of such immediate family members (collectively, the "Permitted Transferees"). For purposes of this Section 5.6, "immediate family" means an Optionee's spouse, parents, children, grandchildren and spouse of children and grandchildren (including adopted children and grandchildren, as the case may be). A Permitted Transferee may not further transfer the Option. An Option transferred pursuant to this Section 5.6 shall remain subject to all of the provisions of the Plan and any Agreement with respect to such Option and may not be exercised by a Permitted Transferee unless and until all legal or regulatory approvals, listings, registrations, qualifications or other clearances as determined by the Company to be required or appropriate have been obtained. An Option may be exercised during the lifetime of such Optionee only by the Optionee or his beneficiary or guardian or legal representative or, if applicable, by Permitted Transferees. The terms of such Option shall be final, binding

and conclusive upon the beneficiaries, executors, administrators, heirs, successors, and Permitted Transferees of the Optionee.

5.7 Method of Exercise. The exercise of an Option shall be made only by a written notice delivered in person or by mail to the Secretary of the Company at the Company's principal executive office, specifying the number of Shares to be purchased and accompanied by payment therefor and otherwise in accordance with the Agreement pursuant to which the Option was granted. The purchase price for any Shares purchased pursuant to the exercise of an Option shall be paid in full upon such exercise in cash, by check or by transferring Shares to the Company upon such terms and conditions as determined by the Board. The written notice pursuant to this Section 5.7 may also provide instructions from the Optionee to the Company that upon receipt of the purchase price in cash from the Optionee's broker or dealer, designated as such on the written notice, in payment for any Shares purchased pursuant to the exercise of an Option, the Company shall issue such Shares directly to the designated broker or dealer. Any Shares transferred to the Company as payment of the purchase price under an Option shall be valued at their Fair Market Value on the day preceding the date of exercise of such Option. If requested by the Board, the Optionee shall deliver the Agreement evidencing the Option to the Secretary of the Company who shall endorse thereon a notation of such exercise and return such Agreement to the Optionee. No fractional Shares (or cash in lieu thereof) shall be issued upon exercise of an Option and the number of Shares that may be purchased upon exercise shall be rounded to the nearest number of whole Shares.

5.8 Rights of Optionees. No Optionee shall be deemed for any purpose to be the owner of any Shares subject to any Option unless and until (i) the Option shall have been exercised pursuant to the terms thereof, (ii) the Company shall have issued and delivered the Shares to the Optionee, and (iii) the Optionee's name shall have been entered as a stockholder of record on the books of the Company. Thereupon, the Optionee shall have full voting, dividend, and other ownership rights with respect to such Shares.

5.9 Replacement Options. Notwithstanding the above, each Replacement Option for an option granted under the National Service Industries, Inc. 1992 Nonemployee Directors' Stock Option Plan shall reflect the adjustments provided for in the Employee Benefits Agreement and shall have the same material terms and conditions as the option it replaces, as determined by the Board.

6. EFFECT OF CHANGE IN CONTROL

Notwithstanding anything contained in the Plan or an Agreement to the contrary, in the event of a Change in Control, (i) all Options outstanding on the date of such Change in Control shall become immediately and fully exercisable and (ii) an Optionee will be permitted to surrender for cancellation within sixty (60) days after such Change in Control, any Option or portion of an Option to the extent not yet exercised and the Optionee will be entitled to receive a cash payment in an amount equal to the excess, if any, of (x) the greater of (1) the Fair Market Value, on the date preceding the date of surrender, of the Shares subject to the Option or portion thereof surrendered or (2) the Adjusted Fair Market Value of

the Shares subject to the Option or portion thereof surrendered, over (y) the aggregate purchase price for such Shares under the Option or portion thereof surrendered; provided, however, that in the case of an Option granted within six (6) months prior to the Change in Control, the Optionee shall be entitled to surrender for cancellation his or her Option during the sixty (60) day period commencing upon the expiration of six (6) months from the date of grant of any such Option.

7. ADJUSTMENT UPON CHANGES IN CAPITALIZATION

7.1 Subject to Section 8, in the event of a Change in Capitalization, the Board shall conclusively determine the appropriate adjustments, if any, to the (i) maximum number and class of Shares or other stock or securities with respect to which Options may be granted under the Plan, (ii) the number and class of Shares or other stock or securities which are to be subject to Options to be granted under Section 5; and (iii) the number and class of Shares or other stock or securities which are subject to outstanding Options granted under the Plan, and the purchase price therefor, if applicable; provided, however, that any stock adjustment in the Shares or other stock or securities subject to an outstanding Option (including any adjustments in the purchase price) shall be made only to the extent necessary to maintain the proportionate interest of the Optionee and preserve, without exceeding, the value of such Option.

7.2 If, by reason of a Change in Capitalization, an Optionee shall be entitled to exercise an Option with respect to new, additional or different shares of stock or securities, such new, additional or different shares shall thereupon be subject to all of the conditions which were applicable to the Shares subject to the Option, as the case may be, prior to such Change in Capitalization.

8. EFFECT OF CERTAIN TRANSACTIONS

Subject to Section 6, in the event of (i) the liquidation or dissolution of the Company or (ii) a merger or consolidation of the Company (a "Transaction"), the Plan and the Options issued hereunder shall continue in effect in accordance with their respective terms and each Optionee shall be entitled to receive in respect of each Share subject to any outstanding Option, upon exercise of such Option, the same number and kind of stock, securities, cash, property, or other consideration that each holder of a Share was entitled to receive in the Transaction in respect of a Share. In the event that, after a Transaction, there occurs any change of a type described in Section 2.5 with respect to the shares of the surviving or resulting corporation, then adjustments similar to, and subject to the same conditions as, those in Section 7 shall be made by the Board.

9. TERMINATION AND AMENDMENT OF THE PLAN

The Plan shall terminate on the day prior to the tenth anniversary of the date the Board approved the Plan, and no Option may be granted thereafter. The Board may sooner terminate the Plan and the Board may from time to time amend, modify, or suspend the Plan; provided, however that:

(a) Except as provided in Sections 7 and 8, no such amendment, modification, suspension, or termination shall impair or adversely alter any Options or rights theretofore granted under the Plan, except with the consent of the Optionee, nor shall any amendment, modification, suspension, or termination deprive any Optionee of any Shares which he or she may have acquired through or as a result of the Plan;

(b) To the extent required by applicable law, regulation or rule, no amendment shall be effective unless approved by the stockholders of the Company in accordance with applicable law and regulations at an annual or special meeting held within twelve (12) months before or after the date of adoption of such amendment.

10. NON-EXCLUSIVITY OF THE PLAN

(a) The adoption of the Plan by the Board shall not be construed as amending, modifying or rescinding any previously approved compensation arrangement or as creating any limitations on the power of the Board to adopt such other compensation arrangements as it may deem desirable, including, without limitation, the granting of stock options otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

(b) Nothing contained in this Plan prohibits a Nonemployee Director from being appointed as an officer or employee of the Company at any time; nor does anything contained in this Plan specifically require a Nonemployee Director to surrender or forfeit an Option solely because he or she accepts an appointment as an officer or employee of the Company at any time after election or appointment to the Board. However, during such time as a Nonemployee Director serves as an officer or employee, he or she shall not be eligible to receive any additional awards under this Plan.

11. LIMITATION OF LIABILITY

As illustrative of the limitations of liability of the Company, but not intended to be exhaustive thereof, nothing in the Plan shall be construed to:

- (i) give any person any right to be granted an Option other than as specifically provided by the Plan;
- (ii) give any person any rights whatsoever with respect to Shares except as specifically provided in the Plan;
- (iii) limit in any way the right of the Company to terminate the service of any person as a Director pursuant to the Company's bylaws and articles of incorporation; or nominate or appoint any person as a Director.

12. REGULATIONS AND OTHER APPROVALS; GOVERNING LAW

12.1 This Plan and the rights of all persons claiming hereunder shall be construed and determined in accordance with the laws of the State of Delaware without giving effect to the

conflicts of laws principles thereof, except to the extent that such law is preempted by federal law.

12.2 The obligation of the Company to sell or deliver Shares with respect to Options granted under the Plan shall be subject to all applicable laws, rules and regulations, including all applicable federal and state securities laws, and the obtaining of all such approvals by governmental agencies as may be deemed necessary or appropriate by the Board.

12.3 The Plan is intended to comply with Rule 16b-3 promulgated under the Exchange Act and the Board shall interpret and administer the provisions of the Plan or any Agreement in a manner consistent therewith. Any provisions inconsistent with such Rule shall be inoperative and shall not affect the validity of the Plan.

12.4 Each Option is subject to the requirement that, if at any time the Board determines, in its discretion, that the listing, registration, or qualification of Shares issuable pursuant to the Plan is required by any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the grant of an Option or the issuance of Shares, no Options shall be granted or payment made or Shares issued, in whole or in part, unless listing, registration, qualification, consent, or approval has been effected or obtained free of any conditions as acceptable to the Board.

12.5 Notwithstanding anything contained in the Plan to the contrary, in the event that the disposition of Shares acquired pursuant to the Plan is not covered by a then-current registration statement under the Securities Act of 1933, as amended, and is not otherwise exempt from such registration, such Shares shall be restricted against transfer to the extent required by the Securities Act of 1933, as amended, and Rule 144 or other regulations thereunder. The Board may require any individual receiving Shares pursuant to the Plan, as a condition precedent to receipt of such Shares upon exercise of an Option, to represent and warrant to the Company in writing that the Shares acquired by such individual are acquired without a view to any distribution thereof and will not be sold or transferred other than pursuant to an effective registration thereof under said Act or pursuant to an exemption applicable under the Securities Act of 1933, as amended, or the rules and regulations promulgated thereunder. The certificates evidencing any of such Shares shall be appropriately inscribed with a legend reflecting their status as restricted securities as aforesaid.

13. DESIGNATION OF BENEFICIARY

Each Optionee may designate a person or persons to receive in the event of his or her death, any Option or any amount payable pursuant thereto, to which he or she would then be entitled. Such designation will be made upon forms supplied by and delivered to the Company and may be revoked in writing. If an Optionee fails effectively to designate a beneficiary, then his or her estate will be deemed to be the beneficiary.

14. EFFECTIVE DATE

The Plan is effective as of November 30, 2001. The Plan was approved by the Company's Board of Directors on November 7, 2001. The Plan was approved by National Service Industries, Inc., as the sole stockholder of the Company, on November 7, 2001.

IN WITNESS WHEREOF, the Plan has been executed by the Company on this 28th day of November, 2001, to be effective on the Effective Date.

ACUITY BRANDS, INC.

By: /s/ James S. Balloun

James S. Balloun
Chairman, President and
Chief Executive Officer

SEVERANCE PROTECTION AGREEMENT

THIS AGREEMENT made as of the 30th day of November, 2001, by and between Acuity Brands, Inc. (the "Company") and _____ (the "Executive").

WHEREAS, effective November 30, 2001 ("Spin-off Date"), National Service Industries, Inc. ("NSI") is spinning off its lighting and chemicals businesses through a tax-free distribution of the Company's stock to NSI stockholders; and

WHEREAS, in connection with the spin-off, Executive will become a key management employee of the Company; and

WHEREAS, the Board of Directors of the Company (the "Board") recognizes that the possibility of a Change in Control (as hereinafter defined) exists and that the threat of or the occurrence of a Change in Control can result in significant distractions of its key management personnel because of the uncertainties inherent in such a situation;

WHEREAS, the Board has determined that it is essential and in the best interest of the Company and its stockholders to retain the services of the Executive in the event of a threat or occurrence of a Change in Control and to ensure his continued dedication and efforts in such event without undue concern for his personal financial and employment security; and

WHEREAS, in order to induce the Executive to remain in the employ of the Company, particularly in the event of a threat or the occurrence of a Change in Control, the Company desires to enter into this Agreement with the Executive to provide the Executive with certain benefits in the event his employment is terminated as a result of, or in connection with, a Change in Control and to provide the Executive with the Gross-Up Payment (as hereinafter defined) and certain other benefits whether or not the Executive's employment is terminated.

NOW, THEREFORE, in consideration of the respective agreements of the parties contained herein, it is agreed as follows:

1. Term of Agreement.

(a) This Agreement shall commence as of November 30, 2001 and shall continue in effect until November 30, 2003; provided, however, that commencing on November 30, 2002 and on each November 30 thereafter, the term of this Agreement shall automatically be extended for one (1) year unless either the Company or the

Executive shall have given written notice to the other at least ninety (90) days prior to such November 30 that the term of this Agreement shall not be so extended.

(b) Notwithstanding the foregoing, (1) the term of this Agreement shall not expire during a Threatened Change in Control Period or prior to the expiration of 24 months after the occurrence of a Change in Control and (2) prior to a Change in Control and other than during a Threatened Change in Control Period, the term of this Agreement shall expire on the date the Executive ceases to serve in the capacity he is serving on the effective date of this Agreement, or in another capacity as an executive officer (as defined in Rule 3b-7 under the 1934 Act), unless such cessation was at the request of a Third Party or otherwise occurred in connection with, or in anticipation of, a Change in Control.

(c) Each place in this Agreement where a reference to the "Company" appears that relates to the Executive's employment, termination of employment or performing services, including the definitions of "Cause" and "Good Reason", shall mean and include any subsidiary of the Company which is the primary employer of the Executive. Further, in each place where this Agreement refers to a benefit plan or program, payment of compensation, compensation arrangement or other similar plan or program maintained by the Company, such reference shall include any plan, program or arrangement maintained or established by a subsidiary of the Company. Notwithstanding the foregoing, the references in the definitions of "Change in Control," "Threatened Change in Control Period" and similar references to changes in ownership and control of the Company shall mean and refer to Acuity Brands, Inc., a Delaware corporation.

2. Definitions.

2.1 Cause. For purposes of this Agreement, a termination for "Cause" is a termination evidenced by a resolution adopted in good faith by two-thirds of the Board that the Executive (a) intentionally and continually failed to substantially perform his duties with the Company (other than a failure resulting from the Executive's incapacity due to physical or mental illness) which failure continued for a period of at least thirty (30) days after a written notice of demand for substantial performance has been delivered to the Executive specifying the manner in which the Executive has failed to substantially perform, or (b) intentionally engaged in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise; provided, however that no termination of the Executive's employment shall be for Cause as set forth in clause (b) above until (x) there shall have been delivered to the Executive a copy of a written notice setting forth that the Executive was guilty of the conduct set forth in clause (b) and specifying the particulars thereof in detail, and (y) the Executive shall have been provided an opportunity to be heard by the Board (with the assistance of the Executive's counsel if the Executive so desires). No act, nor failure to act, on the Executive's part, shall be considered "intentional" unless he has acted, or failed to act, with an absence of

good faith and without a reasonable belief that his action or failure to act was in the best interest of the Company. Notwithstanding anything contained in this Agreement to the contrary, no failure to perform by the Executive after a Notice of Termination is given by the Executive shall constitute Cause for purposes of this Agreement.

2.2 Change in Control. For purposes of this Agreement, a "Change in Control" shall mean any of the following events:

(a) The acquisition (other than from the Company) by any "Person" (as the term person is used for purposes of Sections 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of twenty percent (20%) or more of the combined voting power of the Company's then outstanding voting securities; or

(b) The individuals who, as of December 1, 2001, are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least two-thirds of the Board; provided, however, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Agreement, be considered as a member of the Incumbent Board; or

(c) a merger or consolidation involving the Company if the stockholders of the Company, immediately before such merger or consolidation do not, as a result of such merger or consolidation, own, directly or indirectly, more than seventy percent (70%) of the combined voting power of the then outstanding voting securities of the corporation resulting from such merger or consolidation in substantially the same proportion as their ownership of the combined voting power of the voting securities of the Company outstanding immediately before such merger or consolidation; or

(d) a complete liquidation or dissolution of the Company or an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur pursuant to Section 2.2(a), solely because twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities is acquired by (i) a trustee or other fiduciary holding securities under one or more employee benefit plans maintained by the Company or any of its subsidiaries or (ii) any corporation which, immediately prior to such acquisition, is owned directly or indirectly by the stockholders of the Company in the same proportion as their ownership of stock in the Company immediately prior to such acquisition (hereinafter referred to as "Related Persons").

(e) Notwithstanding anything contained in this Agreement to the contrary, if the Executive's employment is terminated prior to a Change in Control and the Executive reasonably demonstrates that such termination (1) was at the request of a Third Party (as hereinafter defined) or (2) otherwise occurred in connection with, or in anticipation of, a Change in Control (including, without limitation, during a Threatened Change in Control Period), then for all purposes of this Agreement, the date of a Change in Control shall mean the date immediately prior to the date of such termination of the Executive's employment.

2.3 Confidential Information. For purpose of this Agreement, "Confidential Information" shall mean all technical, business, and other information relating to the business of the Company or its subsidiaries or affiliates, including, without limitation, technical or nontechnical data, formulae, compilations, programs, devices, methods, techniques, processes, financial data, financial plans, product plans, and lists of actual or potential customers or suppliers, which (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy or confidentiality. Such information and compilations of information shall be subject to protection under this Agreement whether or not such information constitutes a trade secret and is separately protectable at law or in equity as a trade secret.

2.4 Disability. For purposes of this Agreement, "Disability" shall mean a physical or mental infirmity which impairs the Executive's ability to substantially perform his duties under this Agreement for a period of one hundred eighty (180) consecutive days.

2.5 (a) Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence after a Change in Control of any of the events or conditions described in Subsections (1) through (9) hereof:

(1) a change in the Executive's status, title, position or responsibilities (including reporting responsibilities) which, in the Executive's reasonable judgment, represents an adverse change from his status, title, position or responsibilities as in effect immediately prior thereto; the assignment to the Executive of any duties or responsibilities which, in the Executive's reasonable judgment, are inconsistent with his status, title, position or responsibilities; or any removal of the Executive from or failure to reappoint or reelect him to any of such offices or positions, except in connection with the termination of his employment for Disability, Cause, as a result of his death or by the Executive other than for Good Reason;

(2) a reduction in the Executive's base salary or any failure to pay the Executive any compensation or benefits to which he is entitled within five days of the date due;

(3) a failure to increase the Executive's base salary at least annually at a percentage of base salary no less than the average percentage increases (other than increases resulting from the Executive's promotion) granted to the Executive during the three full years ended prior to a Change in Control (or such lesser number of full years during which the Executive was employed);

(4) the Company's requiring the Executive to be based at any place outside a 30-mile radius from Atlanta, Georgia, except for reasonably required travel on the Company's business which is not greater than such travel requirements prior to the Change in Control;

(5) the failure by the Company (A) to continue in effect (without reduction in benefit level, and/or reward opportunities) any compensation or employee benefit plan in which the Executive was participating immediately prior to the Change in Control, including, but not limited to, the plans listed on Appendix A in which Executive is participating, unless a substitute or replacement plan has been implemented which provides substantially identical compensation or benefits to the Executive or (B) to provide the Executive with compensation and benefits, in the aggregate, at least equal (in terms of benefit levels and/or reward opportunities) to those provided for under each other compensation or employee benefit plan, program and practice as in effect immediately prior to the Change in Control (or as in effect following the change in Control, if greater);

(6) the insolvency or the filing (by any party, including the Company) of a petition for bankruptcy of the Company;

(7) any material breach by the Company of any provision of this Agreement;

(8) any purported termination of the Executive's employment for Cause by the Company which does not comply with the terms of Section 2.1; or

(9) the failure of the Company to obtain an agreement, satisfactory to the Executive, from any successor or assign of the Company to assume and agree to perform this Agreement, as contemplated in Section 9 hereof.

(b) Any event or condition described in Section 2.5(a) (1) through (9) which occurs prior to a Change in Control but which the Executive

reasonably demonstrates (1) was at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control (a "Third Party"), or (2) otherwise arose in connection with or in anticipation of a Change in Control, shall constitute Good Reason for purposes of this Agreement notwithstanding that it occurred prior to the Change in Control.

(c) The Executive's right to terminate his employment pursuant to this Section 2.5 shall not be affected by his incapacity due to physical or mental illness.

2.6 Threatened Change in Control. For purposes of this Agreement, a Threatened Change in Control shall mean the occurrence of any of the following events:

(a) when the Company is aware of or is contemplating, a proposal (a "Proposal") for any Person other than a Related Person (1) to acquire five percent (5%) or more of the voting power of the Company's outstanding securities, or (2) to merge or consolidate with another entity, transfer or sell assets of the Company, or liquidate or dissolve the Company, in each case described in this clause (2) in a transaction that would constitute a Change in Control; or

(b) any Person other than a Related Person,
(1) acquires five percent (5%) or more of the voting power of the Company's outstanding securities, other than as a holder whose investment in the Company is eligible to be reported on Schedule 13G pursuant to Rule 13d-1 (b) (1) promulgated under the Exchange Act, or

(2) initiates a tender or exchange offer to acquire such number of securities as would result in such Person holding twenty percent (20%) or more of the voting power of the Company's outstanding securities, or

(3) solicits proxies for votes to elect members of the Board at a shareholders' meeting of the Company.

2.7 Threatened Change in Control Period. For purposes of this Agreement, a Threatened Change in Control Period shall mean the period commencing on the date that a Threatened Change in Control has occurred and ending upon:

(a) the date the Proposal referred to in Section 2.6(a) is abandoned;

(b) the acquisition of five percent (5%) of the voting power of the Company's outstanding securities by the Person referred to in Section 2.6(a) (1) if such acquisition does not constitute a Threatened Change in Control under Section 2.6(b) (1);

(c) (1) the date when any Person described in Section 2.6(b)(1) shall own less than five percent (5%) of the voting power of the Company's outstanding securities, (2) shall have abandoned the tender or exchange offer, or (3) shall not have elected a member of the Board as the case may be; or

(d) the date a Change in Control occurs.

2.8 1934 Act. The Securities Exchange Act of 1934, as amended.

3. Termination of Employment.

3.1 If, during the term of this Agreement, the Executive's employment with the Company shall be terminated within 24 months following a Change in Control, the Executive shall be entitled to the following compensation and benefits depending upon the circumstances of such termination (in addition to any compensation and benefits provided for under any of the Company's employee benefit plans, policies and practices):

(a) If the Executive's employment with the Company shall be terminated during such 24-month period (1) by the Company for Cause or Disability, (2) by reason of the Executive's death, or (3) by the Executive other than for Good Reason (as each term is defined herein), the Company shall pay the Executive all amounts earned or accrued through the Termination Date but not paid as of the Termination Date, including (i) base salary, (ii) reimbursement for reasonable and necessary expenses incurred by the Executive on behalf of the Company during the period ending on the Termination Date, (iii) vacation pay, and (iv) sick leave (collectively, "Accrued Compensation"). In addition to the foregoing, if the Executive's employment is terminated by the Company for Disability or by reason of the Executive's death, the Company shall pay to the Executive or his beneficiaries an amount equal to the "Pro Rata Bonus" (as hereinafter defined). The "Pro Rata Bonus" is an amount equal to the Bonus Amount (as hereinafter defined) multiplied by a fraction the numerator of which is the number of days in such fiscal year through the Termination Date and the denominator of which is 365. The term "Bonus Amount" shall mean the greatest of the following: (x) most recent annual bonus paid or payable to the Executive, or, (y) the target annual bonus payable for the fiscal year during which the Termination Date occurs, or, if greater the fiscal year during which a Change in Control occurred or (z) average of the annual bonuses paid or payable during the three full fiscal years ended prior to the Termination Date or, if greater, the three full fiscal years ended prior to the Change in Control (or, in each case, such lesser period for which annual bonuses were paid or payable to the Executive). Executive's entitlement to any other compensation or benefits shall be determined in accordance with the Company's employee benefit plans and other applicable programs and practices then in effect.

(b) If the Executive's employment with the Company shall be terminated (other than by reason of death) during such 24-month period, (1) by the Company other than for Cause or Disability, or (2) by the Executive for Good Reason, the Executive shall be entitled to the following:

(i) the Company shall pay the Executive all Accrued Compensation and a Pro-Rata Bonus;

(ii) the Company shall pay the Executive as severance pay and in lieu of any further compensation for periods subsequent to the Termination Date, in a single payment an amount (the "Severance Amount") in cash equal to two (2) times the sum of (A) the greater of the Executive's base salary in effect on the Termination Date or at any time during the 90-day period prior to the Change in Control ("Base Salary") and (B) the Bonus Amount. Notwithstanding the foregoing, if the Executive has attained at least age 63 on the Termination Date the Severance Amount to be paid under this Subsection (ii) shall be the amount described in the preceding sentence multiplied by a fraction (which in no event shall be less than one-half) the numerator of which shall be the number of months (for this purpose any partial month shall be considered as a whole month) remaining until the Executive's 65th birthday (but in no event shall be less than 12) and the denominator of which shall be 24;

(iii) for a number of months equal to the lesser of (A) 24 or (B) the number of months remaining until the Executive's 65th birthday (the "Continuation Period"), the Company shall at its expense continue on behalf of the Executive and his dependents and beneficiaries the life insurance, disability, medical, dental and hospitalization benefits provided (x) to the Executive at the time the Notice of Termination is given, at any time during the 90-day period prior to the Change in Control or at any time thereafter, or (y) to other similarly situated executives who continue in the employ of the Company during the Continuation Period. The coverage and benefits (including deductibles and costs) provided in this Section 3.1(b) (iii) during the Continuation Period shall be no less favorable to the Executive and his dependents and beneficiaries, than the most favorable of such coverages and benefits during any of the periods referred to in clauses (x) and (y) above. The Company's obligation hereunder with respect to the foregoing benefits shall be limited to the extent that the Executive obtains any such benefits pursuant to a subsequent employer's benefit plans, in which case the Company may reduce the coverage of any benefits it is required to provide the Executive hereunder as long as the aggregate coverages and benefits of the combined benefit plans is no less favorable to the Executive than the coverages and benefits required to be provided hereunder. This Subsection (iii) shall not be interpreted so as to limit any benefits to which the Executive or his dependents may be entitled under any of

the Company's employee benefit plans, programs or practices following the Executive's termination of employment, including without limitation, retiree medical and life insurance benefits;

(iv) the Company shall pay in a single payment an amount in cash equal to the excess of (A) the Supplemental Retirement Benefit (as defined below) had (w) the Executive remained employed by the Company for an additional two (2) complete years of credited service (or until his 65th birthday if earlier), (x) his annual compensation during such period been equal to his Base Salary and the Bonus Amount, (y) the Company and/or the Business Unit made employer contributions to each defined contribution plan in which the Executive was a participant at the Termination Date (in an amount equal to the amount of such contribution for the plan year immediately preceding the Termination Date) and (z) he been fully (100%) vested in his benefit under each retirement plan in which the Executive was a participant, over (B) the lump sum actuarial equivalent of the aggregate retirement benefit the Executive is actually entitled to receive under such retirement plans. For purposes of this Subsection (iv), the "Supplemental Retirement Benefit" shall mean the lump sum actuarial equivalent of the aggregate retirement benefit the Executive would have been entitled to receive under the Company's supplemental executive and other retirement plans including, but not limited to, the Acuity Brands, Inc. Supplemental Retirement Plan for Executives ("SERP"), the Acuity Brands, Inc. 401(k) Plan for Corporate Employees, and the Acuity Brands, Inc. Pension Plan ("Pension Plan"); provided, however, if the Executive has attained at least age 50 and has been employed by the Company for at least 10 years as of the Termination Date the calculation of the Supplemental Retirement Benefit shall be made pursuant to the early retirement provisions under the SERP and the Pension Plan without regard to the Executive's attained age or years of credited service. For purposes of this Subsection (iv), the "actuarial equivalent" shall be determined in accordance with the actuarial assumptions used for the calculation of benefits under the Pension Plan as applied prior to the Termination Date in accordance with such plan's past practices; and

(v) (A) the restrictions on any outstanding incentive awards (including achievement awards, restricted stock and granted Performance Shares) granted to the Executive under the Long-Term Incentive Plan or under any other incentive plan or arrangement shall lapse and such incentive awards shall become one hundred percent (100%) vested (provided, however, that Aspiration Achievement Incentive Award shall be prorated as of the date of the Change in Control, as provided in the Aspiration Achievement Incentive Award Agreements), all stock options and stock appreciation rights granted to the Executive shall become immediately exercisable and shall become 100% vested, and all Performance Units granted to the Executive shall become 100% vested and (B) the Executive shall have the right to require the Company to purchase, for cash, any shares of unrestricted stock or shares purchased upon exercise

of any options, at a price equal to the fair market value of such shares on the date of purchase by the Company.

(c) The amounts provided for in Sections 3.1(a) and 3.1(b)(i), (ii), (iv) and (v) shall be paid within five (5) days after the Executive's Termination Date.

(d) The Executive shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise and no such payment shall be offset or reduced by the amount of any compensation or benefits provided to the Executive in any subsequent employment except as provided in Section 3.1(b)(iii).

3.2 The severance pay and benefits provided for in Sections 3.1(a) and 3.1(b)(i) and (ii) shall be in lieu of any other severance pay to which the Executive may be entitled under any Company severance plan, program or arrangement for a termination of employment covered by such circumstances.

4. Notice of Termination. During a Threatened Change in Control Period and following a Change in Control, any purported termination by the Company or by the Executive shall be communicated by written Notice of Termination to the other. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which indicates the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. For purposes of this Agreement, no such purported termination shall be effective without such Notice of Termination.

5. Termination Date. "Termination Date" shall mean in the case of the Executive's death, his date of death, and in all other cases, the date specified in the Notice of Termination subject to the following:

(a) If the Executive's employment is terminated by the Company for Cause or due to Disability, the date specified in the Notice of Termination shall be at least thirty (30) days from the date the Notice of Termination is given to the Executive, provided that in the case of Disability the Executive shall not have returned to the full-time performance of his duties during such period of at least 30 days; and

(b) If the Executive's employment is terminated for Good Reason, the date specified in the Notice of Termination shall not be more than sixty (60) days from the date the Notice of Termination is given to the Company.

6. Excise Tax Payments.

(a) Notwithstanding anything contained in this Agreement to the contrary and without regard to whether the Executive's employment with the Company has terminated, in the event that any payment or benefit (within the meaning of Section 280G(b) (2) of the Internal Revenue Code of 1986, as amended (the "Code"), to the Executive or for his benefit, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise in connection with, or arising out of, his employment with the Company or a change in ownership or effective control of the Company or of a substantial portion of its assets (a "Payment" or "Payments"), would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes and the Excise Tax), including any Excise Tax, imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) An initial determination as to whether a Gross-Up Payment is required pursuant to this Section 6 and the amount of such Gross-Up Payment shall be made by an accounting firm selected by the Company and reasonably acceptable to the Executive which is designated one of the five largest accounting firms in the United States (the "Accounting Firm"). The Accounting Firm shall provide its determination (the "Determination"), together with detailed supporting calculations and documentation to the Company and the Executive within five days of the Termination Date if applicable, or such other time as requested by the Company or by the Executive (provided the Executive reasonably believes that any of the Payments may be subject to the Excise Tax) and if the Accounting Firm determines that no Excise Tax is payable by the Executive with respect to a Payment or Payments, it shall furnish the Executive with an opinion reasonably acceptable to the Executive that no Excise Tax will be imposed with respect to any such Payment or Payments. Within five days of the delivery of the Determination to the Executive, the Executive shall have the right to dispute the Determination (the "Dispute"). The Gross-Up Payment, if any, as determined pursuant to this Section 6(b) shall be paid by the Company to the Executive within five days of the receipt of the Accounting Firm's determination or, subject to Executive's approval, all or a portion of the Gross-Up Payment may be paid directly to the appropriate tax authorities. The existence of the Dispute shall not in any way affect the right of the Executive to receive the Gross-Up Payment in accordance with the Determination. If there is no Dispute, the Determination shall be binding, final and conclusive upon the Company and the Executive subject to the application of Section 6(c).

(c) As a result of the uncertainty in the application of Sections 4999 and 280G of the Code, it is possible that a Gross-Up Payment (or a portion thereof) will be paid which should not have been paid (an "Excess Payment") or a Gross-Up Payment (or a portion thereof) which should have been paid will not have been paid (an "Underpayment"). An Underpayment shall be deemed to have occurred (1) upon notice (formal or informal) to the Executive from any governmental taxing authority that the tax liability of the Executive (whether in respect of the then current taxable year of the Executive or in respect of any prior taxable year of the Executive) may be increased by reason of the imposition of the Excise Tax on a Payment or Payments with respect to which the Company has failed to make a sufficient Gross-Up Payment, (2) upon a determination by a court, (3) by reason of a determination by the Company (which shall include the position taken by the Company, or together with its consolidated group, on its federal income tax return) or (4) upon the resolution to the satisfaction of the Executive of the Dispute. If an Underpayment occurs, the Executive shall promptly notify the Company and the Company shall pay to the Executive at least five days prior to the date on which the applicable government taxing authority has requested payment, an additional Gross-Up Payment equal to the amount of the Underpayment plus any interest and penalties (other than interest and penalties imposed by reason of a failure to file timely a tax return or pay taxes shown due on a return) imposed on the Underpayment. An Excess Payment shall be deemed to have occurred upon a "Final Determination" (as hereinafter defined) that the Excise Tax shall not be imposed upon a Payment or Payments with respect to which the Executive had previously received a Gross-Up Payment. A Final Determination shall be deemed to have occurred when the Executive has received from the applicable government taxing authority a refund of taxes or other reduction in his tax liability by reason of the Excess Payment and upon either (i) the date a determination is made by, or an agreement is entered into with, the applicable governmental taxable authority which finally and conclusively binds the Executive and such taxing authority, or in the event that a claim is brought before a court of competent jurisdiction, the date upon which a final determination has been made by such court and either all appeals have been taken and finally resolved or the time for all appeals has expired or (ii) the statute of limitations with respect to the Executive's applicable tax return has expired. If an Excess Payment is determined to have been made, the amount of the Excess Payment shall be treated as a loan by the Company to the Executive and the Executive shall pay to the Company on demand (but not less than 10 days after the determination of such Excess Payment) the amount of the Excess Payment plus interest at an annual rate equal to the rate provided for in Section 1274(b)(2)(B) of the Code from the date the Gross-Up Payment (to which the Excess Payment relates) was paid to the Executive until the date of repayment to the Company.

(d) Notwithstanding anything contained in this Agreement to the contrary, in the event that, according to the Determination, an Excise Tax will be imposed on any Payment or Payments, the Company shall pay to the applicable

government taxing authorities as Excise Tax withholding, the amount of the Excise Tax that the Company has actually withheld from the Payment or Payments.

7. Unauthorized Disclosure. During the period that the Executive is actively employed by the Company or Business Unit, the Executive shall not make any Unauthorized Disclosure. For purposes of this Agreement, "Unauthorized Disclosure" shall mean disclosure by the Executive without the consent of the Board (other than pursuant to a court order) to any person, other than an employee or director of the Company or a person to whom disclosure is reasonably necessary or appropriate in connection with the performance by the Executive of his duties as an executive of the Company or as may be legally required, of any material Confidential Information obtained by the Executive while in the employ of the Company (including any material Confidential Information with respect to any of the Company's customers or methods of distribution) the disclosure of which is demonstrably and materially injurious to the Company; provided, however, that such term shall not include the use or disclosure by the Executive, without consent, of any information known generally to the public (other than as a result of disclosure by him in violation of this Section 7) or any information not otherwise considered confidential and material by a reasonable person engaged in the same business as that conducted by the Company; provided further, however, that any breach of this Section 7 shall in no event subject the Executive to damages (including costs, fees and expenses incurred by the Company or the Business Unit) in excess of \$10,000 in the aggregate.

8. Non-Compete. During the period that the Executive is actively employed by the Company or Business Unit, the Executive shall not directly or indirectly, own, manage, operate, control, consult with, or be connected as an officer, employee, agent, partner, director or consultant with, or have any financial interest in, or assist anyone in the conduct of, any business which directly competes with the businesses of the Company in the State of Georgia. Notwithstanding the foregoing, the Executive shall not be in violation of the preceding sentence due to ownership (directly or indirectly) by the Executive of not more than five percent (5%) of the issued and outstanding class of securities of a corporation whose securities are publicly traded.

9. Successors; Binding Agreement.

(a) This Agreement shall be binding upon and shall inure to the benefit of the Company, its successors and assigns and the Company shall require any successor or assign to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. The term "the Company" as used herein shall include such successors and assigns. The term "successors and assigns" as used herein shall mean a corporation or other entity acquiring all or substantially all the assets and business of the Company (including this Agreement) whether by operation of law or otherwise.

(b) Neither this Agreement nor any right or interest hereunder shall be assignable or transferable by the Executive, his beneficiaries or legal representatives, except by will or by the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal personal representative.

10. Fees and Expenses. The Company shall pay all legal fees and related expenses (including the costs of experts, evidence and counsel) incurred by the Executive as they become due as a result of (a) the Executive's termination of employment (including all such fees and expenses, if any, incurred in contesting or disputing any such termination of employment), (b) the Executive seeking to obtain or enforce any right or benefit provided by this Agreement or by any other plan or arrangement maintained by the Company under which the Executive is or may be entitled to receive benefits, including, without limitation, the plans listed on Appendix A in which Executive is participating, or (c) the Executive's hearing before the Board as contemplated in Section 2.1 of this Agreement; provided, however, that the circumstances which result in the Executive incurring the fees and related expense set forth in clauses (a) and (b) (other than as a result of the Executive's termination of employment under circumstances described in Section 2.2(e)) occurred on or after a Change in Control.

11. Notice. For the purposes of this Agreement, notices and all other communications provided for in the Agreement (including the Notice of Termination) shall be in writing and shall be deemed to have been duly given when personally delivered or sent by certified mail, return receipt requested, postage prepaid, addressed to the respective addresses last given by each party to the other, provided that all notices to the Company shall be directed to the attention of the Board with a copy to the Secretary of the Company. All notices and communications shall be deemed to have been received on the date of delivery thereof or on the third business day after the mailing thereof, except that notice of change of address shall be effective only upon receipt.

12. Non-Exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any benefit, bonus, incentive or other plan or program provided by the Company or any of its subsidiaries and for which the Executive may qualify, nor shall anything herein limit or reduce such rights as the Executive may have under any other agreements with the Company or any of its subsidiaries. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan or program of the Company or any of its subsidiaries shall be payable in accordance with such plan or program, except as explicitly modified by this Agreement.

13. Settlement of Claims. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Company may have against the Executive or others.

14. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreement or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

15. Prior Agreement. This Agreement supersedes and replaces in its entirety the Severance Protection Agreement between Executive and NSI and Executive shall have no further rights under such agreement.

16. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Georgia without giving effect to the conflict of laws principles thereof. Any action brought by any party to this Agreement shall be brought and maintained in a court of competent jurisdiction in Fulton county in the State of Georgia.

17. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

18. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto and supersedes all prior agreements, if any, understandings and arrangements, oral or written, between the parties hereto with respect to the subject matter hereof.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer and the Executive has executed this Agreement as of the day and year first above written.

ATTEST:

ACUITY BRANDS, INC.

By:

Secretary

James S. Balloun
Chairman of the Board, President and
Chief Executive Officer

EXECUTIVE:

Name

APPENDIX A
BENEFIT PLANS

(Applicable To Extent Executive Is Participating In Such Plans)

Management Compensation and Incentive Plan

Executives' Deferred Compensation Plan

Supplemental Deferred Savings Plan

Long-Term Incentive Plan

Senior Management Benefit Plan

Pension Plan C (or similar
retirement plan covering the Executive)

401(k) Plan for Corporate Employees (or similar deferred
compensation plan covering the Executive)

Supplemental Retirement Plan for Executives (or similar supplemental retirement
plan covering the Executive)

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") made and entered into on this 30th day of November, 2001, by and between NATIONAL SERVICE INDUSTRIES, INC., a California corporation ("Landlord"), and ACUITY BRANDS, INC., a Delaware corporation ("Tenant");

WITNESSETH:

For and in consideration of the mutual covenants set forth below, Landlord and Tenant do hereby agree as follows:

1. LEASE OF PREMISES. Subject to and upon the terms and conditions herein provided, Landlord does hereby rent, lease, and demise to Tenant approximately 50,000 square feet of space (the "Premises"), which Premises includes that office space occupied by employees of Tenant on the date of the spin-off of Tenant from Landlord located on the 2nd, 7th and 8th Floors of that certain building located at 1420 Peachtree Street, NE, Atlanta, Georgia (the "Building"), together with the common areas of the Building, including but not limited to, the underground parking facilities, lobby and 4th Floor of the Building, together with all and singular the rights, privileges, and appurtenances thereto belonging or in any wise appertaining.

2. TERM AND RENTALS. The term of this Lease shall be for a period of four (4) months, commencing on the 1st day of December, 2001, and terminating on the 31st day of March, 2002; provided that Tenant shall have the right, upon one month written notice to Landlord, to extend the term of the Lease for a period one month at the monthly rental rate set forth in the following sentence. For the entire term hereof, Tenant agrees to pay Landlord as monthly rental hereunder the sum of One Hundred Twenty Thousand Dollars and No/100 Dollars (\$120,000). All rental provided for hereunder shall be due and payable on the first day of each month, with rent being prorated for partial months.

3. USE. Tenant shall use and occupy the Premises solely for general office use, and no other purpose. Tenant shall comply with all laws applicable to the use, occupancy and condition of the Premises. Tenant shall not conduct or permit any activities on or about the Premises that would constitute a nuisance or otherwise interfere with other occupants of the Building.

4. REPAIRS. Landlord shall, for the entire term of this Lease, maintain and keep in good working order, repair, and condition the structural integrity of the Building, including the roof and exterior walls.

During the term of this Lease, except as otherwise provided above with respect to the maintenance and repair requirements of Landlord, Tenant will maintain the Premises in as good order and repair as at commencement of this Lease (ordinary wear and tear excepted), will remove or cause to be removed any and all rubbish and refuse matter from the Premises, and at the termination of the term, will deliver up the Premises in substantially as good condition, order, and repair as at commencement of this Lease, except for ordinary wear and tear and damage by fire or other casualties.

5. INSURANCE. Landlord shall maintain during the term of this Lease insurance against loss or damage to all of the improvements on the Premises resulting from fire, extended coverage, vandalism, malicious mischief, earthquake, flood, collapse, and other all risk perils in commercially reasonable amounts. Tenant shall, at Tenant's sole cost and expense, but for the mutual benefit of Landlord and Tenant, maintain workers' compensation coverage as required by law and general public liability insurance coverage against claims for personal injury, death, or property damage occurring upon, in, or about the Premises, such insurance to afford protection to the limit of not less than Three Million Dollars (\$3,000,000) combined single limit coverage and name Landlord as additional insured. In addition, Tenant shall maintain commercially reasonable insurance coverage against loss or damage to Tenant's personal property located upon the Premises.

Insurance required hereunder must be written by a company authorized to do business in Georgia, subject to the approval of Landlord, which approval shall not be unreasonably withheld. Each policy of insurance will be endorsed to provide that Landlord will receive at least thirty (30) days' prior written notice of any cancellation of, or material change in, said policy. Tenant shall not cause any insurance to be cancelled nor permit any insurance to lapse without thirty (30) days' prior written notice to Landlord. A certificate evidencing liability insurance required to be maintained by Tenant hereunder naming Landlord as an additional insured shall be delivered to Landlord upon the execution of this Lease.

6. CASUALTY LOSS. In the event the Building is damaged or destroyed during the term hereof by fire, storm, tornado, or other casualty of nature, or otherwise, so as to render the Premises wholly untenable and unfit for use, then and in such event, Landlord or Tenant may, at the option of either, immediately terminate said Lease. If neither party terminates, then Landlord shall proceed with reasonable speed and dispatch to repair and reconstruct the Building so damaged or destroyed and shall restore the same to its former tenable condition, in which event, the terms, provisions, and operative effect of this Lease shall be unaffected by said fire, storm, tornado, or other casualty of nature, except that the rent due and payable hereunder shall abate and cease for the period during which the restoration of the Premises is being completed, but shall become immediately payable as herein provided at such time as the Premises becomes tenable, as determined in Landlord's reasonable discretion. Notwithstanding anything in this

Lease to the contrary, there shall be no abatement of rent after a casualty to the extent that the damage occurred due to fault or neglect on the part of Tenant, its employees, servants, agents, representatives, or invitees.

7. WAIVER OF SUBROGATION. Tenant and Landlord each hereby waive any and all rights of recovery against the other, or against the officers, employees, agents, and representatives of the other, for loss of or damage to such waiving party or its property or the property of others under its control or any loss or damage, including consequential loss, to the Premises, or contents thereof belonging to either, caused by any risk required to be insured against hereunder, regardless of whether such risk was actually insured.

8. SIGNS. Tenant shall not erect any signs in or upon the Premises or the Building or the property on which they are located without Landlord's prior approval in writing. Tenant shall be liable for the payment of any municipal charges or minor privilege tax levied by reason of the erection and maintenance of such signs. At the termination of this Lease, Tenant shall remove all signs installed by Tenant and any damage resulting from the installation and/or removal of such sign will be repaired by Tenant.

9. DEFAULT BY TENANT. Tenant shall be in default under this Lease in the event that it (A) fails to pay rent for ten (10) days after it is due hereunder, or (B) fails to perform or comply with any other provision hereof for a period of thirty (30) days after receipt of written notice thereof from Landlord; provided that if, such failure cannot reasonably be cured within thirty (30) days, then Tenant shall have an additional period of time, not to exceed sixty (60) days, to cure such failure, so long as Tenant has commenced and is diligently pursuing appropriate actions to cure such failure. Upon a default by Tenant, Tenant's right to the further possession of the Premises shall terminate and Landlord shall become and be entitled to immediate possession of the Premises, provided Landlord shall so elect, but not otherwise. Landlord shall thereupon immediately have the full right of re-entry upon the Premises, by force or otherwise, to the extent permitted by the applicable law then in force, and without formal notice or demand, and without liability of any kind; and also the right, but not the obligation, to re-let the Premises for any unexpired balance of the term, and collect the rent therefor. In the event of such re-letting by Landlord, the re-letting shall be for such duration (which may extend beyond the unexpired balance of the term) and on such other terms, conditions, and rental as Landlord may deem proper, and the proceeds that may be collected from the same, less the expense of re-letting (including reasonable leasing costs, fees, and commissions and reasonable costs of renovating the Premises), shall be applied upon Tenant's rental obligation as set forth in this Lease for the unexpired portion of the Lease term. Tenant shall be liable for any balance that may be due under this Lease, although Tenant shall have no further right of possession of the Premises. Such re-entry by Landlord and any such re-letting shall not operate as a termination of this Lease, unless Landlord shall so elect, nor as a waiver or postponement of any right of Landlord against Tenant. Landlord shall have the further right, in the event of Tenant's default as aforesaid, and irrespective of whether Landlord shall have elected to terminate Tenant's right to the further possession of the Premises, to declare the entire rent for the unexpired portion of the Lease term to be immediately due and payable and to collect the same by any manner not

inconsistent with applicable law. Mention in this Lease of any particular remedy shall not preclude Landlord from any other remedy, in law or in equity. To the extent permitted by law, Tenant hereby consents to summary proceedings in connection with Landlord's re-entry of the Premises, and expressly waives any and all rights of redemption, granted by or under any present or future laws in the event of Tenant being evicted or dispossessed for any cause, or in the event of Landlord obtaining possession of the Premises, by reason of the violation by Tenant of any of the covenants and conditions of this Lease, or otherwise.

10. SUBLEASE AND ASSIGNMENT. Tenant shall not have the right to assign this Lease, or sublet the Premises, or any other part thereof, at any time during the term hereof, without Landlord's prior written consent which may be granted or withheld in Landlord's sole discretion. Any attempted assignment or sublease without the prior written consent of Landlord shall be of no legal force and effect. If Tenant assigns this Lease or sublets the Premises with Landlord's consent, Tenant shall remain liable for all terms and covenants of this Lease including, without limitation, the covenant to pay rent.

11. INDEMNIFICATION. Tenant shall be liable to Landlord for all liabilities, damages, costs, and expenses (including attorney's fees) which may be incurred or sustained by Landlord by reason of Tenant's breach of any of the provisions of this Lease. Landlord shall be liable to Tenant for all liabilities, damages, costs, and expenses (including attorney's fees) which may be incurred or sustained by Tenant by reason of Landlord's breach of any of the provisions of this Lease.

12. NOTICES. Notices to Landlord shall be given in writing by mail or by fax to it at: 1420 Peachtree Street, N.E., Atlanta, Georgia 30309, Attention: General Counsel, FAX Number (404) 853-1015 or such other address or number as Landlord may from time to time designate by written notice to Tenant. Notices to Tenant shall be given in writing by mail or by fax to Tenant at: 1420 Peachtree Street, N.E., Atlanta, Georgia 30309-3002, Attention: General Counsel, FAX Number (404) 853-1415, or such other address or number as it may from time to time designate by written notice to Landlord. Notices hereunder shall be effective upon receipt.

13. SUCCESSORS AND ASSIGNS. This Lease shall inure to the benefit of and be binding upon the successors and permitted assigns of Landlord and Tenant.

14. TIME. Time is and shall be of the essence hereof.

15. ENTIRE AGREEMENT. This Lease constitutes the entire agreement between Landlord and Tenant with respect to the lease of the Premises and supersedes all prior discussions, understandings, and agreements with respect thereto.

16. AMENDMENT; WAIVER. This Lease may not be modified or amended except by written instrument executed by Landlord and Tenant. No waiver of any provision hereof shall be effective unless in a writing executed by the party against whom the waiver is sought to be enforced.

17. LATE CHARGE. All payments or installments of any rent (including additional rent) hereunder and all sums whatsoever due under this Lease, shall be paid to Landlord at the address designated by Landlord, and if not paid within ten (10) days of when due, shall be subject to a late charge equal to three percent (3%) of the amount of the late payment for each late payment and shall bear interest at the rate of fifteen percent (15%) per annum (but not more than the maximum allowable legal rate applicable to Tenant) until paid. If either party engages an attorney to enforce its rights under this Lease, the nonprevailing party shall pay all reasonable fees and expenses of such attorney actually incurred by the prevailing party.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals as of the day first above written.

LANDLORD:

ATTEST OR WITNESS:

NATIONAL SERVICE
INDUSTRIES, INC.

By: /s/ Carol E. Morgan

Carol E. Morgan

[CORPORATE SEAL]

By: /s/ Brock A. Hattox

Brock A. Hattox
Executive Vice President
and Chief Financial
Officer

TENANT:

ATTEST OR WITNESS:

ACUITY BRANDS, INC.

By: /s/ Kenyon W. Murphy

Kenyon W. Murphy

[CORPORATE SEAL]

By: /s/ James S. Balloun

James S. Balloun
Chairman, President and
CEO

FIRST SUPPLEMENTAL INDENTURE

DATED AS OF OCTOBER 23, 2001

TO

INDENTURE

DATED AS OF JANUARY 26, 1999

BETWEEN

NATIONAL SERVICE INDUSTRIES, INC.

AND

SUNTRUST BANK, FORMERLY KNOWN AS
SUNTRUST BANK, ATLANTA, AS TRUSTEE

SENIOR DEBT SECURITIES

FIRST SUPPLEMENTAL INDENTURE, dated as of October 23, 2001 (this "First Supplemental Indenture"), between NATIONAL SERVICE INDUSTRIES, INC., a Delaware corporation (said corporation, together with its successors and assigns, herein referred to as "NSI"), L & C SPINCO, INC., a Delaware corporation (said corporation, together with its successors and assigns, herein referred to as the "Company"), L & C LIGHTING GROUP, INC., a Delaware corporation and a wholly owned subsidiary of the Company (said corporation, together with its successors and assigns, herein referred to as "Lightco"), THE ZEP GROUP, INC., a Delaware corporation and a wholly owned subsidiary of the Company (said corporation, together with its successors and assigns, herein referred to as "Chemco"), and SUNTRUST BANK, formerly known as SUNTRUST BANK, ATLANTA, a Georgia banking corporation, as trustee (said corporation, together with its successors and assigns, herein referred to as the "Trustee").

W I T N E S S E T H:

WHEREAS, NSI and the Trustee entered into an Indenture, dated as of January 26, 1999 (the "Indenture"), pursuant to which NSI issued its 8.375% Notes due August 1, 2010 (the "2010 Notes"), and its 6% Notes due 2009 (the "2009 Notes" and collectively with the 2010 Notes, the "Notes");

WHEREAS, NSI and its subsidiaries have transferred to the Company all of the assets comprising NSI's lighting equipment and chemicals businesses in connection with the transactions contemplated by that certain Agreement and Plan of Distribution between NSI and the Company (the "Distribution Agreement"), pursuant to which all the outstanding shares of common stock of the Company will be distributed to NSI's stockholders (the "Spin-Off");

WHEREAS, pursuant to Section 801 of the Indenture, NSI may convey, transfer or lease its properties and assets substantially as an entirety to any other corporation, partnership or trust organized and existing under the laws of the United States of America, any state thereof or the District of Columbia; provided that such Person shall expressly assume, by a supplemental indenture executed and delivered to the Trustee and in form satisfactory to the Trustee, the due and punctual payment of the principal of (and premium, if any) and interest (including any Additional Amounts, if any) on all the Securities and the performance of every covenant of the Indenture on the part of NSI to be performed or observed;

WHEREAS, the Company will assume all the rights and obligations of, and succeed to and be substituted for, NSI under the Indenture and the Securities;

WHEREAS, in addition, Lightco and Chemco, jointly and severally with the Company, will assume the due and punctual payment of the principal of and interest on the Securities;

WHEREAS, to evidence the assumption of the obligations under the Indenture and the Securities by the Company and the release of NSI from its liabilities and obligations under or with respect to the Notes and the Indenture in accordance with Sections 801 and 802 of the Indenture, the Company has agreed to execute and deliver this First Supplemental Indenture;

WHEREAS, NSI has delivered, or caused to be delivered, to the Trustee, an Officers' Certificate and an Opinion of Counsel meeting the requirements of Section 801(c) of the Indenture;

WHEREAS, NSI and the Trustee have received from the holders of a majority in principal amount of the 2009 Notes and the holders of a majority in principal amount of the 2010 Notes a direction and consent to enter into this First Supplemental Indenture;

NOW, THEREFORE, in consideration of the above premises, the Company, Lightco and the Trustee agree, for the benefit of the other, NSI and for the equal and ratable benefit of the Holders of the Notes, as follows:

ARTICLE I

ASSUMPTION OF OBLIGATIONS

Section 101. Assumption of Obligations under Indenture. The Company hereby fully and unconditionally assumes the due and punctual payment of the principal of (and premium, if any) and interest (including any Additional Amounts, if any) on all the Securities and the performance of every covenant of the Indenture on the part of NSI to be performed or observed.

Section 102. Assumption of Notes. Lightco and Chemco, jointly and severally with the Company, hereby fully and unconditionally assumes the due and punctual payment of the principal of and interest on the Securities.

ARTICLE II

RELEASE OF OBLIGATIONS

Section 201. Release of NSI from Obligations. The Trustee, on behalf of the Holders of the Securities, hereby relieves NSI from all covenants and obligations under the Notes, the Securities, and the Indenture, effective upon the "Effective Time" (as defined in the Distribution Agreement).

ARTICLE III

MISCELLANEOUS PROVISIONS

Section 301. Terms Defined. For all purposes of this First Supplemental Indenture, capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

Section 302. Effect of Supplemental Indenture. Upon the execution and delivery of this First Supplemental Indenture by NSI, the Company, Lightco, Chemco and the Trustee, the Indenture shall be supplemented in accordance herewith, and this First Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Securities heretofore or hereafter authenticated and delivered under the Indenture shall be bound thereby. In accordance with Section 802 of the Indenture, upon the execution and delivery of this First Supplemental Indenture by NSI, the Company, Lightco, Chemco and the Trustee, the Company shall succeed to and be substituted for NSI with the same effect as if it had been named therein as the party of the first part and NSI shall be released and relieved as heretofore agreed.

Section 303. Indenture and Supplemental Indenture Construed Together. This First Supplemental Indenture is an indenture supplemental to and in implementation of the Indenture, and the Indenture and this First Supplemental Indenture shall henceforth be read and construed together.

Section 304. Confirmation of Indenture. Except as amended by this First Supplemental Indenture, the Indenture and the Notes are in all respects ratified and confirmed, and all the terms thereof shall remain in full force and effect. The Trustee has no responsibility for correctness of the recitals of facts herein contained, which shall be taken as the statements of NSI and the Company, and makes no representations as to the validity or sufficiency of this First Supplemental Indenture and shall incur no liability or responsibility in respect of the validity thereof.

Section 305. Conflict with Trust Indenture Act. If any provision of this First Supplemental Indenture limits, qualifies or conflicts with any provision of the Trust Indenture Act (the "Act") that is required under the Act to be part of and govern any provision of this First Supplemental Indenture, the provision of the Act shall control. If any provision of this Supplemental Indenture modifies or excludes any provision of the Act that may be so modified or excluded, the provision of the Act shall be deemed to apply to the Indenture as so modified or to be excluded by this First Supplemental Indenture, as the case may be.

Section 306. Severability. In case any provision in this First Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 307. Headings. The Article and Section headings of this First Supplemental Indenture have been inserted for convenience of reference only, are not to be considered part of this First Supplemental Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

Section 308. Benefits of Supplemental Indenture. Nothing in this First Supplemental Indenture or the Securities, express or implied, shall give to any Person, other than the parties hereto and thereto and their successors hereunder, any Authenticating Agent, Paying Agent and Security Registrar, and the Holders, any benefit of any legal or equitable right, remedy or claim under the Indenture, this First Supplemental Indenture or the Securities.

Section 309. Certain Duties and Responsible of the Trustee. In entering into this First Supplemental Indenture, the Trustee shall be entitled to the benefit of every provision of the Indenture relating to the conduct of, affecting the liability of or affording protection to the Trustee, whether or not elsewhere herein so provided.

Section 310. Governing Law. THIS SUPPLEMENTAL INDENTURE, THE INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

Section 311. Successors. All agreements of the Company, NSI, Chemco and Lightco in this First Supplemental Indenture shall bind their respective successors and assigns. All agreements of the Trustee in this First Supplemental Indenture shall bind the Holders of all Securities and all successors and assigns of the Trustee or such Holders.

Section 312. Multiple Counterparts. The parties may sign multiple counterparts of this First Supplemental Indenture. Each signed counterpart shall be deemed an original, but all of them together represent the same agreement.

Section 313. Endorsement and Change of Form of Notes. Any Notes authenticated and delivered after the date of this First Supplemental Indenture in exchange or substitution for Notes then outstanding and all Notes presented or delivered to the Trustee on and after that date for such purpose shall (unless textually revised as hereinafter provided) be stamped or typewritten by the Trustee with a notation as follows:

"L&C Spinco, Inc. a Delaware corporation (the "Company"), has assumed the obligations of National Service Industries, Inc. ("NSI") as successor to the NSI in connection with the transfer of the properties and assets of NSI substantially as an entirety. The Company has expressly assumed the due and punctual payment of the principal of and interest on all the Notes and the due and punctual performance and observance of all the covenants and obligations in the Indenture to be performed by NSI, and NSI will be relieved from all covenants and obligations under the Notes, the Securities and the Indenture in accordance with the First Supplemental Indenture referred to below. The Indenture dated as of January 26, 1999 referred to in this Note has been amended by a First Supplemental Indenture dated as of October 23, 2001 to provide for such assumptions of obligations by the Company and the release of NSI from such obligations. Reference is hereby made to said First Supplemental Indenture, copies of which are on file with SunTrust Bank, as Trustee, for a description of the amendments therein made."

Any Notes hereafter authenticated and delivered in exchange or substitution for Notes then outstanding shall, if the Company so elects, be textually revised in a form approved by the

Trustee to make reference to the First Supplemental Indenture and to reflect the supplement of the Indenture hereby instead of being stamped or typewritten as hereinabove provided.

Section 314. Effectiveness of First Supplemental Indenture. This First Supplemental Indenture shall be effective upon the execution and delivery by NSI, the Company, Lightco, Chemco and the Trustee.

Section 315. Indemnification of Trustee. The Company, Lightco and Chemco (collectively, the "Companies" and individually, a "Company"), each agree, jointly and severally, to indemnify, defend and hold harmless the Trustee and its officers, directors, employees, agents, counsel, and their respective successors, assigns, heirs, personal representatives and administrators (collectively, the "Indemnified Parties") from and against, for and in respect of, any and all Losses (as hereinafter defined), including, but not limited to, those which might arise as a result of Litigation (as hereinafter defined) or Third-Party Claims (as hereinafter defined), assessed against, or paid, suffered or incurred by, any Indemnified Party which directly or indirectly result from or are based upon, or arise out of: (i) the execution, delivery and performance of this Agreement; (ii) the Transfer, the Spin-Off, the solicitation of directions from the Holders and all other transactions described herein or in the Distribution Agreement in connection therewith (collectively, the "Transactions"); (iii) the inaccuracy, untruth, or breach of any representation, warranty, statement or opinion made by any of the Companies or their respective officers, agents or counsel pursuant to this Agreement or the Indenture, or contained in any certificate, opinion or other document or paper furnished to the Trustee by any of the Companies or their respective officers, agents or counsel in connection herewith or the Indenture; (iv) any breach or failure to perform any covenant or agreement set forth in the Indenture by NSI in connection with the Transactions; or (v) any action or failure to act on the part of the Trustee or any other Indemnified Party in connection with this Agreement or the Indenture with respect to the Transactions. Notwithstanding anything else herein contained, the foregoing indemnity shall not be applicable to any Losses suffered or incurred by any Indemnified Party as result of such Indemnified Party's negligence or bad faith.

For purposes of this Section, the terms "Litigation," "Losses," "Third-Party Claim" and "Indemnification Claim" shall have the following meanings:

"Litigation" shall mean any demand, action, suit, cause of action, claim, complaint, prosecution, formal, informal, or threatened examination, investigation, hearing or other proceeding (whether civil, criminal or administrative or involving any arbitration) relating to or affecting an Indemnified Party.

"Losses" shall mean any and all assessments, losses, diminution in value, damages, (including direct, indirect, special and consequential damages and sums paid in settlement of claims), liabilities, judgments, costs and expenses (including, without limitation, interest, penalties, fines, reasonable costs of investigation defense, and the reasonable fees and expenses of attorneys and other advisors).

"Third-Party Claim" shall mean any Litigation (including, without limitation, a binding arbitration or an audit by any governmental or administrative authority) that is instituted or threatened against an Indemnified Party and which, if prosecuted successfully, could result in an Indemnification Claim.

"Indemnification Claim" shall mean any claim for indemnification provided under this Section 315.

Section 316. Trustee's Fees and Expenses. Without duplication with respect to any obligation of the Companies under Section 315 hereof, the Companies jointly and severally agree to pay the Trustee upon the execution and delivery of this Agreement and thereafter upon receipt of a written request therefor, fees and expenses of the Trustee incurred in connection with this Agreement and the Transactions, including, without limitation, all attorney's fees and expenses in connection with (i) the review, negotiation and preparation of this Agreement and any and all documents, opinions, certificates and other papers prepared in connection herewith and with the Transactions, (ii) the administration or enforcement of the Indenture or this Agreement in connection with the Transactions, and (iii) any administrative, judicial, arbitration or other proceedings, or any investigations with respect thereto or in any way related to this Agreement or the Indenture with respect to any of the Transactions.

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SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed as of the date first written above.

NATIONAL SERVICE INDUSTRIES, INC.

By: /s/ Brock A. Hattox

Brock A. Hattox
Executive Vice President and CFO

L & C SPINCO, INC.

By: /s/ James S. Balloun

James S. Balloun
President and CEO

L & C LIGHTING GROUP, INC.

By: /s/ James S. Balloun

James S. Balloun
President and CEO

THE ZEP GROUP, INC.

By: /s/ James S. Balloun

James S. Balloun
President and CEO

SUNTRUST BANK, as Trustee

By: /s/ Ronald C. Painter

Ronald C. Painter
Group Vice President

ACUITY BRANDS, INC.

SUPPLEMENTAL DEFERRED SAVINGS PLAN

(Effective as of November 30, 2001)

ACUITY BRANDS, INC.
SUPPLEMENTAL DEFERRED SAVINGS PLAN

TABLE OF CONTENTS

ARTICLE I	INTRODUCTION AND ESTABLISHMENT.....	1
ARTICLE II	DEFINITIONS.....	2
2.1	"Account".....	2
2.2	"Annual Valuation Date".....	2
2.3	"Beneficiary".....	2
2.4	"Business Unit".....	2
2.5	"Change in Capitalization".....	2
2.6	"Change in Control".....	2
2.7	"Class Year Subaccount".....	3
2.8	"Code".....	3
2.9	"Company".....	3
2.10	"Compensation".....	3
2.11	"Deferral Subaccount".....	4
2.12	"Effective Date".....	4
2.13	"Election Form".....	4
2.14	"Employer".....	4
2.15	"ERISA".....	4
2.16	"Executive".....	4
2.17	"Fair Market Value".....	4
2.18	"Fiscal Year".....	4
2.19	"Matching Subaccount".....	4
2.20	"Participant".....	5
2.21	"Plan".....	5
2.22	"Plan Administrator".....	5
2.23	"Plan Year".....	5
2.24	"Prime Rate".....	5
2.25	"Prior Plan".....	5
2.26	"Retirement".....	5
2.27	"Shares".....	5
2.28	"Subsidiary".....	5
2.29	"Supplemental Subaccount".....	5
2.30	"Termination for Cause".....	6
2.31	"Termination of Service".....	6
2.32	"Total and Permanent Disability".....	6
2.33	"Valuation Date".....	6

2.34	"Year of Service".....	6
ARTICLE III	PARTICIPATION; DEFERRAL ELECTION.....	7
3.1	Eligibility to Participate.....	7
3.2	Deferral Election.....	7
ARTICLE IV	PARTICIPANTS' ACCOUNTS; EMPLOYER CONTRIBUTION CREDITS.....	9
4.1	Accounting for Participants' Interests.....	9
4.2	Vesting of a Participant's Account.....	11
4.3	Distribution of a Participant's Account.....	11
4.4	Hardship.....	13
ARTICLE V	PLAN ADMINISTRATOR.....	14
5.1	Committee.....	14
5.2	Right and Duties.....	14
5.3	Compensation, Indemnity and Liability.....	14
5.4	Taxes.....	15
ARTICLE VI	CLAIMS PROCEDURE.....	16
6.1	Claims for Benefits.....	16
6.2	Appeals.....	16
ARTICLE VII	AMENDMENT AND TERMINATION; CHANGE IN CONTROL.....	17
7.1	Amendments.....	17
7.2	Termination of Plan.....	17
7.3	Change In Control Provisions.....	17
ARTICLE VIII	MISCELLANEOUS.....	19
8.1	Limitation on Participant's Rights.....	19
8.2	Benefits Unfunded.....	19
8.3	Other Plans.....	19
8.4	Receipt or Release.....	19
8.5	Governing Law.....	19
8.6	Gender, Tense, and Headings.....	20
8.7	Successors and Assigns; Nonalienation of Benefits.....	20
8.8	Combination With Other Plan.....	20

ARTICLE I
INTRODUCTION AND ESTABLISHMENT

Acuity Brands, Inc. ("Company") hereby establishes the Acuity Brands, Inc. Supplemental Deferred Savings Plan ("Plan") for the benefit of eligible management and highly compensated employees of the Company and its Subsidiaries and Business Units. The Plan is designed to assist and encourage eligible employees to accumulate capital and to supplement their retirement income and to align their interests more closely with those of stockholders. The Plan provides for elective deferrals of an employee's compensation, Company matching contributions and supplemental Company contributions.

The effective date of the Plan is November 30, 2001 ("Effective Date"). The Plan was originally established in connection with the spin-off of the Company from National Service Industries, Inc. ("NSI"), which became effective November 30, 2001. Pursuant to an Employee Benefits Agreement dated as of November 30, 2001, between the Company and NSI, the amounts credited to the Account (including all subaccounts) of certain employees and former employees of NSI and its subsidiaries who were participants in the National Service Industries, Inc. Supplemental Deferred Savings Plan ("Prior Plan") as of the Effective Date, and who became or remained employees of the Company or its Subsidiaries as of the Effective Date or who were formerly employed by the businesses transferred to the Company by NSI (including former employees of the corporate office of NSI) shall be transferred to the Plan. As provided for herein, the elections made under the Prior Plan prior to the Effective Date, including elections regarding deferral amounts, timing and manner of payment of benefits, and designation of Beneficiaries, shall be carried over and apply for purposes of the Plan after the Effective Date (subject to any change of election rights under the Plan).

ARTICLE II
DEFINITIONS

When used in this Plan, the following terms shall have the meanings set forth below unless a different meaning is plainly required by the context:

2.1 "Account" means the records maintained by the Plan Administrator to determine each Participant's interest under this Plan. Such Account may be reflected as an entry in the Company's (or Employer's) records, or as a separate account under a trust, or as a combination of both. Each Participant's Account shall consist of at least three subaccounts: a Deferral Subaccount to reflect his deferrals of Compensation; a Matching Subaccount for Employer's matching contribution credits; a Supplemental Subaccount for any supplemental Employer contribution credits. The Plan Administrator may establish such additional subaccounts as it deems necessary for the proper administration of the Plan.

2.2 "Annual Valuation Date" means December 31 of each year while the Plan is in effect.

2.3 "Beneficiary" means the person or persons last designated in writing by the Participant to receive the vested amount in his Account in the event of such Participant's death; or if no designation shall be in effect at the time of a Participant's death or if all designated Beneficiaries shall have predeceased the Participant, then the Beneficiary shall be the Participant's estate or his personal representative.

2.4 "Business Unit" means any of the operating units or divisions of the Company, or its Subsidiaries, designated as a Business Unit by the Plan Administrator.

2.5 "Change in Capitalization" means any increase or reduction in the number of Shares, or any change (including, but not limited to, a change in value) or exchange of Shares for a different number or kind of shares or other securities of the Company, by reason of a reclassification, recapitalization, merger, consolidation, reorganization, spin-off, split-up, issuance of warrants or rights or debentures, stock dividend, stock split or reverse stock split, cash dividend, property dividend, combination or exchange of shares, repurchase of shares, public offering, private placement, change in corporate structure or otherwise, which in the judgment of the Plan Administrator is material or significant.

2.6 "Change in Control" means any of the following events:

(a) The acquisition (other than from the Company) by any "Person" (as the term person is used for purposes of Sections 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of twenty percent (20%) or more of the combined voting power of the Company's then outstanding voting securities; or

(b) The individuals who, as of December 1, 2001, are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least two-thirds of the Board; Provided, however, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Plan, be considered as a member of the Incumbent Board; or

(c) A merger or consolidation involving the Company if the stockholders of the Company, immediately before such merger or consolidation do not, as a result of such merger or consolidation, own, directly or indirectly, more than seventy percent (70%) of the combined voting power of the then outstanding voting securities of the corporation resulting from such merger or consolidation in substantially the same proportion as their ownership of the combined voting power of the voting securities of the Company outstanding immediately before such merger or consolidation; or

(d) A complete liquidation or dissolution of the Company or an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur pursuant to subsection (a) above, solely because twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities is acquired by (i) a trustee or other fiduciary holding securities under one or more employee benefit plans maintained by the Company or any of its subsidiaries, or (ii) any corporation which, immediately prior to such acquisition, is owned directly or indirectly by the stockholders of the Company in the same proportion as their ownership of stock in the Company immediately prior to such acquisition.

2.7 "Class Year Subaccount" means the subaccount set up under the Deferral Subaccount to reflect the Participant's deferrals for each Plan Year, including amounts previously credited to a Participant's Class Year Subaccount in the Prior Plan and transferred to this Plan as of the Effective Date, and any earnings thereon.

2.8 "Code" means the Internal Revenue Code of 1986, as amended.

2.9 "Company" means Acuity Brands, Inc., a Delaware corporation, or its successor or successors.

2.10 "Compensation" means the annual cash compensation (salary plus annual bonus) paid by the Employer to the Participant for the Plan Year, provided that a bonus actually paid during a subsequent Plan year based upon performance during the preceding Plan Year shall be treated as Compensation for such preceding Plan Year. The Participant's Compensation shall include amounts deferred by the Participant to this Plan and any other deferred compensation plan of the Employer (whether or not qualified), and any salary reduction amounts contributed to a welfare plan. The term "Compensation" shall not include long-term incentive payments, income from stock options or other stock awards, car allowances and non-cash remuneration, such as health benefits, life insurance, and other fringe benefits.

2.11 "Deferral Subaccount" means the subaccount maintained to reflect the Participant's deferral of Compensation, including amounts previously credited to a Participant's Deferral Subaccount in the Prior Plan and transferred to this Plan as of the Effective Date, and any earnings thereon.

2.12 "Effective Date" means the effective date of this Plan, November 30, 2001.

2.13 "Election Form" means the form prescribed by the Plan Administrator on which a Participant may specify the amount of his Compensation that is to be deferred pursuant to the provisions of Article III, and the manner of payment of his benefits.

2.14 "Employer" means the Company and any Subsidiary or related employer designated by the Company to participate in the Plan.

2.15 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

2.16 "Executive" means an officer of the Company, a Subsidiary or one of the Company's Business Units, and other key employees designated as eligible pursuant to Section 3.1. Any dispute regarding any individual's classification shall be determined by the Plan Administrator in its sole discretion.

2.17 "Fair Market Value" means the fair market value of the Shares as determined in good faith by the Plan Administrator; provided, however, that (A) if the Shares are admitted to trading on a national securities exchange, Fair Market Value on any date shall be the closing price reported for the Shares on such exchange on such date or, if no sale was reported on such date, on the last date preceding such date on which a sale was reported, (B) if the Shares are admitted to quotation on the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or other comparable quotation system and have been designated as a National Market System ("NMS") security, Fair Market Value on any date shall be the last sale price reported for the Shares on such system on such date or on the last day preceding such date on which a sale was reported, or (C) if the Shares are admitted to Quotation on NASDAQ and have not been designated a NMS Security, Fair Market Value on any date shall be the average of the highest bid and lowest asked prices of the Shares on such system on such date.

2.18 "Fiscal Year" means the year commencing on September 1 and ending on August 31 of the following calendar year, or such other 12-month period used by the Company for financial reporting purposes.

2.19 "Matching Subaccount" means the subaccount maintained to reflect the Employer's matching contribution credits, including amounts previously credited to a Participant's Matching Subaccount in the Prior Plan and transferred to this Plan as of the Effective Date, and any earnings thereon.

2.20 "Participant" means an Eligible Executive as defined in Section 3.1 (or an individual who was an Eligible Executive, including individuals who were participating in the Prior Plan as of the Effective Date), a portion of whose Compensation for any Plan Year has been deferred pursuant to the Plan or who has received Employer Supplemental Subaccount credits, and whose interest in the Plan has not been wholly distributed.

2.21 "Plan" means the Acuity Brands, Inc. Supplemental Deferred Savings Plan, as set forth herein and as it may be amended from time to time.

2.22 "Plan Administrator" means the Company or, if applicable, a committee appointed pursuant to Article V to administer the Plan.

2.23 "Plan Year" means January 1 through the next following December 31. Despite a mid-year Effective Date of the Plan, for all purposes under the Plan, the initial Plan Year shall be deemed a continuation of the Plan Year in progress under the Prior Plan such that the initial Plan Year shall be January 1, 2001 through December 31, 2001.

2.24 "Prime Rate" means the rate of interest publicly announced by Wachovia Bank, N.A. (or its successor) as its prime rate on a particular date (or the next business day if such date is not a business day), as determined by the Plan Administrator, or the prime rate interest of such other bank as may be selected by the Company.

2.25 "Prior Plan" means the National Service Industries, Inc. Supplemental Deferred Savings Plan, as amended through the Effective Date.

2.26 "Retirement" means termination of the Participant's employment with all Employers on or after attaining age 60, other than a Termination for Cause.

2.27 "Shares" means the common stock, par value \$.01 per share, of the Company (including any new, additional or different stock or securities resulting from a Change in Capitalization).

2.28 "Subsidiary" means any corporation in an unbroken chain of corporations, beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. The term "Subsidiary" shall also include a partnership or limited liability company in which the Company or a Subsidiary owns 50% or more of the profits interest or capital interest.

2.29 "Supplemental Subaccount" means the subaccount established to reflect the Employer's supplemental contribution credits, including amounts previously credited to a Participant's Supplemental Subaccount in the Prior Plan and transferred to this Plan as of the Effective Date, and any earnings thereon.

2.30 "Termination for Cause" means the Executive has terminated employment and has been found by the Plan Administrator to be guilty of theft, embezzlement, fraud or misappropriation of the Company's property or of any action which, if the individual were an officer of the Company, would constitute a breach of fiduciary duty. The final determination of whether a Participant has incurred a Termination for Cause shall be made by the Plan Administrator.

2.31 "Termination of Service" or similar expression means the termination of the Participant's employment as an Executive. A Participant who is granted a temporary leave of absence, whether with or without pay, shall not be deemed to have terminated his service. In the event of a transfer of an Executive to a position in which he would no longer be eligible to continue in this Plan, or in the event of the disability of a Participant, the Plan Administrator in its sole discretion, shall determine whether a Termination of Service has occurred.

2.32 "Total and Permanent Disability" means a physical or mental incapacity which impairs the Participant's ability to substantially perform his usual duties and services for the Employer for a period of one hundred eighty (180) consecutive days. The determination as to whether Total and Permanent Disability exists shall be made by the Plan Administrator based upon the information provided to it.

2.33 "Valuation Date" means the Annual Valuation Date, and any other date(s) selected by the Plan Administrator as of which the Accounts of Participants are valued.

2.34 "Year of Service" means, subject to such Break in Service rules as the Plan Administrator may establish, each Plan Year in which the Eligible Employee is credited with 1,000 or more Hours of Service with the Employer, including all Years of Service credited to the Eligible Employee under the Prior Plan, provided that, for the period January 1, 2001 to December 31, 2001, the Eligible Employee shall be credited with one, and only one, Year of Service if such Eligible Employee is credited with 1,000 or more Hours of Service with the Employer under the Plan and the Prior Plan for such period. Hours of Service shall be determined hereunder in accordance with the Company's general rules for determining such hours under its tax-qualified plans.

ARTICLE III
PARTICIPATION; DEFERRAL ELECTION

3.1 Eligibility to Participate. Prior to, or at the beginning of, each Plan Year, the Company (or its designee) shall specify the Executives who are eligible to make deferral elections under the Plan for the following Plan Year and to receive Matching Subaccount and Supplemental Subaccount credits (an "Eligible Executive"). Such eligibility designation may be made by establishing a minimum compensation level for participation or by the use of such other criteria as the Company (or its designee) deems appropriate from time to time.

3.2 Deferral Election. For any Plan Year in which an Eligible Executive is eligible to participate, such Eligible Executive may elect on an Election Form to have a portion of the Compensation to be received by the Executive for such Plan Year deferred in accordance with the terms and conditions of the Plan. The Plan Administrator may provide for a separate election with respect to salary and annual bonus. The amount that may be deferred for any Plan Year shall not be less than \$1,000, nor an aggregate of more than fifty percent (50%) of his Compensation for such Plan Year.

An Executive desiring to exercise such election shall, prior to the beginning of each Plan Year (or within 30 days after the beginning of the Eligible Executive's initial employment or eligibility, if such employment or eligibility commences other than at the beginning of a Plan Year), complete an Election Form indicating the percentage of his Compensation for such Plan Year that he elects to have deferred. Any such Election Form properly delivered under the Prior Plan with respect to the calendar year ending December 31, 2001 and not previously terminated, shall continue in effect under this Plan for the Plan Year ending December 31, 2001. If the Eligible Executive's election would result in a deferral greater than the maximum provided herein, any deferred amount shall be reduced to the maximum limit.

An election to defer Compensation must be filed with the Plan Administrator within the time period prescribed by the Plan Administrator. If a Participant fails to file a properly completed and duly executed Election Form with the Plan Administrator by the prescribed time, he will be deemed to have elected not to defer any Compensation under this Plan for the Plan Year, except to the extent the Plan Administrator in its sole discretion permits an extension of the election period. An Eligible Executive may not, after the applicable election date change (increase or decrease) the percentage of Compensation he has elected to defer for a Plan Year.

A Participant may at any time during the Plan Year terminate an election to defer salary (but not the bonus) and discontinue future salary deferrals of Compensation under this Plan by providing written notice to the Plan Administrator prior to the start of the next payroll period for which Compensation will be payable. In such event, Compensation earned for services subsequent to such termination notice will be paid directly to the Participant and will not be subject to his prior deferral election. A Participant who elects to discontinue participation in the

Plan for a Plan Year may not recommence participation in the Plan until the next following Plan Year (or such later Plan Year in which he is again eligible to participate), provided the Participant completes and executes the required Election Form. Increases or decreases in the amount a Participant elects to defer (other than a suspension of deferrals) shall not be permitted during the Plan Year.

The Eligible Executive may designate on the Election Form (or on a separate form provided by the Plan Administrator) a Beneficiary (or Beneficiaries) to receive payment of amounts in his Account in the event of his death. Any proper designation of a Beneficiary under the Prior Plan which has not been changed or revoked shall continue under this Plan.

ARTICLE IV
PARTICIPANTS' ACCOUNTS; EMPLOYER CONTRIBUTION CREDITS

4.1 Accounting for Participants' Interests.

(a) Deferral Subaccount. The Company shall establish a Deferral Subaccount for each Participant under the Plan. The initial amount credited to the Participant's Deferral Subaccount under the Plan shall be the amount credited to the Participant's Deferral Subaccount in the Prior Plan that is transferred to this Plan as described in subsection (d) below. Each Participant's Deferral Subaccount shall thereafter be credited with the amounts of Compensation deferred by the Participant under this Plan. The timing and manner in which amounts are credited to a Participant's Deferral Subaccount under this Plan shall be determined by the Plan Administrator in its discretion, but the deferral election shall be applied to each pay period in which the Participant has Compensation during his period of participation in the Plan. The Participant's Deferral Subaccount shall be credited with interest at the Prime Rate on each Annual Valuation Date based upon the amount credited to such Subaccount as of the preceding Annual Valuation Date, and at such other times, if any, as may be determined by the Plan Administrator. If permitted by the Company in accordance with such rules as the Company may establish, a Participant (other than an Executive Officer of the Company) may direct that all or a portion of the Deferral Subaccount shall be deemed to be invested in Shares.

(b) Matching Subaccount. The Company shall establish a Matching Subaccount for each Participant under the Plan. The initial amount credited to the Participant's Matching Subaccount under the Plan shall be the amount credited to the Participant's Matching Subaccount in the Prior Plan that is transferred to this Plan as described in subsection (e) below. Thereafter, unless the Board otherwise determines, as of the end of each Plan Year (or as of such other date as the Board may determine), there shall be credited to the Matching Subaccount of each Participant who is employed on the last day of the Plan Year an amount equal to 25% of the amount of the Participant's deferrals for such Plan Year, provided that the maximum amount credited to a Participant's Matching Subaccount for a Plan Year shall not exceed five percent (5%) of the Participant's Compensation for such Plan Year. Unless the Company otherwise determines for a designated Eligible Executive (other than an Executive Officer of the Company), an Eligible Executive who is covered by a defined benefit supplemental executive retirement plan maintained by the Employer shall not be eligible to receive Employer matching contribution credits under the Plan.

Unless the Company otherwise determines, the amount credited to a Participant's Matching Subaccount shall be deemed to be invested in the form of cash, Shares, or a combination of cash and Shares, as elected by the Participant on the Election Form. The Company may provide the Participant with the right to change the deemed investment election from time to time and to designate different deemed investment elections for amounts credited to the Matching Subaccount in different Plan Years. To the extent the amount is deemed to be

credited in cash, the Matching Subaccount will be credited with interest at the Prime Rate on each Annual Valuation Date (and at such other dates, if any, as may be determined by the Plan Administrator); if Shares are deemed to be credited, the Matching Subaccount will be adjusted on each Annual Valuation Date (and at such other dates, if any, as may be determined by the Plan Administrator) as if it were invested in Shares to reflect any dividends (including reinvestment of such dividends in Shares), distributions, stock dividends, stock splits or similar actions with respect to the Shares since the preceding Annual Valuation Date (or such other date).

(c) Supplemental Subaccount. The Company shall establish a Supplemental Subaccount for each Participant under the Plan. The initial amount credited to the Participant's Supplemental Subaccount under the Plan shall be the amount credited to the Participant's Supplemental Subaccount in the Prior Plan that is transferred to this Plan as described in subsection (e) below. Thereafter, unless the Board otherwise determines, as of the end of each Plan Year (or as of such other date as the Board may determine), there shall be credited to the Supplemental Subaccount of each Eligible Employee who is employed on the last day of the Plan Year and who has a Year of Service for such Plan Year an amount equal to three percent (3%) of the Eligible Employee's Compensation for such Plan Year. Unless the Company determines otherwise for a designated Eligible Executive, an Eligible Executive who is covered by a defined benefit supplemental executive retirement plan maintained by the Employer shall not be eligible to receive Employer supplemental contribution credits under the Plan.

Unless the Company otherwise determines, the amount credited to an Eligible Employee's Supplemental Subaccount shall be deemed to be in the form of Shares. If Shares are deemed to be credited, the Supplemental Subaccount will be adjusted on each Annual Valuation Date (and at such other dates, if any, as may be determined by the Plan Administrator) as if it were invested in Shares to reflect any dividends (including reinvestment of such dividends in Shares), distributions, stock dividends, stock splits or similar action with respect to the Shares since the preceding Annual Valuation Date (or such other date).

(d) Crediting of Shares. The number of Shares to credit to a Participant's Deferral Subaccount, Matching Subaccount or Supplemental Subaccount as of an Annual Valuation Date (or other date, as provided above) shall be determined by converting the cash credit otherwise required to Shares using the Fair Market Value of a Share on such date.

(e) Transfer of Accounts from the Prior Plan. Effective as of the Effective Date, the Company shall accept a transfer from the Prior Plan and credit to the Account (and each subaccount) of each Participant who was a participant in the Prior Plan and who became or remained an employee of the Company or its Subsidiaries as of the Effective Date or who was formerly employed by the businesses transferred to the Company by NSI (including former employees of the corporate office of NSI), the amount credited to the Participant's Account (and each subaccount) in the Prior Plan immediately prior to the Effective Date. To the extent any transferred amounts from the Prior Plan were deemed to be invested in shares of common stock of NSI, such amounts will be converted and will be deemed to be invested in a number of Shares

of the Company equal to (i) the product of (x) the number of shares of NSI stock credited to the Participant's Account under the Prior Plan as of the date of the distribution of the shares of the Company's common stock to the stockholders of NSI (the "Distribution Date"), and (y) the closing per share price of NSI common stock (trading with a due bill) on the Distribution Date, divided by (ii) the closing per share price of the Company's common stock (on a when-issued basis) on the Distribution Date (or such other price as determined by the Plan Administrator to be appropriate and equitable).

4.2 Vesting of a Participant's Account.

(a) Deferral Subaccount. Except as provided in the next sentence, a Participant's interest in the amount credited to his Deferral Subaccount shall at all times be 100% vested and nonforfeitable. If a Participant incurs a Termination for Cause, he shall forfeit all earnings credited on all amounts deferred to his Deferral Subaccount that have not yet been fully distributed to him under Section 4.3.

(b) Matching and Supplemental Subaccounts. Except in the event of a Termination For Cause, a Participant's interest in the amount credited to his Matching Subaccount and Supplemental Subaccount shall become (i) 100% vested and nonforfeitable upon his death, Total and Permanent Disability, Retirement or completion of 10 or more Years of Service and attainment of age 55 while actively employed, and (ii) 50% vested upon completion of 5 Years of Service and attainment of age 55 while actively employed, with such vesting increasing 10% per year for each additional Year of Service up to 10 years. Subject to Article VII, if the Participant incurs a Termination for Cause (regardless of whether he is otherwise vested) or if the Participant's employment is terminated prior to the time specified for vesting in the preceding sentence, his entire Matching and Supplemental Subaccounts shall be forfeited.

4.3 Distribution of a Participant's Account. Subject to Article VII, a Participant's Account shall be distributed as follows:

(a) Deferral Subaccount.

(i) Except as provided in (ii) and (iii) below, distribution of each Class Year Subaccount of a Participant shall be made in a single lump sum payment as soon as practicable after the January 1 next following five (5) full Plan Years after the Class Year. For example, the distribution of the 2001 Class Year Subaccount (the Participant's deferrals credited to him for the year ended December 31, 2001) shall be made on or about January 1, 2007, and for the 2002 Class Year Subaccount on or about January 1, 2008, and so on.

(ii) Election to Defer Distribution. A Participant who will become eligible to receive a distribution of a Class Year Subaccount under (i) above may elect to defer to the January 1 of a later year (subject to the limitations provided below) the distribution of such Class Year Subaccount. The election to defer distribution of a Class Year Subaccount must be filed prior to the end of the fourth Plan Year immediately following

the Class Year for such Class Year Subaccount. For example, for the 2001 Class Year Subaccount, the election must be filed prior to January 1, 2006. The Participant's deferral election for a Class Year Subaccount must indicate (A) the January 1 when he desires his benefit to be paid or to commence, which date must be at least two (2) years after the date he could initially have received a distribution, and (B) whether the distribution should be made in a lump sum or in annual installments over a period of up to ten (10) years; provided, that the lump sum payment shall be made not later than the year in which he attains age 70 and the last installment payment shall be made not later than the year in which the Participant attains age 75. A Participant's Class Year Subaccount for which a deferral election is made under this subsection (b) shall continue to be credited with earnings under Section 4.1(a) until the amount is fully distributed (except as limited in the case of a Termination for Cause).

(iii) Death, Disability or Termination of Service Prior to Vesting.

(A) Notwithstanding the existence of a deferral election under Section 4.3(a)(ii), in the event of a Participant's death, Total and Permanent Disability, or a Termination of Service prior to the Participant's completion of 5 Years of Service and attainment of age 55, distribution of the vested balance credited to a Participant's Deferral Subaccount shall be made to the Participant (or his Beneficiary in the event of death) as soon as practical. Payment of the Participant's Deferral Subaccount shall be made in a lump sum. In the event payments are made pursuant to this subsection (a)(iii), earnings shall be credited under Section 4.1(a) until all amounts have been distributed (except as limited in the case of Termination for Cause).

(B) In the event a Participant terminates after completing 5 Years of Service and attaining age 55 (except for death and Total and Permanent Disability which are covered by (A) above), the vested balance credited to a Participant's Deferral Subaccount shall be distributed as follows: (x) any Class Year Subaccounts as to which he has properly elected under subsection (ii) above a delayed distribution and/or payment in installments shall be distributed in accordance with such elections; and (y) with respect to any Class Year Subaccounts as to which the five-year period has not yet passed and that would otherwise be payable more than one (1) year in the future, the Participant may elect prior to termination to make the deferral election in (ii) above. Any Class Year Subaccounts as to which the 5-year period has not passed that are payable within one (1) year and any Class Year Subaccounts as to which the election in (y) is not made shall be payable as soon as practical after termination.

(b) Matching and Supplemental Subaccounts. The vested amounts (determined in accordance with Section 4.2(b)) credited to a Participant's Matching Subaccount and Supplemental Subaccount shall be payable in a lump sum as soon as practical after the Participant's death, Total and Permanent Disability or Termination of Service, unless, in the case

of a termination other than for death or Total and Permanent Disability, the Participant has elected a delayed payment date and/or payment in installments on the Election Form; provided that the lump sum payment shall be made not later than the year in which he attains age 70 and the last installment payment shall be made not later than the year in which the Participant attains age 75. The Plan Administrator may establish rules to permit Participants to change the form and timing of their payment election, provided that no such change shall be effective unless it is made at least two (2) years prior to the Participant's Termination of Service. In the event of death after Termination of Service, distribution of the remaining amount credited to the Participant's Matching Subaccount and Supplemental Subaccount shall be made to a Beneficiary in a lump sum as soon as practical after the Participant's death. All amounts, including amounts deemed to be invested in Shares, shall be paid in cash.

4.4 Hardship. A Participant who is suffering an unforeseen and severe financial hardship as a result of (i) an illness or accident of the Participant or his immediately family, (ii) loss of Participant's property due to casualty, or (iii) for such other reasons as the Plan Administrator may establish, may file a written request with the Plan Administrator for distribution of all or a portion of the amount credited to his Deferral Subaccount. The Plan Administrator shall have the sole discretion to determine whether to grant a Participant's hardship request and the amount to distribute to the Participant. The Plan Administrator shall have authority in connection with such hardship request to accelerate the payment of any Class Year Subaccounts which have been deferred pursuant to Section 4.3(a).

ARTICLE V
PLAN ADMINISTRATOR

5.1 Committee. The Plan Administrator shall be the Company or such committee as may be designated by the Company to administer and manage the Plan. Members of any committee shall not be required to be employees of the Company or Participants. Action of the Plan Administrator may be taken with or without a meeting of committee members. If a member of the committee is a Participant in the Plan, he shall not participate in any decision which solely affects his own Account.

5.2 Right and Duties. The Plan Administrator shall have the discretionary authority to administer and manage the Plan and shall have all powers necessary to accomplish that purpose, including (but not limited to) the following:

- (a) To construe, interpret, and administer this Plan;
- (b) To make allocations and determinations required by this Plan, and to maintain records relating to Participants' Accounts;
- (c) To compute and certify to the Company the amount and kinds of benefits payable to Participants or their beneficiaries, and to determine the time and manner in which such benefits are to be paid;
- (d) To authorize all disbursements by the Company pursuant to this Plan;
- (e) To maintain (or cause to be maintained) all the necessary records of the administration of this Plan;
- (f) To make and publish such rules for the regulation of this Plan as are not inconsistent with the terms hereof;
- (g) To delegate to other individuals or entities from time to time the performance of any of its duties or responsibilities hereunder; and
- (h) To hire agents, accountants, actuaries, consultants and legal counsel to assist in operating and administering the Plan.

The Plan Administrator shall have the exclusive discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits and to determine the amount and manner of payment of such benefits, and its decisions on such matters shall be final and conclusive on all parties.

5.3 Compensation, Indemnity and Liability. The Plan Administrator shall serve as such without bond and without compensation for services hereunder. All expenses of the Plan and the Plan Administrator shall be paid by the Company. If the Plan Administrator is a

committee, no member of the committee shall be liable for any act or omission of any other member of the committee, nor for any act or omission on his own part, excepting his own willful misconduct. The Company shall indemnify and hold harmless the Plan Administrator and each member of the committee against any and all expenses and liabilities, including reasonable legal fees and expenses, arising out of his membership on the committee, excepting only expenses and liabilities arising out of his own willful misconduct.

5.4 Taxes. If the whole or any part of any Participant's Account shall become liable for the payment of any estate, inheritance, income, or other tax which the Company shall be required to pay or withhold, the Company shall have the full power and authority to withhold and pay such tax out of any monies or other property in its hand for the account of the Participant whose interests hereunder are so liable. The Company shall provide notice of any such withholding. Prior to making any payment, the Company may require such releases or other documents from any lawful taxing authority as it shall deem necessary.

ARTICLE VI
CLAIMS PROCEDURE

6.1 Claims for Benefits. If a Participant or beneficiary (hereafter, "Claimant") does not receive timely payment of any benefits which he believes are due and payable under the Plan, he may make a claim for benefits to the Plan Administrator. The claim for benefits must be in writing and addressed to the Plan Administrator or to the Company. If the claim for benefits is denied, the Plan Administrator shall notify the Claimant in writing within 90 days after the Plan Administrator initially received the benefit claim. However, if special circumstances require an extension of time for processing the claim, the Plan Administrator shall furnish notice of the extension to the Claimant prior to the termination of the initial 90-day period and such extension shall not exceed one additional, consecutive 90-day period. Any notice of a denial of benefits shall advise the Claimant of the basis for the denial, any additional material or information necessary for the Claimant to perfect his claim, and the steps which the Claimant must take to have his claim for benefits reviewed.

6.2 Appeals. Each Claimant whose claim for benefits has been denied may file a written request for a review of his claim by the Plan Administrator. The request for review must be filed by the Claimant within 60 days after he received the written notice denying his claim. The decision of the Plan Administrator will be made within 60 days after receipt of a request for review and shall be communicated in writing to the Claimant. Such written notice shall set forth the basis for the Plan Administrator's decision. If there are special circumstances which require an extension of time for completing the review, the Plan Administrator's decision shall be rendered not later than 120 days after receipt of a request for review.

ARTICLE VII
AMENDMENT AND TERMINATION; CHANGE IN CONTROL

7.1 Amendments. Subject to Section 7.3, the Company (or its designee) shall have the right in its sole discretion to amend this Plan in any manner at any time; provided, however, that no such amendment shall reduce the Participant's vested interest in his Account under Section 4.2 at that time. Any amendment shall be in writing and executed by a duly authorized officer of the Company. All Participants shall be bound by such amendment.

7.2 Termination of Plan. The Company expects to continue this Plan, but does not obligate itself to do so. Subject to Section 7.3, the Company reserves the right to discontinue and terminate the Plan at any time, in whole or in part, for any reason (including a change, or an impending change, in the tax laws of the United States or any State). If the Plan is terminated, the Plan Administrator shall be notified of such action in a writing executed by a duly authorized officer of the Company, and the Plan shall be terminated at the time therein set forth. Termination of the Plan shall be binding on all Participants, but in no event may such termination reduce the amounts credited at that time to any Participant's Account. If this Plan is terminated, amounts theretofore credited to Participant's Deferral Subaccount, Matching Subaccount and Supplemental Subaccount, including interest and earnings from the last Valuation Date to the termination date, shall either be paid in a lump sum immediately, or distributed in some other manner consistent with this Plan, as determined by the Plan Administrator in its sole discretion.

7.3 Change In Control Provisions.

(a) Amendment or Termination. Notwithstanding anything contained in this Plan to the contrary, for a period of two (2) years following a Change in Control this Plan shall not be terminated or amended to reduce, suspend or eliminate any Eligible Executive's or Participant's benefits or participation (or right to participate) provided under this Plan, including, without limitation, the benefits provided in Articles III and IV. Any amendment or termination of this Plan which a Participant reasonably demonstrates (i) was at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control, or (ii) otherwise arose in connection with or in anticipation of a Change in Control, and which was not consented to in writing by the Participant shall be null and void, and shall have no effect whatsoever with respect to the Participant.

(b) Termination of Employment. Notwithstanding anything contained in this Plan to the contrary, if a Participant's employment is terminated by the Company (other than for "Cause" as defined in (c) below) or by the Participant for any reason within two (2) years following a Change in Control, the Participant's Account shall become fully vested and the Company shall, within five (5) days, pay to the Participant a lump sum cash payment of the full amount credited to his Account (including any Class Year Subaccounts subject to a deferral election under Section 4.3(b), Matching Subaccount and Supplemental Subaccount) with earnings determined under Section 4.1 credited thereto to the date of payment. If a Participant's employment is

terminated (i) for Cause (as defined in (c) below) within two (2) years following a Change in Control or (ii) for any reason more than two (2) years after a Change in Control, the provisions of Article IV shall apply to the distribution of the Participant's Account.

(c) Cause. For purposes of Section 7.3(b), a termination for "Cause" is a termination of the Executive evidenced by a resolution adopted in good faith by two-thirds of the Board of Directors of the Company that the Participant (i) intentionally and continually failed to substantially perform his duties with the Company (other than a failure resulting from the Participant's incapacity due to physical or mental illness) which failure continued for a period of at least thirty (30) days after a written notice of demand for substantial performance has been delivered to the Participant specifying the manner in which the Participant has failed to substantially perform, or (ii) intentionally engaged in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise; provided, however, that no termination of the Participant's employment shall be for Cause as set forth in clause (ii) above until (x) there shall have been delivered to the Participant a copy of a written notice setting forth that the Participant was guilty of the conduct set forth in clause (ii) and specifying the particulars thereof in detail, and (y) the Participant shall have been provided an opportunity to be heard by the Board (with the assistance of the Participant's counsel if the Participant so desires). No act, nor failure to act, on the Participant's part, shall be considered "intentional" unless he has acted or failed to act, with an absence of good faith and without a reasonable belief that his action or failure to act was in the best interest of the Company. Notwithstanding anything contained in this Agreement to the contrary, in the case of any Participant who is a party to a Severance Protection Agreement, no failure to perform by the Participant after a Notice of Termination (as defined in the Participant's Severance Protection Agreement) is given by the Participant shall constitute Cause for purposes of this Plan.

ARTICLE VIII
MISCELLANEOUS

8.1 Limitation on Participant's Rights. Participation in this Plan shall not give any Participant the right to be retained in the Company's employ or the employ of any Employer, or any right or interest in this Plan or any assets of the Company other than as herein provided. The Company reserves the right to terminate the employment of any Participant without any liability for any claim against the Company under this Plan, except to the extent provided herein.

8.2 Benefits Unfunded. The benefits provided by this Plan shall be unfunded. All amounts payable under this Plan to Participants shall be paid from the general assets of the Company, and nothing contained in this Plan shall require the Company to set aside or hold in trust any amounts or assets for the purpose of paying benefits to Participants. This Plan shall create only a contractual obligation on the part of the Company, and Participants shall have the status of general unsecured creditors of the Company under the Plan with respect to amounts of Compensation they defer hereunder or any other obligation of the Company to pay benefits pursuant hereto. Any funds of the Company available to pay benefits pursuant to the Plan shall be subject to the claims of general creditors of the Company, and may be used for any purpose by the Company.

Notwithstanding the preceding paragraph, the Company may at any time transfer assets, including Shares, to a trust for purposes of paying all or any part of its obligations under this Plan. However, to the extent provided in the trust only, such transferred amounts shall remain subject to the claims of general creditors of the Company. To the extent that assets are held in a trust when a Participant's benefits under the Plan become payable, the Plan Administrator shall direct the trustee to pay such benefits to the Participant from the assets of the trust.

8.3 Other Plans. This Plan shall not affect the right of any Executive or Participant to participate in and receive benefits under and in accordance with the provisions of any other employee benefit plans which are now or hereafter maintained by the Company, unless the terms of such other employee benefit plan or plans specifically provide otherwise.

8.4 Receipt or Release. Any payment to a Participant in accordance with the provisions of this Plan shall, to the extent thereof, be in full satisfaction of all claims against the Plan Administrator, the Company and any Employer, and the Plan Administrator may require such Participant, as a condition precedent to such payment, to execute a receipt and release to such effect.

8.5 Governing Law. This Plan shall be construed, administered, and governed in all respects in accordance with applicable federal law and, to the extent not preempted by federal law, in accordance with the laws of the State of Georgia. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

8.6 Gender, Tense, and Headings. In this Plan, whenever the context so indicates, the singular or plural number and the masculine, feminine, or neuter gender shall be deemed to include the other. Headings and subheadings in this Plan are inserted for convenience of reference only and are not considered in the construction of the provisions hereof.

8.7 Successors and Assigns; Nonalienation of Benefits. This Plan shall inure to the benefit of and be binding upon the parties hereto and their successors and assigns; provided, however, that the amounts credited to the Account of a Participant shall not (except as provided in Section 5.4) be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to any benefits payable hereunder, including, without limitation, any assignment or alienation in connection with a separation, divorce, child support or similar arrangement, shall be null and void and not binding on the Plan or the Company. In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to substantially all of the business or assets of the Company to expressly agree to assume and perform this Agreement in the same manner that the Company would be required to perform it.

8.8 Combination With Other Plan. The Plan may be combined or merged with other deferred compensation plans of the Company and the Plan Administrator shall establish the terms and conditions relating to any such merger.

[Execution page follows]

IN WITNESS WHEREOF, the Company has caused this Plan to be executed by its duly authorized officers as of the 28th day of November 2001, to be effective on the Effective Date.

ACUITY BRANDS, INC.

By: /s/ James S. Balloun

James S. Balloun
Chairman, President & Chief Executive Officer

ACUITY BRANDS, INC.

EXECUTIVES' DEFERRED COMPENSATION PLAN

(EFFECTIVE AS OF NOVEMBER 30, 2001)

PURPOSE

Acuity Brands, Inc. (the "Company") has established the Acuity Brands, Inc. Executives' Deferred Compensation Plan (the "Plan") to assist certain key employees in accumulating capital or supplementing any retirement income they may otherwise receive by permitting them to defer a portion of their compensation. To encourage these individuals to participate in the Plan and to continue their employment with the Company, the Company will match a portion of these deferred amounts.

The Plan is designed to be a nonqualified, deferred compensation plan maintained primarily for a select group of management and highly compensated employees of the Company and its subsidiaries. The benefits under the Plan are unfunded and all amounts payable under the Plan shall be paid from the general assets of the Adopting Employer which employs the Participant.

The Plan is effective as of November 30, 2001, and is established in connection with the spin-off of the Company by National Service Industries, Inc. ("NSI"), as a successor plan to the National Service Industries, Inc. Executives' Deferred Compensation Plan ("Prior Plan") for certain employees and former employees of NSI and its subsidiaries who were participants in the Prior Plan immediately prior to the Effective Date, and who became or remained employees of the Company or its Subsidiaries as of the Effective Date or who were formerly employed by the businesses transferred to the Company by NSI (including former employees of the corporate office of NSI).

ARTICLE I

DEFINITIONS

1.1 "Average Prime Rate" means the average of the rates of interest publicly announced by Wachovia Bank, N.A. (or any successor thereto) as its prime rate on the first business day of each of the calendar quarters commencing between Valuation Dates.

1.2 "Class Year" means the Fiscal Year for which a deferral is elected.

1.3 "Class Year Account" means the sub-accounts set up for the Primary Account and Company Contribution Account for each Class Year.

1.4 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

1.5 "Company" means Acuity Brands, Inc., a Delaware corporation (or its successor or successors). Affiliated or related employers are permitted to adopt the Plan and shall be known as "Adopting Employers." To the extent required by certain provisions (e.g., Compensation and Continuous Service), references to the Company shall include the Adopting Employer of the Participant. Adopting Employers are listed on Appendix A.

1.6 "Committee" means the Committee appointed to administer the Plan as and to the extent provided in Article VIII.

1.7 "Company Contribution Account" means the sum of all amounts credited to a Participant pursuant to Section 3.1, including amounts previously credited to a Participant's Company Contribution Account in the Prior Plan and transferred to this Plan as provided in Article X, together with interest allowances thereon credited pursuant to Section 4.1 herein.

1.8 "Compensation" means the aggregate salary from the Company (and/or, with respect to periods prior to the Effective Date, from NSI or one of NSI's affiliates) received by a Participant during a Fiscal Year together with any performance or discretionary bonus awarded by the Company (and/or, with respect to periods prior to the Effective Date, by NSI or one of NSI's affiliates) for that same Fiscal Year. Compensation does not include expense reimbursement, car allowance, imputed value of group life insurance, aspiration award payments, income from stock options, restricted stock, and other stock awards, Company contributions to any benefit plan, or any gift or awards not treated as pay by the Company.

1.9 "Continuous Service" means the period of uninterrupted employment of an Eligible Executive with the Company since the individual's most recent date of employment or appointment to the class of Eligible Executives, whichever is applicable. For individuals who are Eligible Executives on the Effective Date and who were participating in the Prior Plan immediately prior to the Effective Date, Continuous Service shall include the Eligible Executive's period of Continuous Service under the Prior Plan.

1.10 "Deferral Election" means a written election, in a form prescribed by the Committee, to defer receipt of bonus amounts otherwise payable to the Executive.

1.11 "Deferred Compensation" means the portion of a Participant's compensation for any Fiscal Year, or part thereof, that has been deferred pursuant to the Plan.

1.12 "Effective Date" means the date the Plan is effective, November 30, 2001.

1.13 "Executive or Eligible Executive" means a Senior Officer, a Key Manager, or a President, each as defined herein. Any dispute regarding any individual's eligibility for the Plan shall be resolved by the Committee in its sole discretion.

1.14 "Fiscal Year" means the fiscal year of the Company commencing on September 1 and ending on August 31 of the following calendar year, or such other fiscal year as may be established in the future.

1.15 "Key Manager" means an assistant vice president or other key management employee (as determined by the Committee or its designee) of the Company or an Adopting Employer.

1.16 "NSI" means National Service Industries, Inc., a Delaware corporation.

1.17 "Participant" means a person a portion of whose compensation for any Fiscal Year has been deferred pursuant to the Plan and whose interests in the Plan have not been wholly forfeited or distributed.

1.18 "Plan or Executives' Plan" means the Acuity Brands, Inc. Executives' Deferred Compensation Plan as described in this instrument, and as it may be amended from time to time.

1.19 "President" means the president of a business unit of the Company or an Adopting Employer.

1.20 "Primary Account" means the sum of all amounts deferred by a Participant pursuant to Section 2.1 including any amounts previously deferred to the Participant's Primary Account under the Prior Plan and transferred to this Plan, plus interest allowances thereon credited pursuant to Section 4.1 herein.

1.21 "Prior Plan" means the National Service Industries, Inc. Executives' Deferred Compensation Plan.

1.22 "Senior Officer" means the president or an executive vice president, senior vice president, or vice president of the Company or an Adopting Employer.

1.23 "Termination of Service" or similar expression means the termination of the Participant's employment as an Eligible Executive of the Company. A Participant who is granted a temporary leave of absence, whether with or without pay, shall not be deemed to have terminated his service. In the event of a transfer of an Eligible Executive to a position in which he would no longer be eligible to continue in this Plan, or in the event of the disability of a Participant (as determined by the Committee), the Committee, in its sole discretion, shall determine whether a Termination of Service has occurred.

1.24 "Total and Permanent Disability" means a physical or mental incapacity which impairs the Participant's ability to substantially perform his duties for a period of one hundred eighty (180) consecutive days, as determined by the Committee.

1.25 "Valuation Dates" mean March 31 and September 30 of each year.

ARTICLE II

AMOUNTS DEFERRED

2.1 Each Eligible Executive may elect to have a portion of the annual performance or discretionary bonus ("bonus"), if any, to be received by him for the Fiscal Year commencing September 1, 2001, and for any Fiscal Year thereafter, irrevocably deferred in accordance with the terms and conditions of the Plan. The amount of such bonus that may be so deferred shall not exceed the lower of:

(a) the Executive's Compensation for the Class Year which is in excess of the average Compensation paid or credited to the Executive (including any amounts deferred under this Plan, but excluding Company Contributions under this Plan) for services rendered as an Eligible Executive over the three (3) full Fiscal Years immediately preceding the Class Year. If the Executive has completed two (2) but less than three (3) full Fiscal Years of Continuous Service in an eligible position the average shall be computed based upon the average Compensation paid or credited to the Executive for the two (2) full Fiscal Years immediately preceding the Class Year. Any Executive who has not completed two (2) full Fiscal Years in an eligible position shall be entitled to defer for the Class Year not more than (1) twenty-five hundred dollars (\$2,500) for a Senior Officer and (2) twelve hundred fifty dollars (\$1,250) for a Key Manager; and

(b) the Executive's bonus for the Class Year.

An Executive desiring to exercise such election shall deliver a Deferral Election to the Company or the Executive's Adopting Employer, as applicable, prior to the beginning of each such Fiscal Year, or if an individual first becomes an Eligible Executive during a Fiscal Year, within 30 days after the date the individual first becomes an Eligible Executive (or within such other period as may be established by the Committee). Any such Deferral Election delivered under the Prior Plan with respect to the Fiscal Year ending August 31, 2002 shall continue in effect under this Plan for such Fiscal Year. If the Executive's Deferral Election would result in a deferral greater than the maximum provided herein, any deferred amount shall be reduced to the maximum limit provided herein.

2.2 The Executive's Primary Account shall be credited, as of October 1 next following the end of each Class Year for which the election was made, with the dollar amount of the Compensation deferred for such Class Year pursuant to Section 2.1.

2.3 A Participant's accounts shall be distributable in the manner and subject to the conditions set forth in Article V, Article VI and Article IX.

ARTICLE III

COMPANY CONTRIBUTION

As of each October 1, the Company shall contribute to a Company Contribution Account on behalf of each Eligible Executive an amount equal to the Executive's Deferred Compensation for the immediately preceding Class Year, up to a maximum of five thousand dollars (\$5,000) for a Senior Officer or President and twenty-five hundred dollars (\$2,500) for a Key Manager.

The inability of a Participant to fully utilize the maximum Company Contribution for any Class Year, whether due to lack of qualified earnings, eligible service, failure to elect or any other reason, shall not result in a carry-over of unused credits to any subsequent year.

ARTICLE IV

INTEREST ALLOWANCE

Each Primary Account and Company Contribution Account of each Participant shall be credited as of each September 30 with an interest allowance which shall be computed and compounded on semi-annual Valuation Dates based upon the Average Prime Rate as follows:

When the Average Prime Rate is: -----	The Interest Credit Shall Be: -----
-more than 12.00%	-Average Prime Rate less 3%
-more than 8.00% but not more than 12.00%	-Average Prime Rate less 2%
-8.00% or less	-Average Prime Rate less 1%

This interest allowance shall be applied to the balances standing, as of said date, in each Participant's accounts for all Class Years.

ARTICLE V

VESTING

5.1 A Participant shall at all times have a non-forfeitable (vested) right to the amounts in his Primary Account subject to the distribution provisions of Article VI.

5.2 (a) Subject to Article IX, the Company Contribution Account of a Participant for each Class Year shall become vested in him upon the completion of five full Fiscal Years of Continuous Service as an Eligible Employee after the end of such Class Year.

(b) Subject to Article IX, the Company Contribution Account of a Participant for all Class Years shall become vested in him upon the occurrence of any of the following events:

(i) Total and Permanent Disability of the Participant (as determined by the Committee); or

(ii) Retirement after the Participant has attained age 55; or

(iii) Death of the Participant; or

(iv) Termination of this Plan.

5.3 Notwithstanding anything to the contrary herein, prior to a Change in Control should the Participant be found by the Committee to be guilty of theft, embezzlement, fraud or misappropriation of the Company's property or of any action which, if the individual were an Officer of the Corporation, would constitute a breach of fiduciary duty, the Company Contribution Account for all Class Years which had not yet vested in the Participant shall be immediately forfeited.

ARTICLE VI

DISTRIBUTION

6.1 Subject to Article IX, distribution of the vested portion of a Participant's Account shall be made in a lump sum as soon as practicable following the Participant's Total and Permanent Disability, death or Termination of Service for any other reason prior to attainment of age 55. If a Participant terminates employment on or after age 55, the provisions of any benefit elections made by the Participant pursuant to Section 6.3 shall be recognized. In the event of the termination of the Plan or the Total and Permanent Disability or death of a Participant, interest allowance pursuant to Article IV shall be computed to the date of payment hereunder. In the event of Termination of Service for any other reason, interest allowance shall be computed to the last Valuation Date falling on or before the date of such Termination of Service.

6.2 Except as provided in Section 6.1 above and Article IX, distribution of each Class Year Account of a Participant shall be made in a single lump sum payment on the October 1 next following five (5) full Fiscal Years after the Class Year. For example, the distribution of Class Year 2001 Account shall be made on October 1, 2006 and for Class Year 2002 Account on October 1, 2007, etc. Such Participant, may, however, make a timely election to further defer receipt of this sum as provided in Section 6.3.

6.3 Any Participant may file a subsequent election to further irrevocably defer any amount becoming distributable under this Plan provided that such election is filed before the end of the fourth Fiscal Year immediately following the Class Year. For example, for Class Year 2001 any such election must be filed prior to September 1, 2005. Any such election made under the Prior Plan shall continue in effect under this Plan. This subsequent deferral shall provide, at the option of the Participant, for payment of the Participant's full Class Year Account balance in a single sum or in installments payable on October 1 of any year or years but with the last installment due not later than ten years after the Participant's retirement and not before the regular distribution date otherwise provided herein. A Participant retiring on or after age 55 may elect prior to termination to make the deferral election in this section with respect to all Class Year Accounts as to which the five-year period has not yet passed and that would otherwise be payable more than one (1) year in the future. Any Class Year Accounts as to which the five-year period has not yet passed that are payable within one (1) year and any Class Year Accounts as to which the election in this section is not made shall be payable as soon as practical after termination.

6.4 Hardship. A Participant who is suffering an unforeseen and severe financial hardship as a result of (i) an illness or accident of the Participant or his immediate family, (ii) loss of Participant's property due to casualty, or (iii) for such other reasons as the Committee may establish, may file a written request with the Committee for distribution of all or a portion of the amount credited to his Account. The Committee shall have the sole discretion to determine whether to grant a Participant's hardship request and the amount to distribute to the Participant. The Committee shall have authority in connection with such hardship request to accelerate the payment of any Class Year Accounts which have been deferred pursuant to Section 6.3.

ARTICLE VII

MISCELLANEOUS

7.1 No Participant or any other person shall have any interest in any specific asset or assets of the Company by reason of any sums credited to him hereunder or any right to receive any distribution under the Plan except as and to the extent expressly provided in the Plan. Nothing in the Plan shall be deemed to give any officer or any employee of the Company any right to participate in the Plan, except in accordance with the provisions of the Plan.

7.2 Neither the adoption nor the amendment of the Plan, nor any action of the Board of Directors of the Company or the Committee, nor any election to defer compensation hereunder, shall be held or construed to confer on any person any legal right to be continued as an employee of the Company.

7.3 No Participant or any other person entitled to payment hereunder shall have the right to assign, pledge or otherwise dispose of any interest in his Account, nor shall the Participant's interest therein be subject to garnishment, attachment, transfer by operation of law, or any legal process, except to pay a debt of such Participant to the Company or an Adopting Employer.

7.4 If a Participant or beneficiary (hereafter, "Claimant") does not receive timely payment of any benefits which he believes are due and payable under the Plan, he may make a claim for benefits to the Plan Administrator. The claim for benefits must be in writing and addressed to the Plan Administrator or to the Company. If the claim for benefits is denied, the Plan Administrator shall notify the Claimant in writing within 90 days after the Plan Administrator initially received the benefit claim. However, if special circumstances require an extension of time for processing the claim, the Plan Administrator shall furnish notice of the extension to the Claimant prior to the termination of the initial 90-day period and such extension shall not exceed one additional, consecutive 90-day period. Any notice of a denial of benefits shall advise the Claimant of the basis for the denial, any additional material or information necessary for the Claimant to perfect his claim, and the steps which the Claimant must take to have his claim for benefits reviewed.

7.5 Each Claimant whose claim for benefits has been denied may file a written request for a review of his claim by the Plan Administrator. The request for review must be filed by the Claimant within 60 days after he received the written notice denying his claim. The decision of the Plan Administrator will be made within 60 days after receipt of a request for review and shall be communicated in writing to the Claimant. Such written notice shall set forth the basis for the Plan Administrator's decision. If there are special circumstances which require an extension of time for completing the review, the Plan Administrator's decision shall be rendered not later than 120 days after receipt of a request for review.

7.6 If the whole or any part of any Participant's Account shall become liable for the payment of any estate, inheritance, income, or other tax which the Company shall be required to pay or withhold, the Company shall have the full power and authority to withhold and pay such tax out of any monies or other property in its hand for the account of the Participant whose

interests hereunder are so liable. The Company shall provide notice of any such withholding. Prior to making any payment, the Company may require such releases or other documents from any lawful taxing authority as it shall deem necessary.

7.7 Each Participant shall have the right at anytime to designate, and rescind or change any designation of, a primary and contingent beneficiary or beneficiaries to receive benefits hereunder in the event of his death. If there is no surviving beneficiary at the time of the Participant's death, future payments due shall be made to the estate of the Participant. A designation or change of beneficiary shall be made in writing on a form prescribed by the Committee. After such notice is filed with the Committee, the designation or change shall relate back and take effect as of the date the Participant signed such form, but without prejudice to the Committee or the Company on account of any payment made before receipt of such notice. Any valid designation of beneficiary under the Prior Plan shall continue in effect under this Plan until changed or rescinded as provided above.

7.8 The benefits provided by this Plan shall be unfunded. All amounts payable under this Plan to any Participant shall be paid from the general assets of the employer which principally employs the Participant (the "Obligated Employer"), and nothing contained in this Plan shall require the Obligated Employer to set aside or hold in trust any amounts or assets for the purpose of paying benefits to Participants. This Plan shall create only a contractual obligation on the part of the Obligated Employer and Participants shall have the status of general unsecured creditors of the Obligated Employer under the Plan with respect to amounts of Compensation they defer hereunder or any other obligation of the Obligated Employer to pay benefits pursuant hereto. Any funds of the Obligated Employer available to pay benefits pursuant to the Plan shall be subject to the claims of general creditors of the Obligated Employer, and may be used for any purpose by the Obligated Employer.

Notwithstanding the preceding paragraph, the Obligated Employer may at any time transfer assets to a trust for purposes of paying all or any part of its obligations under this Plan. However, to the extent provided in the trust only, such transferred amounts shall remain subject to the claims of general creditors of the Obligated Employer. To the extent that assets are held in a trust when a Participant's benefits under the Plan become payable, the Committee shall direct the trustee to pay such benefits to the Participant from the assets of the trust.

7.9 In consideration of each Participant's performance of valuable services that inure to the financial benefit of the Company, the Company does hereby agree to perform all of the obligations and responsibilities and pay any benefits due and owing to a Participant under the Plan if the Obligated Employer (as defined in Section 7.5) designated to perform such obligations and responsibilities or pay such benefits fails or is unable to do so.

ARTICLE VIII

COMMITTEE

8.1 The Plan shall be administered by a Committee composed of the Compensation Committee of the Board of Directors of the Company or such other committee as may be designated by the Board of Directors. The Committee shall be deemed to have and to be exercising all of the powers of the Board of Directors of the Company in the performance of any of the powers and duties delegated to it under the Plan. No member of the Committee may participate in a decision regarding his or her own benefits under the Plan except in general matters dealing with the Plan as a whole. The Committee shall have the authority to delegate its duties and responsibilities hereunder.

8.2 The Committee may, in its absolute discretion, without notice at any time and from time to time, modify or amend, in whole or in part, any or all of the provisions of the Plan, or suspend or terminate it entirely; provided that no such modification, amendment, suspension or termination may, without his consent, apply to or affect the payment or distribution to any Participant of any amounts credited to him hereunder prior to the effective date of such modification, amendment, suspension or termination. Notwithstanding anything contained in this Plan to the contrary, for a period of two (2) years following a Change in Control this Plan shall not be terminated or amended to reduce or eliminate any Eligible Executive's or Participant's benefits or participation (or right to participate) provided under this Plan, including, without limitation, the benefits provided in Articles II, III, V and IX.

8.3 The Committee shall from time to time establish eligibility requirements for participation in the Plan and rules for the administration of the Plan, including such delegation of any administrative or ministerial duties hereunder as it may deem desirable, that are not inconsistent with the provisions of the Plan.

8.4 The Committee shall have the exclusive discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits and to determine the amount of such benefits, and its decisions on such matters shall be final and conclusive on all parties. Without limiting the generality of the foregoing, the determination of the Committee as to whether a Participant has retired, Terminated his Service or become Totally and Permanently Disabled and the date thereof shall be final, binding and conclusive upon all persons.

8.5 The Company or the Committee may consult with legal counsel, who may be counsel for the Company or other counsel, with respect to its obligations or duties hereunder, or with respect to any action or proceeding or any question of law, and shall not be liable with respect to any action taken or omitted by it in good faith pursuant to the advice of such counsel.

8.6 Wherever the context so requires, words in the masculine include the feminine and in the feminine include the masculine.

8.7 This Plan shall be construed, administered and governed in all respects under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and, to the extent not preempted by ERISA, by the laws of the State of Georgia.

ARTICLE IX

CHANGE IN CONTROL PROVISIONS

9.1 Cause. For purposes of this Plan, a termination for "Cause" is a termination evidenced by a resolution adopted in good faith by two-thirds of the Board that the Participant (i) intentionally and continually failed to substantially perform his duties with the Company (other than a failure resulting from the Participant's incapacity due to physical or mental illness) which failure continued for a period of at least thirty (30) days after written notice of demand for substantial performance has been delivered to the Participant specifying the manner in which the Participant has failed to substantially perform, or (ii) intentionally engaged in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise; provided, however that no termination of the Participant's employment shall be for Cause as set forth in clause (ii) above until (x) there shall have been delivered to the Participant a copy of a written notice setting forth that the Participant was guilty of the conduct set forth in clause (ii) and "specifying the particulars thereof in detail, and (y) the Participant shall have been provided an opportunity to be heard by the Board (with the assistance of the Participant's counsel if the Participant so desires). No act, nor failure to act, on the Participant's part, shall be considered "intentional" unless he has acted or failed to act, with an absence of good faith and without a reasonable belief that his action or failure to act was in the best interest of the Company. Notwithstanding anything contained in this Agreement to the contrary, in the case of any Participant who is a party to a Severance Protection Agreement, no failure to perform by the Participant after a Notice of Termination (as defined in the Participant's Severance Protection Agreement) is given by the Participant shall constitute Cause for purposes of this Plan.

9.2 Change in Control. For purposes of this Plan, a Change in Control shall mean any of the following events:

(a) The acquisition (other than from the Company) by any "Person" (as the term person is used for purposes of Sections 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of twenty percent (20%) or more of the combined voting power of the Company's then outstanding voting securities; or

(b) The individuals who, as of December 1, 2001, are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least two-thirds of the Board; provided, however, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Plan, be considered as a member of the Incumbent Board; or

(c) A merger or consolidation involving the Company if the stockholders of the Company, immediately before such merger or consolidation do not, as a result of such merger or consolidation, own, directly or indirectly, more than seventy percent (70%) of the combined voting power of the then outstanding voting securities of the corporation resulting from such merger or consolidation in substantially the same proportion as their

ownership of the combined voting power of the voting securities of the Company outstanding immediately before such merger or consolidation; or

(d) A complete liquidation or dissolution of the Company or an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur pursuant to Section (a), solely because twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities is acquired by (i) a trustee or other fiduciary holding securities under one or more employee benefit plans maintained by the Company or any of its subsidiaries or (ii) any corporation which, immediately prior to such acquisition, is owned directly or indirectly by the stockholders of the Company in the same proportion as their ownership of stock in the Company immediately prior to such acquisition.

9.3 Termination of Employment. Notwithstanding anything contained in this Plan to the contrary, if a Participant's employment is terminated by the Company (other than for "Cause") or by the Participant for any reason within two (2) years following a Change in Control, the Company shall, within five (5) days, pay to the Participant a lump sum cash payment of his Primary Account and Company Contribution Account with the interest allowance provided for in Article IV credited thereto to the date of payment.

9.4 Amendment or Termination. Any amendment or termination of this Plan which a Participant reasonably demonstrates (i) was at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control or (ii) otherwise arose in connection with or in anticipation of a Change in Control, and which was not consented to in writing by the Participant shall be null and void, and shall have no effect whatsoever with respect to the Participant.

ARTICLE X

TRANSFER OF ACCOUNTS FROM PRIOR PLAN

Pursuant to an Employee Benefits Agreement dated as of November 30, 2001, between the Company and NSI, the amounts credited to the "Class Year Accounts" of certain employees and former employees of NSI and its subsidiaries who were participants in the Prior Plan immediately prior to the Effective Date, and who became or remained employees of the Company or its Subsidiaries as of the Effective Date or who were formerly employed by the businesses transferred to the Company by NSI (including former employees of the corporate office of NSI) shall be transferred to the Plan effective as of the Effective Date, or as soon thereafter as is practical. The amounts credited to the sub-accounts in the Participant's Class Year Accounts in the Prior Plan shall be credited to the like sub-accounts in his Class Year Accounts under this Plan and shall thereafter be held and distributed in accordance with the rules of this Plan applicable to the Class Year Accounts. As provided for herein, the elections made under the Prior Plan prior to the Effective Date shall be carried over and apply for purposes of the Plan after the Effective Date (subject to any change of election rights under the Plan).

IN WITNESS WHEREOF, the Plan has been executed by the Company on this 28th day of November, 2001, to be effective on the Effective Date.

ACUITY BRANDS, INC.

By: /s/ James S. Balloun

James S. Balloun
Chairman, President and
Chief Executive Officer

APPENDIX A

ADOPTING EMPLOYERS

Acuity Specialty Products Group, Inc.
Acuity Lighting Group, Inc.

ACUITY BRANDS, INC.

APPLICATION FOR DEFERRAL OF COMPENSATION

I hereby elect to defer the following amount of any performance or discretionary bonus which is earned by me for the Company's Fiscal Year commencing on September 1 next following the date signed below. If the amount specified below is greater than the maximum amount deferrable under the Plan, the amount deferred will be reduced as required by the Acuity Brands, Inc. Executives' Deferred Compensation Plan.

(Please check)

[] \$ -----

[] % of bonus -----

[] All amounts over \$ -----

[] Other -----

I have received a copy of the Plan and understand all of the provisions in it.

BENEFICIARY DESIGNATION

In the event of my death before my entire interest in the Plan has been distributed, any unpaid balances in my Account should be paid to:

Primary -----
Beneficiary(ies) Name Relationship

In the event my Primary Beneficiary predeceases me, my Account balance should be paid to:

Contingent -----
Beneficiary(ies) Name Relationship

Name Relationship

Date: ----- Signature: -----

Print Name

ACUITY BRANDS, INC.
EXECUTIVES' DEFERRED COMPENSATION PLAN

TABLE OF CONTENTS

	PAGE

PURPOSE	1
ARTICLE I Definitions.....	2
ARTICLE II Amounts Deferred.....	5
ARTICLE III Company Contribution.....	6
ARTICLE IV Interest Allowance.....	7
ARTICLE V Vesting.....	8
ARTICLE VI Distribution.....	9
ARTICLE VII Miscellaneous.....	10
ARTICLE VIII Committee.....	12
ARTICLE IX Change in Control Provisions.....	13
ARTICLE X Transfer of Accounts from Prior Plan.....	15
Appendix A Adopting Employers.....	16

ACUITY BRANDS, INC.
SENIOR MANAGEMENT BENEFIT PLAN
(Effective As Of November 30, 2001)

ACUITY BRANDS, INC.
SENIOR MANAGEMENT BENEFIT PLAN

Table of Contents

	Page

PREAMBLE	
ARTICLE I. -- DEFINITIONS.....	2
1.1 ANNIVERSARY DATE.....	2
1.2 BENEFICIARY.....	2
1.3 BENEFIT DETERMINATION DATE.....	2
1.4 COMPANY.....	2
1.5 COMPENSATION.....	2
1.6 COMPENSATION DEFERRAL ELECTION.....	2
1.7 DEFERRED BENEFIT ACCOUNT.....	3
1.8 DETERMINATION DATE.....	3
1.9 EFFECTIVE DATE.....	3
1.10 EMPLOYER.....	3
1.11 MOODY'S INTEREST RATE.....	3
1.12 NORMAL RETIREMENT DATE.....	3
1.13 PARTICIPANT.....	4
1.14 PLAN.....	4
1.15 PLAN ADMINISTRATOR.....	4
1.16 PLAN YEAR.....	4
1.17 PRIOR PLAN.....	4
1.18 SUBSIDIARY.....	4
1.19 TOTAL DISABILITY (OR TOTALLY DISABLED).....	4
ARTICLE II. -- ELIGIBILITY AND PARTICIPATION.....	5
2.1 CONDITIONS OF ELIGIBILITY.....	5

Table of Contents
(continued)

	Page
2.2 APPLICATION FOR PARTICIPATION.....	5
2.3 ADDITIONAL COMPENSATION.....	5
ARTICLE III. -- COMPENSATION DEFERRAL.....	5
3.1 DEFERRAL OF COMPENSATION.....	5
3.2 ACCOUNTS.....	7
ARTICLE IV. -- DEFERRED BENEFIT ACCOUNT.....	7
4.1 DETERMINATION OF ACCOUNT.....	7
4.2 STATEMENT OF ACCOUNTS.....	8
4.3 CALCULATION OF INTEREST.....	8
ARTICLE V. -- RETIREMENT BENEFITS.....	9
5.1 NORMAL RETIREMENT BENEFIT.....	9
5.2 EARLY RETIREMENT BENEFIT.....	9
5.3 LATER RETIREMENT BENEFIT.....	9
5.4 DETERMINATION OF RETIREMENT BENEFITS.....	9
5.5 PAYMENT OF RETIREMENT BENEFITS.....	10
ARTICLE VI. -- DEATH BENEFITS.....	12
6.1 PARTICIPANT'S DEATH PRIOR TO RETIREMENT.....	12
6.2 PARTICIPANT'S DEATH FOLLOWING RETIREMENT.....	13
6.3 DETERMINATION OF DEATH BENEFIT.....	14
6.4 DEATH OF BENEFICIARY.....	14
ARTICLE VII. -- TERMINATION BENEFITS.....	15
7.1 TERMINATION OF EMPLOYMENT.....	15
7.2 TERMINATION FOR MISCONDUCT.....	16

Table of Contents
(continued)

	Page

7.3	PAYMENT OF TERMINATION BENEFITS.....17
7.4	DEATH OF PARTICIPANT AFTER TERMINATION.....17
7.5	TERMINATION AFTER EARLY RETIREMENT DATE.....17
7.6	HARDSHIP.....18
ARTICLE VIII.	-- DISABILITY.....18
8.1	DISABILITY.....18
8.2	PAYMENT OF DISABILITY BENEFITS.....19
8.3	DEATH OF PARTICIPANT AFTER TOTAL DISABILITY.....19
ARTICLE IX.	-- PLAN ADMINISTRATION.....19
9.1	PLAN ADMINISTRATOR.....19
9.2	CLAIM.....20
9.3	DENIAL OF CLAIM.....20
9.4	REVIEW OF CLAIM.....20
9.5	FINAL DECISION.....21
ARTICLE X.	-- PARTICIPANT'S RIGHTS.....21
10.1	INELIGIBILITY TO PARTICIPATE IN DEFERRED COMPENSATION PLAN.....21
10.2	BENEFITS UNFUNDED.....21
10.3	SPENDTHRIFT PROVISION.....22
10.4	PLAN NOT AN EMPLOYMENT AGREEMENT.....22
10.5	PROTECTIVE PROVISIONS.....23
10.6	OFFSET.....23
10.7	GUARANTEE OF PERFORMANCE.....23
ARTICLE XI.	-- MISCELLANEOUS.....24
11.1	TERMINATION OF PLAN.....24

Table of Contents
(continued)

	Page

11.2 CHANGE OF TAX STATUS.....	24
11.3 AMENDMENTS AND MODIFICATIONS.....	25
11.4 INUREMENT.....	25
11.5 GOVERNING LAW.....	25
ARTICLE XII. -- CHANGE IN CONTROL.....	26
12.1 CAUSE.....	26
12.2 CHANGE IN CONTROL.....	27
12.3 TERMINATION OF EMPLOYMENT.....	28
12.4 AMENDMENT OR TERMINATION.....	28

ACUITY BRANDS, INC.
SENIOR MANAGEMENT BENEFIT PLAN

PREAMBLE

The Acuity Brands, Inc. Senior Management Benefit Plan ("Plan") is designed to be a non-qualified deferred compensation plan covering a select group of management and highly compensated employees of Acuity Brands, Inc. (the "Company") and its Subsidiaries. The benefits under the Plan are unfunded and all amounts payable under the Plan shall be paid from the general assets of the Employer which employs the Participant.

The effective date of the Plan is November 30, 2001 ("Effective Date"). The Plan was originally established in connection with the spin-off of the Company from National Service Industries, Inc. ("NSI"), which became effective November 30, 2001. Pursuant to an Employee Benefits Agreement, dated as of November 30, 2001, between the Company and NSI, the amounts credited to the Deferred Benefit Accounts of certain employees and former employees of NSI and its subsidiaries who were participants in the National Service Industries, Inc. Senior Management Benefit Plan ("Prior Plan") as of the Effective Date, and who became or remained employees of the Company or its Subsidiaries as of the Effective Date or who were formerly employed by the businesses transferred to the Company by NSI (including those in pay status) shall be transferred to the Plan. As provided for herein, the deferral elections, Benefit Payment Elections and designation of Beneficiaries made under the Prior Plan prior to the Effective Date shall be carried over and apply for purposes of the Plan after the Effective Date (subject to any change of election rights under the Plan).

ARTICLE I. -- DEFINITIONS

The following words and phrases as set forth in this Senior Management Benefit Plan shall have the meaning and application set forth below:

1.1 Anniversary Date. The calendar day that corresponds, each year, to a Participant's Benefit Determination Date.

1.2 Beneficiary. A person or entity designated in accordance with Article VI of this Plan to receive benefits upon the death of a Participant.

1.3 Benefit Determination Date. The last day of the month immediately preceding a Participant's Retirement (Early, Normal or Later), death, termination of employment, determination of Total Disability or the Retirement Benefit Commencement Date specified by the Participant in Section IV(B) (iii) of Schedule A, whichever is applicable.

1.4 Company. Acuity Brands, Inc., a Delaware corporation, or any successor corporation.

1.5 Compensation. The total of the base salary and bonus actually paid or accrued by an Employer during a Plan Year to or for the benefit of a Participant for services rendered, excluding any car allowance paid or payable to such Participant, before reduction for compensation deferred pursuant to this Plan, or any other plan maintained by an Employer.

1.6 Compensation Deferral Election. The election made by a Participant to defer Compensation pursuant to the provisions of Paragraph 3.1, hereof. An Election Form, Schedule A, attached hereto, is filed with the Plan Administrator, for such Compensation Deferral Election.

1.7 Deferred Benefit Account. The accounts maintained on the books of account of Employer for each Participant with respect to such Participant's Compensation Deferral Election pursuant to Article IV. The Participant's initial Deferred Benefit Account under the Plan shall reflect the transfer of the amount credited to his Deferred Benefit Account under the Prior Plan. Separate Deferred Benefit Accounts shall be maintained for each Participant. A Participant's Deferred Benefit Account shall be utilized solely as a device for the measurement and determination of the amounts to be paid to the Participant pursuant to this Plan. A Participant's Deferred Benefit Account shall not constitute or be treated as a trust fund of any kind or a claim on any specific assets of the Company or its Subsidiaries.

1.8 Determination Date. The last day of each Plan Year.

1.9 Effective Date. The effective date of the Plan, November 30, 2001.

1.10 Employer. For purposes of this Plan, Employer means the Company, or a Subsidiary or related employer that is permitted to adopt the Plan. To the extent required by certain provisions (e.g., Compensation and service), references to the Employer shall include the Employer of the Participant. Adopting Employers are listed on Appendix 1.

1.11 Moody's Interest Rate. An interest rate equal to the Moody's Seasoned Corporate Bond Yield index, as published monthly by Moody's Investor's Service, Inc., or a successor thereto, or if such monthly index is no longer published, a substantially similar average as established by the Plan Administrator.

1.12 Normal Retirement Date. The date on which a Participant reaches sixty-five (65) years of age.

1.13 Participant. An employee of an Employer who is eligible to participate in the Plan according to standards adopted by the Board of Directors of the Company and who elects to participate in this Plan.

1.14 Plan. The term "Plan" shall mean the Acuity Brands, Inc. Senior Management Benefit Plan as set forth herein and as it may be hereafter amended.

1.15 Plan Administrator. A Committee, the members of which shall be appointed by the Board of Directors of the Company, which shall administer the Plan. In the absence of the appointment of a Committee, the Company shall serve as the Plan Administrator.

1.16 Plan Year. The Plan Year for this Plan begins on the first day of September and ends on the following August 31. The initial Plan Year shall commence on the Effective Date and end on August 31, 2002.

1.17 Prior Plan. The National Service Industries, Inc. Senior Management Benefit Plan, in which the Participants in this Plan previously participated.

1.18 Subsidiary. Any corporation is an unbroken chain of corporations beginning with the Company, if each corporation other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. The term shall also include a partnership or LLC in which the Company or a Subsidiary own a 50% or more of the profits interest or capital interest.

1.19 Total Disability (or Totally Disabled). A physical or mental condition which is expected to be totally and permanently disabling, as more fully described in Article VIII.

ARTICLE II. -- ELIGIBILITY AND PARTICIPATION

2.1 Conditions of Eligibility. Eligibility to become a Participant in this Plan will be determined by Plan Administrator according to standards adopted by the Board of Directors of the Company. Such determination shall be conclusive and binding upon all persons.

2.2 Application for Participation. The Plan Administrator shall notify each employee of his eligibility to participate in this Plan. Eligible employees were, on or before August 31, 1985, eligible to elect to participate and begin participation in the Prior Plan by completing all enrollment procedures and satisfying all enrollment requirements established by the Plan Administrator. Such election to participate was effective upon receipt and acceptance by the Plan Administrator of such employee's election to participate.

2.3 Additional Compensation. In addition to any compensation paid to, or benefits provided to a Participant by an Employer, the Participant shall receive the deferred benefits and other benefits provided for herein upon qualifying for such benefits. Except as otherwise provided herein, nothing in this Plan shall be construed as limiting, varying or reducing any provision or benefit to an employee, employee's estate or Beneficiaries pursuant to any employment agreement, any retirement plan, including any qualified pension or profit-sharing plan, any health, disability or life insurance policies or any other agreement between an Employer and an employee.

ARTICLE III. -- COMPENSATION DEFERRAL

3.1 Deferral of Compensation. The following provisions shall be applicable to Participant elections to defer Compensation pursuant to this Plan.

(a) Election. The Employer has previously deferred from the Compensation otherwise payable to the Participant, by the Employer, as a result of such Participant's

employment with Employer, the amounts the Participant elected to defer on Schedule A, Election to Participate and Defer Compensation and Benefit Payment Election, for the number of years specified in Schedule A, in accordance with the Prior Plan. The Compensation Deferral Election shall apply solely to Compensation earned by Participant with respect to periods subsequent to the date of such election. Such Compensation deferral was not effective until the Participant completed all enrollment procedures and satisfied all enrollment requirements established by Plan Administrator.

(b) Amount of Deferral. A Participant who elected to defer Compensation pursuant to the Prior Plan could have elected to defer from such Participant's Compensation, earned after the date of such election, commencing with the Plan Year beginning September 1, 1985, up to 25% of such Participant's annual salary, determined as of August 31, 1985, and 25% of Participant's Bonus earned for Employer's fiscal year then ended, but not less than \$2,500.00, per Plan Year, in equal annual deferrals, for four (4) consecutive Plan Years and/or eight (8) consecutive Plan Years. If a Participant made both a four (4) year and an eight (8) year Compensation Deferral Election, each such election was treated separately for all calculations, elections, and benefit payment schedules and separate Deferred Benefit Accounts have been established and maintained for each such election.

(c) Deferral Limitation. If an employee became a Participant after attaining the age of fifty-seven (57) years, such Participant's Compensation Deferral Election shall be for a period of four (4) consecutive Plan Years. Furthermore, such Participant's Compensation Deferral Election period must end on or before the date such Participant

retires from full-time employment with the Employer, but not later than age sixty-five (65).

(d) Rollover Contribution. Any Participant herein, who was also a Participant in any deferred compensation plan sponsored by the Employer, could have elected, on or before August 31, 1985, to transfer, as of October 1, 1985, all or any portion of such Participant's Primary Account in such deferred compensation plan into the Prior Plan ("Rollover Contribution"). For this purpose, the value of such Participant's Primary Account in such deferred compensation plan was determined as of the close of business on October 1, 1985, pursuant to such deferred compensation plan. Such Rollover Contribution shall be treated as being deferred from Participant's Compensation for purposes of this Plan. In no event was a Participant be permitted to make more than one Rollover Contribution.

3.2 Accounts. The amount of Compensation deferred pursuant to the Compensation Deferral Election, as well as any Rollover Contribution, was credited to the Participant's Deferred Benefit Account in the Prior Plan, established with respect to such Election, as of the date deferred from the Participant's Compensation; provided, however, that a Participant's Rollover Contribution was credited to the Participant's Deferred Benefit Account as of October 1, 1985. The amount credited to a Participant's Deferred Benefit Account shall equal the amount deferred or rolled over reduced by the amount, if any, the Employer was required to withhold from such deferred compensation pursuant to any Federal, state or local law.

ARTICLE IV. -- DEFERRED BENEFIT ACCOUNT

4.1 Determination of Account. The Company shall establish a Deferred Benefit Account for each Participant under the Plan. The initial amount credited to the

Participant's Deferred Benefit Account under the Plan shall be the amount credited to the Participant's Deferred Benefit Account in the Prior Plan as of the Effective Date. The Participant's Deferred Benefit Account shall thereafter be credited with an amount of interest on such Deferred Benefit Account since the preceding Determination Date in accordance with Paragraph 4.3.

4.2 Statement of Accounts. The Plan Administrator shall submit to each Participant, within 120 days after the close of each Plan Year, a statement in such form as Plan Administrator deems desirable, setting forth the balance to the credit of such Participant in each Deferred Benefit Account maintained for such Participant as of the last day of the preceding Plan Year.

4.3 Calculation of Interest. The Deferred Benefit Accounts of Participants shall be credited annually on the Determination Date with interest earnings (the "Interest Earnings Adjustment"), using as the rate of interest earned an interest rate equal to three (3) percentage points greater than the Moody's Interest Rate, as defined in Paragraph 1.11 (such interest rate is hereinafter referred to as the "Interest Earnings Rate"). For amounts in the Participant's Deferred Benefit Account at any Determination Date, the Interest Earnings Adjustment shall be calculated, retrospectively, using a simple interest calculation based on a twelve month average of the Interest Earnings Rates between such Determination Date and the following Determination Date. For amounts deferred between Determination Dates, the Interest Earnings Adjustment shall be calculated monthly on a simple interest basis from the date such amounts are credited to the Participant's Deferred Benefit Account using the Interest Earnings Rate for each month until the next Determination Date.

ARTICLE V. -- RETIREMENT BENEFITS

5.1 Normal Retirement Benefit. Upon a Participant reaching Normal Retirement Date, such Participant may retire from full-time employment with the Employer, in which event the Employer will pay to Participant the amount determined pursuant to Paragraph 5.4(a), payable pursuant to the provisions of Paragraph 5.5.

5.2 Early Retirement Benefit. A Participant may retire at a date sooner than Normal Retirement Date (as defined in Paragraph 5.1), but in no event sooner than the date Participant attains the age of fifty-five (55) years. Such Participant shall be entitled to receive an Early Retirement Benefit as described in Paragraph 5.4(b), payable pursuant to the provisions of Paragraph 5.5.

5.3 Later Retirement Benefit. A Participant who retires after reaching Normal Retirement Date, shall be entitled to receive a Retirement Benefit, as described in Paragraph 5.4(a), payable pursuant to the provisions of Paragraph 5.5.

5.4 Determination of Retirement Benefits.

(a) In the event a Participant retires from full-time employment with the Employer pursuant to the provisions of Paragraphs 5.1 or 5.3, a benefit shall be payable to such Participant ("Retirement Benefit") equal to the greater of: (i) the total amount of such Participant's Deferred Benefit Account, determined pursuant to Paragraph 4.1, as of his Benefit Determination Date, including interest at the Interest Earnings Rate, through such Benefit Determination Date; or (ii) the amount determined pursuant to Schedule B attached hereto and made a part hereof; provided, however, that in the event the Participant retires pursuant to Paragraph 5.3, the amounts determined pursuant to

Schedule B shall be actuarially adjusted such that the Later Retirement Benefit, is actuarially equivalent to the Normal Retirement Benefit described in Schedule B.

(b) If a Participant retires from full-time employment with Employer pursuant to the provisions of Paragraph 5.2, an Early Retirement Benefit shall be payable to such Participant equal to the total amount of such Participant's Deferred Benefit Account, determined pursuant to Paragraph 4.1, as of his Benefit Determination Date. For purposes hereof, the Interest Earnings Adjustment, determined pursuant to Paragraph 4.3, with respect to such Participant's Deferred Benefit Account, shall be determined using the Termination Interest Earnings Rate, through such Benefit Determination Date, determined pursuant to Paragraphs 7.1(b) and 7.1(c), in lieu of the Interest Earnings Rate described in Paragraph 4.3, as if such Termination Interest Earnings Rate had been in effect, with respect to such Participant's Deferred Benefit Account, from the commencement of such Participant's participation in the Prior Plan.

5.5 Payment of Retirement Benefits. Benefits payable to a Participant upon such Participant's retirement from full-time employment with the Employer pursuant to the provisions of Paragraphs 5.1, 5.2 or 5.3, shall be payable on the Retirement Benefit Commencement Date specified by Participant in such Participant's Benefit Payment Election. The Participant's Benefit Payment Election under the Prior Plan shall remain in effect under this Plan until changed in accordance with the provisions of the Plan. A Participant may no later than twenty-four (24) months prior to such Participant's retirement, and with the approval of the Plan Administrator, change the date on which payment of such Participant's Retirement Benefits shall commence and the method of payment of such Retirement Benefits, by executing a new Benefit Payment Election, provided, that (i) if a Participant satisfies the requirements of Paragraph 5.2

for Early Retirement but incurs an interest earnings rate reduction under Paragraph 5.4(b), he may make an election change up to six (6) months prior to retirement, so long as such election is made in the tax year prior to retirement, (ii) the 24-month election period shall not apply to election changes relating to death benefits, and (iii) the Plan Administrator may, in its sole discretion, permit a shorter election period to allow a Participant to accelerate the time and/or manner of payment in the event of a Participant's unforeseen and severe financial hardship (as described in Paragraph 7.6 and as determined by the Plan Administrator). In the event a Participant fails to execute a Benefit Payment Election, such Participant's Retirement Benefits shall be payable pursuant to the method determined by the Plan Administrator, in its sole discretion, commencing on the first day of the second calendar month following the date of such Participant's retirement. Such Participant's Retirement Benefit shall be payable pursuant to one of the following methods, as requested by such Participant, in such Participant's Benefit Payment Election:

(a) A monthly, quarterly, or annual installment payable over a fifteen (15) year period, commencing on the Retirement Benefit Commencement Date specified by Participant in such Participant's Benefit Payment Election. The amount payable for the first year hereunder shall be an amount that will fully amortize the balance in Participant's Deferred Benefit Account, as of the Participant's Benefit Determination Date, over the fifteen (15) year period, based on assumed interest earnings using the Interest Earnings Rate or Termination Interest Earnings Rate, if applicable, as of said Benefit Determination Date. Thereafter, annually, on the Anniversary Date, the amount payable for the following year shall be adjusted to an amount that will fully amortize the remaining balance in Participant's Deferred Benefit Account, on said date, over the

remaining years in the fifteen (15) year installment period, based on the Interest Earnings Rate or Termination Interest Earnings Rate, if applicable, as of said date. The balance in a Participant's Deferred Benefit Account, at any time after his Retirement, will be the unamortized balance thereof taking into account payments to date, or

(b) A lump sum distribution of such Participant's Retirement Benefit, determined pursuant to Paragraph 5.4, payable on the Retirement Benefit Commencement Date specified by the Participant in such Participant's Benefit Payment Election.

ARTICLE VI. -- DEATH BENEFITS

6.1 Participant's Death Prior to Retirement. In the event that a Participant dies prior to retirement from full-time employment with the Employer, the Employer shall pay to the Beneficiary or Beneficiaries designated in writing by such Participant in Schedule A (or to Participant's Estate if Participant fails to so designate a Beneficiary or Beneficiaries), in lieu of the amounts provided for in Paragraph 5.4, the amounts determined pursuant to Paragraph 6.3. The designation of Beneficiary election on Schedule A under the Prior Plan shall remain in effect under the Plan until changed in accordance with the provision of the Plan. Such amounts shall be payable to said Beneficiary or Beneficiaries (or the Participant's Estate, as the case may be) pursuant to either of the following methods as requested by such Beneficiary or Beneficiaries (or if payable to the Estate, the legal representative) as follows:

(a) A monthly, quarterly, or annual installment payable over a fifteen (15) year period, commencing on the first day of the second calendar month following the date of death of the Participant. The amount payable for the first year hereunder shall be an amount that will fully amortize the balance in the Participant's Deferred Benefit

Account, as of the Participant's Benefit Determination Date, over the fifteen (15) year period, based on the Moody's Interest Rate as of such Benefit Determination Date. Thereafter, annually, on the Anniversary Date, the amount payable for the following year shall be adjusted to an amount that will fully amortize the remaining balance in the Participant's Deferred Benefit Account, on said date, over the remaining years in the aforesaid fifteen (15) year installment period, based on the Moody's Interest Rate as of said Anniversary Date. The balance in a Participant's Deferred Benefit Account, at any time after his death, will be the unamortized balance thereof taking into account payments to date, or

(b) A lump sum distribution of such Participant's Death Benefit as determined pursuant to Paragraph 6.3, payable to such Beneficiary or Beneficiaries (or if no Beneficiaries are designated, to the Estate) no later than the first day of the second calendar month following such Participant's death.

6.2 Participant's Death Following Retirement. If Participant dies following retirement from full-time employment with the Employer under Paragraphs 5.1, 5.2 or 5.3, but prior to the payment of all amounts payable to Participant pursuant to Article V, Employer shall pay to the Beneficiary or Beneficiaries designated in writing by Participant in Schedule A, (or to Participant's Estate if Participant fails to so designate a Beneficiary or Beneficiaries) the amounts which would otherwise be payable to Participant, pursuant to Article V, except for Participant's death. The amounts payable to such Beneficiary or Beneficiaries as the result of Participant's death shall be payable pursuant to the method of payment of such death benefits specified by Participant in such Participant's Benefit Payment Election. Participant shall select such payment methods as follows:

(a) Continuation of Participant's Retirement Benefit, payable over its remaining term thereof, as if such Participant had not died (with interest determined in accordance with Section 5.5(a)); or

(b) A lump sum distribution of such amount, determined pursuant to Paragraph 5.4, payable to such Beneficiary or Beneficiaries (or if no Beneficiaries are designated, to the Estate) no later than the first day of the second calendar month following such Participant's death.

6.3 Determination of Death Benefit.

(a) The amount of the benefit ("Death Benefit") with respect to a Participant shall be equal to the total amount of such Participant's Deferred Benefit Account, including interest at the Interest Earnings Rate through such Benefit Determination Date, determined pursuant to Paragraph 4.1, if death occurs before retirement, and pursuant to Paragraph 5.5(a), if death occurs after retirement.

(b) Notwithstanding the foregoing, if Participant dies prior to retirement from full-time employment with the Employer the amount of the Death Benefit with respect to such Participant shall be the greater of: (i) the amount of the Death Benefit determined pursuant to Paragraph 6.3(a), or (ii) the amount determined pursuant to Schedule C, attached hereto and made a part hereof.

6.4 Death of Beneficiary. In the event of the death of a Beneficiary who is receiving a Death Benefit in installments pursuant to Paragraph 6.1(a) or 6.2(a), such remaining benefit to which such Beneficiary was entitled at the time of such Beneficiary's death shall continue to be payable to the beneficiary or beneficiaries, designated in writing by such

Beneficiary, on a form to be submitted by such Beneficiary to Plan Administrator (or to the Beneficiary's Estate if Beneficiary fails to so designate a beneficiary or beneficiaries).

ARTICLE VII. -- TERMINATION BENEFITS

7.1 Termination of Employment.

(a) If, prior to a Change in Control, a Participant's employment with the Employer is terminated for any reason prior to Normal Retirement Date (excluding death or Total Disability), the Participant's participation in this Plan shall immediately cease and Employer shall pay to Participant a Termination Benefit, determined pursuant to Paragraphs 7.1(b) and 7.1(c), payable pursuant to the provisions of Paragraph 7.3 (except for Early Retirement benefits). For purposes hereof, prior to a Change in Control, the Plan Administrator shall determine what constitutes a termination of Participant's employment with Employer and the effective date thereof.

(b) The amount of the Participant's Termination Benefit shall be equal to the total amount of such Participant's Deferred Benefit Account, determined pursuant to Paragraph 4.1, as of the date of Participant's termination, except that the Interest Earnings Adjustment, determined pursuant to Paragraph 4.3, with respect to such Deferred Benefit Account shall be determined using an interest earnings rate, as determined herein ("Termination Interest Earnings Rate"), in lieu of the Interest Earnings Rate described in Paragraph 4.3, as if the Termination Interest Earnings Rate had been in effect, with respect to such Participant's Deferred Benefit Account, from the commencement of Participant's participation in the Prior Plan through such Benefit Determination Date.

(c) The Termination Interest Earnings Rate to be applied pursuant to Paragraph 7.1(b), shall be a composite rate of interest based on the following table:

Full Years Of Active Plan Participation	Percentage of Deferred Benefit Account Earning Prime Rate less 3%	Percentage of Deferred Benefit Account Earning Interest Earnings Rate (Moody's Rate Plus 3%, Paragraph 4.3)
0 through 5	100%	0%
6	80%	20%
7	60%	40%
8	40%	60%
9	20%	80%
10 and over	0%	100%

For purposes hereof, (i) the Prime Rate for the month shall mean the rate of interest publicly announced by Wachovia Bank, N.A. (or any successor thereto) as its prime rate on the first business day of such calendar month, and (ii) Years of Active Plan Participation shall include a Participant's years of participation in the Prior Plan.

7.2 Termination For Misconduct. Notwithstanding any other provisions herein to the contrary and except as provided in Article XII hereof, if a Participant's employment with the Employer is terminated, prior to actual retirement, for any reason related to such Participant's conviction of a felony, fraud or theft relating to the Participant's performance of services for the Employer, such Participant's participation in this Plan shall be terminated and Participant shall be entitled to none of the Retirement, death, termination or Total Disability benefits or any other benefits provided for in the Plan; provided, however, that Participant or Participant's Beneficiary or Beneficiaries (or Estate, as the case may be) shall be paid the total balance of all amounts of such Participant's deferral of Compensation and Rollover Contributions made pursuant to Paragraph 3.1 under the Prior Plan, without interest. Such amounts shall be payable pursuant to the provisions of Paragraph 7.3.

7.3 Payment of Termination Benefits. Benefits payable to a Participant as a result of such Participant's termination of employment with Employer, pursuant to the provisions of Paragraph 7.1 or 7.2, except for Early Retirement Benefits pursuant to Paragraph 5.2 which shall be payable pursuant to the provisions of Paragraph 5.5, shall be payable, pursuant to one of the following methods of payment, as determined by Plan Administrator in its sole discretion:

(a) An annual payment of one-fifth (1/5th) of such Termination Benefit amount for a period of five (5) years commencing on the first day of the second calendar month following Participant's termination of employment with Employer. Each payment after the first shall include interest earned on the unpaid balance determined using the Termination Interest Earnings Rate in effect on the Benefit Determination Date and the Anniversary Date thereafter, as specified in Paragraph 7.1(c), and applied prospectively. or

(b) A lump sum distribution of such Participant's Termination Benefit, as determined pursuant to Paragraph 7.1 or 7.2, payable within ninety (90) days of such Participant's termination of employment with the Employer.

7.4 Death of Participant After Termination. If a Participant shall die prior to the final payment of his Termination Benefit under this Article VII, such amount, determined pursuant to this Article VII, shall be paid to the Beneficiary or Beneficiaries designated in writing by Participant in Schedule A (or to Participant's Estate if Participant fails to so designate a Beneficiary or Beneficiaries) either as a continuation of such Termination Benefit or a lump sum distribution as described in Paragraph 7.3.

7.5 Termination After Early Retirement Date. Except as otherwise provided in Paragraph 7.2, if Participant's employment with Employer is terminated for any reason

(excluding Normal or Later Retirement, Total Disability or death) after a Participant's Early Retirement Date, Participant shall be deemed to have retired from employment pursuant to the provisions of Paragraph 5.2.

7.6 Hardship. A Participant (whether or not actively employed) who is suffering an unforeseen and severe financial hardship as a result of (i) an illness or accident of the Participant or his immediate family, (ii) loss of Participant's property due to casualty, or (iii) for such other reasons as the Plan Administrator may establish, may file a written request with the Plan Administrator for distribution of all or a portion of the amount credited to his Deferred Benefit Account. The Plan Administrator shall have the sole discretion to determine whether to grant a Participant's hardship request and the amount to distribute to the Participant. The Plan Administrator shall have authority in connection with such hardship request to accelerate the date and method of payment of the Participant's Deferred Benefit Account.

ARTICLE VIII. -- DISABILITY

8.1 Disability. If a Participant, prior to retirement or termination of employment with Employer, becomes Totally Disabled, such Participant's participation in this Plan shall cease and Employer shall pay to such Participant a Disability Benefit, in lieu of any other Benefit provided for herein, equal to the total amount of such Participant's Deferred Benefit Account, determined pursuant to Paragraph 4.1, as of the Benefit Determination Date when such Participant is determined to be Totally Disabled, including interest at the Interest Earnings Rate through such Benefit Determination Date. Total Disability shall mean a physical or mental condition which is expected to be totally and permanently disabling, as determined by the Plan Administrator.

8.2 Payment of Disability Benefits. Disability Benefits payable to a Participant as a result of such Participant's Total Disability, pursuant to Paragraph 8.1, shall be payable pursuant to any of the following methods of payment, as determined by Plan Administrator, upon consultation with Participant (or his legal representative):

(a) In either five (5) or fifteen (15) annual installments, payable monthly, quarterly or annually, including interest, determined using the Interest Earnings Rate, described in Paragraph 4.3, computed as provided for in Paragraph 5.5(a), commencing on the first day of the second calendar month following the date the Participant is determined to be Totally Disabled; or

(b) A lump sum distribution of such Participant's Disability Benefit, as determined pursuant to Paragraph 8.1, payable to such Participant no later than the first day of the second calendar month after the date such Participant is determined to be Totally Disabled.

8.3 Death of Participant After Total Disability. If a Participant shall die prior to the final payment of the Disability Benefit under this Article VIII, such unpaid amounts, determined pursuant to this Article VIII, shall be paid to such Participant's Beneficiary or Beneficiaries (or to Participant's Estate if Participant fails to designate a Beneficiary), either as a continuation of such Disability Benefit or as a lump sum distribution of the remaining benefit as described in Paragraph 8.2(b). Such death benefit shall be in lieu of any other death benefit payable hereunder.

ARTICLE IX. -- PLAN ADMINISTRATION

9.1 Plan Administrator. This Plan and all matters related hereto, shall be administered by the Plan Administrator. The Plan Administrator shall have the exclusive

discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits and to determine the amount of such benefits, and its decisions on such matters shall be final and conclusive on all parties. Plan Administrator may engage the services of independent actuaries, counsel, administrative personnel, and other persons to assist it in the performance of its duties.

9.2 Claim. Any person claiming a benefit, requesting an interpretation or ruling under this Plan, or requesting information under the Plan shall present the request, in writing, to Plan Administrator which shall respond in writing as soon as practicable.

9.3 Denial of Claim. If the claim or request is denied, the written notice of denial shall state:

(a) The reason for denial, with specific reference to the Plan provisions on which the denial is based.

(b) A description of any additional material or information required and an explanation of why it is necessary.

(c) An explanation of the Plan's claim review procedure.

9.4 Review of Claim. Any person whose claim or request is denied or who has not received a response within 90 days may (within 60 days after such denial, or end of the 90 day period, whichever is earlier) request a review by notice given in writing to Plan Administrator. A request to review Plan Administrator's denial of a claim or request, must state the specific reasons, including any Plan provisions, upon which such request for review is based. The claim or request shall be reviewed by Plan Administrator who may, but shall not be required

to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

9.5 Final Decision. The decision on review shall normally be made within 60 days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be 120 days. The decision shall be in writing and shall state the reason and the relevant plan provisions. All decisions on review shall be final and bind all parties concerned.

ARTICLE X. -- PARTICIPANT'S RIGHTS

10.1 Ineligibility to Participate in Deferred Compensation Plan. Prior to a Change in Control, in the event Plan Administrator determines that a Participant is ineligible or becomes ineligible to participate or to continue to participate in this Plan, Employer may terminate Participant's participation in this Plan, upon ten (10) days notice to Participant and Participant shall be entitled to Termination Benefits pursuant to Paragraph 7.1, hereof.

10.2 Benefits Unfunded. The benefits provided by this Plan shall be unfunded. All amounts payable under this Plan to a Participant shall be paid from the general assets of the Employer which principally employs the Participant (the "Obligated Employer"), and nothing contained in this Plan shall require the Obligated Employer to set aside or hold in trust any amounts or assets for the purpose of paying benefits to Participants. This Plan shall create only a contractual obligation on the part of the Obligated Employer and Participants shall have the status of general unsecured creditors of the Obligated Employer under the Plan with respect to amounts of Compensation they defer or any other obligation of the Obligated Employer to pay benefits pursuant hereto. Any funds of the Obligated Employer available to pay benefits pursuant to the Plan shall be subject to the claims of general creditors of the Obligated Employer,

and may be used for any purpose by the Obligated Employer. Any insurance policy or other asset acquired or held by the Obligated Employer shall not be deemed to be held under any trust for the benefit of Participant or to be security for the performance of the Obligated Employer's obligations pursuant hereto.

Notwithstanding the preceding paragraph, the Obligated Employer may at any time transfer assets to a trust for purposes of paying all or any part of its obligations under this Plan. However, to the extent provided in the trust only, such transferred amounts shall remain subject to the claims of general creditors of the Obligated Employer. To the extent that assets are held in a trust when a Participant's benefits under the Plan become payable, the Plan Administrator shall direct the trustee to pay such benefits to the Participant from the assets of the trust. 10.3 Spendthrift Provision. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, except for a Qualified Domestic Relations Order, pursuant to Section 414(p) of the Internal Revenue Code, as amended, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

10.4 Plan Not An Employment Agreement. This Plan shall not be deemed to constitute an employment agreement between the parties hereto nor shall any provision, hereof,

restrict the right of an Employer to discharge a Participant as an employee of the Employer or restrict Participant's right to terminate his employment.

10.5 Protective Provisions. Participant will cooperate with Employer by furnishing any and all information requested by Employer in order to facilitate the payment of benefits hereunder, taking such physical examinations as Employer may deem necessary and taking such other action as may be requested by Employer. If Participant refuses so to cooperate, is uninsurable or is insurable at other than standard rates, Participant shall be ineligible to participate in this Plan. If Participant makes any material misstatement of information or nondisclosure of medical history, then Participant shall not be considered as having been a Participant in the Plan and Participant or his Beneficiary shall thereupon be paid by Employer the total amount of such Participant's Compensation actually deferred, without interest.

10.6 Offset. If prior to a Change in Control, benefit payments are to be made hereunder and the Participant or a Beneficiary in pay status are indebted to Employer, then the payments remaining to be made to Participant or his Beneficiary, or both may, at the discretion of Employer, be reduced by the amount of such indebtedness.

10.7 Guarantee of Performance. In consideration of each Participant's performance of valuable services that inure to the financial benefit of the Company, the Company does hereby agree to pay and perform all of the obligations and responsibilities and to pay any benefits due and owing to the Participant under the Plan if the Obligated Employer (as defined in Section 10.2) designated to perform such obligations and responsibilities or pay such benefits fails or is unable to do so.

ARTICLE XI. -- MISCELLANEOUS

11.1 Termination of Plan. Prior to a Change in Control, the Company, upon written notice to Participants, shall have the right, at any time, to terminate this Plan. Such termination shall become effective when authorized by the Company and written notice is given to Participants. Upon termination of this Plan, Participant shall receive a Termination Benefit as provided for in Article VII, as if Participant's employment had terminated on the date of termination of this Plan. Except as otherwise provided in Paragraph 11.2, if such a Plan Termination occurs, pursuant to this Paragraph 11.1, each Participant's Termination Interest Earnings Rate, pursuant to Paragraph 7.1, shall equal the Interest Earnings Rate described in Paragraph 4.3. Notwithstanding anything contained in this Plan to the contrary, for a period of two (2) years following a Change in Control, this Plan shall not be terminated or amended in any way to reduce the benefits provided under this Plan (including the continuing crediting of interest), the Interest Earnings Rate or the Termination Interest Earnings Rate, or otherwise adversely affect any Participant's participation in this Plan.

11.2 Change of Tax Status. In the event that, as a result of statutory amendments to the Internal Revenue Code of 1986, as amended, there is a significant change (as determined by Plan Administrator) in the Federal Income Tax consequences to the Company, with respect to establishment and maintenance of this Plan, and as a result of such change in tax status and the impact thereof on the Company, the Company terminates this Plan, Participants shall be entitled to receive Termination Benefits as provided for in Article VII, hereof, as if the Participants' employment had terminated on the date of termination of this Plan. Notwithstanding the foregoing, if such a Plan Termination occurs, pursuant to this Paragraph 11.2, more than two years after the effective date of the Prior Plan, each Participant's

Termination Interest Earnings Rate, pursuant to Paragraph 7.1, shall equal the Interest Earnings Rate described in Paragraph 4.3.

11.3 Amendments and Modifications. Prior to a Change in Control, the Company may amend or alter this Plan, including amendments or alterations with respect to Participants' benefits, at any time, and from time to time. Amendments shall be effective when authorized by the Company and upon written notice to Participants. In the event that any such amendment or alteration to this Plan is made by the Company which affects Participants' benefits, any affected Participant may, within ninety (90) days after the effective date of such amendment or alteration, elect to terminate participation in the Plan. In the event that a Participant terminates participation in the Plan, pursuant to this Paragraph 11.3, but continues to be an employee of Employer, such Participant shall be entitled to a Termination Benefit determined pursuant to Paragraph 7.1(b), except that for purposes hereof, the Termination Interest Earnings Rate shall equal the Interest Earnings Rate described in Paragraph 4.3. Such benefit shall be payable to Participant pursuant to the provisions of Paragraph 7.3(a) or (b), as determined by Plan Administrator in its sole discretion.

11.4 Inurement. This Plan shall be binding upon and shall inure to the benefit of the Company, each Employer and each Participant hereto and their respective heirs, executors, administrators, successors and assigns.

11.5 Governing Law. This Plan shall be governed by, and enforced in accordance with the Employee Retirement Income Security Act of 1974, as amended, and to the extent not preempted by federal law, the laws of the State of Georgia.

ARTICLE XII. -- CHANGE IN CONTROL

12.1 Cause. For purposes of this Plan, a termination for "Cause" is a termination evidenced by a resolution adopted in good faith by two-thirds of the Board of Directors of the Company that the Participant (i) intentionally and continually failed to substantially perform his duties with the Employer (other than a failure resulting from the Participant's incapacity due to physical or mental illness) which failure continued for a period of at least thirty (30) days after a written notice of demand for substantial performance has been delivered to the Participant specifying the manner in which the Participant has failed to substantially perform, or (ii) intentionally engaged in conduct which is demonstrably and materially injurious to the Employer or the Company, monetarily or otherwise; provided, however that no termination of the Participant's employment shall be for Cause as set forth in clause (ii) above until (x) there shall have been delivered to the Participant a copy of a written notice setting forth that the Participant was guilty of the conduct set forth in clause (ii) and specifying the particulars thereof in detail, and (y) the Participant shall have been provided an opportunity to be heard by the Board of Directors of the Company (with the assistance of the Participant's counsel if the Participant so desires). No act, nor failure to act, on the Participant's part, shall be considered "intentional" unless he has acted or failed to act, with an absence of good faith and without a reasonable belief that his action or failure to act was in the best interest of the Employer. Notwithstanding anything contained in this Plan to the contrary, in the case of any Participant who is a party to a Severance Protection Agreement, no failure to perform by the Participant after a Notice of Termination (as defined in the Participant's Severance Protection Agreement) is given by the Participant shall constitute Cause for purposes of this Plan.

12.2 Change in Control. For purposes of this Plan, a Change in Control shall mean any of the following events:

(a) The acquisition (other than from the Company) by any "Person" (as the term person is used for purposes of Sections 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of twenty percent (20%) or more of the combined voting power of the Company's then outstanding voting securities; or

(b) The individuals who, as of December 1, 2001, are members of the Board of the Company (the "Incumbent Board"), cease for any reason to constitute at least two-thirds of the Board; provided, however, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Plan, be considered as a member of the Incumbent Board; or

(c) A merger or consolidation involving the Company if the stockholders of the Company, immediately before such merger or consolidation do not, as a result of such merger or consolidation, own, directly or indirectly, more than seventy percent (70%) of the combined voting power of the then outstanding voting securities of the corporation resulting from such merger or consolidation in substantially the same proportion as their ownership of the combined voting power of the voting securities of the Company outstanding immediately before such merger or consolidation; or

(d) A complete liquidation or dissolution of the Company or an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur pursuant to Subparagraph (a), solely because twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities is acquired by (i) a trustee or other fiduciary holding securities under one or more employee benefit plans maintained by the Company or any of its Subsidiaries or (ii) any corporation which, immediately prior to such acquisition, is owned directly or indirectly by the stockholders of the Company in the same proportion as their ownership of stock in the Company immediately prior to such acquisition.

12.3 Termination of Employment. Notwithstanding anything contained in this Plan to the contrary, if a Participant's employment is terminated by the Employer (other than for Cause) or by the Participant for any reason within two (2) years following a Change in Control, the Employer shall, within five (5) days, pay to the Participant a lump sum cash payment of his or her Deferred Benefit Account as of the date of termination of employment plus interest on such Deferred Benefit Account at the Interest Earnings Rate as described in Paragraph 4.3 to the date of payment.

12.4 Amendment or Termination. Any amendment or termination of this Plan which a Participant reasonably demonstrates (i) was at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control or (ii) otherwise arose in connection with or in anticipation of a Change in Control, and which was not consented to in writing by the Participant shall be null and void, and shall have no effect whatsoever, with respect to the Participant.

IN WITNESS WHEREOF, the Plan has been executed by the Company as of the 28th day of November 2001, to be effective on the Effective Date.

ACUITY BRANDS, INC.

By:/s/ James S. Balloun

James S. Balloun
Chairman, President and
Chief Executive Officer

Appendix 1
Adopting Employers

Acuity Specialty Products Group, Inc.
Acuity Lighting Group, Inc.

SCHEDULE A
ACUITY BRANDS, INC.
SENIOR MANAGEMENT BENEFIT PLAN
ELECTION TO PARTICIPATE AND
DEFER COMPENSATION AND BENEFIT PAYMENT ELECTION

To the Plan Administrator:

I hereby elect to participate in ACUITY BRANDS, INC. SENIOR MANAGEMENT BENEFIT PLAN, (the "Plan") pursuant to the terms and conditions of such Plan contained in the Plan document adopted by ACUITY BRANDS, INC., ("Company"), all of which terms and conditions are incorporated herein by reference.

I. COMPENSATION DEFERRAL ELECTION

I hereby elect to defer \$ _____ per Plan Year of my Salary and/or \$ _____ per Plan Year of my Bonus, but no less than a total of \$2,500.00 per Plan Year, earned after the date of this election. I understand that if my Bonus is less than such Bonus Deferral, the difference shall be a Salary Deferral for the next Plan Year.

II. DEFERRAL TERM

Salary Deferral. The total amount of such Salary Deferral shall be deferred ratably, over each pay period, for four (4) eight (8) consecutive years, commencing on September 1, 1985. (Check One. If you desire both a four (4) year and an eight (8) year deferral, complete a separate Schedule A for each election).

Bonus Deferral. The total amount of such Bonus Deferral shall be deferred annually for _____ four (4) eight (8) consecutive years, commencing with the Bonus payable with respect to the Plan Year beginning September 1, 1985. (Check One. If you desire both a four (4) year and an eight (8) year deferral, complete a separate Schedule A for each election).

III. ROLLOVER CONTRIBUTION

I hereby elect to make a Rollover Contribution of \$ _____ or all _____ (indicate dollar amount or all) from my Primary Account in any of Employer's Deferred Compensation Plans.

IV. BENEFIT PAYMENT ELECTION

(A) RETIREMENT BENEFITS

I hereby elect to receive my Retirement Benefits as follows:

(i) Installment payments payable annually quarterly monthly, for fifteen (15) consecutive years. (Check One).

(ii) Lump Sum Distribution.

(B) RETIREMENT BENEFIT COMMENCEMENT DATE

I hereby elect to have my Retirement Benefits commence on the first day of the second calendar month following my:

(i) Normal Retirement Date

(ii) Actual Retirement

(iii) _____ (Enter Date between age 65 and age 70 years but on or after actual retirement)

(C) DEATH BENEFITS

I hereby elect to have my post-retirement Death Benefit paid to my Beneficiary or Beneficiaries (or legal representative, as the case may be), as follows:

Continuation of my Retirement Benefit

Lump Sum Distribution

V. BENEFICIARY DESIGNATION

I designate the following person(s) as Primary and Contingent Beneficiaries of the Death Benefit under the Plan:

Primary Beneficiary:

Contingent Beneficiary(s): (if Primary Beneficiary has not survived)

- _____
- _____
- _____

I retain the right, at any time, to change such Beneficiary by giving written notice of such change to the Plan Administrative Committee.

Dated: _____

S.S.N. _____

ACUITY BRANDS, INC.

NONEMPLOYEE DIRECTOR DEFERRED STOCK UNIT PLAN

1. Purpose.

The Acuity Brands, Inc. Nonemployee Director Deferred Stock Unit Plan ("Plan") is intended to increase the alignment of the interests of eligible members of the Board with the interests of stockholders of Acuity Brands, Inc. (the "Corporation") by increasing their incentive to contribute to the success of the Corporation's business through the grant of Deferred Stock Units, as hereinafter defined, on the terms and conditions set forth herein. The Plan is effective as of December 1, 2001, and is established in connection with the spin-off of the Corporation by National Service Industries, Inc., as a successor plan to the National Service Industries, Inc. Nonemployee Director Deferred Stock Unit Plan.

2. Definitions. When used in this Plan, unless the context otherwise requires:

2.1 "Annual Fee" shall mean the annual fee payable, in cash or under this Plan, to an Eligible Director for service on the Board.

2.2 "Board" shall mean the Board of Directors of the Corporation.

2.3 "Chairman Fee" shall mean the fee, if any, payable in cash or under this Plan to an Eligible Director for service as the Chairman of a committee of the Board.

2.4 "Change of Control" shall mean:

(a) The acquisition (other than from the Corporation) by any "Person" (as the term person is used for purposes of Sections 13(d) or 14(d) of the Exchange Act) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of twenty percent (20%) or more of the combined voting power of the Corporation's then outstanding voting securities; or

(b) The individuals who, as of the Effective Date, are members of the Board (the "Incumbent Board") cease for any reason to constitute at least two-thirds of the Board; provided, however, that, if the election, or nomination for election by the Corporation's stockholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Plan, be considered as a member of the Incumbent Board; or

(c) A merger or consolidation involving the Corporation if the stockholders of the Corporation, immediately before such merger or consolidation do not, as a result of such merger or consolidation, own, directly or indirectly, more than seventy percent (70%) of the combined voting power of the then outstanding voting securities of the corporation resulting from such merger or consolidation in substantially the same

proportion as their ownership of the combined voting power of the voting securities of the Corporation outstanding immediately before such merger or consolidation; or

(d) A complete liquidation or dissolution of the Corporation or an agreement for the sale or other disposition of all or substantially all of the assets of the Corporation.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur pursuant to paragraph (i) solely because twenty percent (20%) or more of the combined voting power of the Corporation's then outstanding securities is acquired by (i) a trustee or other fiduciary holding securities under one or more employee benefit plans maintained by the Corporation or any of its subsidiaries, or (ii) any corporation which, immediately prior to such acquisition, is owned directly or indirectly by the stockholders of the Corporation in the same proportion as their ownership of stock in the Corporation immediately prior to such acquisition.

2.5 "Committee" shall mean the Compensation Committee of the Board or such other committee as may be designated by the Board. In the absence of the appointment of a Committee, the Board shall serve as the Committee.

2.6 "Corporation" shall mean Acuity Brands, Inc., a Delaware corporation.

2.7 "Date of Grant" shall mean the date on which Deferred Stock Units are granted pursuant to Article V.

2.8 "Deferred Stock Units" shall mean the units issued pursuant to Article V hereof.

2.9 "Effective Date" shall mean December 1, 2001, the date when this Plan shall go into effect.

2.10 "Eligible Director" shall mean each member of the Board who is not at the time of reference an employee of the Corporation or any Subsidiary.

2.11 "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

2.12 "Fair Market Value" shall mean the average of the high and low sales prices of a share of Stock as reported on the New York Stock Exchange Composite Tape on the five (5) trading dates immediately preceding the date for which such value is being determined.

2.13 "NSI" shall mean National Service Industries, Inc., a Delaware corporation.

2.14 "Optional Amount" shall mean the amount elected by an Eligible Director for any year during the term hereof pursuant to Section 5.2 hereof.

2.15 "Plan" shall mean the Acuity Brands, Inc. Nonemployee Director Deferred Stock Unit Plan, as such Plan may be amended from time to time.

2.16 "Prior Plan" shall mean the National Service Industries, Inc. Nonemployee Director Deferred Stock Unit Plan.

2.17 "Required Amount" shall mean one-half of the Annual Fee.

2.18 "Stock" shall mean the Common Stock of the Corporation.

2.19 "Subsidiary" shall mean any corporation more than 50% of whose stock having general voting power is owned by the Corporation or by a Subsidiary of the Corporation.

3. Administration.

3.1 The Plan shall be administered by the Committee.

3.2 The Committee may make such rules and establish such procedures for the administration of the Plan as it deems appropriate to carry out the purpose of the Plan, provided that the Committee shall have no discretion with respect to the grantee, amount, price or timing of any Deferred Stock Unit. The interpretation and application of the Plan or of any rule or procedure, and any other matter relating to or necessary to the administration of the Plan, shall be determined by the Committee, and any such determination shall be final and binding on all persons. Deferred Stock Units shall be evidenced by agreements in such form as shall be determined from time to time by the Committee, provided that the terms and conditions of each such agreement are not inconsistent with this Plan.

4. Capital Adjustments.

In the event of a reorganization, recapitalization, stock split, reverse stock split, stock dividend, spin-off, split-up, combination of shares, merger, consolidation or a similar corporate transaction, the number or class of shares of Stock represented by Deferred Stock Units granted hereunder shall be proportionately adjusted to reflect any such transaction.

5. Deferred Stock Units.

5.1 Quarterly Grant. The Corporation shall establish a bookkeeping account for each Eligible Director. On December 10, 2001 and on the first of each March, June, September, and December thereafter and prior to the termination of this Plan (subject to Section 6.1 below), the bookkeeping account of each Eligible Director shall automatically be credited with the number of Deferred Stock Units (rounded to the nearest hundredth) equal to the sum of (a) one-fourth of the Required Amount plus (b) one-fourth of the Optional Amount, if any, divided by (c) the Fair Market Value.

5.2 Election of Optional Amount. Each Eligible Director shall be entitled to elect, with respect to each year during the term of this Plan (subject to Section 6.1 below), such portion of the Annual Fee in excess of the Required Amount and such portion of the Chairman Fee, if applicable, which the Eligible Director desires to be credited in Deferred Stock Units under Section 5.1 above rather than paid in cash. Such election shall be made and submitted prior to each such year on such form as shall be determined from time to time by the Committee;

Notwithstanding the above, for Eligible Directors who were directors of National Service Industries, Inc. and were participating in the Prior Plan immediately prior to the Effective Date, any election by such Director under the Prior Plan shall continue in effect under this Plan.

5.3 Annual Grant. On the Effective Date and on the date of the Corporation's annual meeting each year beginning on or after the Effective Date and prior to the termination of this Plan (subject to Section 6.1 below), the bookkeeping account of each Eligible Director shall automatically be credited with 350 Deferred Stock Units.

5.4 One-Time Grant. The bookkeeping account of each Eligible Director who was not a director of NSI participating in the Prior Plan immediately prior to the Effective Date and who is first elected to the Board (whether by action of the Board of Directors or the shareholders of the Corporation) on or after the Effective Date, and prior to the termination of this Plan (subject to Section 6.1 hereof) shall automatically be credited with 1,000 Deferred Stock Units as of the effective date of such election.

5.5 Transfer of Deferred Stock Units from the Prior Plan. Effective as of the Effective Date, or as soon thereafter as is practical, the Corporation shall transfer from the Prior Plan and credit to the bookkeeping account of each Eligible Director who was a participant in the Prior Plan (and each other participant in the Prior Plan who is not a nonemployee director of NSI immediately following the Corporation's spin-off from NSI) a number of Deferred Stock Units equal to (a) the product of (i) the number of Deferred Stock Units in the Eligible Director's (or other participants') bookkeeping account under the Prior Plan as of the date of the distribution of the shares of the Corporation's common stock to the stockholders of NSI (the "Distribution Date"), and (ii) the closing per share price of NSI common stock (trading with a due bill) on the Distribution Date, divided by (b) the closing per share price of the Corporation's common stock (on a when-issued basis) on the Distribution Date (or such other price as determined by the Committee to be appropriate and equitable).

5.6 Terms and Conditions of Deferred Stock Units.

(a) The Deferred Stock Units shall become nonforfeitable on the earliest to occur of (i) the first anniversary of the Date of Grant, (ii) the Eligible Director's death, disability or termination of service as a director upon completion of the last term of office to which such director was elected or (iii) the occurrence of a Change of Control. If an Eligible Director otherwise terminates service as a director of the Corporation, any Deferred Stock Units that are forfeitable shall be forfeited as of the date of such termination of service. Notwithstanding the above, for Eligible Directors who were participants in the Prior Plan, the termination of service as a director of NSI shall not be considered a termination of service resulting in forfeiture or vesting of Deferred Stock Units.

(b) As of each dividend payment date declared with respect to the Stock, the Corporation shall credit to each bookkeeping account a number of additional Deferred Stock Units equal to (i) the product of (x) the dividend per share of Stock payable on such dividend payment date and (y) the number of Deferred Stock Units credited to such account as of the applicable dividend record date divided by (ii) the Fair Market Value of a share of Stock on such dividend payment date.

(c) Upon the termination of service of an Eligible Director the Eligible Director shall receive a lump sum cash payment equal to the product of (i) the Fair Market Value of a share of Stock on the date of such termination of service and (ii) the number of nonforfeitable Deferred Stock Units then credited to such Eligible Director's account. Notwithstanding the foregoing, an Eligible Director may elect to receive the distribution with respect to his or her account in five annual installments commencing as soon as practicable following the Eligible Director's termination of service, in which event the amount of each installment shall be determined based upon the Fair Market Value of a share of Stock as of the date preceding the date such installment payment is made. Any such election may be made or changed at any time without limitation, provided, however, that any election (and any modification or revocation of any election) shall not be given effect unless made at least two years prior to the Eligible Director's termination of service. Any such election made by an Eligible Director (or other participant) under the Prior Plan shall continue in effect under this Plan until properly modified or revoked.

(d) The holder of Deferred Stock Units shall have none of the rights of a stockholder of the Corporation. The Corporation's obligation hereunder with respect to Deferred Stock Units shall be an unsecured promise to pay the amount described in paragraph (c) above at the times described therein.

6. Term of Plan.

The Plan shall remain in effect until all Deferred Stock Units have been paid under the terms of the Plan, provided that no Deferred Stock Units may be granted on or after the tenth anniversary of the Effective Date.

7. Amendment; Termination.

The Board may at any time and from time to time alter, amend, suspend, or terminate the Plan in whole or in part. The termination or any modification or amendment of the Plan shall not, without the consent of a director, affect his or her rights under a grant of Deferred Stock Units.

8. Miscellaneous.

8.1 Deferred Stock Units granted hereunder shall not be assignable or transferable by the director except by will or by the laws of descent and distribution.

8.2 Nothing in the Plan shall be construed as conferring any right upon any director to continue as a member of the Board.

8.3 The Plan and all rights hereunder shall be construed in accordance with and governed by the laws of the State of Delaware.

8.4 The Corporation shall have the right to require, prior to any payment hereunder, payment by the recipient of any federal, state, local or other taxes which may be required to be withheld or paid in connection with such payment hereunder.

IN WITNESS WHEREOF, the Plan has been executed by the Company on this 28th day of November, 2001, to be effective on the Effective Date.

ACUITY BRANDS, INC.

By: /s/ James S. Balloun

James S. Balloun
Chairman, President and
Chief Executive Officer

ACUITY BRANDS, INC.

EXECUTIVE BENEFITS TRUST

(Formerly, the National Service Industries, Inc.
Executive Benefits Trust)

Effective As Of November 30, 2001

ACUITY BRANDS, INC.
EXECUTIVE BENEFITS TRUST AGREEMENT

TABLE OF CONTENTS

	PAGE

ARTICLE 1: Definitions.....	3
ARTICLE 2: Creation of Trust.....	6
ARTICLE 3: Trustee Expense Account.....	8
ARTICLE 4: Benefit Account.....	9
ARTICLE 5: Payments from the Trust.....	12
ARTICLE 6: Management of Trust Assets.....	14
ARTICLE 7: Administrative Powers.....	17
ARTICLE 8: Insurance and Annuity Contracts.....	18
ARTICLE 9: Trustee's Powers After a Change in Control:.....	21
ARTICLE 10: Taxes, Expenses and Compensation of Trustee.....	22
ARTICLE 11: General Duties of Trustee.....	23
ARTICLE 12: Indemnification.....	23
ARTICLE 13: No Duty to Advance Funds.....	24
ARTICLE 14: Accounts.....	25
ARTICLE 15: Administration of the Transferred Plans; Communications.....	27
ARTICLE 16: Resignation or Removal of Trustee.....	28
ARTICLE 17: Amendment of Agreement; Termination of Trust.....	30
ARTICLE 18: Prohibition of Diversion.....	31
ARTICLE 19: Prohibition of Assignment of Interest.....	32
ARTICLE 20: Miscellaneous.....	32

ACUITY BRANDS, INC.

EXECUTIVE BENEFITS TRUST AGREEMENT

THIS ASSUMPTION AND AMENDMENT AGREEMENT, made as of the _____ day of November 2001, by and between Acuity Brands, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Company"), and Wachovia Bank, N.A., a national banking association organized and existing under the laws of the United States of America (hereinafter referred to as the "Trustee").

WITNESSETH:

WHEREAS, effective as of July 5, 1990, National Service Industries, Inc. ("NSI") and the Trustee established the National Service Industries, Inc. Executive Benefits Trust ("Prior Trust") to ensure that upon a change in control of NSI eligible participants and their beneficiaries would receive the benefits that NSI and its affiliates were obligated to provide them pursuant to certain designated employee benefit plans; and

WHEREAS, in connection with the spin-off of the Company from NSI, effective November 30, 2001 and pursuant to an Employee Benefits Agreement, dated as of November 30, 2001, between the Company and NSI, the Prior Trust is being transferred to, and assumed by, the Company in the form of this Executive Benefits Trust (hereinafter referred to as this "Trust"); and

WHEREAS, the Company has also established the Acuity Brands, Inc. Benefits Protection Trust (hereinafter referred to as the "Benefits Protection Trust") in order to ensure that "Participants" (as hereinafter defined) and their beneficiaries will receive the benefits which the Company and its "Affiliates" (as hereinafter defined) are obligated to provide for

them or which they reasonably anticipate receiving pursuant to the "Plans" (as hereinafter defined);

WHEREAS, the Company has adopted and, in some instances, its Affiliates may, prior to a "Change in Control" (as hereinafter defined) adopt, the Plans and, prior to a Change in Control, the Company and its Affiliates may adopt or enter into other plans or agreements, amend, modify or terminate any Plan in accordance with its terms or to comply with any changes in the law and increase the number of Participants in any such Plan;

WHEREAS, this Trust is not intended to be nor should it be construed as a grantor trust;

WHEREAS, upon a Change in Control, the Plans (the "Transferred Plans") and assets attributable to the Plans held in the Benefit Account of the Benefits Protection Trust will be irrevocably transferred to this Trust (the "Transfer") to be held for the benefit of Participants and their beneficiaries;

WHEREAS, the Trustee is not a party to the Transferred Plans;

WHEREAS, prior to the Transfer the aforesaid obligations of the Company are not funded;

WHEREAS, the Company has agreed to take steps to assure that the future payment of amounts under the Transferred Plans will not be improperly withheld or otherwise not paid following a Change in Control; and

WHEREAS, for purposes of assuring that such payments will not be improperly withheld or otherwise not paid, the Company desires: (a) by means of the Transfer to deposit with the Trustee amounts of cash, marketable securities or other security for the payment of benefits to Participants and their beneficiaries which are or may become payable under the

Transferred Plans and (b) to retain the right to deposit with the Trustee further amounts of cash, marketable securities or other security for the payment of amounts under such Transferred Plans as they may become due and payable.

NOW, THEREFORE, in consideration of the respective agreements of the Company and the Trustee contained herein, it is agreed as follows:

ARTICLE 1: DEFINITIONS.

1.1. "Affiliate" shall mean any corporation, partnership or other entity, the majority interest in which is held by the Company directly or through one or more intermediaries, which has been designated by the Company as participating in the Trust. The Affiliates are listed on Schedule 2.

1.2 The "Board" shall mean the Board of Directors of the Company.

1.3 "Change in Control" shall mean any of the following events:

(a) The acquisition (other than from the Company) by any "Person" (as the term person is used for purposes of Sections 13(d) or 14 (d) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of twenty percent (20%) or more of the combined voting power of the Company's then outstanding voting securities; or

(b) The individuals who, as of December 1, 2001, are members of the Board (the "Incumbent Board") cease for any reason to constitute at least two-thirds of the Board; provided, however, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Agreement, be considered as a member of the Incumbent Board; or

(c) A merger or consolidation involving the Company if the stockholders of the Company, immediately before such merger or consolidation do not, as a result of such merger or consolidation, own, directly or indirectly, more than seventy percent (70%) of the combined voting power of the then outstanding voting securities of the corporation resulting from such merger or consolidation in substantially the same proportion as their ownership of the combined voting power of the voting securities of the Company outstanding immediately before such merger or consolidation; or

(d) A complete liquidation or dissolution of the Company or an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Notwithstanding the foregoing, a change in Control shall not be deemed to occur pursuant to Section 1.3(a) of this Article 1, solely because twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities is acquired by (i) a trustee or other fiduciary holding securities under one or more employee benefit plans maintained by the Company or any of its subsidiaries or (ii) any corporation which, immediately prior to such acquisition, is owned directly or indirectly by the stockholders of the Company in the same proportion as their ownership of stock in the Company immediately prior to such acquisition (hereinafter referred to individually as a "Related Person" and collectively as "Related Persons").

1.4 "Company" shall mean Acuity Brands, Inc., its successors and assigns.

1.5 "Participants" shall mean active and former employees of the Company and/or of its Affiliates who are participants in, or who have a claim to receive benefits under, any of the Plans.

1.6 "Plans" shall mean the Executives' Deferred Compensation Plan, Supplemental Deferred Savings Plan, Supplemental Retirement Plan for Executives, Senior Management Benefit Plan, Severance Protection Agreements with senior corporate officers and division presidents, and any other plans or agreements that are adopted by the Company or its Affiliates prior to a Change in Control, in all cases as listed on Schedule 1 as may be amended from time to time prior to a Change in Control.

1.7 "Related Person" shall have the meaning set forth in the last paragraph of Section 1.3.

1.8 "Threatened Change in Control" shall mean the occurrence of any of the following events:

(a) when the Company is aware of or is contemplating, a proposal (a "Proposal") for any Person other than a Related Person (1) to acquire five percent (5%) or more of the voting power of the Company's outstanding securities, or (2) to merge or consolidate with another entity, transfer or sell assets of the Company, or liquidate or dissolve the Company, in each case described in this clause (2) in a transaction that would constitute a Change in Control; or

(b) any Person other than a Related Person,

(1) acquires five percent (5%) or more of the voting power of the Company's outstanding securities, other than as a holder whose investment in the Company is eligible to be reported on Schedule 13G pursuant to Rule 13d-1(b)(1) promulgated under the 1934 Act, or

(2) initiates a tender or exchange offer to acquire such number of securities as would result in such person holding twenty percent (20%) or more of the voting power of the Company's outstanding securities, or

(3) solicits proxies for votes to elect members of the Board at a shareholders' meeting of the Company.

1.9 "Threatened Change in Control Period" shall mean the period commencing on the date that a Threatened Change in Control has occurred and ending upon:

(a) the date the Proposal referred to in Section 1.8(a) of this Article 1 is abandoned;

(b) the acquisition of five percent (5%) of the voting power of the Company's outstanding securities by the Person referred to in Section 1.8(a)(1) if such acquisition does not constitute a Threatened Change in Control under Section 1.8(b)(1);

(c) the date when any person described in Section 1.8(b) of this Article, (1) shall own less than five percent (5%) of the voting power of the Company's outstanding securities, (2) shall have abandoned the tender or exchange offer, or (3) shall not have elected a member of the Board as the case may be; or

(d) the date a Change in Control occurs.

ARTICLE 2: CREATION OF TRUST.

2.1 The Company hereby adopts and assumes the Prior Trust and agrees to continue such trust as amended by this Agreement. The Trustee hereby agrees to continue as Trustee of the Trust. The Trust shall consist of two accounts, established by the Trustee, for purposes of accounting for funds delivered to the Trustee by the Company. One such account shall be known as the "Trustee Expense Account," and shall be used exclusively to pay the fees, expenses and indemnities due or incurred by the Trustee in accordance with the terms of this Agreement. The

other such account shall be known as the "Benefit Account," which is to be funded by the Company in accordance with Article 4, and shall be used to make payments under the Transferred Plans. Unless the Company directs otherwise, a separate Trustee Expense Account and Benefit Account shall be established for each Affiliate. The Benefit Account shall be divided into (i) separate sub-accounts for each Participant and beneficiary (the "Sub-Accounts") and (ii) a suspense account (the "Suspense Account"). The Sub-Accounts established hereunder are intended to comply with the separate accounts requirement of Section 404(a)(5) of the Internal Revenue Code of 1986, as amended (the "Code"), and Treasury Regulations promulgated thereunder. Funds in the Benefit Account will be allocated to the Suspense Account when they are not, or cannot be, credited to any Sub-Account, as the Trustee, in its discretion, determines. The Trustee, in its discretion, may at any time allocate or reallocate any funds held in the Benefit Account among any or all of the Sub-Accounts and the Suspense Account to the extent consistent with Section 404 (a) (5) of the Code.

The Trustee, for investment purposes only, may commingle all Trust assets and treat them as a single fund, but the records of the Trustee at all times shall show the percentages or assets of this Trust allocable to the Trustee Expense Account and the Benefit Account, including the percentages or assets allocable to the Sub-Accounts and Suspense Account.

2.2 The Company and the Trustee agree that this Trust created herein shall be revocable by the Company at any time prior to or subsequent to a Threatened Change in Control Period and prior to a Change in Control. This Trust shall not be revocable by the Company during a Threatened Change in Control Period or after the occurrence of a Change in Control. None of the assets and/or income of this Trust shall be subject to any claims by creditors of the

Company or any of its Affiliates. This Trust is not intended to be nor should it be construed as a grantor trust within the meaning of Section 671 of the Code.

2.3 Prior to a Change in Control, the Company and its Affiliates may add Transferred Plans to, and Participants in the Transferred Plans under which benefits are payable from, this Trust by amending Schedule 1 to the Benefits Trust and notifying the Trustee in writing. If the Company or its Affiliates amends any of the Transferred Plans, it shall send to the Trustee a copy of any such amendments and no consent of the Trustee to such amendments is required.

2.4 Notwithstanding anything contained in this Agreement to the contrary, upon a Change in Control cash and/or marketable securities, and all rights under any Letters of Credit, from the Benefits Protection Trust with respect to all Participants and their beneficiaries under the Transferred Plans shall promptly and irrevocably be transferred from the Benefits Protection Trust and delivered to this Trust. Upon the Transfer, the Trustee will have possession and control of the assets so transferred (together with any other assets) of this Trust and all of the income therefrom to hold, administer and dispose of the same on the terms and conditions set forth herein on behalf of Participants and their beneficiaries.

ARTICLE 3: TRUSTEE EXPENSE ACCOUNT.

3.1 At any time, the Company shall have the unlimited right to deliver cash and/or marketable securities reasonably acceptable to the Trustee to be credited to the Trustee Expense Account. Any amount (together with the income attributable thereto) which is credited to the Trustee Expense Account may be withdrawn by the Company by written notice to the Trustee at any time prior to or subsequent to a Threatened Change in Control Period and prior to a Change in Control. Notwithstanding anything contained in this Agreement to the contrary, the Company shall not have the right to make any withdrawal from this Trust during a Threatened Change in Control Period or after the occurrence of a Change in Control.

ARTICLE 4: BENEFIT ACCOUNT.

4.1 Immediately upon the occurrence of a Change in Control, the Company shall contribute sufficient cash or marketable securities to the Benefit Account in an amount equal to the difference between the assets transferred to this Trust pursuant to the Transfer and the amount necessary (i) to pay all payments and benefits to which Participants would be entitled (whether payable currently or on a deferred basis) pursuant to the terms of the Transferred Plans as of the date of the Change in Control and (ii) to pay the additional payments and benefits that would be due Participants under the Transferred Plans assuming the Participants' employment were terminated involuntarily by the Company without cause immediately following the date on which the Change in Control occurred. The amount the Company shall contribute to the Trust pursuant to this Section 4.1 shall be determined by the Trustee in its discretion. If the Company fails to contribute the amount to the Trust required by this Section 4.1 within five (5) days of the occurrence of the Change in Control, the Trustee shall commence legal action as provided in Section 9.4. Upon a Change in Control, the Trustee will have possession and control of the assets transferred (together with any other assets) of this Trust and all of the income therefrom to hold, administer and dispose of the same on the terms and conditions set forth herein on behalf of the Participants and their beneficiaries.

4.2 At any time, the Company and any Affiliate shall have the unlimited right to deliver cash and/or marketable securities reasonably acceptable to the Trustee to be credited to the Benefit Account to be allocated to any or all of the Sub-Accounts and/or the Suspense Account as the Trustee, in its, discretion, determines. Any such delivery shall be accepted by the Trustee and shall be accompanied by a designation of (i) the Transferred Plan or Transferred Plans under the provisions of which such funds are to be disbursed and if more than one Transferred Plan is being funded, the amount being allocated in respect of each Transferred Plan

and (ii) to which Participant or Participants or beneficiary or beneficiaries the funds are being allocated and if more than one Participant or beneficiary is designated, the amount being allocated to each Participant or beneficiary. Such delivery shall be credited to a separate Sub-Account for each Participant or beneficiary in respect of which funds are being provided and any amount not credited to a Sub-Account shall be credited to the Suspense Account. If no such designation is made by the Company and any Affiliate, the Trustee has discretion to determine how the funds are to be allocated. Any amount (together with the income attributable thereto) contributed by the Company and any Affiliate to the Benefit Account may be withdrawn by the Company and any Affiliate at any time prior or subsequent to a Threatened Change in Control Period and prior to a Change in Control.

4.3 After the occurrence of a Change in Control, if the Trustee determines that the funds in the Benefit Account (including any Sub-Account) are insufficient to fully pay all benefits under the Transferred Plans as described in Section 4.1 and any taxes imposed or levied with respect to the assets and/or income of this Trust, as provided under Section 10.1 of Article 10, the Trustee with respect to the Benefit Account shall, and with respect to any Sub-Account may, make a written demand on the Company to provide funds in an amount determined at least quarterly by the Trustee in its discretion. The Company shall transfer such funds within fifteen (15) days from the time the written demand is mailed. If the Trustee fails to deposit the amounts in the Trust required by this Section 4.3 within fifteen (15) days of the Trustee's written demand, the Trustee shall commence legal action as provided in Section 9.4.

4.4 (a) In addition to the cash and/or other property delivered to, and deposited with, the Trustee pursuant to Article 3 and Sections 4.1, 4.2 and 4.3, the Company may deliver to the Trustee one or more letters of credit (referred to hereinafter as the "Letter(s) of Credit") which

shall (i) be irrevocable for a period of at least 364 days, (ii) be renewable by the Company on substantially the same terms and conditions at the end of such period unless the issuer provides to the Company and the Trustee not less than 90 calendar days' written notice prior to the expiration date that any Letter(s) of Credit will not be renewed, and (iii) name the Trustee as beneficiary. A Letter of Credit shall enable the Trustee to draw directly from the issuer of such Letter of Credit, immediately upon notice and without any other requirement, an amount equal to the excess of 100% of the amount the Trustee has demanded the Company contribute to the Trust pursuant to Article 3 and Sections 4.1, 4.2 and 4.3, as determined by the Trustee, over the value of all other assets of the Trust, subject, however, to the maximum amount of the Letters of Credit.

(b) The Trustee shall draw on each Letter of Credit held by it to the full extent thereof no later than three (3) business days following the failure by the Company to contribute to the Trust the amounts demanded by the Trustee pursuant to Article 3 and Sections 4.1, 4.2 and 4.3.

(c) If the Trustee receives written notice from an issuer referencing a Letter of Credit by number which is signed by an officer of the issuer of such Letter of Credit, that such Letter of Credit will not be renewed on substantially the same terms and conditions, then the Trustee shall notify the Company in writing that it has received such notice.

(d) Notwithstanding (a) above, the Trustee shall not draw on any Letter of Credit pursuant to subparagraph (a), to the extent that the Company has deposited in the Trust 100% of the amount the Trustee has demanded the Company to contribute to the Trust pursuant to Article 3 and Sections 4.1, 4.2 and 4.3, as determined by the Trustee.

ARTICLE 5: PAYMENTS FROM THE TRUST.

5.1 The Company shall, from time to time, furnish the Trustee with such written information regarding the Participants and beneficiaries under the Transferred Plans and the amount and/or method of determination of benefits under the Transferred Plans (hereinafter referred to as "Participant Data") as the Company deems relevant or as the Trustee shall request in writing. The Company shall, after a Change in Control, furnish the Trustee with such Participant Data and other information as the Trustee may from time to time request within thirty (30) days of such request. The Company shall, from time to time, but not less frequently than annually, update Participant Data with respect to all Transferred Plans.

After a Change in Control and notwithstanding anything contained in this Agreement to the contrary, the Trustee shall, without direction from the Company make payments to Participants and beneficiaries in such manner and in such amounts as the Trustee shall determine they are entitled to be paid under the Transferred Plans based on the most recent Participant Data furnished to the Trustee by the Company and any supplemental information furnished to the Trustee by a Participant or beneficiary upon which the Trustee may reasonably rely in making such determination. The Trustee shall have the power to interpret the provisions of the Transferred Plans and this Agreement in making its determination. Payments to a Participant or beneficiary shall be made from the Participant's Sub-Account. To the extent that the Trustee determines that the funds available in a Participant's Sub-Account is not sufficient to provide for the payment of all amounts otherwise payable to him or her as provided under this Section 5.1, the Trustee shall use the funds credited to the Suspense Account, to the extent available, for the payments due. To the extent that the Trustee determines that there still remains an insufficiency in funds available for the

Participant's or beneficiary's payment, the Trustee shall make a written demand on the Company to provide the necessary funds, as provided under Article 4. In the event that the Company refuses to transfer such funds within fifteen (15) days from the time the written demand is mailed, the amount otherwise payable to each such Participant or beneficiary during every month of the insufficiency of funds shall be multiplied by a fraction, the numerator of which is the amount of funds then available in the Benefit Account for the payment of benefits under the Transferred Plans and the denominator of which is the total of the benefits payable prior to such reduction during such month to all Participants and beneficiaries under the Transferred Plans.

5.2 Within a reasonable time following presentment to the Trustee by a Participant or beneficiary of reasonable written evidence satisfactory to the Trustee that such Participant or beneficiary will or has taxable income as a result of his or her interest in this Trust with respect to any Transferred Plan, then the Trustee shall make a payment (the "Tax Payment") to such Participant or beneficiary or to the appropriate taxing authority if applicable from the Benefit Account equal to the product of (i) the amount of such taxable income and (ii) the maximum individual tax rates for the taxable year in respect of which such taxable income will be, or has been, recognized for federal, state and local income taxes, as the case may be, taking into account the deductibility from federal income taxes of any applicable state and local taxes. The payment or payments that a Participant or beneficiary receives from the Benefit Account in respect of any Transferred Plan (other than Tax Payments) shall be reduced, in the manner determined by the Trustee, so that the present value of such payment or payments in respect of the Transferred Plan equal the present value of the total payment or payments the Participant or beneficiary would have been entitled to receive in respect of the Transferred Plan had this Trust

not been established, reduced by the amount of the Tax Payments previously made in respect of the Transferred Plan. For this purpose, present value shall be determined as of the date (the "Determination Date") of the payments or the payment of the first in a series of installment payments, in respect of the Transferred Plan, using an interest rate assumption equal to the Pension Benefit Guaranty Corporation's immediate annuity rate in effect for single employer plans terminating on the Determination Date and any other assumptions the Trustee deems reasonable and appropriate.

5.3 If the Trustee, in its discretion, determines that a Participant or beneficiary no longer has any interest or entitlement (contingent or otherwise) under this Trust because he or she has been fully paid all amounts due under all Transferred Plans or otherwise, any amount that remains credited to the Participant's Sub-Account shall be reallocated to any or all of the Sub-Accounts or Suspense Account as the Trustee, in its discretion, determines but consistent with complying with the "separate account" requirements referred to in Section 2.1.

ARTICLE 6: MANAGEMENT OF TRUST ASSETS.

6.1 Prior to a Change in Control, this Trust's assets shall be held, invested and reinvested by the Trustee as designated by the written direction of the Company from time to time. The Trustee shall not be under any duty, or have any right, to question any such directions of the Company or to review any securities or other property held pursuant to such direction, or to make any suggestions to the Company in connection therewith; and the Trustee shall as promptly as practicable comply with any directions given by the Company hereunder. The Trustee shall not be liable for following the directions from the Company prior to a Change in Control if there is a loss due to investments directed by the Company. In exercising the powers of the Company under this Section 6.1, the Company shall act by its Corporate Treasurer or his

written designees, each of whom is fully authorized to exercise such powers. The Trustee may, and shall, follow the written directions signed by said Corporate Treasurer or such designees.

6.2 In the absence of written direction of the Company, the Trustee shall invest the assets as if a change in Control had occurred as provided in Section 6.3 and Article 9.

6.3 After the occurrence of a Change in Control, the Trustee shall have exclusive authority and discretion to manage and control this Trust's assets and may employ investment managers, including affiliates of the Trustee to manage the investment of this Trust's assets. Pursuant to such authority and discretion, the Trustee may exercise, from time to time and at any time, the power:

(a) to invest and reinvest this Trust, without distinction between principal and income, in shares of stock (whether common or preferred) or other evidences of ownership, bonds, debentures, notes or other evidences of indebtedness, unsecured or secured by mortgages on real or personal property wherever situated (including any part interest in a bond and mortgage or note and mortgage whether insured or uninsured) and other property, or part interest in property, real or personal, interests in common or collective funds maintained by the Trustee or an affiliate of the Trustee, foreign or domestic, and in order to reduce the rate of interest rate fluctuations, contracts, as either buyer or seller, for the future delivery of United States Treasury securities and comparable federal-government-backed securities;

(b) to sell, convey, redeem, exchange, grant options for the purchase or exchange of, or otherwise dispose of, any real or personal property, at public or private sale, for cash or upon credit, with or without security, without obligation on the part of any person dealing with the Trustee to see to the application of the proceeds of or to inquire into the validity, expediency or propriety of any such disposition;

(c) to exercise, personally or by general or limited proxy, the right to vote any shares of stock, bonds or other securities held in this Trust, to delegate discretionary voting power to trustees of a voting trust for any period of time, and to exercise, personally or by power of attorney, any other right appurtenant to any securities or other property of this Trust;

(d) to join in or oppose any reorganization, recapitalization, consolidation, merger or liquidation, or any plan therefor, or any lease, mortgage or sale of the property of any organization the securities of which are held in this Trust; to pay from this Trust any assessments, charges or compensation specified in any plan of reorganization, recapitalization, consolidation, merger or liquidation; to deposit any property with any committee or depository; and to retain any property allotted to this Trust in any reorganization, recapitalization, consolidation, merger, or liquidation;

(e) to exercise or sell any conversion or subscription or other rights appurtenant to any stock, security or other property held in this Trust;

(f) to borrow from any lender (including the Trustee in its individual capacity) money, in any amount and upon any reasonable terms and conditions, for purposes of this Agreement, and to pledge or mortgage any property held in this Trust to secure the repayment of any such loan;

(g) to compromise, settle or arbitrate any claim, debt, or obligation of or against this Trust; to enforce or abstain from enforcing any right, claim, debt or obligation and to abandon any property determined by it to be worthless;

(h) to make loans of securities held in this Trust to registered brokers and dealers upon such terms and conditions as are permitted by applicable law and regulations, and in each instance to permit the securities so lent to be registered in the name of the borrower or a

nominee of the borrower, provided that in each instance the loan is adequately secured and neither the borrower nor any affiliate of the borrower has discretionary authority or control with respect to the assets of this Trust involved in the transaction or renders investment advice with respect to those assets; and

(i) to invest and reinvest any property in this Trust in any other form or type of investment not specifically mentioned in this Section.

ARTICLE 7: ADMINISTRATIVE POWERS.

The Trustee shall have and in its sole and absolute discretion may exercise from time to time and at any time the following administrative powers and authority with respect to this Trust:

7.1 To hold property of this Trust in its own name or in the name of a nominee or nominees, without disclosure of this Trust, or in bearer form so that it will pass by delivery, but no such holding shall relieve the Trustee of its responsibility for the safe custody and disposition of this Trust in accordance with the provisions of this Agreement; the Trustee's books and records shall at all times show that such property is part of this Trust; and the Trustee shall be absolutely liable for any loss occasioned by the acts of its nominee or nominees with respect to securities registered in the name of the nominee or nominees.

7.2 To organize and incorporate under the laws of any state it may deem advisable one or more corporations (and to acquire an interest in any such corporation that it may have organized and incorporated) for the purpose of acquiring and holding title to any property, interests or rights that the Trustee is authorized to acquire under Article 6 hereof.

7.3 To employ in the management of this Trust suitable agents, without liability for any loss occasioned by any such agents selected by the Trustee with the care, skill, prudence and

diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

7.4 To make, execute and deliver, as Trustee, any deeds, conveyances, leases, mortgages, contracts, waivers or other instruments in writing that the Trustee may deem necessary or desirable in the exercise of its powers under this Agreement.

7.5 To administer this Trust, including the establishment and maintenance of the Sub-Accounts and Suspense Account, to ensure that payments made to this Trust by the Company are deductible by the Company under Section 404(a)(5) of the Code; provided, that such administration shall not adversely effect the interests of the Participants and beneficiaries.

7.6 To reallocate at any time excess funds from any and all of the Sub-Accounts among the Sub-Accounts or Suspense Account, as provided under Article 5, and from the Suspense Account to any and all of the Sub-Accounts, as provided under Article 2.

7.7 To pay any federal, state, local or other taxes imposed or levied with respect to the assets and/or income of this Trust out of the Benefit Account and to file all federal, state and local tax or information returns relating to this Trust.

7.8 To draw upon any Letter of Credit provided pursuant to Section 4.4 and to make demand upon the issuer of any Letter of Credit to pay amounts directly to the Trust.

7.9 To do all other acts that the Trustee may deem necessary or proper to carry out any of the powers set forth in this Agreement or otherwise in the best interests of this Trust.

ARTICLE 8: INSURANCE AND ANNUITY CONTRACTS.

8.1 The Trustee, upon written direction of the Company prior to a Change in Control, shall pay from the Benefit Account such sums to such insurance company or companies as the Company may direct for the purpose of procuring participating or nonparticipating insurance

and/or annuity contracts for the Transferred Plans (hereinafter referred to as "Contracts"). The Company shall prepare, or cause to be prepared in such form as it shall prescribe, the application for any Contract to be applied for. The Trustee shall receive and hold in this Trust, subject to the provisions hereinafter set forth in this Article 8, all Contracts so obtained.

8.2 The Trustee shall be the complete and absolute owner of Contracts held in this Trust and, upon written direction of the Company prior to a Change in Control, shall have power, without the consent of any other person, to exercise any and all of the rights, options or privileges that belong to the absolute owner of any Contract held in this Trust or that are granted by the terms of any such Contract or by the terms of this Agreement. Prior to a Change in Control, the Trustee shall have no discretion with respect to the exercise of any of the foregoing powers or the taking of any other action permitted by any Contract held in this Trust, but shall exercise such powers or take such action only upon the written direction of the Company and the Trustee shall have no duty to exercise any of such powers or to take any such action unless and until it shall have received such direction. After a Change in Control, the Trustee shall exercise, without directions from the Company, any and all of the rights, options or privileges that belong to the absolute owner of any Contract held in this Trust or that are granted by the terms of any such Contract or by the terms of this Agreement. The Trustee, upon the written direction of the company prior to a Change in Control, shall deliver any Contract held in this Trust to such person or persons as may be specified in the direction.

8.3 The Trustee shall hold in this Trust the proceeds of any sale, assignment or surrender of any Contract held in this Trust and any and all dividends and other payments (including death benefits) of any kind received in respect of any Contract held in this Trust.

8.4 Upon the written direction of the Company prior to a Change in Control, the Trustee shall pay from the Benefit Account, premiums, assessments, dues, charges and interest, if any, upon any Contract held in this Trust. The Trustee shall have no duty to make any such payment unless and until it shall have received such direction. After a Change in Control, the Trustee shall pay from the Benefit Account premiums, assessments, dues, charges and interest, if any, upon any Contract held in this Trust, without direction from the Company.

8.5 No insurance company that may issue any Contract or Contracts held in this Trust shall be deemed to be a party to this Agreement for any purpose, or to be responsible in any way for the validity of this Agreement or to have any liability under this Agreement other than as stated in each Contract that it may issue. Any insurance company may deal with the Trustee as sole owner of any Contract issued by it and held in this Trust without inquiry as to the authority of the Trustee to act, and may accept and rely upon any written notice, instruction, direction, certificate or other communication from the Trustee believed by it to be genuine and to be signed by an officer of the Trustee and shall incur no liability or responsibility for so doing. Any sums paid out by any insurance company under any of the terms of a Contract issued by it and held in this Trust either to the Trustee, or, in accordance with the direction of the Trustee, to any other person or persons designated as payees in such Contract shall be a full and complete discharge of the liability to pay such sums, and the insurance company shall have no obligation to look to the disposition of any sums so paid. No insurance company shall be required to review the terms of this Agreement, to question any action of the Trustee or to ensure that any action of the Trustee is authorized by the terms of this Agreement.

8.6 Notwithstanding anything contained herein to the contrary, neither the Company nor the Trustee shall be liable for the refusal of any insurance company to issue or change any

Contract or Contracts or to take any other action requested by the Trustee; nor for the form, genuineness, validity, sufficiency or effect of any Contract or Contracts held in this Trust; nor for the act of any person or persons that may render any such Contract or Contracts null and void; nor for the failure of any insurance company to pay the proceeds and avails of any such Contract or Contracts as and when the same shall become due and payable; nor for any delay in payment resulting from any provision contained in any such Contract or Contracts; nor for the fact that for any reason whatsoever (other than their own negligence or willful misconduct) any Contract or Contracts shall lapse or otherwise become uncollectable.

ARTICLE 9: TRUSTEE'S POWERS AFTER A CHANGE IN CONTROL:

9.1 After a Change in Control, the Trustee shall exercise for the sole benefit of Participants and their beneficiaries any of the powers set forth in Section 6.3 and Sections 8.2 through 8.6 without direction from the Company, including the power to negotiate for and purchase Contracts whose rates of return and maturity dates may reasonably be expected to permit the Trust to discharge any or all of the obligations of the Company and its Affiliates under the Transferred Plans.

9.2 As soon as practicable following a Change in Control, the Trustee shall notify in writing each Participant and beneficiary of the amount of his or her benefit (accrued or contingent) under the Transferred Plans. Thereafter, the Trustee shall provide each Participant or his or her beneficiary by March 1 of each year, with an account statement (the "Account Statement") as of December 31 of the prior calendar year. The Account Statement shall contain a statement of the amount of benefit payments to which the Participant is or may be entitled, a summary of the assets of the Trust, the amount credited to the Participant's Sub-Account, and a statement notifying the Participant or beneficiary that he or she has the right to receive or examine a copy of this Agreement and examine the Trustees account filed with the Company

pursuant to Section 14.1. In addition, the Trustee shall notify each Participant or beneficiary of any failure by the Company to provide the Participant Data referred to in Section 5.1 or to make contributions pursuant to Articles 3 and 4.

9.3 After a Change in Control, the Trustee shall bill the Company directly, on a monthly basis, for all fees and expenses described in Section 10.2. If the Company fails to pay such amounts within thirty (30) days, the Trustee shall commence legal action as provided in Section 9.4

9.4 After a Change in Control, if the Company fails to transfer to, and deposit in, the Trust the amounts required by Articles 3 and 4, and Sections 9.3 and 10.1, within the time period demanded by the Trustee, the Trustee shall commence legal action to compel the Company to pay such amounts to the Trust, and (ii) the Company shall be required to contribute within 10 days of commencement of such action an additional amount to the Trust to pay for the costs and expenses, including legal fees, of such action. The Trustee shall have the power and authority to hire legal counsel of its choice to pursue such legal action against the Company and the costs of such legal counsel shall be paid from the Trust.

ARTICLE 10: TAXES. EXPENSES AND COMPENSATION OF TRUSTEE.

10.1 The Company shall pay any federal, state, local or other taxes imposed or levied with respect to the assets and/or income of this Trust or any part thereof unless paid by the Trustee out of the Benefit Account.

10.2 The Trustee shall be reimbursed by the company on a monthly basis, or on such other basis as the Trustee deems reasonable, for the fees and expenses set forth in Schedule 3 to the Benefits Trust and its reasonable expenses, including but not limited to the retention of legal counsel, accountants and actuaries and such other professionals as the Trustee determines are necessary or appropriate to enable it to perform its services as Trustee.

ARTICLE 11: GENERAL DUTIES OF TRUSTEE.

11.1 The Trustee shall discharge its duties under this Agreement solely in the interest of the Participants and their beneficiaries and (a) for the exclusive purpose of providing benefits to such Participants and their beneficiaries and defraying reasonable expenses of administering this Trust; and (b) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

11.2 (a) The Company shall notify the Trustee of any facts of which its officers have knowledge which have caused the occurrence of a Change in Control.

(b) The Trustee is responsible for ascertaining whether a Change in Control has occurred.

11.3 The Trustee may consult with counsel, who may be counsel for the Company prior to a Change in Control or for the Trustee in its individual capacity, and shall not be deemed imprudent by reason of its taking or refraining from taking any action in accordance with the opinion of counsel.

ARTICLE 12: INDEMNIFICATION.

12.1 The Company agrees, to the extent permitted by law, to indemnify and hold the Trustee harmless from and against any liability that the Trustee may incur in the administration of this Trust (including attorneys' fees and expenses), unless arising from the Trustee's own gross negligence, willful misconduct, or willful breach of the provisions of its obligations under this Agreement. The Trustee shall not be required to give any bond or any other security for the faithful performance of its duties under this Agreement, except as required by law.

12.2 Any amount payable to the Trustee under this Article 12 and not previously paid by the Company shall be paid by the Company promptly upon written demand therefor by the

Trustee or, if the Company fails to make payment within fifteen (15) days after receipt of such written demand, from the Trustee Expense Account, and, if the Trustee Expense Account is insufficient, then from the Benefit Account.

In the event that payment is made hereunder to the Trustee from the Trustee Expense Account or Suspense Account, the Trustee shall promptly notify the Company in writing of the amount of such payment. The Company agrees that, upon receipt of such notice, it will deliver to the Trustee to be held in this Trust an amount in cash (or in marketable securities or in some combination thereof) equal to any payments made from this Trust to the Trustee pursuant to this Article 12. The failure of the Company to transfer any such amount shall not in any way impair the Trustee's right to indemnification, reimbursement and payment pursuant to this Article 12. The provisions of this Article 12 shall survive the termination of this Agreement.

12.3 Nothing in this Article 12 shall require the Company to indemnify the Trustee with respect to any Letter of Credit (as described in Section 4.4) which the Trustee or any affiliate may issue in its commercial capacity, nor may any assets of the Trust be used to repay the Trustee or any affiliate for amounts the Trustee or any affiliate may pay pursuant to any Letter of Credit.

ARTICLE 13: NO DUTY TO ADVANCE FUNDS.

Nothing contained in this Agreement shall require the Trustee to risk or expend its own funds in the performance of the duties of the Trustee hereunder. In the acceptance and performance of its duties hereunder, the Trustee acts solely as trustee and not in its individual capacity, and all persons, other than the Company, having any claim against the Trustee related to this Agreement or the actions or agreements of the Trustee contemplated hereby

shall look solely to this Trust for the payment or satisfaction thereof unless the Trustee has failed to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims. The provisions of this Article 13 shall not limit in any way the obligations and responsibilities of the Trustee or any affiliate pursuant to a Letter of Credit (as described in Section 4.4) and the rights of the Trustee to draw upon any Letter of Credit issued by the Trustee or any affiliate shall be as provided in such Letter of Credit.

ARTICLE 14: ACCOUNTS.

14.1 (a) The Trustee shall keep accurate and detailed accounts of all its receipts, investments and disbursements under this Agreement on a fiscal year basis ending on each August 31 and for purposes of the Account Statement pursuant to Section 9.2. Such person or persons as the Company shall designate shall be allowed to inspect the books of account relating to this Trust upon request at any reasonable time during the business hours of the Trustee.

(b) Within sixty (60) days after the close of each fiscal year, the Trustee shall transmit to the Company, and certify the accuracy of, a written statement of the assets and liabilities of this Trust, showing the current value of each asset at that date, and a written account of all the Trustee's transactions relating to this Trust during the period from the last previous accounting to the close of that year. For the purposes of this subsection, the date of the Trustee's resignation or removal as provided in Article 16 or the date of termination of this Trust as provided in Article 17 shall be deemed to be the close of a year.

(c) Unless the Company shall have filed with the Trustee written exceptions or objections to any such statement and account within one-hundred and twenty (120) days after

receipt thereof, the Company shall be deemed to have approved such statement and account, and in such case or upon the written approval by the Company of any such statement and account, the Trustee shall, to the extent permitted by law, be forever released and discharged with respect to all matters and things contained in such statement and account as though it had been settled by decree of a court of competent jurisdiction in an action or proceeding to which the company and all persons having any beneficial interest in this Trust were parties.

14.2 The Trustee shall determine the fair market value of this Trust on a quarterly basis. If there is a diminution in value of the Trustee Expense Account below the required amount set forth in Section 3.1 after the occurrence of a Change in Control, the Company shall provide the Trustee with sufficient funds to make up for any such diminution in value within fifteen (15) days after written demand by the Trustee for such payment. No resignation pursuant to the foregoing provisions of this Section 14.2 may take effect after the occurrence of a Change in Control.

14.3 Nothing contained in this Agreement or in the Transferred Plans shall deprive the Trustee of the right to have a judicial settlement of its accounts. In any proceeding for a judicial settlement of the Trustee's accounts or for instructions in connection with this Trust, the only other necessary party thereto in addition to the Trustee shall be the Company. If the Trustee so elects, it may bring in as a party or parties defendant any other person or persons. No person interested in this Trust, other than the Company or at least twenty-five percent (25%) of the Participants and beneficiaries, shall have a right to compel an accounting, judicial or otherwise, by the Trustee, and each such person shall be bound by all accountings by the Trustee to the Company, as herein provided, as if the account had been settled by decree of a court of competent jurisdiction in an action or proceeding to which such person was a party.

ARTICLE 15: ADMINISTRATION OF THE TRANSFERRED PLANS; COMMUNICATIONS.

15.1 Prior to a Change in Control, the Company shall administer the Transferred Plans as provided therein and subject to Article 5, Article 6, and Article 9, or subject to any other delegation, by the Company and assumption by the Trustee of the duties of administering the Transferred Plans, the Trustee shall not be responsible in any respect for administering the Transferred Plans nor shall the Trustee be responsible for the adequacy of this Trust to meet and discharge all payments and liabilities under the Transferred Plans. The Trustee shall be fully protected in relying upon any written notice, instruction, direction or other communication consistent with the terms of this Agreement signed by an officer of the Company designated pursuant to this Agreement. The Company, from time to time, shall furnish the Trustee with the names and specimen signatures of the designated officers of the Company and shall promptly notify the Trustee of the termination of office of any designated officer of the Company and the appointment of a successor thereto. Until notified to the contrary, the Trustee shall be fully protected in relying upon the most recent list of the designated officers of the Company furnished to it by the Company.

15.2 Any action required by any provision of this Agreement to be taken by the Board shall be evidenced by a resolution of such Board certified to the Trustee by the Secretary or an Assistant Secretary of the Company under its corporate seal, and the Trustee shall be fully protected in relying upon any resolution so certified to it. Unless other evidence with respect thereto has been specifically prescribed in this Agreement, any other action of the Company under any provision of this Agreement, including any approval of or exceptions to the Trustee's accounts, shall be evidenced by a certificate signed by an officer of the Company, and the Trustee shall be fully protected in relying upon such certificate. The Trustee may accept a certificate signed by an officer of the Company as proof of any fact or matter that it deems

necessary or desirable to have established in the administration of this Trust (unless other evidence of such fact or matter is expressly prescribed herein), and the Trustee shall be fully protected in relying upon the statements in the certificate.

15.3 The Trustee shall be entitled conclusively to rely upon any written notice, instruction, direction, certificate or other communication consistent with the terms of this Agreement believed by it to be genuine and to be signed by the proper person or persons.

15.4 Until written notice is given to the contrary, communications to the Trustee shall be sent to such individual at such address as may be designated in writing by the Trustee; communications to the Company shall be sent to it at its office at 1420 Peachtree Street, N.E., Atlanta, Georgia, Attention: Ken Murphy, facsimile 404-853-1015, with a copy to William J. Vesely, Jr., Kilpatrick Stockton LLP, facsimile 404-815-6555 (or to such other individuals or addresses as may be designated by the Company).

ARTICLE 16: RESIGNATION OR REMOVAL OF TRUSTEE.

16.1 The Trustee may resign at any time, other than during a Threatened Change in Control Period or following the occurrence of a Change in Control, upon six (6) months' written notice to the Company or such shorter period as is acceptable to the Company (hereinafter referred to as the "Resignation Period") and immediately after the Resignation Period shall have no further duties hereunder. The Trustee will have no duty to find or secure the appointment of a successor upon its resignation pursuant to this Section nor shall its resignation or its termination of any further duties be contingent upon the appointment and qualification of a successor. Promptly after receipt of such notice, the Company shall appoint a successor trustee, such trustee to become Trustee upon its acceptance of this Trust.

16.2 During a Threatened Change in Control Period or after the occurrence of a Change in Control, the Trustee may resign only if a final decision of a court of competent

jurisdiction removes the Trustee by reason of such court's determination of the existence of a conflict of interest which prevents the Trustee from properly performing its duties hereunder. The Trustee agrees to use its best efforts to avoid any such conflict. For the purpose of this Agreement, the decision of a court shall not be deemed to be final unless the decision is not appealable, or no appeal has been taken from the decision and the time for an appeal has expired. Notwithstanding the foregoing provisions of this Section 16.2, such resignation shall not be effective unless the Trustee has obtained the agreement of a bank to act as successor trustee which bank (1) is among the 100 largest banks in the United States, as measured by assets, and (2) served or then currently serves as the trustee for similar trusts and understands its obligations under such similar trusts. In any event, the Trustee shall continue to be custodian of this Trust until the new trustee is in place, and the Trustee shall be entitled to expenses and fees through the later of the effective date of its resignation as Trustee or the end of its custodianship of this Trust's assets.

16.3 Other than during a Threatened Change in Control Period or after the occurrence of a Change in Control, the Company may remove the Trustee upon thirty (30) days' written notice to the Trustee, or upon shorter notice if acceptable to the Trustee. Such removal shall become effective, however, only upon the occurrence of all of the following events:

- (a) The appointment by the Company of a successor trustee;
- (b) The acceptance of the Trust by the successor trustee; and
- (c) The delivery of this Trust's assets to the successor trustee.

16.4 Each successor trustee shall have the powers and duties conferred upon the Trustee in this Agreement, and the term "Trustee" as used in this Agreement shall be deemed to include any successor trustee. Upon designation or appointment of a successor trustee, the

Trustee shall transfer and deliver this Trust to the successor trustee, reserving such reasonable sums as the Trustee shall deem necessary to defray its expenses in settling its accounts, to pay any of its compensation due and unpaid and to discharge any obligation of this Trust for which the Trustee may be liable. If the sums so reserved are not sufficient for these purposes, the Trustee shall be entitled to recover the amount of any deficiency from either the Company or the successor trustee, or both. When this Trust shall have been transferred and delivered to the successor trustee and the accounts of the Trustee have been settled as provided in Article 14, the Trustee shall be released and discharged from all further accountability or liability for this Trust and shall not be responsible in any way for the further disposition of this Trust or any part thereof.

16.5 Notwithstanding anything to the contrary, in the event it resigns or is removed, the Trustee shall have a right to have its accounts settled as provided in Article 14.

ARTICLE 17: AMENDMENT OF AGREEMENT; TERMINATION OF TRUST.

17.1 Subject to Section 17.2 of this Article 17, the Company expressly reserves the right at any time, other than during a Threatened Change in Control Period or after the occurrence of a Change in Control, to amend in writing or terminate this Agreement and this Trust created thereby to any extent that it may deem advisable. No amendment shall be made without the Trustee's consent thereto in writing (whose consent shall not be unreasonably withheld) if, and to the extent that, the effect of such amendment is to materially increase the Trustee's responsibilities hereunder. Such proposed amendment shall be delivered to the Trustee as a written instrument of amendment, duly executed and acknowledged by the Company. The Company also shall deliver to the Trustee a copy of any modifications or amendments to the Transferred Plans. The Trustee's consent shall not be required for the termination of this Trust

pursuant to this Section 17.1, its removal as Trustee, the amendment of any of the Plans, or the increase in the number of Participants.

17.2 Notwithstanding anything contained herein to the contrary, other than as provided in Section 17.4, the provisions of this Agreement and this Trust created thereby shall not be amended or terminated by the Company or the Trustee during a Threatened Change in Control Period or after the occurrence of a Change in Control.

17.3 In the event the Company terminates this Trust other than during a Threatened Change in Control Period or after the occurrence of a Change in Control, the Trustee shall reserve such sums it deems necessary to pay its fees and expenses, and shall distribute all remaining assets of this Trust in accordance with the written directions of the Company, and the Trustee shall provide the Company with a final written accounting to the Company in accordance with Article 14 hereof.

17.4 After the occurrence of a Change in Control, this Trust shall only be terminated on the first to occur of either (a) the date on which the last Participant or beneficiary has received his or her benefits under the Transferred Plans or (b) the twenty-first anniversary of the death of the last survivor of the Participants or their beneficiaries who are in being on the date of this Agreement. Upon termination of this Trust, the Trustee shall have a right to have its account settled as provided in Article 14 hereof. Only upon termination of this Trust, and after payment of all fees, expenses and indemnities due to or incurred by the Trustee hereunder, any remaining portion of this Trust shall be promptly paid to the Company.

ARTICLE 18: PROHIBITION OF DIVERSION.

Except as provided in Sections 3.3, 4.2 and 17.4, at no time prior to the satisfaction of all liabilities with respect to Participants and their beneficiaries under this Trust shall any part

of the corpus and/or income of this Trust be used for, or diverted to, purposes other than for the exclusive benefit of such Participants and their beneficiaries, and the assets of this Trust shall never inure to the benefit of the Company or its creditors (except the Participants and beneficiaries) and shall be held for the exclusive purposes of providing benefits to Participants in the Transferred Plans and their beneficiaries and defraying reasonable expenses of administering the Transferred Plans or performing any of the Trustee's duties under this Agreement.

ARTICLE 19: PROHIBITION OF ASSIGNMENT OF INTEREST.

No interest, right or claim in or to any part of this Trust or any payment therefrom shall be assignable, transferable or subject to sale, mortgage, pledge, hypothecation, commutation, anticipation, garnishment, attachment, execution or levy of any kind, and the Trustee shall not recognize any attempt to assign, transfer, sell, mortgage, pledge, hypothecate, commute or anticipate the same, except to the extent required by law.

ARTICLE 20: MISCELLANEOUS.

20.1 This Agreement shall be interpreted, construed and enforced, and this Trust hereby created shall be administered, in accordance with the laws of the United States and of the State of Georgia without regard to the conflicts of laws principles thereof.

20.2 The Company shall, at any time and from time to time, upon the reasonable request of the Trustee, execute and deliver such further instruments and do such further acts as may be necessary or proper to effectuate the purpose of this Agreement.

20.3 The titles to Articles of this Agreement are placed herein for convenience of reference only, and this Agreement is not to be construed by reference thereto.

20.4 This Agreement shall bind and inure to the benefit of the successors and assigns of the Company and the Trustee, respectively and the Transferred Plans.

20.5 This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original but all of which together shall constitute but one instrument, which may be sufficiently evidenced by any counterpart.

20.6 If any provision of this Agreement is determined to be invalid or unenforceable the remaining provisions shall not for that reason alone also be determined to be invalid or unenforceable.

20.7 Each Participant and his beneficiaries is an intended beneficiary under this Trust, and shall be entitled to enforce all terms and provisions hereof with the same force and effect as if such person had been a party hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective names by their duly authorized officers under their corporate seals as of the day and year first above written.

ACUITY BRANDS, INC.

By: /s/ James S. Balloun

James S. Balloun
Chairman, President & Chief Executive Officer

ATTEST:

/s/ Helen D. Haines

Secretary

WACHOVIA BANK, N.A.

By: /s/ John N. Smith III

John N. Smith III

ATTEST:

Secretary

The undersigned, National Service Industries, Inc., hereby consents to the transfer and assumption of the Prior Trust by Acuity Brands, Inc., as of this 28th day of November, 2001.

NATIONAL SERVICE INDUSTRIES, INC.

By: /s/ Brock A. Hattox

Schedule 1

THE PLANS

The following Company plans and agreements (collectively referred to as the "Plans") are subject to this Trust:

1. Executives' Deferred Compensation Plan
2. Supplemental Retirement Plan for Executives
3. Senior Management Benefit Plan
4. Supplemental Deferred Savings Plan
5. Long Term Incentive Plan
6. Severance Protection Agreements with:
 - (i) Balloun
 - (ii) Murphy
 - (iii) Parham
 - (iv) Heagle
 - (v) Searle
 - (vi) Honeycutt
 - (vii) Morgan

Schedule 2

PARTICIPATING AFFILIATES

Acuity Lighting Group, Inc.

Acuity Specialty Products Group, Inc.

Schedule 3

Fee Schedule

ACUITY BRANDS, INC.
SUPPLEMENTAL RETIREMENT PLAN FOR EXECUTIVES

(Effective As of November 30, 2001)

ACUITY BRANDS, INC.
SUPPLEMENTAL RETIREMENT PLAN FOR EXECUTIVES

PREAMBLE

The Acuity Brands, Inc. Supplemental Retirement Plan For Executives ("Plan") is designed to be a supplemental retirement plan covering a select group of management and highly compensated employees of Acuity Brands, Inc. (the "Company") and its Subsidiaries. The benefits under the Plan are unfunded and all amounts payable under the Plan shall be paid from the general assets of the Employer which employs the Participant.

The effective date of the Plan as set forth herein is November 30, 2001 ("Effective Date"). The Plan was originally established in connection with the spin-off of the Company from National Service Industries, Inc. ("NSI"), which became effective November 30, 2001. Pursuant to an Employee Benefits Agreement, dated as of November 30, 2001, between the Company and NSI, the liability for benefits to certain employees and former employees of NSI and its subsidiaries who were participants in the Supplemental Retirement Plan For Executives of National Service Industries, Inc. ("Prior Plan") as of the Effective Date, and who became or remained employees of the Company or its Subsidiaries as of the Effective Date or who were formerly employed by the businesses transferred to the Company by NSI (including those in pay status) shall be transferred to the Plan. As provided for herein, the benefit payment elections and designation of beneficiaries made under the Prior Plan prior to the Effective Date shall be carried over and apply for purposes of the Plan after the Effective Date (subject to any changes made after the Effective Date under the Plan).

TABLE OF CONTENTS

PREAMBLE

ARTICLE I	DEFINITIONS AND CONSTRUCTION.....	1
1.1	Definitions.....	1
(a)	Accrued Pension.....	1
(1)	Normal Retirement Accrued Pension.....	1
(2)	Early Retirement Accrued Pension.....	1
(3)	Vested Termination or Disability Accrued Pension.....	1
(4)	Late Retirement Accrued Pension.....	2
(b)	Act.....	2
(c)	Actuarial (or Actuarially) Equivalent.....	2
(d)	Actuary.....	2
(e)	Administrator.....	2
(f)	Anniversary Date.....	2
(g)	Authorized Leave of Absence.....	2
(h)	Annual Bonus.....	3
(i)	Average Monthly Compensation.....	3
(1)	For Benefit Accruals Prior To January 1, 1994.....	3
(2)	For Benefit Accruals On Or After January 1, 1994.....	3
(j)	Board.....	3
(k)	Bonus.....	3
(l)	Break in Service.....	3
(m)	Break Year.....	3
(n)	Committee.....	3
(o)	Company.....	3
(p)	Compensation.....	4
(q)	Credited Service.....	4
(r)	Disability.....	4
(s)	Disability Retirement Date.....	4
(t)	Early Retirement Date.....	4
(u)	Effective Date.....	4
(v)	Eligible Service.....	4
(w)	Executive.....	5
(x)	Fiduciaries.....	5
(y)	Late Retirement Date.....	5
(z)	Normal Retirement Date.....	5
(aa)	NSI.....	5
(bb)	Participant.....	5
(cc)	Pension.....	5
(dd)	Pension Commencement Date.....	5
(ee)	Pension Plan C.....	5

	(ff)	Plan.....	5
	(gg)	Plan Year.....	6
	(hh)	Predecessor Retirement Plan(s).....	6
	(ii)	Primary Social Security Benefit.....	6
	(jj)	Prior Plan.....	6
	(kk)	Retirement.....	6
	(ll)	Service Date.....	7
	(mm)	Service Hours.....	7
	(nn)	Termination Date.....	7
	(oo)	Vested Terminee.....	7
	(pp)	401(k) Plan.....	7
1.2		Construction.....	7
ARTICLE II		PARTICIPATION, CREDITED SERVICE, ELIGIBLE SERVICE AND BREAK IN SERVICE.....	1
2.1		Eligibility for Participation:.....	1
2.2		Eligible Service.....	1
2.3		Credited Service.....	1
	(a)	Credited Service Prior to February 15, 1976.....	2
	(b)	Credited Service From and After February 15, 1976.....	2
2.4		Break in Service.....	2
2.5		Method of Becoming a Participant.....	3
2.6		Participants Bound.....	3
2.7		Military Service.....	3
2.8		Executive Not Actively At Work on Date of Eligibility.....	3
2.9		An Executive Ceases Active Participation.....	3
2.10		Transfers.....	3
	(a)	When Employee Becomes Executive.....	3
	(b)	Accrued Pension Under Transfer To A Non-Eligible Status.....	4
ARTICLE III		RETIREMENT AND TERMINATION DATES AND PENSIONS.....	1
3.1		Normal Retirement and Pension.....	1
3.2		Late Retirement and Pension.....	1
3.3		Early Retirement and Pension.....	1
3.4		Disability Retirement and Pension.....	1
3.5		Vested Terminee and Pension.....	2
3.6		Termination Prior to Completion of 10 Years of Credited Service.....	2
3.7		Normal Form of Payment of Pension.....	2
3.8		Optional Forms of Benefit Payment Optional Forms of Benefit Payment Optional Forms of Benefit Payment.....	2
	(a)	Period-Certain and Life Option.....	2
	(b)	Contingent Annuitant Option.....	3
	(c)	Single Option.....	3
	(d)	Social Security Level Income Option.....	3
ARTICLE IV		PRE-RETIREMENT DEATH BENEFITS.....	1
	(a)	Death Prior to Eligibility for Early or Normal Retirement.....	1

	(b) Death After Attaining Eligibility for Early or Normal Retirement.....	1
ARTICLE V	PLAN FINANCING.....	1
5.1	Payment of Costs and Expenses.....	1
ARTICLE VI	FIDUCIARY RESPONSIBILITIES.....	1
6.1	Allocation of Responsibility Among Fiduciaries.....	1
6.2	Fiduciary Duties.....	1
6.3	Company Filing Responsibility.....	1
ARTICLE VII	COMMITTEE AND ADMINISTRATION.....	1
7.1	Appointment and Term of Committee.....	1
7.2	Selection of Secretary and Duties of Secretary.....	1
7.3	Majority Vote Required, Exceptions.....	1
7.4	Payment of Expenses.....	1
7.5	Limitation of Liability.....	1
7.6	Right to Consult.....	1
7.7	General Duties.....	1
7.8	Application and Forms For Pension.....	2
7.9	Facility of Payment.....	2
7.10	Rules and Decisions.....	3
7.11	Company to Furnish Information.....	3
7.12	Administrator to Furnish Other Information.....	3
7.13	Beneficiary Designations.....	3
ARTICLE VIII	SUCCESSOR COMPANY.....	1
8.1	Successor Company.....	1
ARTICLE IX	PLAN TERMINATION.....	1
9.1	Right to Terminate.....	1
ARTICLE X	TRUST.....	1
ARTICLE XI	AMENDMENTS AND ACTION BY COMPANY.....	1
11.1	Amendments.....	1
11.2	Notices of Amendment, Modification or Revision.....	1
ARTICLE XII	MISCELLANEOUS.....	1
12.1	Nonguarantee of Employment.....	1
12.2	Rights Under Plan.....	1
12.3	Nonalienation of Benefits.....	1
12.4	Entering Military Service.....	1
12.5	Headings for Convenience Only.....	1
12.6	Multiple Copies.....	1
12.7	Governing Law.....	1

12.8	Guarantee of Performance.....	1
ARTICLE XIII	CHANGE IN CONTROL.....	1
13.1	Cause.....	1
13.2	Change in Control.....	1
13.3	Termination of Employment.....	2
13.4	Amendment or Termination.....	2
SCHEDULE 1		
APPENDICES		

ARTICLE I

DEFINITIONS AND CONSTRUCTION

1.1 Definitions: Where the following words and phrases appear in this Plan, they shall have the meanings set forth below, unless the context clearly indicates to the contrary:

(a) Accrued Pension: A Participant as of any given date shall have an Accrued Pension, which in each case shall be reduced by (i) the Accrued Pension, or the Actuarial Equivalent of the Accrued Pension, where appropriate, which the Participant is entitled to receive from Pension Plan C (and in the event of death covered by Article IV(b), the Actuarial Equivalent of any Group Term Life Insurance), increased for purposes of this offset for any Participant who would not have been eligible for Early Retirement under Pension Plan C as in effect prior to February 15, 1989, but who elects Early Retirement hereunder, by recalculating his February 14, 1989 accrued benefit as if he were eligible for an Early Retirement benefit, and (ii) the Actuarial Equivalent value of the Participant's hypothetical Account in the 401(k) Plan, assuming the Participant had contributed to the 401(k) Plan during the period he was eligible to participate in such plan an amount annually equal to 4% of his "Annual Compensation" (as that term is defined in the 401(k) Plan and subject to the limitation of Section 401(a)(17) of the Internal Revenue Code of 1986, as amended (the "Code")) over \$15,000 and received related Matching Contributions, and that his Account had earned 8% per annum to such date. The determination of the reduction under this paragraph shall be made by the Committee and its decisions on such matters shall be final and binding on all parties. The appropriate Accrued Pension shall be classified as follows:

(1) Normal Retirement Accrued Pension: An amount equal to the Participant's Average Monthly Compensation multiplied by 45%, minus 50% of his Primary Social Security Benefit. The amount determined in the preceding sentence is then multiplied by a fraction having a numerator equal to his Credited Service at his Normal Retirement Date and a denominator equal to the greater of (a) twenty (20) or (b) his Eligible Service on such date;

(2) Early Retirement Accrued Pension: A Participant's Accrued Pension as of any given date that is after the date he has attained both at least age 55 and completed at least 10 years of service from his Service Date to his Early Retirement Date, and before his Normal Retirement Date, shall be an amount equal to 45% of his Average Monthly Compensation, minus 50% of his Primary Social Security Benefit. The amount determined in the preceding sentence is then multiplied by a fraction having a numerator equal to his Credited Service at his Early Retirement Date and a denominator equal to the greater of (a) twenty (20) or (b) his Eligible Service on such date;

(3) Vested Termination or Disability Accrued Pension: A Participant's Accrued Pension as of any given date when his Accrued Pension is not determined

under subparagraphs (1) or (2) above, or (4) below, shall be an amount equal to 45% of the Participant's Average Monthly Compensation minus 50% of his Primary Social Security Benefit. The amount determined in the preceding sentence is then multiplied by a fraction having a numerator equal to the Participant's Credited Service on his Termination Date, and a denominator equal to the greater of (i) twenty (20), or (ii) the sum of (A) the Participant's Eligible Service on his Termination Date plus (B) the number of years of Eligible Service the Participant would have earned if he had continued his employment with the Company from his Termination Date until his Normal Retirement Date, with any fractional year expressed as a decimal equivalent, to two decimal places.

Notwithstanding the foregoing, when a Participant who received a distribution or distributions following his Termination Date or Retirement is re-employed and again becomes an active Participant, such Participant's Accrued Pension, as computed pursuant to the appropriate subparagraph of this Section, shall be reduced by the monthly Accrued Pension amount that is the Actuarial Equivalent of the distribution(s) made to the Participant.

(4) Late Retirement Accrued Pension: A Participant's Accrued Pension as of any given date that is after the date he has attained his Normal Retirement Date shall be an amount equal to an increased Pension which is the Actuarial Equivalent of an amount otherwise payable at his Normal Retirement Date, equal to 45% of the Participant's Average Monthly Compensation minus 50% of his Primary Social Security Benefit. The amount determined in the preceding sentence is then multiplied by a fraction having a numerator equal to his Credited Service at his Normal Retirement Date and a denominator equal to the greater of (a) twenty (20) or (b) his Eligible Service on such date.

(b) Act: Public Law No. 93-406, the Employee Retirement Income Security Act of 1974, as amended from time to time.

(c) Actuarial (or Actuarially) Equivalent: Equality in value of the aggregate amounts expected to be received under different forms of payment, using the same basis as defined for such term in Pension Plan C.

(d) Actuary: The individual actuary, or firm of actuaries, selected by the Administrator to provide actuarial services in connection with the administration of the Plan.

(e) Administrator: Acuity Brands, Inc.

(f) Anniversary Date: January 1; under the Prior Plan prior to January 1, 1994, the Anniversary Date was February 15.

(g) Authorized Leave of Absence: Any absence authorized by the Company under the Company's standard personnel practices, provided that all persons under similar circumstances shall be treated alike in the granting of such Authorized Leaves of Absence,

and provided further that the Participant returns within the period specified in the Authorized Leave of Absence.

(h) Annual Bonus: The amount awarded an Executive under the Company's annual bonus program, subject to the provisions and limitations contained in Section 1.1(p) of the Plan.

(i) Average Monthly Compensation: For Executives, the following definitions shall apply:

(1) For Benefit Accruals Prior To January 1, 1994: The applicable monthly amount shall be the average of his basic monthly salary determined as of the three (3) consecutive November 15ths of the last ten (10) November 15ths (excluding amounts earned after age sixty-five (65)) immediately preceding the Participant's date of Retirement, termination of employment or death, during which it was highest and 1/12 of the average of the three (3) highest, consecutive Annual Bonuses awarded to the Participant during the ten (10) years immediately preceding the Participant's date of Retirement or death, or Termination Date.

(2) For Benefit Accruals On Or After January 1, 1994: The applicable monthly amount shall be the average of his Compensation for the three highest, consecutive calendar years during the ten years (excluding Compensation after age 65) immediately preceding the Participant's date of Retirement, death or other termination of employment.

(j) Board: The Board of Directors of Acuity Brands, Inc. or its Executive Committee.

(k) Bonus: An annual bonus awarded to a Participant for the Company's Fiscal Year ending in the Plan year.

(l) Break in Service: An event which results in the cancellation of a Participant's previous Credited Service and Eligible Service as provided in Section 2.4.

(m) Break Year: A Plan Year in which an Executive failed to accrue at least 500 Service Hours.

(n) Committee: The persons appointed under the provisions of Article VII.

(o) Company: Company shall mean Acuity Brands, Inc. (or its successor or successors). Affiliated or related employers are permitted to adopt the Plan and shall be known as "Adopting Employers." To the extent required by certain provisions (e.g., determining Average Monthly Compensation, Credited Service and Service Date), references to the Company shall include the Adopting Employer of the Participant. Adopting Employers are listed on Schedule 1.

(p) Compensation: Subject to adjustment as provided in the next sentence, (1) for benefit accruals prior to January 1, 1994, an Executive's "Compensation" shall be determined under Section 1.1(i)(1), and (2) for benefit accruals on or after January 1, 1994, "Compensation" shall be the Executive's salary and wages for the calendar year, and any Annual Bonuses awarded during the year (such amount shall generally equal the amount shown in Box 10 of Form W-2 for the year or a similar Box on any future Form W-2 or replacement form). In either case, Compensation and Annual Bonuses shall include any amounts which shall be voluntarily deferred by the Executive under any salary or bonus deferral or reduction program (whether qualified or non-qualified) which may be instituted by the Company, but shall not include any earnings or Company match on these deferred amounts, or payments from such programs or any similar salary deferral or bonus deferral programs. A Participant's Compensation and Annual Bonuses that were credited prior to the Effective Date under the Prior Plan shall also be credited under this Plan.

(q) Credited Service: The period of a Participant's employment with the Company considered in determining his eligibility for benefits from the Plan and the amount of his Accrued Pension, in accordance with Section 2.3, or credited pursuant to Section 2.10, plus, for the sole purpose of determining his eligibility for a Vested Pension, any period of employment completed prior to eligibility for Participation in Pension Plan C and Predecessor Pension Plans. A Participant's Credited Service prior to the Effective Date under the Prior Plan shall also be credited under this Plan.

(r) Disability: Disability which is likely to be total and permanent shall be established in the following manner: If the Company or the Participant believes that the Participant is incapable by reason of his disability to perform his customary work for the Company, and if the Committee, the Company and the Participant unanimously agree that the Participant is so disabled, such unanimous findings shall be conclusive proof of the Participant's Disability. If the Committee, the Company, and the Participant are not unanimous, then the Committee, acting as a unit, by one vote, the Company by one vote, and the Participant by one vote, and by a majority of said three votes, shall select a physician whose duty it shall be to find and so certify to the Committee if the Participant is physically incapable of further employment by the Company to perform his customary work. Such certification shall be final and conclusive on all parties. The reasonable expenses of such determination shall be considered as an administrative expense of the Company.

(s) Disability Retirement Date: The Date of Retirement due to Disability as specified in Section 3.4.

(t) Early Retirement Date: The date of Early Retirement as specified in Section 3.3.

(u) Effective Date: This Plan is effective November 30, 2001. The date on which the Prior Plan initially became effective was July 1, 1983.

(v) Eligible Service: The period of a Participant's employment with the Company considered in determining the amount of his Accrued Pension, in accordance with Section

2.2. A Participant's Eligible Service prior the the Effective Date under the Prior Plan shall also be credited under this Plan.

(w) Executive: Any person who, on or after the Effective Date, is classified as an executive officer of the Company covered by a bonus arrangement and who is receiving remuneration for personal services rendered to the Company (or would be receiving such remuneration except for an Authorized Leave of Absence), and any other officer of the Company (or an Adopting Employer) designated by the Chief Executive Officer of the Company as eligible to participate in the Plan and who is listed on an Appendix attached hereto.

(x) Fiduciaries: The Company, the Plan Administrator and the Committee, but only with respect to the specific responsibilities of each for Plan administration, all as described in Article VI.

(y) Late Retirement Date: The date of Retirement subsequent to Normal Retirement Date as specified in Section 3.2.

(z) Normal Retirement Date: The date of Retirement as specified in Section 3.1.

(aa) NSI: National Service Industries, Inc., a Delaware corporation, and the corporation from which the Company was spun-off on the Effective Date.

(bb) Participant: An Executive participating in the Plan in accordance with the provisions of Section 2.1.

(cc) Pension: A series of monthly amounts which are payable to a person who is entitled to receive benefits under the Plan.

(dd) Pension Commencement Date: The date as of which the initial payment of a Participant's Pension is due to commence, as provided in Article III, provided that such date shall, in no event, be later than the first of the month following or coincident with the last to occur of the following: (a) ten years after the commencement date of the Participant's participation in the Predecessor Pension Plan and Pension Plan C or (b) the Participant's Normal or Late Retirement Date or (c) the Termination Date of the Participant.

(ee) Pension Plan C: The Acuity Brands, Inc. Pension Plan, the pension plan provided for employees of the Corporate Office of Acuity Brands, Inc., as it may be amended from time to time. The Pension Plan was previously maintained by NSI as National Service Industries, Inc. Pension Plan C and was adopted and assumed by the Company on the Effective Date.

(ff) Plan: The Acuity Brands, Inc. Supplemental Retirement Plan for Executives, the Plan set forth herein, as amended from time to time.

(gg) Plan Year: A twelve (12) month period beginning on January 1 and ending on December 31. The Prior Plan had a short Plan Year from February 15, 1993 through December 31, 1993; under the Prior Plan before January 1, 1994, the Plan Year was February 15 through the next following February 14.

(hh) Predecessor Retirement Plan(s): The Pension Plan and Trust Agreement between NSI and The Trust Company of Georgia dated November 11, 1942, the Revised Plan and Trust Agreement of November 15, 1961, the National Linen Pension Plan for Salaried Employees and Route Salesmen Not Covered Under Any Other Retirement Plan dated November 15, 1964, GA 1008, National Linen Pension Plan for Branch Managers, etc., GA 1014, or any one of them as the context may require.

(ii) Primary Social Security Benefit: The monthly amount available to the Participant at age sixty-five (65) under the provisions of Title II of the Social Security Act (or its equivalent in the event of amendment, modification or replacement) in effect at the earliest to occur of (i) Retirement, but not later than Normal Retirement Date, or (ii) termination of employment, without regard to any increases in the wage base or benefit levels that take effect after the date of Disability Retirement, Early Retirement, or termination of employment; provided that

(1) For the purposes of Section 1.1, if the exact Primary Social Security Benefit is not known upon termination of employment, it shall be estimated in accordance with uniform rules adopted by the Committee;

(2) For the purposes of Section 1.1(a)(2) and 1.1(a)(3), if an Executive terminates employment prior to age sixty-five (65), his Primary Social Security Benefit shall be calculated by assuming that he had no Compensation or other earnings after his date of termination of employment; and

(3) The fact that an Executive does not actually receive such amount because of failure to apply or continuance of work, or for any other reason, shall be disregarded.

(jj) Prior Plan: The Supplemental Retirement Plan for Executives of National Service Industries, Inc. as in effect immediately prior to the Effective Date, in which certain participants in this Plan previously participated. A Participant's Compensation, Bonus, Credited Service, Eligible Service and other service arising out of the Participant's employment with NSI and its subsidiaries prior to the Effective Date shall be counted for purposes of this Plan in accordance with the provisions of the Plan.

(kk) Retirement: Termination of employment for reason other than death after a Participant has fulfilled all requirements for a Normal Retirement Pension, or a Late Retirement Pension, or an Early Retirement Pension, or a Disability Retirement Pension. Retirement shall be considered as commencing on the day immediately following a Participant's last day of employment (or Authorized Leave of Absence, if later).

(ll) Service Date: The date as of which an Executive's most recent period of continuous employment with the Company commenced. Such date shall coincide with the Executive's first date of hire with the Company unless he suffered a subsequent Break in Service, in which event the Executive's Service Date shall be the earliest date of re-employment with the Company as of which he commenced accruing Eligible Service without any cancellation thereof because of a subsequent Break in Service.

(mm) Service Hours: Subject to the Break in Service provisions of Section 2.4, all hours for which an Executive is compensated by the Company prior to the Executive's Normal Retirement Date shall be credited as Service Hours.

(nn) Termination Date: The date of termination of an Executive's employment with the Company for reasons other than death or Retirement.

(oo) Vested Terminee: A Participant whose Termination Date occurs after the completion of at least ten (10) years of Credited Service (but exclusive of that period he was eligible to participate and did not participate) but prior to achieving eligibility for Retirement.

(pp) 401(k) Plan: The Acuity Brands, Inc. 401(k) Plan for Corporate Employees, as it may be amended from time to time. The 401(k) Plan was previously maintained by NSI and was adopted and assumed by the Company on the Effective Date.

1.2 Construction: The masculine gender, where appearing in the Plan, shall be deemed to include the feminine gender, and the singular may include the plural, unless the context clearly indicates to the contrary. The words "hereof," "herein," "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan, not to any particular provision or Section.

ARTICLE II

PARTICIPATION, CREDITED SERVICE,
ELIGIBLE SERVICE AND BREAK IN SERVICE

2.1 Eligibility for Participation:

(a) In General - An Executive who is a Participant in the Prior Plan and Pension Plan C as of the Effective Date shall participate in this Plan on the Effective Date, subject to the conditions and limitations provided for herein. Any other Executive shall be eligible to participate on the Anniversary Date following the fulfillment of the following:

(i) The Executive has attained at least the age of twenty-four (24) years and six (6) months, provided his employment did not commence on or after his sixtieth (60th) birthday;

(ii) The Executive is a participant in Pension Plan C, but is not covered under any other tax-qualified non-governmental retirement plan (other than the 401(k) Plan) to which the Company contributes, whether the plan is a Company plan or otherwise;

(iii) The Executive has completed six (6) months of employment.

After a Break in Service, a former Participant who is rehired may again become a Participant upon again fulfilling the above requirements.

(b) Special Eligibility - Any Executive (or group of Executives) designated on an Appendix attached hereto shall be eligible to participate in the Plan on the date specified in the Appendix and in accordance with the conditions and limitations provided in such Appendix.

2.2 Eligible Service: Subject to the Break in Service provisions of Section 2.4, the period of employment of an Executive from the date he first became eligible to participate under the provisions of the Predecessor Pension Plans or Pension Plan C to the date of Retirement, or death, or Termination Date, or the Participant's 65th birthday, whichever is the first to occur, excluding from such period any periods during which the Executive could not make a Participant Contribution to a Pension Plan of the Company due to having no earnings from the Company as the result of a period of Authorized Leave of Absence (to the extent such Participant contributions would have been required to participate). Eligible Service shall be expressed in terms of years and a fraction, with a fractional year expressed as a decimal equivalent, to two decimal places.

2.3 Credited Service: Subject to the Break in Service provisions of Section 2.4, and the provisions of Section 2.10, the period of employment during which an Executive is a Participant in a Predecessor Pension Plan and Pension Plan C, determined as of any given date as the sum of (a), if any, and (b) as follows:

(a) Credited Service Prior to February 15, 1976: The period of employment during which the Executive is a Participant in a Predecessor Pension Plan through February 14, 1976. Such Credited Service shall be expressed in terms of years and a fraction, with a fractional year expressed as a decimal equivalent, to two decimal places. Any cancellation of service under the provisions of the Predecessor Pension Plans prior to February 15, 1976 is not restored by the provisions hereof.

(b) Credited Service From and After February 15, 1976: A Participant shall accrue one (1) year of Credited Service for each Plan Year from and after February 15, 1976 during which he is an active Participant in Pension Plan C and in which he has 1,000 or more Service Hours, except that no Credited Service shall be credited after the Participant's Normal Retirement Date. No Credited Service shall be granted for any Plan Year in which less than 1,000 Service Hours are completed except for the Plan Year of the Participant's Retirement or Termination Date or death and except for the short Plan Year February 15, 1993 through December 31, 1993, which shall require only 875 Service Hours to receive a year of Credited Service. The final Plan Year shall be credited as the decimal equivalent, expressed to two decimal places, of a fraction having a numerator equal to the Participant's Service Hours accrued during such final year, if less than 1,000 in such year, and a denominator with respect to such year equal to 1,000 Service Hours.

No Credited Service shall accrue for any period of employment for which an Executive did not make required Participant Contributions under Pension Plan C, but only to the extent such Participant Contributions were required to be made for such period.

2.4 Break in Service: After the Effective Date, a Plan Year during which a Participant completes less than 500 Service Hours as the result of the occurrence of a Termination Date or Retirement shall constitute a Break in Service. Upon incurring a Break in Service, an Executive's rights and benefits under the Plan shall be determined in accordance with his Credited Service and Eligible Service, and other applicable Plan provisions at the time of the Break in Service.

No Pension payments shall be made during a period of employment with the Company; and if a re-employed Participant had received any Pension payments under the Plan, the Pension payable starting on the first day of the calendar month coinciding with or next following the date of his subsequent Retirement shall be reduced by the Actuarial Equivalent of any Pension payments he received prior to his Normal Retirement Date.

An Authorized Leave of Absence due to service in the Armed Forces of the United States shall not constitute a Break in Service, provided that the absence is caused by war or other emergency, or provided that the Executive is required to serve under the laws of conscription in time of peace, and further provided that the Executive returns to employment with the Company within the period provided by law. An Authorized Leave of Absence for other reasons shall not constitute a Break in Service if the Executive returns to active employment with the Company upon expiration of the period of such Authorized Leave of Absence.

2.5 Method of Becoming a Participant: Each Executive who has heretofore been a Participant in Pension Plan C shall continue to be a Participant in this Plan without making written application. All other Executives shall become Participants in this Plan at the time they become Participants in Pension Plan C, except as may otherwise be provided in the Appendix applicable to such Participant.

2.6 Participants Bound: Each Executive becoming a Participant hereunder shall be conclusively presumed for all purposes to have consented to this Plan and any amendments, modifications or revisions hereto, and to all the terms and conditions thereof, and shall be bound thereby with the same force and effect as if he had entered into a contract to such effect and any amendments, modifications or revisions hereto.

2.7 Military Service: A leave of absence due to service in the Armed Forces to the United States shall not constitute a Break in Service, and shall not be considered as Credited Service or Eligible Service under the Plan, provided that the absence is caused by war or other emergency, or provided that the Executive is required to serve under the laws of conscription in time of peace, and further provided that the Executive returns to employment with the Company within the period provided by law.

2.8 Executive Not Actively At Work on Date of Eligibility: An Executive who is not actively at work on his date of eligibility for any reason other than a Break in Service, shall become eligible to participate on his return to active employment, provided he becomes a Participant as otherwise provided herein.

2.9 An Executive Ceases Active Participation: Except as provided in Section 2.10, if an Executive ceases to be an active Participant in Pension Plan C, he shall be treated as if his employment terminated at such time and any benefit to which he would be entitled will be computed as if there had been a termination of employment; however, any distribution of such benefit shall not commence until such time as he would otherwise become entitled (had he continued as a Participant) to a benefit because of a Retirement date, actual termination of employment or death; provided, if such Executive withdraws within ninety (90) days after first becoming a Participant in Pension Plan C, then such Executive shall cease to be a Participant in Pension Plan C and in this Plan as of the first day of the immediately succeeding pay period and unless the Executive shall otherwise again become a Participant under this Plan, he shall have no further rights or benefits as a Participant in this Plan.

2.10 Transfers: The following rules shall apply when an Executive transfers to or from an Executive position in the Company:

(a) When Employee Becomes Executive: An Employee of the Company who becomes an Executive of the Company, may become a Participant under this Plan on the Anniversary Date as of which he has met the eligibility requirements for participation; however, the Executive's Service Date for the purpose of this Plan shall be the date of his employment with the Company, not the date he becomes an Executive.

(b) Accrued Pension Under Transfer To A Non-Eligible Status: If a Participant is transferred to a non-eligible status of employment within the Company, his Accrued Pension under this Plan will be determined as though his transfer were a termination of employment, however if the transfer occurs prior to the completion of ten (10) years of Credited Service, such Participant shall continue to accrue Service for vesting purposes only until his employment with the Company shall terminate. The date of such termination of employment will be deemed to be the date of his transfer.

ARTICLE III

RETIREMENT AND TERMINATION DATES AND PENSIONS

3.1 Normal Retirement and Pension: A Participant may retire on his 65th birthday, which is his Normal Retirement Date, and he shall be fully vested, and his Pension shall commence as of the first day of the calendar month coinciding with or next following his 65th birthday. The Participant's Pension shall be his Accrued Pension and shall be payable in the normal form described in Section 3.7., unless the Participant elects an optional form of benefit in accordance with Section 3.8.

3.2 Late Retirement and Pension: When permitted by Company policy, a Participant may continue his employment beyond his Normal Retirement Date and in such event his Late Retirement Accrued Pension shall commence as of the first day of the calendar month coinciding with or next following the date of his actual Retirement, which shall be his Late Retirement Date. The Participant's Late Retirement Accrued Pension shall be payable in the normal form described in Section 3.7, unless the Participant elects an optional form of benefit in accordance with Section 3.8.

3.3 Early Retirement and Pension: A Participant may retire after his 55th birthday and the date of completion of at least 10 years of service from his Service Date to his Early Retirement Date and be entitled to an Early Retirement Accrued Pension. If he retires, the Participant's Pension shall be equal to his Accrued Pension, payable in the normal form described in Section 3.7 and payment shall commence as of the first day of the calendar month coinciding with or next following the Participant's 65th birthday. A Participant may elect to commence his Early Retirement Pension as of the first day of the calendar month coinciding with or next following his Retirement, or as of the first day of any subsequent calendar month which precedes his Normal Retirement Date. In such event, the Participant's Pension, payable in the normal form, shall be reduced five-twelfths of one percent ($5/12$ ths of 1%) for each full month or portion thereof by which the commencement of the Early Retirement Pension precedes the Participant's Normal Retirement Date. In lieu of the normal form of benefit payment, a Participant may elect to receive his Accrued Pension in one of the optional forms of benefit payment set forth in Section 3.8, which shall be the Actuarial Equivalent of the normal form.

3.4 Disability Retirement and Pension: A Participant shall be eligible for a Disability Retirement Pension if he retires by reason of Disability and his Disability Retirement Date shall be the day next following the day on which the Participant is deemed to have a Disability as defined in Section 1.1(r). A Disability Retirement Pension shall commence as of the first day of the calendar month coinciding with or next following his Retirement, shall be payable in the normal form described in Section 3.7 (unless the Participant elects an optional form of benefit in accordance with Section 3.8) and shall be equal to the Participant's Accrued Pension.

3.5 Vested Terminee and Pension: A Vested Terminee as defined in Section 1.1(oo) shall be entitled to the benefits pursuant to (a) or (b), as applicable:

(a) A Pension equal to his Accrued Pension, payable in the normal form described in Section 3.7, or at the election of the Participant, in an optional form described in Section 3.8. Payment of such Pension shall commence on the first day of the calendar month coinciding with or next following the Vested Terminee's 65th birthday.

(b) A Participant with at least twenty (20) years of Credited Service may request the Committee to commence the payment of his Accrued Pension as of the first day of any calendar month that is after his 55th birthday but prior to his 65th birthday. Such Pension shall be payable in the normal form described in Section 3.7 and shall commence as of the beginning of the month so requested but the amount thereof shall be reduced by 5/12ths of 1% for each full month by which the actual Pension commencement date precedes the Participant's Normal Retirement Date. In lieu of the normal form, the Participant may elect one of the optional forms of payment described in Section 3.8. Any such optional form of benefit shall be the Actuarial Equivalent of the reduced normal form described above.

3.6 Termination Prior to Completion of 10 Years of Credited Service: Subject to Article XIII, a Participant whose Termination Date occurs prior to the completion of 10 years of Credited Service shall be entitled to no benefits under this Plan.

3.7 Normal Form of Payment of Pension: The normal form of pension payment shall be a single-life annuity with 120 payments certain. If a Participant receiving Pension payments dies before 120 monthly Pension payments have been made, Pension payments shall be continued to the Participant's beneficiary until the sum of monthly payments to both the Participant and his beneficiary is 120. The normal form of benefit provided herein shall be applicable to any Accrued Benefit paid with respect to the Annual Bonus based benefit, effective as of July 1, 1990.

3.8 Optional Forms of Benefit Payment: A Participant entitled to a Pension in the normal form may elect to receive a Pension payable under one of the options described below.

An option shall be exercised in writing on a form approved by the Committee before the Participant's Pension payments commence and the aggregate of the pension payments expected to be made shall be the Actuarial Equivalent of the normal form of Pension to which the Participant is entitled. The optional forms are:

(a) Period-Certain and Life Option: A Participant may elect to receive an adjusted Pension payable until death; and if the Participant's death occurs within a period of 60 or 180 months (as elected by the Participant) after his Pension commencement date, payment of the Pension will be continued in the same amount to the person or persons designated by the Participant for the balance of the 60 or 180 month period.

(b) Contingent Annuitant Option: A Participant may elect to receive an adjusted Pension payable during the joint lives of the Participant and a person designated by the Participant as his contingent annuitant; so that, following the death of the Participant, payment of the Pension in the same amount or in an amount equal to 75% or 50% of the Participant's Pension (as elected by the Participant) shall continue to the contingent annuitant, if surviving, with the last payment to be made as of the first day of the month in which the death of the contingent annuitant occurs.

Notwithstanding any provision herein to the contrary, if the contingent annuitant (or beneficiary) is other than the Participant's spouse and if the value of the Participant's benefit under the above options will be less than 51% of the value of his life income with 120 months certain Pension, the optional benefit shall be adjusted so that the value of the Participant's benefit under the option will be equal to 51% of the value of the Participant's life income with 120 months certain Pension.

A Participant electing a Contingent Annuitant Option must designate a joint pensioner at the time of such election but may change such designation at any time prior to the date on which his Pension is to commence. If a joint pensioner dies before the date on which the Participant's Pension is to commence, the election shall be of no effect, and the Participant shall be treated as though he had not elected such option; but if the joint pensioner dies on or after the date on which the Participant's Pension is to commence, the election shall continue in force, and the amount of the Participant's Pension shall not be increased thereby.

(c) Single Option: A Participant may elect to receive an adjusted Pension payable for his lifetime only, with no survivorship Pension payable following his death.

(d) Social Security Level Income Option: A Participant whose Pension payments commence prior to the earliest date on which Social Security payments may be commenced may elect to receive a higher monthly Pension from the Plan before his Social Security payments are to commence and a lower payment for life thereafter so that his total monthly retirement income, before and after the commencement of his Social Security payments, is approximately the same. For the purpose of this option, such Social Security payment will be determined, as nearly as may be estimated under the provisions of the Federal Social Security Act as in force on the Participant's Retirement, assuming that the Participant (1) is no longer in employment and (2) makes proper application for such benefit on the earliest possible date. This option is available only to a Participant who retires early and elects to have his Pension commence prior to his Normal Retirement Date under the provisions of Section 3.3.

The "Option Effective Date" hereunder shall be (a) the Participant's 65th birthday in the case of Normal Retirement, but only if the Participant's spouse is the beneficial or contingent annuitant, or (b) the date the Participant's Pension commences, in any other case. Evidence of a Participant's good health shall be required by the Committee before election of an optional form of benefit will be permitted, unless the option is elected at least one year prior

to the Option Effective Date. Under no circumstances may an option be elected, changed or revoked after the Option Effective Date.

An election made pursuant to this Section 3.8 shall become inoperative if the Participant's employment terminated before he is eligible for either a Normal or Early Retirement Pension, or if the Participant or his beneficiary or contingent annuitant dies before the Option Effective Date. If an option under this Section becomes effective, it will be in place of any benefit otherwise payable under this Plan, and the form made available by the Committee for election of the option shall so specify.

ARTICLE IV

PRE-RETIREMENT DEATH BENEFITS

The Pre-Retirement Death Benefits payable following the death of a Participant shall be determined as follows:

(a) Death Prior to Eligibility for Early or Normal Retirement: No death benefit is provided under this Plan for Participants who die prior to completing the eligibility requirements for Early or Normal Retirement.

(b) Death After Attaining Eligibility for Early or Normal Retirement: If a Participant dies while employed by the Company or an Adopting Employer after completing the eligibility requirements for Early Retirement or Normal Retirement, the Participant's designated beneficiary shall be paid the amount which would have been payable to the Participant under this Plan had the Participant retired immediately prior to the moment of his death, with such payments commencing on the first day of the month following the date of death of the Participant. The Participant's beneficiary shall receive the 120 monthly payments under the normal form of pension payment (as described in Section 3.7) and the payments shall cease after such 120 monthly payments have been made. In computing the amount payable under this Plan, the Actuarial Equivalent of any Group Term Life Insurance benefits (Policy No. 8800-1(52) or its replacement) payable as a result of the Participant's death while covered under Pension Plan C shall be deemed to have been paid as a death benefit from Pension Plan C. If the Participant terminates employment after satisfying the requirements for Early Retirement but delays commencement of his Pension, he shall be covered by the death benefit provisions of this subsection (b) until his Pension payments commence.

ARTICLE V

PLAN FINANCING

5.1 Payment of Costs and Expenses: All costs of providing the benefits under the Plan and the expenses thereof, including the cost of the Committee and the Administrator and any Actuary, shall be paid from the general assets of the Company (or with respect to Participants employed by an Adopting Employer, from the general assets of such Adopting Employer).

ARTICLE VI

FIDUCIARY RESPONSIBILITIES

6.1 Allocation of Responsibility Among Fiduciaries: The Fiduciaries shall have only those specific powers, duties, responsibilities and obligations as are specifically given them under this Plan. In general, the Company shall have the responsibility for providing the benefits payable under this Plan; to perform the responsibilities of the Plan Administrator; shall have the sole authority to appoint and remove the members of the Committee; and to amend or terminate, in whole or in part, this Plan. The Committee shall have the responsibility for the duties set forth in Article VII. Each Fiduciary warrants that any directions given, information furnished, or action taken by it shall be in accordance with the provisions of the Plan authorizing or providing for such direction, information or action. Furthermore, each Fiduciary may rely upon any such direction, information or action of another Fiduciary as being proper under this Plan, and is not required under this Plan to inquire into the propriety of any such direction, information or action. It is intended under this Plan that each Fiduciary shall be responsible for the proper exercise of its own powers, duties, responsibilities and obligations under this Plan and shall not be responsible for any act or failure to act of another Fiduciary. No Fiduciary guarantees the payment of benefits under this Plan in any manner.

6.2 Fiduciary Duties: All Fiduciaries hereunder shall discharge their duties with respect to the Plan solely in the interest of the Participants and Beneficiaries and

(a) for the exclusive purpose of providing benefits to Participants and their Beneficiaries and defraying reasonable expenses of administering the Plan;

(b) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; and

(c) in accordance with the documents and instruments governing the Plan insofar as such documents and instruments are consistent with the provisions of Title I of the Act.

6.3 Company Filing Responsibility: To the extent not otherwise specifically provided in the Plan, the Company shall be responsible for filing with the Internal Revenue Service and Department of Labor all returns, reports and other documentation required under the Act.

COMMITTEE AND ADMINISTRATION

7.1 Appointment and Term of Committee: The Committee shall be the Compensation Committee of the Board of Directors of the Company or such other Committee as the Board may choose to appoint. Any member may resign by notice in writing filed with the Company. The Board may remove any member, with or without cause, at any time by notice in writing to the member and the other members of the Committee. Until vacancies have been filled by the Board, the remaining members of the Committee shall have full authority to act.

7.2 Selection of Secretary and Duties of Secretary: The Committee may choose from its members a Secretary. The Secretary shall keep minutes of the Committee proceedings and all records and documents pertaining to the Committee's administration of the Plan. The Committee may employ and suitably compensate such attorneys, advisory, clerical and other employees as it may deem necessary in the performance of its duties.

7.3 Majority Vote Required, Exceptions: The action of the Committee shall be determined by the vote or other affirmative expression of a majority of its members, except that the Committee may assign any or all administrative duties to one or more members or to any person designated by the Committee. Except as otherwise expressly provided in this Section, a meeting need not be called or held to make any decision, but such decision may be made by a written document signed by a majority of the then members. Either the Chairman or the Secretary may execute any certificate or other written direction on behalf of the Committee.

7.4 Payment of Expenses: It is intended that all expenses of the Committee shall be paid by the Company.

7.5 Limitation of Liability: No member of the Committee shall be liable for any act or omission of any other member of the Committee, nor for any act or omission on his own part, excepting his own willful misconduct or unless such liability is imposed by law. The Company shall indemnify and save harmless each member of the Committee against any and all expenses and liabilities arising out of his membership on the Committee, excepting only expenses and liabilities arising out of his own willful misconduct or unless such indemnification is not permitted by law.

7.6 Right to Consult: Eligible Participants and Beneficiaries may consult with the Committee on any matters relating to the Plan.

7.7 General Duties: The Committee, on behalf of the Participants and their Beneficiaries, shall enforce the Plan, and shall have all powers necessary to accomplish that purpose, including, but not by way of limitation, the following:

(a) to construe and interpret the Plan, decide all questions of eligibility and determine the amount, manner and time of payment of any benefits hereunder and to notify the Participant and the Company, where appropriate;

(b) to adopt By-Laws and rules as it deems necessary, desirable or appropriate;

(c) to prescribe procedures to be followed by Participants or beneficiaries filing applications for benefits;

(d) to prepare and distribute, in such manner as the Committee determines to be appropriate, information explaining the Plan;

(e) to receive from the Company and from Participants such information as shall be necessary for the Committee to perform its duties hereunder;

(f) to furnish the Company, upon request, such annual reports as are reasonable and appropriate with respect to the Committee's duties hereunder;

(g) to receive, review and keep on file (as it deems convenient or proper) reports of the receipts and disbursements of the Plan;

(h) to appoint or employ individuals to assist in the administration of its duties under the Plan and any other agents as it deems advisable, including legal or actuarial counsel.

The Committee shall have no power to add to, subtract from, or modify any of the terms of the Plan, or to change or add to any benefits provided by the Plan, or to waive or fail to apply any requirements of eligibility for any benefits under the Plan. The Committee shall have the exclusive discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits and to determine the amount of such benefits, and its decisions on such matters are final and conclusive.

7.8 Application and Forms For Pension: The Committee may require a Participant to complete and file with the Committee an application for Pension and all other forms approved by the Committee, and to furnish all pertinent information requested by the Committee. The Committee may rely upon all such information so furnished it, including the Participant's current mailing address.

7.9 Facility of Payment: Whenever, in the Committee's opinion a person entitled to receive any payment of a benefit or installment thereof hereunder is under a legal disability or is incapacitated in any way so as to be unable to manage his financial affairs, the Committee may direct the Company to make payments to such person or to his legal representative or to a relative or friend of such person for his benefit, or the Committee may direct the Company to apply the payment for the benefit of such person in such manner as the Committee considers advisable. Any payment of a benefit or installment thereof in accordance with the provisions of this Section shall be a complete discharge of the

Committee of any liability for the selection of Such payee or the making of such payment under the provisions of the Plan.

7.10 Rules and Decisions: When making any determination, the Committee shall be entitled to rely upon information furnished by the Company, legal counsel for the Company, or the Actuary.

7.11 Company to Furnish Information: To enable the Committee to perform its functions, the Administrator shall supply full and timely information to the Committee of all matters relating to the pay of all Participants, their retirement, death or other cause for termination of employment, and such other pertinent facts as the Committee may require.

7.12 Administrator to Furnish Other Information: To the extent not otherwise provided in the Plan, the Administrator shall be responsible for providing all notices and information required under the Act to all Participants.

7.13 Beneficiary Designations: Each Participant who may be eligible for the payment of preretirement death benefits on his behalf pursuant to Article IV(b) or who will receive his Accrued Pension under the normal form of payment described in Section 3.7, shall have the right at any time to designate, and rescind or change any designation of, a primary and contingent beneficiary or beneficiaries to receive benefits in the event of his death. If there is no designated beneficiary alive when a death benefit becomes payable under the Plan, the benefit shall be paid to the estate of the Participant. If a primary beneficiary dies before receiving all death benefits to which he is entitled, the balance of such payments shall be paid to the contingent beneficiary, if any. If there is no contingent beneficiary, or if the contingent beneficiary dies before receiving all death benefit payments to which he is entitled, the commuted value of the balance of such payments shall be paid to the estate of the last to die of such beneficiaries. Neither the Company (in its capacity as such) nor the Administrator shall be named as beneficiary. A designation or change of beneficiary shall be made in writing on such form or forms as the Committee may require.

After such notice is so filed, the designation or change will relate back and take effect as of the date the Participant signed such written notice, whether or not the Participant is living on the date such notice is received by the Committee, but without prejudice to the Committee or the Company on account of any payment made before receipt of such notice. If at the death of a Participant, there is more than one beneficiary designated and in such designation, the Participant has failed to specify their respective interests, the beneficiaries shall share equally.

Anything in this Plan to the contrary notwithstanding, if an amount becomes payable hereunder to the executors or the administrators of any person and evidence satisfactory to the Committee is given to it that no petition for the appointment of such executors or administrators has been or will be filed, the Committee may, at its option, pay the amount otherwise payable, or the commuted value thereof, to the wife or husband of such person, if living; if not living, in equal shares to the then living children of such person; if not, to either

the father or mother of such person, or to both equally if both are living; if neither parent is living, in equal shares to the then living brothers and sisters of such person.

ARTICLE VIII

SUCCESSOR COMPANY

8.1 Successor Company: In the event of the dissolution, merger, consolidation or reorganization of the Company, provision may be made by which the Plan will be continued by the successor; and, in that event, such successor shall be substituted for the Company under the Plan. The substitution of the successor shall constitute an assumption of Plan liabilities by the successor and the successor shall have all of the powers, duties and responsibilities of the Company under the Plan.

VIII-1

ARTICLE IX

PLAN TERMINATION

9.1 Right to Terminate: The Company may terminate the Plan at any time by resolution of the Board. In the event of the termination or partial termination of the Plan, the rights of all affected Participants to benefits accrued to the date of such termination or partial termination shall be fully vested and nonforfeitable. Notwithstanding anything contained herein to the contrary, for a period of two (2) years following a Change in Control, this Plan shall not be terminated.

ARTICLE X

TRUST

The benefits provided by this Plan shall be unfunded. All amounts payable under this Plan to a Participant shall be paid from the general assets of the employer which principally employs the Participant (the "Obligated Employer"), and nothing contained in this Plan shall require the Obligated Employer to set aside or hold in trust any amounts or assets for the purpose of paying benefits to Participants. This Plan shall create only a contractual obligation on the part of the Obligated Employer and Participants shall have the status of general unsecured creditors of the Obligated Employer under the Plan with respect to amounts of Compensation they defer hereunder or any other obligation of the Obligated Employer to pay benefits pursuant hereto. Any funds of the Obligated Employer available to pay benefits pursuant to the Plan shall be subject to the claims of general creditors of the Obligated Employer, and may be used for any purpose by the Obligated Employer.

Notwithstanding the preceding paragraph, the Obligated Employer may at any time transfer assets to a trust for purposes of paying all or any part of its obligations under this Plan. However, to the extent provided in the trust only, such transferred amounts shall remain subject to the claims of general creditors of the Obligated Employer. To the extent that assets are held in a trust when a Participant's benefits under the Plan become payable, the Plan Administrator shall direct the trustee to pay such benefits to the Participant from the assets of the trust.

ARTICLE XI

AMENDMENTS AND ACTION BY COMPANY

11.1 Amendments: The Company reserves the right to make from time to time any amendment or amendments to this Plan. Notwithstanding anything contained in this Plan to the contrary, no amendment shall have the effect of reducing the Accrued Pension of any Participant and for a period of two (2) years following a Change in Control, this Plan shall not be amended in any way to directly or indirectly reduce the benefit levels provided under this Plan or the benefit of any Participant or his designated beneficiary.

11.2 Notices of Amendment, Modification or Revision: Any amendment to the provisions of this Plan shall be evidenced by the substitution of the page (or adding new pages for additional provisions with a new date) of this Plan setting forth the amendment.

ARTICLE XII

MISCELLANEOUS

12.1 Nonguarantee of Employment: Nothing contained in this Plan shall be construed as a contract of employment between the Company and any Participant, or as a right of any Participant to be continued in the employment of the Company, or as a limitation of the right of the Company or an Adopting Employer to discharge any of its Employees, with or without cause.

12.2 Rights Under Plan: No Participant shall have any right to or interest in, the Plan upon termination of his employment or otherwise, except as provided from time to time under this Plan, and then only to the extent of the benefits payable under the Plan to such Participant.

12.3 Nonalienation of Benefits: Benefits payable under this Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, including any such liability which is for alimony or other payments for the support of a spouse or former spouse, or for any other relative of the Participant, prior to actually being received by the person entitled to the benefit under the terms of the Plan; and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to benefits payable hereunder, shall be void. The Plan shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to benefits hereunder.

12.4 Entering Military Service: If a Participant enters the service of the Armed Forces to the United States, then during the period of such service he shall be entitled only to the vested benefits he might otherwise be entitled to upon death or disability.

12.5 Headings for Convenience Only: The headings and subheadings in this Plan are inserted for convenience of reference only and are not to be considered in construction of the provisions hereof.

12.6 Multiple Copies: This Plan may be executed in any number of counterparts, each of which shall be deemed an original, and the counterparts shall constitute one and the same instrument, which shall be sufficiently evidenced by any one thereof.

12.7 Governing Law: This Plan shall be construed and enforced in accordance with the provisions of the Act. In the event the Act is not applicable or does not preempt state law, the laws of the State of Georgia shall govern.

12.8 Guarantee of Performance: In consideration of each Participant's performance of valuable services that inure to the financial benefit of the Company, the Company does hereby agree to perform all of the obligations and responsibilities and pay any benefits due and owing to a Participant under the Plan if the Obligated Employer (as defined in Article X)

designated to perform such obligations and responsibilities or pay such benefits fails or is unable to do so.

XII-2

ARTICLE XIII

CHANGE IN CONTROL

13.1 Cause: For purposes of this Plan, a termination for 'Cause' is a termination evidenced by a resolution adopted in good faith by two-thirds of the Board that the Participant (i) intentionally and continually failed to substantially perform his duties with the Company (other than a failure resulting from the Participant's incapacity due to physical or mental illness) which failure continued for a period of at least thirty (30) days after a written notice of demand for substantial performance has been delivered to the Participant specifying the manner in which the Participant has failed to substantially perform, or (ii) intentionally engaged in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise; provided, however, that no termination of the Participant's employment shall be for Cause as set forth in clause (ii) above until (x) there shall have been delivered to the Participant a copy of a written notice setting forth that the Participant was guilty of the conduct set forth in clause (ii) and specifying the particulars thereof in detail, and (y) the Participant shall have been provided an opportunity to be heard by the Board (with the assistance of the Participant's counsel if the Participant so desires). No act, or failure to act, on the Participant's part, shall be considered "intentional" unless he has acted or failed to act, with an absence of good faith and without a reasonable belief that his action or failure to act was in the best interest of the Company. Notwithstanding anything contained in this Plan to the contrary, in the case of any Participant who is a party to a Severance Protection Agreement, no failure to perform by the Participant after a Notice of Termination (as defined in the Participant's Severance Protection Agreement) is given by the Participant shall constitute Cause for purposes of this Plan.

13.2 Change in Control: For purposes of this Plan, a Change in Control shall mean any of the following events:

(a) The acquisition (other than from the Company by any "Person" (as the term person is used for purposes of Sections 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of twenty percent (20%) or more of the combined voting power of the Company's then outstanding voting securities; or

(b) The individuals who, as of December 1, 2001, are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least two-thirds of the Board; provided, however, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Plan, be considered as a member of the Incumbent Board; or

(c) A merger or consolidation involving the Company if the stockholders of the Company, immediately before such merger or consolidation do not, as a result of such merger or consolidation, own, directly or indirectly, more than seventy percent (70%) of the

combined voting securities of the corporation resulting from such merger or consolidation in substantially the same proportion as their ownership of the combined voting power of the voting securities of the Company outstanding immediately before such merger or consolidation; or

(d) A complete liquidation or dissolution of the Company or an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur pursuant to Section (a), solely because twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities is acquired by (i) a trustee or other fiduciary holding securities under one or more employee benefit plans maintained by the Company or any of its subsidiaries or (ii) any corporation which, immediately prior to such acquisition, is owned directly or indirectly by the stockholders of the Company in the same proportion as their ownership of stock in the Company immediately prior to such acquisition.

13.3 Termination of Employment: If a Participant's employment is terminated by the Company (other than for Cause) or by the Participant for any reason within two (2) years following a Change in Control, the Company shall, within five (5) days, pay to the Participant a lump sum cash payment equal to the lump sum Actuarial Equivalent of his Accrued Pension as of the date of his termination of employment whether or not the Participant is otherwise vested in his Accrued Pension; provided, however, that for this purpose, the term Actuarial Equivalent shall have the same meaning as such term is used in Pension Plan C.

13.4 Amendment or Termination: Any amendment or termination of this Plan which a Participant reasonably demonstrates (i) was at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control or (ii) otherwise arose in connection with or in anticipation of a Change in Control, and which was not consented to in writing by the Participant shall be null and void, and shall have no effect whatsoever, with respect to the Participant.

IN WITNESS WHEREOF, the Plan has been executed by the Company to be effective on the Effective Date.

ACUITY BRANDS, INC.

By: /s/ James S. Balloun

Chairman, President & Chief
Executive Officer

SCHEDULE 1
ADOPTING EMPLOYERS

Acuity Lighting Group, Inc.
Acuity Specialty Products Group, Inc.

APPENDIX A

A.1. Eligible Individual(s): John A. Bostater and Howard Kaplan.

A.2. Effective Date of Participation in Prior Plan: For John A. Bostater, July 1, 1983 and for Howard Kaplan, February 15, 1993

A.3. Special Provisions: The following special provisions shall apply to the Eligible Individuals' participation in the Plan:

(a) The Eligible Individuals' Average Monthly Compensation, Compensation, Credited Service, Eligible Service, Service Date and Service Hours shall be determined as if they were Executives and had become eligible to participate in the Plan in the same manner as if they were Executives.

(b) The Committee shall have the discretionary authority to determine the benefits payable to the Eligible Individuals under the Plan and its determinations on such matters shall be final and binding on all parties.

Appendix

APPENDIX B

B.1. Eligible Individual(s): James Balloun

B.2. Effective Date of Participation in Prior Plan: Pursuant to Section 2.1(b), Mr. Balloun's date of participation in the Prior Plan shall be February 1, 1996.

B.3. Special Provisions: The following special provisions shall apply to James Balloun's participation in the Plan:

(a) Except for purposes of determining whether Mr. Balloun is a Vested Terminee and entitled to a Vested Pension under the Plan, Mr. Balloun will be credited with 2 years of Credited Service under Sections 1.1(q) and 2.3 for each year of Credited Service he would otherwise receive under the Plan.

(b) Mr. Balloun will qualify as a Vested Terminee if he completes 5 years of employment from his Service Date to his Termination Date.

Except as otherwise specifically provided in this Appendix B, Mr. Balloun's benefits under the Plan shall be determined in the same manner as for other Participants.

Appendix

APPENDIX C

C.1. Eligible Individual(s): J. Robert Hipps

C.2. Effective Date Under Prior Plan: May 31, 1996

C.3. Special Provisions: The following special provisions shall apply to the Eligible Individual's participation in the Prior Plan and this Plan.

(a) As of the Effective Date of this Appendix C, the Eligible Individual shall have his benefits determined as if he had ten (10) years of Credited Service for benefit accrual and vesting purposes under the Prior Plan.

(b) As of the Effective Date of this Appendix C, the Eligible Individual shall be treated as if he had fifteen (15) years of service for purposes of qualifying for an Early Retirement Accrued Pension under Section 3.3 of the Prior Plan, but only for purposes of qualifying for such benefit.

Appendix

APPENDIX D

D.1. Eligible Individual(s): Don W. Hubble

D.2. Effective Date Under Prior Plan: October 18, 1996

D.3. Special Provisions: The following special provision shall apply to the Eligible Individual's participation in the Prior Plan and this Plan.

(a) As of the Effective Date of this Appendix D, the Eligible Individual shall have his benefits determined as if he had twenty (20) years of Credited Service for benefit accrual and vesting purposes under the Prior Plan.

Appendix

APPENDIX E

[Deleted]

Appendix

APPENDIX F

F.1. Eligible Individual(s): George H. Gilmore

F.2. Effective Date: Pursuant to Section 2.1(b), the Eligible Individual's date of participation in the Prior Plan shall be June 1, 1999.

F.3. Special Provisions: The following special provisions shall apply to the Eligible Individual's participation in the Plan.

(a) The Eligible Individual will qualify as a Vested Terminee if he completes 5 years of employment from June 1, 1999 to his Termination Date.

(b) The Eligible Individual will receive a year of Credited Service under Section 2.3 of the Plan for each 12-month period he is employed by the Company or an Adopting Employer for the period from June 1, 1999 to his Termination Date. If the Eligible Individual's final year of Credited Service is not a full year, he shall receive partial credit for such year based upon the number of complete months worked during such partial year.

Except as otherwise specifically provided in this Appendix F, the Eligible Individual's benefits under the Plan shall be determined under the standard provisions of the Plan.

Appendix

APPENDIX G

G.1 Eligible Individual Joseph G. Parham, Jr.

G.2 Effective Date Pursuant to the Eligible Individual's employment agreement letter, dated May 3, 2000 ("Employment Letter") and Section 2.1(b) of the Plan, for purposes of the Prior Plan the Eligible Individual's date of participation shall be May 15, 2000.

G.3 Special Provisions The following special provision shall apply to the Eligible Individual's participation in the Plan.

(a) The Eligible Individual will qualify as a Vested Terminee if he completes 5 years of employment from May 15, 2000 to his Termination Date.

(b) The Eligible Individual will be eligible for Early Retirement under Sections 1.1(a)(2) and 3.3 upon attainment of age 60 while actively employed by the Company (at which time he will have more than 9 years of service), provided that his Early Retirement Accrued Pension shall be calculated based upon his Credited Service and Eligible Service at his date of Early Retirement.

(c) In the event prior to the Eligible Individual's completion of 5 years of employment, James S. Balloun retires or terminates employment as Chairman, President and Chief Executive Officer of Acuity Brands, Inc. (previously related to NSI), and thereafter the Eligible Individual's employment is terminated for any reason other than voluntary termination, termination upon death or Disability (as defined in the Employment Letter) or termination by Acuity Brands, Inc. for Cause (as defined in the Employment Letter), the Eligible Individual will be eligible to receive Early Retirement Benefits commencing at the time of termination, calculated by treating the Eligible Individual as if he were age 55 at the date of termination and had completed 5 years of Credited Service as of such date. Except as expressly provided herein, the Eligible Individual's Early Retirement Pension shall be calculated and payable in accordance with the usual provisions of the Plan.

Except as otherwise specifically provided in this Appendix G, the Eligible Individual's benefits under the Plan shall be determined in the same manner as for other participants.

APPENDIX H

H.1 Eligible Individual James H. Heagle

H.2 Effective Date Pursuant to the Eligible Individual's employment agreement letter, dated March 28, 2000 and Section 2.1(b) of the Plan, for purposes of the Plan the Eligible Individual's date of participation shall be May 1, 2000.

ACUITY BRANDS, INC.
MANAGEMENT COMPENSATION AND INCENTIVE PLAN

EFFECTIVE AS OF NOVEMBER 30, 2001

1. ESTABLISHMENT AND EFFECTIVE DATE OF PLAN

Acuity Brands, Inc. (the "Corporation") hereby adopts the Acuity Brands, Inc. Management Compensation and Incentive Plan (the "Plan") for its executive officers and certain other executives of the Corporation, its Subsidiaries and Business Units who are in management positions designated as eligible for participation by the Compensation Committee of the Board of Directors of the Corporation or such other committee appointed by the Board (the "Committee") or its designee. The Plan shall be effective on November 30, 2001 and shall remain in effect, subject to the rights of amendment and termination in Section 13, until the Incentive Awards are paid for the Corporation's fiscal year ending in 2007. Payments under the Plan shall only be made to Named Executive Officers after the Plan is approved by the stockholder(s) of the Corporation.

2. PURPOSE OF THE PLAN

The purpose of the Plan is to further the growth and financial success of the Corporation by offering performance incentives to designated executives who have significant responsibility for such success.

3. DEFINITIONS

- (a) "Base Annual Salary" means the actual salary paid to a Participant during the applicable Plan Year, increased by the amount of any pre-tax deferrals or other pre-tax payments made by the Participant to the Corporation's deferred compensation or welfare plans (whether qualified or non-qualified).
- (b) "Board of Directors" means the Board of Directors of the Corporation.
- (c) "Business Unit" means a separate business operating unit of the Corporation with respect to which separate performance goals are established hereunder.
- (d) "Change in Control" means any of the following events:
 - (i) The acquisition (other than from the Corporation) by any "Person" [as the term person is used for purposes of Sections 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act")] of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of twenty percent (20%) or more of the combined voting power of the Corporation's then outstanding voting securities; or

(ii) The individuals who, as of December 1, 2001, are members of the Board of Directors (the "Incumbent Board"), cease for any reason to constitute at least two-thirds of the Board of Directors; provided, however, that if the election, or nomination for election by the Corporation's stockholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Plan, be considered as a member of the Incumbent Board; or

(iii) a merger or consolidation involving the Corporation if the stockholders of the Corporation, immediately before such merger or consolidation do not, as a result of such merger or consolidation, own, directly or indirectly, more than seventy percent (70%) of the combined voting power of the then outstanding voting securities of the corporation resulting from such merger or consolidation in substantially the same proportion as their ownership of the combined voting power of the voting securities of the Corporation outstanding immediately before such merger or consolidation; or

(iv) a complete liquidation or dissolution of the Corporation or an agreement for the sale or other disposition of all or substantially all of the assets of the Corporation.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur pursuant to subsection (i) above, solely because twenty percent (20%) or more of the combined voting power of the Corporation's then outstanding securities is acquired by (i) a trustee or other fiduciary holding securities under one or more employee benefit plans maintained by the Corporation or any of its Subsidiaries, or (ii) any corporation which, immediately prior to such acquisition, is owned directly or indirectly by the stockholders of the Corporation in the same proportion as their ownership of stock in the Corporation immediately prior to such acquisition.

- (e) "Chief Executive Officer" means the chief executive officer of the Corporation, unless otherwise specified.
- (f) "Code" means the Internal Revenue Code of 1986, as amended.
- (g) "Committee" means the Compensation Committee of the Board of Directors or any other committee designated by the Board of Directors which is responsible for administering the Plan.
- (h) "Corporation" means Acuity Brands, Inc., a Delaware corporation, and its successors.
- (i) "Incentive Award" or "Award" means the bonus awarded to a Participant under the terms of the Plan.

- (j) "Maximum Award" means the maximum percentage of Base Annual Salary which may be paid based upon the Relative Performance during the Plan Year.
- (k) "Named Executive Officer" means a Participant who as of the date of payment of an Incentive Award is one of the group of "covered employees" under Code Section 162(m) and the regulations thereunder.
- (l) "Participant" means an employee of the Corporation, a Subsidiary or a Business Unit who is designated by the Committee to participate in the Plan.
- (m) "Personal Performance Goals" means the goals that may be established for each Participant each year to improve the effectiveness of the Participant's area of responsibility as well as the Corporation as a whole.
- (n) "Plan Rules" means the guidelines established annually by the Committee pursuant to Section 4, subject, where applicable, to ratification by the Board of Directors.
- (o) "Plan Year" means the twelve month period which is the same as the Corporation's fiscal year, The initial Plan Year shall be December 1, 2001 through August 31, 2002. Thereafter, the Plan Year shall be September 1 through the next following August 31.
- (p) "Relative Performance" means the extent to which the Corporation, designated Business Unit or Subsidiary, as applicable, achieves the performance measurement criteria set forth in the Plan Rules.
- (q) "Subsidiary" means any corporation in an unbroken chain of corporations, beginning with the Corporation, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.
- (r) "Target Award" means the percentage (which may vary among Participants and from Plan Year to Plan Year) of Base Annual Salary which will be paid to a Participant as an Incentive Award if the performance measurement criteria applicable to the Participant for the Plan Year is achieved, as reflected in the Plan Rules for such Plan Year.
- (s) "Threshold Award" means the percentage of Base Annual Salary which may be paid based on the minimum acceptable Relative Performance during the Plan Year.

4. ADMINISTRATION OF THE PLAN

The Plan will be administered by the Committee, subject to its right to delegate responsibility for administration of the Plan as it applies to Participants other than Named Executive Officers pursuant to Section 7. The Committee will have authority to establish

Plan Rules with respect to the following matters, subject to the right of the Board of Directors to ratify such Plan Rules as provided in this Section 4:

- (a) the employees who are to become Participants in the Plan;
- (b) the Target Award, Maximum Award and Threshold Award that can be granted to each Participant and the method for determining such award, which the Committee may amend from time to time,
- (c) the performance targets and the measurement criteria to be used in determining the Corporation's or a Business Unit's or a Subsidiary's Relative Performance, which will include one or more of the performance measures listed on Appendix A attached hereto, as determined by the Committee each year; and
- (d) the time or times and the conditions subject to which any Incentive Award may become payable.

The Plan Rules will be adopted by the Committee prior to, or as soon as practical after, the commencement of each Plan Year. Subject to the provisions of the Plan and the Committee's right to delegate its responsibilities, the Committee will also have the discretionary authority to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, and to make all other determinations deemed necessary or advisable in administering the Plan. The determinations of the Committee on the matters referred to in paragraphs (a) through (d) of this Section 4 with respect to Named Executive Officers (and such other Participants as the Committee may determine) shall be submitted at least annually to the Board of Directors for its consideration and ratification. For Participants who are not Named Executive Officers, the Committee may in its discretion establish performance measures not listed on Appendix A without obtaining shareholder approval.

5. PARTICIPATION

Eligibility for participation in the Plan is limited to executive officers of the Corporation and certain other executives of the Corporation, Business Units or Subsidiaries who hold key management and staff positions. From among those eligible and based upon the recommendations of the Chief Executive Officer and other designees, the Committee will designate by name or position the Participants each Plan Year. Any employee who is a Participant in one Plan Year may be excluded from participation in any other Plan Year. If, during the Plan Year, a Participant other than a Named Executive Officer changes employment positions to a new position which corresponds to a different award level, the Committee may, in its discretion, adjust the Participant's award level for such Plan Year. The Committee may, in its discretion, designate employees who are hired after the beginning of the Plan Year as Participants for such Plan Year and as eligible to receive full or partial Incentive Awards for such year.

6. INCENTIVE AWARDS

6.1 DETERMINATION OF THE AMOUNT OF INCENTIVE AWARDS

At the end of each Plan Year, the Committee shall certify the extent to which the performance targets and measurement criteria established pursuant to Section 4 have been achieved for such Plan Year based upon financial information prepared by the Corporation. Subject to the right to decrease an award as described in the next paragraph, the Participant's Incentive Award shall be computed by the Committee based upon the achievement of the established performance targets, measurement criteria and the requirements of the Plan. In addition to any adjustments provided for in the Incentive Award, the Committee may in determining whether performance targets have been met adjust the Corporation's financial results to exclude the effect of unusual charges or income items, changes in accounting, or other events (such as acquisitions, divestitures and equity and other restructurings), which are distortive of results year over year (either on a segment or consolidated basis); provided, that for purposes of determining the Incentive Awards of Named Executive Officers, the Committee shall exclude unusual items whose exclusion has the effect of increasing Relative Performance if such items constitute "extraordinary" or "unusual" events or items under generally accepted accounting principles and all such events or items shall be excluded. In addition, the Committee will adjust its calculations to exclude the unanticipated effect on financial results of changes in the Code or other tax laws, or the regulations relating thereto.

The Committee may, in its discretion, decrease the amount of a Participant's Incentive Award for a Plan Year based upon such factors as it may determine, including the failure of the Corporation, Business Unit or Subsidiary to meet certain performance goals or of a Participant to meet his Personal Performance Goals. The factors to be used in reducing an Incentive Award may be established at the beginning of a Plan Year and may vary among Participants.

In the event that the Corporation's, Business Unit's or Subsidiary's performance is below the performance thresholds for the Plan Year and the Incentive Awards are reduced or cancelled, the Committee may in its discretion grant Incentive Awards (or increase the otherwise earned Incentive Awards) to deserving Participants, except for Participants who are Named Executive Officers.

The Plan Rules and Incentive Awards under the Plan shall be administered in a manner to qualify payments under the Plan to the Named Executive Officers for the performance-based exception under Code Section 162(m) and the regulations thereunder, except where the Board of Directors determines such compliance is not necessary. The maximum Incentive Award that may be paid to an individual Participant for a Plan Year shall be \$1.5 million.

6.2 ELIGIBILITY FOR PAYMENT OF INCENTIVE AWARD

No Participant will have any vested right to receive any Incentive Award until such date as the Board of Directors has ratified the Committee's determination with respect to

the payment of individual Incentive Awards, except where the Committee determines such ratification is not necessary. No Incentive Award will be paid to any Participant who is not an active employee of the Corporation, a Business Unit or a Subsidiary at the end of the Plan Year to which the Incentive Award relates; provided, however, at the discretion of the Committee or its designee (subject to ratification by the Board of Directors, where required), partial Incentive Awards may be authorized by the Committee to be paid to Participants (or their beneficiaries) who are terminated without cause (as determined by the Committee or its designee) or who retire, die or become permanently and totally disabled during the Plan Year. No Participant entitled to receive an Incentive Award shall have any interest in any specific asset of the Corporation, and such Participant's rights shall be equivalent to that of a general unsecured creditor of the Corporation.

6.3 PAYMENT OF AWARDS

Payment of the Incentive Awards will be made as soon as practicable after their determination pursuant to Sections 6.1 and 6.2, subject to a Participant's right to defer payment pursuant to any applicable deferred compensation plans of the Corporation. Payment will generally be made in a lump sum in cash, unless the Committee otherwise determines at the beginning of the Plan Year.

7. DELEGATION OF AUTHORITY BY COMMITTEE

Notwithstanding the responsibilities of the Committee set forth herein, the Committee may delegate to the Chief Executive Officer or others all or any portion of its responsibility for administration of the Plan as it relates to Participants other than Named Executive Officers. Such delegation may include, without limitation, the authority to designate employees who can participate in the Plan, to establish Plan Rules, to interpret the Plan, to determine the extent to which performance criteria have been achieved, and to adjust any Incentive Awards that are payable. In the case of each such delegation, the administrative actions of the delegate shall be subject to the approval of the person within the Corporation to whom the delegate reports (or, in the case of a delegation to the Chief Executive Officer, to the approval of the Committee).

8. CHANGE IN CONTROL

Upon the occurrence of a Change in Control, unless the Participant otherwise elects in writing, the Participant's Incentive Award for the Plan Year, determined at the Target Award level (without any reductions under Section 6.1) shall be deemed to have been fully earned for the Plan Year, provided that the Participant shall only be entitled to payment of a pro rata portion of the Incentive Award based upon the number of days within the Plan Year that had elapsed as of the effective date of the Change in Control. The Incentive Award amount shall be paid in cash within thirty (30) days of the effective date of the Change in Control. The Incentive Award payable upon a Change in Control to a Participant for a Plan Year during which a Change in Control occurs shall be the greater of the amount provided for under this Section 8 or the amount of the Incentive Award payable

to such Participant for the Plan Year under the terms of any employment agreement or severance agreement with the Corporation, its Business Units or its Subsidiaries.

9. BENEFICIARY

The Committee may provide for each Participant to designate a person or persons to receive, in the event of death, any Incentive Award to which the Participant would then be entitled under Section 6.2. Such designation will be made in the manner determined by the Committee and may be revoked by the Participant in writing. If the Committee does not provide for such designation or if a Participant fails effectively to designate a beneficiary, then the estate of the Participant will be deemed to be the beneficiary.

10. WITHHOLDING OF TAXES

The Corporation shall deduct from each Incentive Award the amount of any taxes required to be withheld by any governmental authority.

11. EMPLOYMENT

Nothing in the Plan or in any Incentive Award shall confer (or be deemed to confer) upon any Participant the right to continue in the employ of the Corporation, a Business Unit or a Subsidiary, or interfere with or restrict in any way the rights of the Corporation, a Business Unit or a Subsidiary to discharge any Participant at any time for any reason whatsoever, with or without cause.

12. SUCCESSORS

All obligations of the Corporation under the Plan with respect to Incentive Awards granted hereunder shall be binding upon any successor to the Corporation, whether such successor is the result of an acquisition of stock or assets of the Corporation, a merger, a consolidation or otherwise.

13. TERMINATION AND AMENDMENT OF THE PLAN

The Committee, subject to the ratification rights of the Board of Directors, has the right to suspend or terminate the Plan at any time, or to amend the Plan in any respect, provided that no such action will, without the consent of an affected Participant, adversely affect the Participant's rights under an Incentive Award approved under Section 6.2.

14. GOVERNING LAW

The Plan shall be interpreted and construed under the laws of the State of Georgia.

[Signature Page Follows]

IN WITNESS WHEREOF, the Plan has been executed by the Corporation on this 28th day of November, 2001, to be effective on the Effective Date.

ACUITY BRANDS, INC.

By: /s/ James S. Balloun

James S. Balloun
Chairman, President and
Chief Executive Officer

APPENDIX A

to

ACUITY BRANDS, INC.

MANAGEMENT COMPENSATION AND INCENTIVE PLAN

PERFORMANCE MEASURE - -----	GENERAL DEFINITION -----
AATP Margin	AATP divided by Sales
Adjusted After-Tax Profit (AATP)	AATP minus book income taxes (reported tax rate applied to AATP)
Adjusted Pre-Tax Profit (AATP)	Income before provision for income taxes plus interest expense plus implied interest on capitalized operating leases. The measure may include or exclude income from discontinued operations, extraordinary items, changes in accounting principles, and restructuring expense.
Capitalized Economic Profit	Economic Profit divided by a predetermined rate reflecting the cost of capital
Capitalized Entity Value	Sum of average invested capital in the business and the Capitalized Economic Profit
Capitalized Equity Value	Capitalized Entity Value minus total debt
Cashflow	Net cash provided by operating activities
Cashflow Return on Capital	Cash flow divided by average invested capital
Cashflow Return on Capitalized Entity/Equity Value.....	Cashflow divided by Capitalized Value
Cashflow Return on Investment	
Change in Price of Shares	
Earnings Per Share	Primary or fully diluted earnings per share
Economic Profit	AATP minus a charge for capital
Net Income	Net income as reported in NSI's annual financial statements or the books and records of its segments. The measure may include or exclude income from discontinued operations, extraordinary items, changes in accounting principles, and restructuring expense.

Net Income Return on Capital	Net Income divided by average invested capital
Return on Assets (ROA)	Net Income divided by average total assets
Return on Equity (ROE)	Net Income divided by average stockholders' equity
Return on Gross Investment	Sum of Net Income plus depreciation divided by sum of average invested capital plus accumulated depreciation
Return on Invested Capital	Net Income or AATP divided by average
Return on Net Assets (RONA)	Net Income, APTP, or income before taxes, divided by average net assets
Sales	Net sales of products and service revenues
Sales Growth	Percentage change in Sales from year to year
Total Return to Stockholders	Percentage change in stockholder value (stock price plus reinvested dividends)

ACUITY BRANDS, INC.
BENEFITS PROTECTION TRUST

(Formerly, the National Service Industries, Inc.
Benefits Protection Trust)

Effective As Of November 30, 2001.

ACUITY BRANDS, INC.

BENEFITS PROTECTION TRUST AGREEMENT

THIS ASSUMPTION AND AMENDMENT AGREEMENT, made as of the ____ day of November 2001, by and between Acuity Brands, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Company"), and Wachovia Bank, N.A., a national banking association organized and existing under the laws of the United States of America (hereinafter referred to as the "Trustee").

WITNESSETH

WHEREAS, effective as of June 5, 1990, National Service Industries, Inc. ("NSI") and the Trustee established the National Service Industries, Inc. Benefits Protection Trust ("Prior Trust") to ensure that eligible Participants and their beneficiaries would receive the benefits that NSI and its Affiliates were obligated to provide them pursuant to certain designated employee benefit plans; and

WHEREAS, in connection with the spin-off of the Company from NSI, effective November 30, 2001 and pursuant to an Employee Benefits Agreement, dated as of November 30, 2001, between the Company and NSI, the Prior Trust is being transferred to, and assumed by, the Company in the form of this Benefits Protection Trust (hereinafter referred to as this "Trust"); and

WHEREAS, the liabilities and assets of the Prior Trust will be held in this Trust; and

WHEREAS, the Company desires to assume this Trust in order to ensure that "Participants" (as hereinafter defined) and their beneficiaries will receive the benefits which the

Company and its Affiliates are obligated to provide for them or which they reasonably anticipate receiving pursuant to the "Plans" (as hereinafter defined);

WHEREAS, the Trustee is not a party to the Plans;

WHEREAS, the aforesaid obligations of the Company are not funded or otherwise secured and the Company has agreed to take steps to assure that the future payment of amounts under such Plans will not be improperly withheld in the event that a "Threatened Change in Control" (as hereinafter defined) or "Change in Control" (as hereinafter defined) of the Company should occur;

WHEREAS, for purposes of assuring that such payments will not be improperly withheld, the Company desires to: (a) deposit with the Trustee, subject to the claims of the Company's existing or future general creditors, such amounts of cash, marketable securities or other security as the Company may determine for the payment of (i) benefits to Participants and their beneficiaries which may become payable under the Plans and (ii) fees and expenses of the Trustee in pursuing claims of the Participants and their beneficiaries against the Company or any of its Affiliates for such payments and/or in requiring the Company to deposit sufficient cash or marketable securities in this Trust to pay benefits under the Plans; and (b) retain the right to deposit with the Trustee, subject to the same conditions, further amounts of cash or marketable securities for the payment of amounts under such Plans as they may become due and payable; and

WHEREAS, the Company maintains the Acuity Brands, Inc. Executive Benefits Trust (the "Executive Benefits Trust") for the benefit of Participants and their beneficiaries upon a Change in Control; and

WHEREAS, upon a Change in Control, the assets attributable to the Plans held in the Benefit Account of this Trust will be transferred to the Executive Benefits Trust to be held for the benefit of Participants and their beneficiaries in accordance with the terms thereof.

NOW, THEREFORE, in consideration of the respective agreements of the Company and the Trustee contained herein, the Company agrees to assume the Prior Trust as amended hereby and to establish the Acuity Brands, Inc. Benefits Protection Trust:

ARTICLE 1: Definitions.

1.1 "Affiliate" shall mean any corporation, partnership or other entity, the majority interest in which is held by the Company directly or through one or more intermediaries, which has been designated by the Company as participating in the Trust. The Affiliates are listed on Schedule 2.

1.2 The "Board" shall mean the Board of Directors of the Company.

1.3 "Change in Control" shall mean any of the following events:

(a) The acquisition (other than from the Company) by any "Person" (as the term person is used for purposes of Sections 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of twenty percent (20%) or more of the combined voting power of the Company's then outstanding voting securities; or

(b) The individuals who, as of December 1, 2001, are members of the Board (the "Incumbent Board") cease for any reason to constitute at least two-thirds of the Board; provided; however, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least two-thirds of the Incumbent

Board, such new director shall, for purposes of this Agreement, be considered as a member of the Incumbent Board; or

(c) A merger or consolidation involving the Company if the stockholders of the Company, immediately before such merger or consolidation do not, as a result of such merger or consolidation, own, directly or indirectly, more than seventy percent (70%) of the combined voting power of the then outstanding voting securities of the corporation resulting from such merger or consolidation in substantially the same proportion as their ownership of the combined voting power of the voting securities of the Company outstanding immediately before such merger or consolidation; or

(d) A complete liquidation or dissolution of the Company or an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur pursuant to Section 1.3(a) of this Article 1, solely because twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities is acquired by (i) a trustee or other fiduciary holding securities under one or more employee benefit plans maintained by the Company or any of its subsidiaries or (ii) any corporation which, immediately prior to such acquisition, is owned directly or indirectly by the stockholders of the Company in the same proportion as their ownership of stock in the Company immediately prior to such acquisition (hereinafter referred to individually as a "Related Person" and collectively as "Related Persons").

1.4 "Company" shall mean Acuity Brands, Inc., its successors and assigns.

1.5 "Participants" shall mean active and former employees of the Company and/or of its Affiliates who are participants in or who have a claim to receive benefits under any of the Plans.

1.6 "Plaintiffs" shall mean the Participants and their beneficiaries.

1.7 "Plans" shall mean the Executives' Deferred Compensation Plan, Supplemental Deferred Savings Plan, Supplemental Retirement Plan for Executives, Senior Management Benefit Plan, Severance Protection Agreements with senior corporate officers and division presidents, and any other plans or agreements that are adopted by the Company or its Affiliates prior to a Change in Control, in all cases as listed on Schedule 1 as may be amended from time to time prior to a Change in Control.

1.8 "Related Person" shall have the meaning set forth in the last paragraph of Section 1.3.

1.9 "Threatened Change in Control" shall mean the occurrence of any of the following events:

(a) when the Company is aware of or is contemplating, a proposal (a "Proposal") for any Person other than a Related Person (1) to acquire five percent (5%) or more of the voting power of the Company's outstanding securities, or (2) to merge or consolidate with another entity, transfer or sell assets of the Company, or liquidate or dissolve the Company, in each case described in this clause (2) in a transaction that would constitute a Change in Control; or

(b) any Person other than a Related Person,

(1) acquires five percent (5%) or more of the voting power of the Company's outstanding securities, other than as a holder whose investment in the Company is eligible to be reported on Schedule 13G pursuant to Rule 13d-1(b)(1) promulgated under the 1934 Act, or

(2) initiates a tender or exchange offer to acquire such number of securities as would result in such person holding twenty percent (20%) or more of the voting power of the Company's outstanding securities, or

(3) solicits proxies for votes to elect members of the Board at a shareholders' meeting of the Company.

1.10 "Threatened Change in Control Period" shall mean the period commencing on the date that a Threatened Change in Control has occurred and ending upon:

(a) the date the Proposal referred to in Section 1.9(a) of this Article 1 is abandoned;

(b) the acquisition of five percent (5%) of the voting power of the Company's outstanding securities by the Person referred to in Section 1.9(a)(1) if such acquisition does not constitute a Threatened Change in Control under Section 1.9(b)(1);

(c) the date when any person described in Section 1.9(b) of this Article 1, (1) shall own less than five percent (5%) of the voting power of the Company's outstanding securities, (2) shall have abandoned the tender or exchange offer, or (3) shall not have elected a member of the Board as the case may be; or

(d) the date a Change in Control occurs.

ARTICLE 2: Creation of Trust.

2.1 The Company hereby adopts and assumes the Prior Trust and agrees to continue such trust as amended by this Agreement. The Trustee hereby agrees to continue as trustee of the Trust. The Trust shall consist of two accounts, established by the Trustee, for purposes of accounting for funds delivered to the Trustee by the Company. One such account shall be known as the "Trustee Expense Account," and shall be used exclusively to pay the fees, expenses and indemnities due or incurred by the Trustee in accordance with the terms of this Agreement. The other such account shall be known as the "Benefit Account," and shall be used to make payments under the Plans. The Benefit Account shall be divided into separate sub-accounts for each Plan which is funded by the Company in accordance with Section 4.1 of Article 4. Unless the Company directs otherwise, separate Trustee Expense Account and Benefit Account shall be established for each Affiliate. The Trustee, for investment purposes only, may commingle all Trust assets and treat them as a single fund, but the records of the Trustee at all times shall show the percentages of the Trust Fund allocable to each of the several accounts and sub-accounts.

2.2 The Company and the Trustee agree that this Trust created herein shall be revocable by the Company at any time prior to or subsequent to a Threatened Change in Control Period and prior to a Change in Control, but shall not be revocable by the Company or by any successor thereto during a Threatened Change in Control Period or after the occurrence of a Change in Control. The Trust shall become irrevocable upon the occurrence of a Change in Control, subject to the provisions of Section 17.5. The Trust established hereunder is intended to be a grantor trust within the meaning of Section 671 of the Internal Revenue Code of 1986, as amended (the "Code"), and all interest and other income earned on the investment of this Trust

shall for such purposes be the property of, and taxable to, the Company. All taxes on or with respect to this Trust shall be payable by the Company from its separate funds and shall not be a charge against this Trust.

2.3 Prior to a Change in Control, the Company and its Affiliates may add Plans to, and Participants in the Plans under which benefits are payable from, this Trust by amending Schedule 1 and notifying the Trustee in writing. If the Company or its Affiliates amend any of the Plans, it shall send to the Trustee a copy of any such amendments and no consent of the Trustee to such amendments is required.

ARTICLE 3: Trustee Expense Account.

3.1 At any time, the Company shall have the unlimited right to deliver cash or marketable securities reasonably acceptable to the Trustee to be credited to the Trustee Expense Account. Any amount (together with the income attributable thereto) which is credited to the Trustee Expense Account may be withdrawn by the Company by written notice to the Trustee at any time prior or subsequent to a Threatened Change in Control Period and prior to a Change in Control. Notwithstanding anything contained in this Agreement to the contrary, the Company shall not make any withdrawal from this Trust during a Threatened Change in Control Period or after the occurrence of a Change in Control.

3.2 Upon the occurrence of a Threatened Change in Control or a Change in Control, the Company shall contribute to the Trustee Expense Account sufficient cash (i) to provide for the Litigation (as defined in Section 9.3 of Article 9) expenses of all Plaintiffs as determined by the Trustee, and (ii) to pay the expenses of operating this Trust for twelve (12) months. If the Company fails to deposit the amount in the Trust required by this Section 3.2

within five (5) days of the occurrence of a Threatened Change in Control or a Change in Control, the Trustee shall commence legal action as provided in Section 9.5.

ARTICLE 4: Benefit Account.

4.1 The Trustee shall continue to hold in the Benefit Account any amounts that were held in the Benefit Account under the Prior Trust, such amounts to be administered and disposed of by the Trustee as provided herein.

4.2 (a) At any time, the Company and any Affiliate shall have the unlimited right to deliver cash or marketable securities reasonably acceptable to the Trustee to be credited to the Benefit Account. Any such delivery shall be accepted by the Trustee accompanied by a designation of the Plan or Plans under the provisions of which such funds are to be disbursed and if more than one Plan is being funded, the amount being allocated in respect of each Plan. Such delivery shall be credited to a separate sub-account within the Benefit Account for each Plan in respect of which funds are being provided. Any amount (together with the income attributable thereto) may be withdrawn by the Company and any Affiliate at any time prior or subsequent to a Threatened Change in Control Period and prior to a Change in Control.

(b) Immediately upon the occurrence of a Threatened Change in Control or a Change in Control, the Company shall contribute sufficient cash to the Benefit Account (i) to pay all payments and benefits to which Participants would be entitled (whether payable currently or on a deferred basis) pursuant to the terms of the Plans as of the date of the Threatened Change in Control or Change in Control and (ii) to pay the additional payments and benefits that would be due Participants under the Plans assuming the Participants' employment was terminated involuntarily by the Company without cause immediately following the date on which the Threatened Change in Control or Change in Control occurred. The amount the

Company shall contribute to the Trust pursuant to this subparagraph (b) shall be determined by the Trustee in its discretion. If the Company fails to contribute the amount to the Trust required by this subparagraph (b) within five (5) days of the occurrence of the Threatened Change in Control or Change in Control, the Trustee shall commence legal action as provided in Section 9.5.

During a Threatened Change in Control Period or after the occurrence of a Change in Control, if the Trustee determines that the funds in the Benefit Account are insufficient to fully pay all payments and benefits in (b) (i) and (ii) above under the Plans, the Trustee shall make written demand on the Company to provide funds in an amount determined by the Trustee in its discretion. If the Company fails to contribute this additional amount to the Trust within five (5) days of receipt of the Trustee's written demand, the Trustee shall commence legal action as provided in Section 9.5.

4.3 (a) In addition to the cash and/or other property delivered to, and deposited with, the Trustee pursuant to Article 3 and Sections 4.1 and 4.2, the Company may deliver to the Trustee one or more letters of credit (referred to hereinafter as the "Letter(s) of Credit") which shall (i) be irrevocable for a period of at least 364 days, (ii) be renewable by the Company on substantially the same terms and conditions at the end of such period unless the issuer provides to the Company and the Trustee not less than 90 calendar days' written notice prior to the expiration date that any Letter(s) of Credit will not be renewed, and (iii) name the Trustee as beneficiary. A Letter of Credit shall enable the Trustee to draw directly from the issuer of such Letter of Credit, immediately upon notice and without any other requirement, an amount equal to the excess of 100% of the amount the Trustee has demanded the Company contribute to the Trust pursuant to Article 3 and Sections 4.1 and 4.2, as determined by the

Trustee, over the value of all other assets of the Trust, subject, however, to the maximum amount of the Letters of Credit.

(b) The Trustee shall draw on each Letter of Credit held by it to the full extent thereof no later than three (3) business days following the failure by the Company to contribute to the Trust the amounts demanded by the Trustee pursuant to Article 3 and Sections 4.1 and 4.2.

(c) If the Trustee receives written notice from an issuer referencing a Letter of Credit by number which is signed by an officer of the issuer of such Letter of Credit, that such Letter of Credit will not be renewed on substantially the same terms and conditions, then the Trustee shall notify the Company in writing that it has received such notice.

(d) Notwithstanding (a) above, the Trustee shall not draw on any Letter of Credit pursuant to subparagraph (a), to the extent that the Company has deposited in the Trust 100% of the amount the Trustee has demanded the Company to contribute to the Trust pursuant to Article 3 and Sections 4.1 and 4.2, as determined by the Trustee.

ARTICLE 5: Payments from the Trust.

5.1 The Company shall, from time to time, furnish the Trustee with such written information regarding the Participants and beneficiaries under the Plans and the amount and/or method of determination of benefits under the Plans (hereinafter referred to as "Participant Data") as the Company deems relevant or as the Trustee shall request in writing. The Company shall, after a Change in Control, furnish the Trustee with such Participant Data and other information as the Trustee may from time to time request within thirty (30) days of

such request. The Company shall, from time to time, but not less frequently than annually, update Participant Data with respect to all Plans.

After a Change in Control and subject to Section 17.3, the Trustee shall, without direction from the Company, to the extent funds are available in the Benefit Account for such purpose, make payments to Participants and beneficiaries in such manner and in such amounts as the Trustee shall determine they are entitled to be paid under the Plans based on the most recent Participant Data furnished to the Trustee by the Company and any supplemental information furnished to the Trustee by a Participant or beneficiary upon which the Trustee may reasonably rely in making such determination. The Trustee shall have the power to interpret the provisions of the Plans and this Agreement in making its determination.

5.2 After a Change in Control, in the event the Internal Revenue Service issues a notice of deficiency to any Participant and/or beneficiary of a Plan stating that such Participant and/or beneficiary is subject to any tax by reason of any undistributed interest in this Trust, the Trustee, upon presentation of (i) a copy of such determination and (ii) written direction from the Participant and/or beneficiary, shall distribute to such Participant and/or beneficiary a lump sum cash payment equal to the amount included in such Participant's or beneficiary's gross income by reason of any interest in this Trust. The Trustee shall not be liable in any way for any payment made pursuant to any such written direction. Any benefit to which such Participant and/or beneficiary subsequently becomes entitled shall be offset in such manner as the Trustee shall determine in its discretion by the amount previously distributed pursuant to the preceding provisions of this Section 5.2 determined on a present value basis pursuant to the applicable federal rate (as defined in Section 1274(d) of the Code) as in effect from time to time.

5.3 Payments to Participants and beneficiaries pursuant to Sections 5.1 and 5.2 of this Article 5 shall be made by the Trustee to the extent that funds in the Benefit Account for such purpose are sufficient to allow such payments. In any month in which the Trustee determines that one or more sub-accounts in the Benefit Account does not have sufficient funds to provide for the payment of all amounts otherwise payable to Participants and beneficiaries in such month under a Plan or Plans, the amount otherwise payable to each such Participant or beneficiary under such Plan or Plans during such month shall be multiplied by a fraction, the numerator of which is the amount of funds then available for the payment of benefits under such Plan or Plans and the denominator of which is the total of the benefits payable prior to such reduction during such month to all Participants and beneficiaries under such Plan or Plans.

ARTICLE 6: Management of Trust Assets.

6.1 Prior to a Change in Control, this Trust's assets shall be held, invested and reinvested by the Trustee in accordance with written investment guidelines provided by the Company from time to time. Except as mandated by law, the Trustee shall not be liable for following the investment guidelines from the Company prior to a Change in Control if there is a loss due to investments made in accordance with the investment guidelines provided by the Company. The Trustee may invest in and hold securities (including stock or rights to acquire stock) or obligations of the Company, if directed to do so in writing by the Company. In exercising the powers of the Company under this Section 6.1, the Company shall act by its Corporate Treasurer or his written designees, each of whom is fully authorized to exercise such powers. The Trustee may, and shall, follow the written guidelines signed by said Corporate Treasurer or such designees.

6.2 In the absence of written investment guidelines provided by the Company, the Trustee shall invest the assets as if a Change in Control had occurred as provided in Section 6.3 and Article 9.

6.3 After the occurrence of a Change in Control, the Trustee shall have exclusive authority and discretion to manage and control this Trust's assets and may employ investment managers, including affiliates of the Trustee, to manage the investment of this Trust's assets. Pursuant to such authority and discretion, the Trustee may exercise, from time to time and at any time, the power:

(a) to invest and reinvest this Trust, without distinction between principal and income, in shares of stock (whether common or preferred) or other evidences of ownership, bonds, debentures, notes or other evidences of indebtedness, unsecured or secured by mortgages on real or personal property wherever situated (including any part interest in a bond and mortgage or note and mortgage whether insured or uninsured) and other property, or part interest in property, real or personal, foreign or domestic, and in order to reduce the rate of interest rate fluctuations, contracts, as either buyer or seller, for the future delivery of United States Treasury securities and comparable federal-government-backed securities;

(b) to sell, convey, redeem, exchange, grant options for the purchase or exchange of, or otherwise dispose of, any real or personal property, at public or private sale, for cash or upon credit, with or without security, without obligation on the part of any person dealing with the Trustee to see to the application of the proceeds of or to inquire into the validity, expediency or propriety of any such disposition;

(c) to exercise, personally or by general or limited proxy, the right to vote any shares of stock, bonds or other securities held in this Trust, to delegate discretionary

voting power to trustees of a voting trust for any period of time, and to exercise, personally or by power of attorney, any other right appurtenant to any securities or other property of this Trust;

(d) to join in or oppose any reorganization, recapitalization, consolidation, merger or liquidation, or any plan therefor, or any lease, mortgage or sale of the property of any organization the securities of which are held in this Trust; to pay from this Trust any assessments, charges or compensation specified in any plan of reorganization, recapitalization, consolidation, merger or liquidation; to deposit any property with any committee or depository; and to retain any property allotted to this Trust in any reorganization, recapitalization, consolidation, merger or liquidation;

(e) to exercise or sell any conversion or subscription or other rights appurtenant to any stock, security or other property held in this Trust;

(f) to borrow from any lender (including the Trustee in its individual capacity) money, in any amount and upon any reasonable terms and conditions, for purposes of this Agreement, and to pledge or mortgage any property held in this Trust to secure the repayment of any such loan;

(g) to compromise, settle or arbitrate any claim, debt, or obligation of or against this Trust; to enforce or abstain from enforcing any right, claim, debt or obligation (subject to the provisions of Section 9.3), and to abandon any property determined by it to be worthless;

(h) to make loans of securities held in this Trust to registered brokers and dealers upon such terms and conditions as are permitted by applicable law and regulations, and in each instance to permit the securities so lent to be registered in the name of the borrower

or a nominee of the borrower, provided that in each instance the loan is adequately secured and neither the borrower nor any affiliate of the borrower has discretionary authority or control with respect to the assets of this Trust involved in the transaction or renders investment advice with respect to those assets; and

(i) to invest and reinvest any property in this Trust in any other form or type of investment not specifically mentioned in this Section.

ARTICLE 7: Administrative Powers.

The Trustee shall have and in its sole and absolute discretion may exercise from time to time and at any time the following administrative powers and authority with respect to this Trust:

7.1 To hold property of this Trust in its own name or in the name of a nominee or nominees, without disclosure of this Trust, or in bearer form so that it will pass by delivery, but no such holding shall relieve the Trustee of its responsibility for the safe custody and disposition of this Trust in accordance with the provisions of this Agreement; the Trustee's books and records shall at all times show that such property is part of this Trust; and the Trustee shall be absolutely liable for any loss occasioned by the acts of its nominee or nominees with respect to securities registered in the name of the nominee or nominees.

7.2 To organize and incorporate under the laws of any state it may deem advisable one or more corporations (and to acquire an interest in any such corporation that it may have organized and incorporated) for the purpose of acquiring and holding title to any property, interests or rights that the Trustee is authorized to acquire under Article 6 hereof.

7.3 To employ in the management of this Trust suitable agents, without liability for any loss occasioned by any such agents selected by the Trustee with the care, skill,

prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

7.4 To make, execute and deliver, as Trustee, any deeds, conveyances, leases, mortgages, contracts, waivers or other instruments in writing that the Trustee may deem necessary or desirable in the exercise of its powers under this Agreement.

7.5 To draw upon any Letter of Credit provided pursuant to Section 4.3 and to make demand upon the issuer of any Letter of Credit to pay amounts directly to the Trust.

7.6 To do all other acts that the Trustee may deem necessary or proper to carry out any of the powers set forth in this Agreement or otherwise in the best interests of this Trust.

ARTICLE 8: Insurance and Annuity Contracts.

8.1 The Trustee, upon written direction of the Company prior to a Change in Control, shall pay from the Benefit Account such sums to such insurance company or companies as the Company may direct for the purpose of procuring participating or nonparticipating insurance and/or annuity contracts for the Plans (hereinafter referred to as "Contracts"). The Company shall prepare, or cause to be prepared in such form as it shall prescribe, the application for any Contract to be applied for. The Trustee shall receive and hold in this Trust, subject to the provisions hereinafter set forth in this Article 8, all Contracts so obtained.

8.2 The Trustee shall be the complete and absolute owner of Contracts held in this Trust and, upon written direction of the Company prior to a Change in Control, shall have power, without the consent of any other person, to exercise any and all of the rights, options or privileges that belong to the absolute owner of any Contract held in this Trust or that are granted

by the terms of any such Contract or by the terms of this Agreement. Prior to a Change in Control, the Trustee shall have no discretion with respect to the exercise of any of the foregoing powers or the taking of any other action permitted by any Contract held in this Trust, but shall exercise such powers or take such action only upon the written direction of the Company and the Trustee shall have no duty to exercise any of such powers or to take any such action unless and until it shall have received such direction. After a Change in Control, the Trustee shall exercise, without directions from the Company, any and all of the rights, options or privileges that belong to the absolute owner of any Contract held in this Trust or that are granted by the terms of any such Contract or by the terms of this Agreement. The Trustee, upon the written direction of the Company prior to a change in Control, shall deliver any Contract held in this Trust to such person or persons as may be specified in the direction,

8.3 The Trustee shall hold in this Trust the proceeds of any sale, assignment or surrender of any Contract held in this Trust and any and all dividends and other payments (including death benefits) of any kind received in respect of any Contract held in this Trust.

8.4 Upon the written direction of the Company prior to a Change in Control, the Trustee shall pay from the Benefit Account, premiums, assessments, dues, charges and interest, if any, upon any Contract held in this Trust. The Trustee shall have no duty to make any such payment unless and until it shall have received such direction. After a Change in Control, the Trustee shall pay from the Benefit Account premiums, assessments, dues, charges and interest, if any, upon any Contract held in this Trust, without direction from the Company.

8.5 No insurance company that may issue any Contract or Contracts held in this Trust shall be deemed to be a party to this Agreement for any purpose, or to be responsible in any way for the validity of this Agreement or to have any liability under this Agreement other

than as stated in each Contract that it may issue. Any insurance company may deal with the Trustee as sole owner of any Contract issued by it and held in this Trust without inquiry as to the authority of the Trustee to act, and may accept and rely upon any written notice, instruction, direction, certificate or other communication from the Trustee believed by it to be genuine and to be signed by an officer of the Trustee and shall incur no liability or responsibility for so doing. Any sums paid out by any insurance company under any of the terms of a Contract issued by it and held in this Trust either to the Trustee, or, in accordance with the direction of the Trustee, to any other person or persons designated as payees in such Contract shall be a full and complete discharge of the liability to pay such sums, and the insurance company shall have no obligation to look to the disposition of any sums so paid. No insurance company shall be required to review the terms of this Agreement, to question any action of the Trustee or to ensure that any action of the Trustee is authorized by the terms of this Agreement.

8.6 Notwithstanding anything contained herein to the contrary, neither the Company nor the Trustee shall be liable for the refusal of any insurance company to issue or change any Contract or Contracts or to take any other action requested by the Trustee; nor for the form, genuineness, validity, sufficiency or effect of any Contract or Contracts held in this Trust; nor for the act of any person or persons that may render any such Contract or Contracts null and void; nor for the failure of any insurance company to pay the proceeds and avails of any such Contract or Contracts as and when the same shall become due and payable; nor for any delay in payment resulting from any provision contained in any such Contract or Contracts; nor for the fact that for any reason whatsoever (other than their own negligence or willful misconduct) any Contract or Contracts shall lapse or otherwise become uncollectable.

ARTICLE 9: Trustee's Powers After a Change in Control.

9.1 After a Change in Control, the Trustee shall exercise for the sole benefit of Participants and their beneficiaries any of the powers set forth in Section 6.3 and Sections 8.2 through 8.6 without direction from the Company, including the power to negotiate for and purchase Contracts whose rates of return and maturity dates may reasonably be expected to permit the Trust to discharge any or all of the obligations of the Company and its Affiliates under the Plans.

9.2 (a) As soon as practicable following a Change in Control, the Trustee shall notify in writing each Participant and beneficiary of the amount of his or her benefit (accrued or contingent) under the Plans. Thereafter, the Trustee shall provide each Participant and his or her beneficiary by March 1 of each year, with an account statement (the "Account Statement") as of December 31 of the prior calendar year. The Account Statement shall contain a statement of the amount of benefit payments to which the Participant is or may be entitled, a summary of the assets of the Trust, and a statement notifying the Participant or beneficiary that he or she has the right to receive or examine a copy of this Agreement and examine the Trustee's account filed with the Company pursuant to Section 14.1 of Article 14 hereof. In addition, the Trustee shall notify each Participant or beneficiary of any failure by the Company to provide the Participant Data referred to in Section 5.1 hereof or to make contributions pursuant to Articles 3 and 4.

(b) Within thirty (30) days after a Change in Control, the Company (or upon its failure, the Trustee) shall notify in writing all Participants and their beneficiaries who may be entitled to receive benefits under the Plans, of the Trustee's availability to aid them in pursuing any claims they may have against the Company under the terms of those Plans under which they are covered. The Company (or upon its failure, the Trustee) shall provide such notice

by (1) personal delivery or (2) certified mail return receipt requested to all Participants and/or the beneficiaries described above to their last known address.

(c) As soon as practicable following the commencement of "Litigation" (as hereinafter defined) on behalf of any Plaintiff, the Trustee shall notify in writing each other Participant and beneficiary of the commencement of the Litigation, the nature of the claim, the judicial forum and any other information that the Trustee determines is relevant.

9.3 (a) If, after a Change in Control, a Plaintiff notifies the Trustee that the Company (or insurance company, contract administrator or any other party acting on the Company's behalf, if applicable) has refused to pay a claim under any of the Plans, then, unless the Trustee shall determine that the claim has no basis in law and fact, the Trustee:

(1) will promptly attempt to negotiate with the Company (or insurance company, contract administrator or any other party acting on the Company's behalf, if applicable) to obtain payment, settlement, or other disposition of the claim, subject to the consent of the Plaintiff;

(2) will, if negotiations fail within ninety (90) days to result in a payment, settlement or other disposition agreeable to the Plaintiff, upon the receipt of written authorization from the Plaintiff in substantially the form attached hereto as Exhibit A, institute and maintain legal proceedings (hereinafter referred to as the "Litigation") against the Company or other appropriate person or entity to recover on the claim on behalf of the Plaintiff; and

(3) may, subject to the consent of the Plaintiff, settle or discontinue the Litigation.

(b) The Trustee shall direct the course of the Litigation and shall keep the Plaintiff informed of the progress of the Litigation as the Trustee deems appropriate, but no less frequently than quarterly. If, during the Litigation:

(1) the Plaintiff directs in writing that the Litigation on behalf of the Plaintiff be settled or discontinued, the Trustee shall take all appropriate action to follow such direction, provided that the written direction specifies the terms and conditions of the settlement or discontinuance, and further provided that the Plaintiff, if requested by the Trustee, shall execute and deliver to the Trustee a document in a form acceptable to the Trustee releasing and holding harmless the Trustee from any liability resulting from the Trustee's following such direction;

(2) the Plaintiff refuses to consent to the settlement or other disposition of the Litigation on terms recommended in writing by the Trustee or does not agree with the Trustee's conduct of the Litigation, the Trustee may proceed, in its sole and absolute discretion, to take such action as it deems appropriate in the Litigation, including entering into settlement or discontinuance of the Litigation; provided, however that the Trustee shall first afford the Plaintiff at least fourteen (14) days' advance notice of any decision to settle or otherwise discontinue the Litigation; provided, further, however, that the Trustee shall not be authorized to proceed in the Litigation on behalf of the Plaintiff after (i) the Plaintiff shall have revoked in writing the authorization of the Trustee to proceed on his behalf (in substantially the form attached hereto as Exhibit B) and shall have delivered such writing to the Trustee and (ii) the Plaintiff shall have appointed his own counsel, whose fees and expenses are to be paid by the Plaintiff and who shall appear in the Litigation on behalf of the Plaintiff in lieu of counsel retained by

the Trustee. Thereafter, the Trustee shall have no obligation to proceed further on behalf of such Plaintiff or to pay from the Trustee Expense Account any costs or expenses incurred in the Litigation after the date of the delivery of such writing.

(c) The Trustee is empowered to retain, at the expense of this Trust and chargeable to the Trustee Expense Account, counsel and other appropriate experts, including actuaries and accountants, to aid it in making any determination under this Article 9 and to pursue or settle any Litigation. The Trustee shall have the discretion to determine the form and nature that any Litigation against the Company, or other appropriate person or entity, shall take, and the procedural rules and laws applicable to such Litigation shall supersede any inconsistent provision in this Agreement.

9.4 After a Change in Control, the Trustee shall bill the Company directly, on a monthly basis, for all fees and expenses described in Section 10.2. The Trustee may commence legal action against the Company to recover any amount not paid within thirty (30) days of the billing date. If the Company's failure to pay causes a reduction in the assets of the Trustee Expense Account contributed pursuant to Article 3 such that the Trustee Expense Account is insufficient to pay for all expenses that may be incurred in connection with the Litigation, the Trustee shall commence legal action as provided in Section 9.5.

9.5 Upon the occurrence of a Threatened Change in Control or after a Change in Control, if the Company fails to transfer to, and deposit in, the Trust the amounts required by Sections 3.2, 4.2 and 9.4, (i) within five (5) days of the demand by the Trustee, the Trustee shall commence legal action to compel the Company to pay such amounts to the Trust and (ii) the Company shall be required to contribute within 10 days of commencement of such action an additional amount to the Trust to pay for the costs and expenses, including legal fees, of such

action. The Trustee shall have the power and authority to hire legal counsel of its choice to pursue such legal action against the Company and the costs of such legal counsel shall be paid from the Trust.

ARTICLE 10: Taxes, Expenses and Compensation of Trustee.

10.1 The Company shall pay any federal, state, local or other taxes imposed or levied with respect to the assets and/or income of this Trust or any part thereof under existing or future laws, and the Company, in its discretion, may contest the validity or amount of any tax, assessment, claim or demand respecting this Trust or any part thereof. To the extent not deducted and paid by the Company, the Trustee shall deduct and pay to the appropriate taxing authorities any payroll taxes required to be withheld with respect to any payments made pursuant to this Trust.

10.2 The Trustee shall be reimbursed by the Company on a monthly basis, or on such other basis as the Trustee deems reasonable, for the fees and expenses set forth in Schedule 3 attached hereto and its reasonable expenses, including but not limited to the retention of legal counsel (including but not limited to legal counsel and other professionals retained pursuant to Article 11 and to legal counsel retained to represent the Trustee in any action brought by the Company or any Participant against the Trustee), accountants and actuaries and such other professionals as the Trustee determines are necessary or appropriate to enable it to perform its services as Trustee.

ARTICLE 11: General Duties of Trustee.

11.1 The Trustee shall discharge its duties under this Agreement solely in the interest of the Participants and their beneficiaries and (a) for the exclusive purpose of providing

benefits to such Participants and their beneficiaries and defraying reasonable expenses of administering this Trust; and (b) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

11.2 (a) Except as restricted by securities or other laws, the Company shall notify the Trustee as soon as practical of any facts of which its officers have knowledge which have caused the commencement or termination of a Threatened Change in Control Period or the occurrence of a Change in Control.

(b) The Trustee is responsible for ascertaining whether a Threatened Change in Control Period has commenced and whether a Change in Control has occurred.

11.3 The Trustee may consult with counsel, who may be counsel for the Company prior to a Change in Control or for the Trustee in its individual capacity, and shall not be deemed imprudent by reason of its taking or refraining from taking any action in accordance with the opinion of counsel.

11.4 The Company may designate in writing, prior to a Change in Control, counsel to be retained by the Trustee after a Change in Control to enforce the rights of Participants and beneficiaries to benefits under the Plans. If the designated counsel declines to provide representation, or the Trustee is not satisfied with the quality of representation provided, the Trustee may dismiss the designated law firm and engage another qualified law firm for this purpose; provided, however, that the law firm so engaged may not be the same law firm which represents the Trustee with respect to its responsibilities as Trustee in its individual capacity under this Agreement. The Company may not dismiss or engage such counsel or cause the Trustee to engage or dismiss such counsel after a Change in Control.

ARTICLE 12: Indemnification.

12.1 The Company agrees, to the extent permitted by law, to indemnify and hold the Trustee harmless from and against any liability that the Trustee may incur in the administration of this Trust (including attorneys' fees and expenses), unless arising from the Trustee's own gross negligence, willful misconduct, or willful breach of the provisions of its obligations under this Agreement. The Trustee shall not be required to give any bond or any other security for the faithful performance of its duties under this Agreement, except as required by law.

12.2 Any amount payable to the Trustee under this Article 12 and not previously paid by the Company shall be paid by the Company promptly upon written demand therefor by the Trustee or, if the Company fails to make payment within fifteen (15) days after such written demand, from the Trustee Expense Account, and, if the Trustee Expense Account is insufficient, then from the Benefit Account.

In the event that payment is made hereunder to the Trustee from the Trustee Expense Account, the Trustee shall promptly notify the Company in writing of the amount of such payment. The Company agrees that, upon receipt of such notice, it will deliver to the Trustee to be held in this Trust an amount in cash (or in marketable securities or in some combination thereof) equal to any payments made from this Trust to the Trustee pursuant to this Article 12. The failure of the Company to transfer any such amount shall not in any way impair the Trustee's right to indemnification, reimbursement and payment pursuant to this Article 12. The provisions of this Article 12 shall survive the termination of this Agreement.

12.3 Nothing in this Article 12 shall require the Company to indemnify the Trustee with respect to any Letter of Credit (as described in Section 4.3) which the Trustee or

any affiliate may issue in its commercial capacity, nor may any assets of the Trust be used to repay the Trustee or any affiliate for amounts the Trustee or any affiliate may pay pursuant to any Letter of Credit.

ARTICLE 13: No Duty to Advance Funds.

Nothing contained in this Agreement shall require the Trustee to risk or expend its own funds in the performance of the duties of the Trustee hereunder. In the acceptance and performance of its duties hereunder, the Trustee acts solely as trustee and not in its individual capacity, and all persons, other than the Company, having any claim against the Trustee related to this Agreement or the actions or agreements of the Trustee contemplated hereby shall look solely to this Trust for the payment or satisfaction thereof unless the Trustee has failed to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims. Without limiting the foregoing, the Trustee shall not be liable in its individual capacity for the payment of the fees and expenses of counsel and other professionals retained by the Trustee in accordance with Articles 9, 10 and 11 hereof. The provisions of this Article 13 shall not limit in any way the obligations and responsibilities of the Trustee or any affiliate pursuant to a Letter of Credit (as described in Section 4.3) and the rights of the Trustee to draw upon any Letter of Credit issued by the Trustee or any affiliate shall be as provided in such Letter of Credit.

ARTICLE 14: Accounts.

14.1 (a) The Trustee shall keep accurate and detailed accounts of all its receipts, investments and disbursements under this Agreement on a fiscal year basis ending on each August 31 and for purposes of the Account Statement pursuant to Section 9.2. Such person

or persons as the Company shall designate shall be allowed to inspect the books of account relating to this Trust upon request at any reasonable time during the business hours of the Trustee.

(b) Within sixty (60) days after the close of each fiscal year, the Trustee shall transmit to the Company, and certify the accuracy of, a written statement of the assets and liabilities of this Trust, showing the current value of each asset at that date, and a written account of all the Trustee's transactions relating to this Trust during the period from the last previous accounting to the close of that year. For the purposes of this subsection, the date of the Trustee's resignation or removal as provided in Article 16 hereof or the date of termination of this Trust as provided in Article 17 hereof shall be deemed to be the close of a year.

(c) Unless the Company shall have filed with the Trustee written exceptions or objections to any such statement and account within one-hundred and twenty (120) days after receipt thereof, the Company shall be deemed to have approved such statement and account, and in such case or upon the written approval by the Company of any such statement and account, the Trustee shall, to the extent permitted by law, be forever released and discharged with respect to all matters and things contained in such statement and account as though it had been settled by decree of a court of competent jurisdiction in an action or proceeding to which the Company and all persons having any beneficial interest in this Trust were parties.

14.2 The Trustee shall determine the fair market value of this Trust on a quarterly basis.

14.3 Nothing contained in this Agreement or in the Plans shall deprive the Trustee of the right to have a judicial

settlement of its accounts. In any proceeding for a judicial settlement of the Trustee's accounts or for instructions in connection with this Trust, the only other necessary party thereto in addition to the Trustee shall be the Company. If the Trustee so elects, it may bring in as a party or parties defendant any other person or persons. No person interested in this Trust, other than the Company or at least twenty-five percent (25%) of the Participants and beneficiaries, shall have a right to compel an accounting, judicial or otherwise, by the Trustee, and each such person shall be bound by all accountings by the Trustee to the Company, as herein provided, as if the account had been settled by decree of a court of competent jurisdiction in an action or proceeding to which such person was a party.

ARTICLE 15: Administration of the Plans; Communications.

15.1 The Company shall administer the Plans as provided therein and subject to Section 6.3, Article 5 and of Article 9 hereof, or subject to any other delegation by the Company and assumption by the Trustee of the duties of administering the Plans, the Trustee shall not be responsible in any respect for administering the Plans nor shall the Trustee be responsible for the adequacy of this Trust to meet and discharge all payments and liabilities under the Plans. The Trustee shall be fully protected in relying upon any written notice, instruction, direction or other communication consistent with the terms of this Agreement signed by an officer of the Company designated pursuant to this Agreement. The Company, from time to time, shall furnish the Trustee with the names and specimen signatures of the designated officers of the Company and shall promptly notify the Trustee of the termination of office of any designated officer of the Company and the appointment of a successor thereto. Until notified to the contrary, the Trustee shall be fully protected in relying upon the most recent list of the designated officers of the Company furnished to it by the Company.

15.2 Any action required by any provision of this Agreement to be taken by the Board shall be evidenced by a resolution of such Board certified to the Trustee by the Secretary or an Assistant Secretary of the Company under its corporate seal, and the Trustee shall be fully protected in relying upon any resolution so certified to it. Unless other evidence with respect thereto has been specifically prescribed in this Agreement, any other action of the Company, under any provision of this Agreement, including any approval of or exceptions to the Trustee's accounts, shall be evidenced by a certificate signed by an officer of the Company, and the Trustee shall be fully protected in relying upon such certificate. The Trustee may accept a certificate signed by an officer of the Company as proof of any fact or matter that it deems necessary or desirable to have established in the administration of this Trust (unless other evidence of such fact or matter is expressly prescribed herein), and the Trustee shall be fully protected in relying upon the statements in the certificate.

15.3 The Trustee shall be entitled conclusively to rely upon any written notice, instruction, direction, certificate or other communication consistent with the terms of this Agreement believed by it to be genuine and to be signed by the proper person or persons.

15.4 Until written notice is given to the contrary, communications to the Trustee shall be sent to such individual at such address as may be designated in writing by the Trustee; communications to the Company shall be sent to it at its office at 1420 Peachtree Street, N.E., Atlanta, Georgia, Attention: Ken Murphy, facsimile 404-853-1015, with a copy to William J. Vesely, Jr., Kilpatrick Stockton LLP, facsimile 404-815-6555 (or to such other individuals or addresses as may be designated by the Company).

ARTICLE 16: Resignation or Removal of Trustee.

16.1 The Trustee may resign at any time, other than during a Threatened Change in Control Period or upon the occurrence of a Change in Control, upon six (6) months written notice to the Company or such shorter period as is acceptable to the Company (hereinafter referred to as the "Resignation Period") and immediately after the Resignation Period shall have no further duties hereunder. The Trustee will have no duty to find or secure the appointment of a successor upon its resignation pursuant to this Section nor shall its resignation or its termination of any further duties be contingent upon the appointment and qualification of a successor. Promptly after receipt of such notice, the Company shall appoint a successor trustee, such trustee to become Trustee upon its acceptance of this Trust.

16.2 During a Threatened Change in Control Period or after the occurrence of a Change in Control, the Trustee may resign only under one of the following circumstances:

(a) A final decision of a court of competent jurisdiction removing the Trustee by reason of such court's determination of the existence of a conflict of interest which prevents the Trustee from properly performing its duties hereunder. The Trustee agrees to use its best efforts to avoid any such conflict. For the purpose of this Agreement, the decision of a court shall not be deemed to be final unless the decision is not appealable, or no appeal has been taken from the decision and the time for an appeal has expired. Notwithstanding the foregoing provisions of this subsection (a), such resignation shall not be effective unless the Trustee has obtained the agreement of a bank to act as successor trustee which bank (1) is among the 100 largest banks in the United States, as measured by assets, and (2) served or then currently serves as the trustee for similar trusts and understands its obligations under such similar trusts. In any event, the Trustee shall continue to be custodian of this Trust until the new trustee is in place,

and the Trustee shall be entitled to expenses and fees through the later of the effective date of its resignation as Trustee or the end of its custodianship of this Trust's assets.

(b) The Trustee has exhausted all of its legal remedies and has been unsuccessful in such litigation to require the Company to remit to the Trustee such amounts as are billed pursuant to Section 9.4 and the assets of the Trust have been exhausted. In such event, the Trustee shall have the right to resign immediately as Trustee, and immediately upon such resignation shall have no further duties hereunder. The Trustee will have no duty to find or secure the appointment of a successor upon its resignation pursuant to this subsection, nor shall its resignation or the termination of any further duties be contingent upon the appointment and qualification of a successor. In any event, the Trustee shall continue to be custodian of this Trust until the new trustee is in place, and the Trustee shall be entitled to expenses and fees through the later of the effective date of its resignation as Trustee or the end of its custodianship of this Trust's assets.

16.3 Other than during a Threatened Change in Control Period or after the occurrence of a Change in Control, the Company may remove the Trustee upon thirty (30) days written notice to the Trustee, or upon shorter notice if acceptable to the Trustee. Such removal shall become effective, however only upon the occurrence of all of the following events:

- successor trustee;
- (a) The appointment by the Company of a trustee; and
- (b) The acceptance of the trust by the successor trustee.
- (c) The delivery of this Trust's assets to the successor trustee.

16.4 Each successor trustee shall have the powers and duties conferred upon the Trustee in this Agreement, and the term "Trustee" as used in this Agreement shall be deemed

to include any successor trustee. Upon designation or appointment of a successor trustee, the Trustee shall transfer and deliver this Trust to the successor trustee, reserving such reasonable sums as the Trustee shall deem necessary to defray its expenses in settling its accounts, to pay any of its compensation due and unpaid and to discharge any obligation of this Trust for which the Trustee may be liable. If the sums so reserved are not sufficient for these purposes, the Trustee shall be entitled to recover the amount of any deficiency from either the Company or the successor trustee, or both. When this Trust shall have been transferred and delivered to the successor trustee and the accounts of the Trustee have been settled as provided in Article 14 hereof, the Trustee shall be released and discharged from all further accountability or liability for this Trust and shall not be responsible in any way for the further disposition of this Trust or any part thereof.

16.5 Notwithstanding anything to the contrary, in the event it resigns or is removed, the Trustee shall have a right to have its accounts settled as provided in Article 14 hereof.

ARTICLE 17: Amendment of Agreement; Termination of Trust.

17.1 Subject to Section 17.2, the Company expressly reserves the right at any time, other than during a Threatened Change in Control Period or after the occurrence of a Change in Control, to amend in writing or terminate this Agreement and this Trust created thereby to any extent that it may deem advisable. No amendment shall be made without the Trustee's consent thereto in writing (whose consent shall not be unreasonably withheld) if, and to the extent that, the effect of such amendment is to materially increase the Trustee's responsibilities hereunder. Such proposed amendment shall be delivered to the Trustee as a written instrument of amendment, duly executed and acknowledged by the Company. The

Company also shall deliver to the Trustee a copy of any modifications or amendments to the Plans. The Trustee's consent shall not be required for the termination of this Trust pursuant to this Section 17.1, its removal as Trustee, the amendment of any of the Plans, or the increase in the number of Participants.

17.2 Notwithstanding anything contained herein to the contrary, other than as provided in Section 17.3 and Section 17.5, the provisions of this Agreement and this Trust created thereby shall not be amended or terminated by the Company or the Trustee during a Threatened Change in Control Period or after the occurrence of a Change in Control.

17.3 Notwithstanding anything contained in this Agreement to the contrary, upon a Change in Control the Benefit Account and the assets of this Trust and income attributable thereto, including all rights under any Letters of Credit, with respect to all Participants and their beneficiaries and the Plans (the "Transferred Plans") shall be transferred (the "Transfer") and delivered to the trustee of the Executive Benefit Trust (which is not a grantor trust within the meaning of Section 671 of the Code and which is irrevocable) and upon the Transfer the Trustee shall have no responsibility under this Agreement for payments to be made to Participants and their beneficiaries with respect to the Transferred Plans.

17.4 In the event the Company terminates this Trust other than during a Threatened Change in Control Period or after the occurrence of a Change in Control, the Trustee shall reserve such sums it deems necessary to pay its fees and expenses, and shall distribute all remaining assets of this Trust in accordance with the written directions of the Company, and the Trustee shall provide the Company with a final written accounting to the Company in accordance with Article 14 hereof.

17.5 After the occurrence of a Change in Control, this Trust shall be terminated only upon the first to occur of (a) the transfer of the Benefit Account and the assets of this Trust to the Executive Benefit Trust, the resolution of all Litigation to the satisfaction of the Plaintiff and his or her beneficiaries and Trustee and the payments of all amounts due to the Trustee and all costs and expenses chargeable to this Trust, or (b) the twenty-first anniversary of the death of the last survivor of the Participants or their beneficiaries who are in being on the date of this Agreement. Upon termination of this Trust, the Trustee shall have a right to have its account settled as provided in Article 14 hereof. Promptly upon termination of this Trust, and after payment of all fees, expenses and indemnities due to or incurred by the Trustee hereunder, any remaining portion of this Trust shall be paid to the Company.

ARTICLE 18: Prohibition of Diversion.

18.1 Except as provided in Sections 4.2, 17.4 and 18.2 of this Article 18, at no time prior to the satisfaction of all liabilities with respect to Participants and their beneficiaries under this Trust shall any part of the corpus and/or income of this Trust be used for, or diverted to, purposes other than for the exclusive benefit of such Participants and their beneficiaries, and the assets of this Trust shall never inure to the benefit of the Company and shall be held for the exclusive purposes of providing benefits to Participants in the Plans and their beneficiaries and defraying reasonable expenses of administering the Plans or performing any of the Trustee's duties under this Agreement.

18.2 Notwithstanding any provision of this Agreement to the contrary, the assets of this Trust shall be subject to, and available for satisfaction of, claims of the general creditors of the Company and its Affiliates in the event of the insolvency of the Company or its Affiliates or commencement of a case under the Bankruptcy Code against the Company or an

Affiliate as provided for herein. The Board and the chief executive officer of the Company or any Affiliate shall notify the Trustee in writing in the event of (i) the insolvency of the Company or any Affiliate or (ii) the beginning of proceedings under the Bankruptcy Code of 1978, as amended from time to time (the "Bankruptcy Code"), by any person in respect of the Company or any Affiliate. Upon receipt of such notice or any other written allegation, or if the Trustee has actual knowledge of the insolvency of, or of the commencement of a case under the Bankruptcy Code in respect of, the Company or any Affiliate, the Trustee shall suspend all payments of benefits from the Trust with respect to Participants and beneficiaries and shall hold the assets of the Trust for the benefit of the general creditors of the Company or its Affiliates. In the case where the Trustee receives such notice or written allegation, or has actual knowledge, of the insolvency of the Company or any Affiliate, the Trustee shall in its discretion make an independent determination or promptly seek a judicial determination regarding the insolvency of the Company or any Affiliate. In the case where the Trustee receives such notice or written allegation, or has actual knowledge, that a case under the Bankruptcy Code has been initiated, the Trustee shall dispose of the Trust in accordance with the decision of a court of competent jurisdiction. The Trustee shall resume payments under the terms of the Agreement only after determining that the Company or any Affiliate is not insolvent (or is no longer insolvent, if the Trustee initially determined the Company or any Affiliate to be insolvent) or upon receiving a judicial decision from a court of competent jurisdiction to that effect. The Board and the chief executive officer shall have the duty to inform the Trustee of the discontinuance of the insolvency of the Company or any Affiliate. For purposes of this Agreement, the Company or any Affiliate shall be considered insolvent if its respective assets are insufficient to meet current financial obligations as they come due. Provided that there are sufficient assets, if the Trustee

discontinues the payment of benefits from the Trust and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due Participants or their beneficiaries under the terms of the Plan(s) for the period of such discontinuance, less the aggregate amount of any payments made to Participants or their beneficiaries by the Company (or an Affiliate) in lieu of payments provided for hereunder during any such period of discontinuance.

ARTICLE 19: Prohibition of Assignment of Interest.

No interest, right or claim in or to any part of this Trust or any payment therefrom shall be assignable, transferable or subject to sale, mortgage, pledge, hypothecation, commutation, anticipation, garnishment, attachment, execution or levy of any kind, and the Trustee shall not recognize any attempt to assign, transfer, sell, mortgage, pledge, hypothecate, commute or anticipate the same, except to the extent required by law.

ARTICLE 20: Miscellaneous.

20.1 This Agreement shall be interpreted, construed and enforced, and this Trust hereby created shall be administered, in accordance with the laws of the United States and of the State of Georgia without regard to the conflicts of laws principles thereof. Nothing in this Agreement shall be construed to subject this Trust created hereunder to the Employee Retirement Income Security Act of 1974, as amended.

20.2 The Company shall, at any time and from time to time, upon the reasonable request of the Trustee, execute and deliver such further instruments and do such further acts as may be necessary or proper to effectuate the purpose of this Agreement.

20.3 The titles to Articles of this Agreement are placed herein for convenience of reference only, and this Agreement is not to be construed by reference thereto.

20.4 This Agreement shall bind and inure to the benefit of the successors and assigns of the Company and the Trustee, respectively and the Plans.

20.5 This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original but all of which together shall constitute but one instrument, which may be sufficiently evidenced by any counterpart.

20.6 If any provision of this Agreement is determined to be invalid or unenforceable the remaining provisions shall not for that reason alone also be determined to be invalid or unenforceable.

20.7 Each Participant and his beneficiaries is an intended beneficiary under this Trust, and shall be entitled to enforce all terms and provisions hereof with the same force and effect as if such person had been a party hereto.

[Execution Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Assumption and Amendment Agreement to be executed in their respective names by their duly authorized officers under their corporate seals as of the day and year first above written.

ACUITY BRANDS, INC.

By /s/ James S. Balloun

ATTEST:

/s/ Helen D. Haines

Secretary

WACHOVIA BANK, N.A.

By

ATTEST:

Secretary

The undersigned, National Service Industries, Inc., hereby consents to the transfer and assumption of the Prior Trust by Acuity Brands, Inc., as of this 28th day of November, 2001.

NATIONAL SERVICE INDUSTRIES, INC.

By /s/ Brock A. Hattox

Schedule 1

THE PLANS

The following Company plans and agreements (collectively referred to as the "Plans") are subject to this Trust:

1. Executives' Deferred Compensation Plan
2. Supplemental Retirement Plan for Executives
3. Senior Management Benefit Plan
4. Supplemental Deferred Savings Plan
5. Long Term Incentive Plan
6. Severance Protection Agreements with:
 - (i) Balloun
 - (ii) Murphy
 - (iii) Parham
 - (iv) Heagle
 - (v) Searle
 - (vi) Honeycutt
 - (vii) Morgan

Schedule 2

PARTICIPATING AFFILIATES

Acuity Lighting Group, Inc.

Acuity Specialty Products Group, Inc.

Schedule 3

Fee Schedule

EXHIBIT A

Authorization Pursuant to Article 9.3 of
Acuity Brands, Inc.
Benefits Protection Trust

TO: WACHOVIA BANK, N.A.

This is to authorize the Wachovia Bank, N.A., as Trustee of Acuity Brands, Inc. Benefits Protection Trust (the "Trust") to institute and maintain legal proceedings against the Company (as defined in this Trust) or other appropriate person or entity to assert the following claim(s) on my behalf: (nature of claim]. The Trustee shall have the powers and be subject to the procedures set forth in Article 9 of this Trust (a copy of which I have already received and reviewed).

Any proceedings by the Trustee under this authorization may be initiated in my name as a plaintiff (or as a member of a class) or in the name of the Trustee, or both, as the Trustee determines is necessary or appropriate at the time proceedings are commenced.

Participant or Beneficiary

EXHIBIT B

Revocation of Authorization Under
Article 9.3 of Acuity Brands, Inc.
Benefits Protection Trust

TO: WACHOVIA BANK, N.A.

This is to notify you that I revoke any prior authorization I have given to you as Trustee of Acuity Brands, Inc. Benefits Protection Trust (the "Trust") to maintain legal proceedings against the Company as defined in this Trust, or otherwise to assert the following claim(s) on my behalf: (nature of claim(s)).

I understand that this Revocation of Authorization is conditioned upon, and shall not be effective until, the appointment by me of my own counsel and the appearance of that counsel in any legal proceeding on my behalf in lieu of counsel retained by the Trustee. I understand further that, upon the occurrence of these conditions, the Trustee shall have no obligation to proceed further on my behalf, or to pay any costs or expenses incurred after the delivery of this Revocation of Authorization.

Participant or Beneficiary

November 28, 2001

Mr. James S. Balloun

Dear Mr. Balloun:

The terms of your employment with National Service Industries, Inc. ("NSI") are currently covered by a letter agreement ("Agreement") dated February 1, 1996, between you and NSI. As you are aware, effective November 30, 2001, NSI is spinning-off the lighting and chemicals businesses currently held by NSI's subsidiary, Acuity Brands, Inc. ("Acuity"). In connection with the spin-off, you will become an employee of Acuity or one of its affiliates. Acuity hereby agrees to assume the Agreement and to perform all of the obligations of NSI under the Agreement.

Sincerely,

ACUITY BRANDS, INC.

By: /s/ Kenyon W. Murphy

Kenyon W. Murphy
Senior Vice President and
General Counsel

November 28, 2001

Mr. Joseph G. Parham, Jr.

Dear Mr. Parham:

The terms of your employment with National Service Industries, Inc. ("NSI") are currently covered by a letter agreement ("Agreement") dated May 3, 2000, between you and NSI. As you are aware, effective November 30, 2001, NSI is spinning-off the lighting and chemicals businesses currently held by NSI's subsidiary, Acuity Brands, Inc. ("Acuity"). In connection with the spin-off, you will become an employee of Acuity or one of its affiliates. Acuity hereby agrees to assume the Agreement and to perform all of the obligations of NSI under the Agreement.

Sincerely,

ACUITY BRANDS, INC.

By: /s/ James S. Balloun

James S. Balloun
Chairman, President and
Chief Executive Officer

November 28, 2001

Mr. James H. Heagle

Dear Mr. Heagle:

The terms of your employment with National Service Industries, Inc. ("NSI") are currently covered by a letter agreement ("Agreement") dated March 28, 2000, between you and NSI. As you are aware, effective November 30, 2001, NSI is spinning-off the lighting and chemicals businesses currently held by NSI's subsidiary, Acuity Brands, Inc. ("Acuity"). In connection with the spin-off, you will become an employee of Acuity or one of its affiliates. Acuity hereby agrees to assume the Agreement and to perform all of the obligations of NSI under the Agreement.

Sincerely,

ACUITY BRANDS, INC.

By: /s/ James S. Balloun

James S. Balloun
Chairman, President and
Chief Executive Officer

October 30, 2001

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

Dear Vern:

This letter will confirm the terms of your employment by L & C Spinco, Inc. ("Spinco"), effective November 15, 2001 (the "Effective Date"). We are enthusiastic about your decision to join Spinco and look forward to working with you to build a bigger, stronger Spinco.

The terms of your employment, which are subject, of course, to approval by our Executive Resource and Nominating Committee and the Board of Directors (or its Executive Committee) and satisfactory completion of Spinco's normal pre-employment screening procedures, will be as follows:

1. Title and Duties - As Executive Vice President and Chief Financial Officer, you will be an executive officer of Spinco reporting to the Chairman, President, and Chief Executive Officer of Spinco. You will have responsibilities commensurate with the position of Chief Financial Officer of Spinco and its businesses and any other duties consistent with your position which may be assigned to you by the Chairman, President, and Chief Executive Officer of Spinco. You will devote substantially all of your working time and attention to the business and affairs of Spinco.

2. Base Salary - Your base salary for the fiscal year ending August 31, 2002 ("Fiscal 2002") will be at an annual rate of Three Hundred Fifty-Seven Thousand Two Hundred Dollars (\$357,200). Thereafter, your base salary will be subject to annual review for increases at such time as Spinco conducts salary reviews for executive officers generally. In addition, you will receive a signing bonus of One Hundred Thousand Dollars (\$100,000), subject to withholding of applicable taxes, payable within thirty (30) days after the Effective Date.

3. Annual Incentive Compensation - You will participate in the Spinco Management Compensation and Incentive Plan (the "MCIP") for Fiscal 2002 with a target bonus equal to 45% of your base salary and a maximum bonus of 90% of base salary (or higher at the discretion of the Executive Committee of the Board of Directors). The bonus will be prorated for the number of days during Fiscal 2002 that you were employed.

4. Long-Term Incentive Plan - You will receive a grant of employee stock options for one hundred sixty thousand (160,000) shares of stock under Spinco's Long-Term Incentive Plan. The grant will be made as soon as practicable after the Effective Date and no later than December 21, 2001 and the grant price will be the fair market value of the stock on the grant date. The option will vest monthly over a three-year period (1/36 per month) commencing one month after the grant date and will become 100% vested on the third anniversary of the grant date. The option will be exercisable in accordance with the customary terms of the Long-Term Incentive Plan. You will not be eligible to receive any additional grants or awards under the Long-Term Incentive Plan for two years (i.e. until grants and awards for the 2004 fiscal year are made), unless otherwise granted by the Executive Committee of the Board of Directors.

5. Retirement Plans - Upon satisfying the eligibility requirements, you will be eligible to participate in Spinco's tax-qualified retirement plans, Spinco Pension Plan C and the Spinco 401(k) Plan for Corporate Office Employees. In addition, upon employment, you will become a participant in the Supplemental Retirement Plan for Executives of Spinco (the "SERP"). Your benefits under the SERP will be determined pursuant to the standard terms of the SERP.

6. Deferred Compensation Plans - You will be eligible to participate immediately in the Spinco Executives' Deferred Compensation Plan (the "EDCP") and the Spinco Supplemental Deferred Savings Plan (the "SDSP"). Under the EDCP, you will initially be able to defer up to \$2500 from your annual bonus; the deferred amount is matched by Spinco and bears interest at a variable rate, currently the prime rate less two percentage points. Under the SDSP, you may defer up to 50% of your annual cash compensation, and your deferral earns interest at the prime rate. (As an executive officer with eligibility for the SERP, you will not be eligible to receive the company contribution or match under the SDSP.)

7. Medical, Life Insurance, and Other Employee Benefits - You will be eligible to participate in the medical, dental, life insurance, disability, and other benefit programs generally made available by Spinco to its executive officers and their families. We will reimburse you for your COBRA expenses (if you have them) until you are covered under our program. In addition, you will be entitled to four (4) weeks vacation per calendar year.

8. Relocation Expenses - Spinco will pay the following relocation expenses:

- a) Rent and related temporary living expenses in Atlanta for a period of up to one year from the Effective Date pending your relocation to Atlanta;

- b) Travel expenses to and from Atlanta from your current residence for a period of up to one year pending your relocation;
- c) The expenses provided for in this section shall not exceed \$42,000 for the year, provided that to the extent any such amounts are included in your gross income, Spinco will provide you an appropriate tax gross-up.

9. Employment at Will/Severance Payment/Change in Control - Your employment will be at will and may be terminated by either Spinco or you at any time for any reason, with or without notice. Except in the event of termination in connection with a Change in Control of Spinco (as defined in the Severance Protection Agreement that will cover you), you will be entitled to the following severance payment if your employment is terminated for any reason other than voluntary termination (including early or normal retirement), termination upon death or Disability (as defined below), or termination by Spinco for Cause (as defined below): you will receive a severance payment (payable in semi-monthly installments) equal to your then current base salary for a period of twelve (12) months, subject to your execution of a release and severance agreement in a form acceptable to both parties.

For purposes of entitlement to a severance benefit, "Cause" shall mean any act(s) on your part that constitutes fraud, a felony involving dishonesty, a breach of fiduciary duty, insubordination, or gross malfeasance or habitual neglect of your duties for Spinco, and "Disability" shall mean a physical or mental infirmity which impairs your ability to substantially perform your duties as Executive Vice President and Chief Financial Officer with or without reasonable accommodation for a period of one hundred eighty (180) consecutive days.

With respect to Change in Control situations, you will be covered by a Severance Protection Agreement with the same provisions as are applicable to Spinco's executive officers generally. In the event of your termination in connection with a Change in Control that entitles you to benefits under the Severance Protection Agreement, you will receive the greater of the payments and benefits provided under the Severance Protection Agreement or the severance payments described above.

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

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

Sincerely,

/s/ James S. Balloun

James S. Balloun

ACCEPTED AND AGREED TO THIS
30th DAY OF OCTOBER, 2001.

/s/ Vernon J. Nagel

Vernon J. Nagel

PUT OPTION AGREEMENT

THIS PUT OPTION AGREEMENT, dated as of November 30, 2001 by and between NATIONAL SERVICE INDUSTRIES, INC., a California corporation ("Landlord") and ACUITY BRANDS, INC., a Delaware corporation ("Tenant").

In order to induce Landlord to enter into that certain Lease Agreement dated of even date herewith by and between Landlord and Tenant (the "Lease"), Tenant has agreed to grant to Landlord the right to require Tenant to purchase the "Property" (as hereinafter defined), subject to the terms and conditions of this Agreement, and the parties desire to provide for said option on the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of TEN AND NO/100 DOLLARS (\$10.00) paid by Landlord to Tenant, the execution of the Lease, the foregoing premises, the mutual covenants and agreements set forth herein, and other good and valuable consideration, all of which each party respectively agrees constitutes sufficient consideration received at or before the execution hereof, the parties hereto do hereby agree as follows:

1. DEFINITIONS AND MEANINGS.

1.1 Definitions. In addition to any other terms whose definitions are fixed and defined by this Agreement, each of the following defined terms, when used in this Agreement with an initial capital letter, shall for purposes of this Agreement have the meaning ascribed thereto by this Paragraph 1:

1.1.1 "Agreement" means this Put Option Agreement, together with all exhibits attached hereto.

1.1.2 "Closing" means the consummation of the purchase and sale of the Property contemplated by this Agreement by the deliveries required under Paragraph 7 hereof if Landlord exercises the Put Option.

1.1.3 "Closing Date" means the time and date, established under Paragraph 7 hereof, when the purchase and sale contemplated by this Agreement is to be consummated if Landlord exercises the Put Option, as such date may be extended by mutual agreement of the parties or pursuant to the provisions of this Agreement.

1.1.4 "Date of this Agreement" means the date of the Lease.

1.1.5 "Exercise Deadline" means the deadline by which Landlord must exercise the Put Option, as described in Paragraph 2 hereof.

1.1.6 "Existing Exceptions" means the encumbrances which affect Landlord's title to the Property and which are set forth in Exhibit B attached hereto, together with the Lease itself, together with such additional encumbrances on the title to the Property as are created by or at the request or with the consent of Tenant in accordance with the terms of the Lease, exclusive, however, of any mortgage, liens, deeds to secure debt or other loan documents encumbering fee title to the Property.

1.1.7 "Permitted Exceptions" means (a) the Existing Exceptions (other than any liens, mortgages, deeds to secure debt, or other loan documents encumbering fee title to the Property which shall be satisfied and canceled of record on or before the Closing) and any matters affecting title to the Property approved by Tenant in writing pursuant to Section 4.1 of this Agreement; (b) all other matters affecting title approved in writing by Tenant, and (c) ad valorem taxes for the calendar year of Closing not yet due and payable.

1.1.8 "Property" means that tract or parcel of land, as more particularly described in Exhibit "A" to this Agreement, attached hereto and made a part hereof by this reference, together with all appurtenances, rights, easements, rights-of-way, tenements and hereditaments incident thereto.

1.1.9 "Purchase Price" means the amount to be paid by Tenant to Landlord for the Property as provided in Paragraph 3 hereof.

1.1.10 "Put Option" means the option granted to Landlord to require Tenant to purchase the Property pursuant to Paragraph 2 hereof and the provisions of this Agreement.

1.1.11 "Survey" means the boundary survey of the Property prepared at Tenant's expense as provided in Paragraph 5 hereof.

1.1.12 "Title Objection" and "Title Objections" mean any deeds to secure debt, mortgages, deeds of trust, liens, financing statements, security interests, easements, leases, restrictive covenants, agreements, options, and other encumbrances which affect Landlord's title to the Property or impair the marketability of Landlord's title to the Property, excluding, however, the Existing Exceptions.

2. GRANT OF OPTION. Tenant hereby grants to Landlord the right and option to require Tenant to purchase the Property pursuant to the terms and conditions of this Agreement (said option being herein referred to as the "Put Option"). The Put Option shall be exercisable by Landlord giving written notice (the "Exercise Notice") to Tenant at any time after June 1, 2002 but no later than May 31, 2003 (said exercise deadline is hereinafter referred to as the "Exercise Deadline"). In the event Landlord fails to give written notice to Tenant on or before the Exercise Deadline, then the Put Option and this Agreement shall terminate and be of no further force and effect. In the event the Put Option is exercised by Landlord pursuant to the

provisions of this Paragraph 2, then the provisions of this Agreement relating to the Put Option shall be in force and effect, and Landlord shall sell and Tenant shall buy the Property pursuant to such terms and conditions.

3. PURCHASE PRICE. In the event that Landlord exercises the Put Option, the Purchase Price of the Property shall be Eighteen Million Seven Hundred Thousand Dollars and 00/100 (\$18,700,000) (the "Purchase Price"). At Closing under the Put Option, Tenant shall pay the Purchase Price by cash, federal funds check, federal funds wire transfer or cashier's check drawn on a metropolitan Atlanta, Georgia bank. Provided Landlord has not otherwise become entitled to the same pursuant to the Lease prior to the Closing, Tenant shall receive a credit against the Purchase Price equal to any prepaid rent, prorated as of the Closing Date.

4. TITLE EXAMINATION AND OBJECTIONS.

4.1 Title Examination and Policy. Landlord shall be obligated to deliver title to the Property to Tenant such that Tenant's title company, selected by Tenant and approved by Landlord, which approval shall not be unreasonably withheld (the "Title Company") shall be willing to insure Tenant's title to the Property in the amount of the Purchase Price on the then standard Georgia form of Owner's title insurance insuring marketability of title, subject only to the Permitted Exceptions. Tenant shall have the title to the Property examined and give written notice to Landlord within thirty (30) days following Tenant's receipt of the Exercise Notice of any Title Objections disclosed by such initial examination or by a survey of the Property other than the Existing Exceptions. If Tenant fails to give any such notice with respect to any Title Objections which appear of record, then Tenant shall be deemed to have waived such Title Objections. Thereafter, Tenant may re-examine the title to the Property and may have surveys prepared or updated at any time and from time to time up to and through the Closing Date and may give Landlord written notice of any additional Title Objections which appear of record after the Exercise Deadline.

4.2 Failure to Correct Title Objections. In the event Landlord fails to satisfy or correct on or before the Closing Date any Title Objection of which Landlord is notified, as provided above in Paragraph 4.1, the Closing Date shall be extended for five (5) days and prior to the expiration of such five (5) day extension Tenant may elect by written notice to Landlord one of the following:

4.2.1 To waive such Title Objection and to close the transaction in accordance with the terms of this Agreement; provided, however, that with respect to any Title Objection that constitutes a monetary lien (including any deed to secure debt, mortgage, deed of trust or other security interest), Landlord shall be required to deposit in escrow with the Title Company (failing which Tenant may deposit with the Title Company out of the sales proceeds that would otherwise be payable to Landlord and receive a credit for the same against the Purchase Price) such amount as the Title Company shall reasonably

estimate to be necessary to satisfy or to remove such Title Objection so that the Title Company will insure over such Title Objection and Landlord shall thereafter diligently endeavor (which may include paying any additional sums as may be necessary) to have such Title Objection so satisfied or removed pursuant to the terms of an escrow agreement to be entered into at the Closing between Landlord, Tenant, and the Title Company.

4.2.2 To elect not to purchase the Property, in which event neither Landlord nor Tenant shall have any further rights, duties, or obligations under this Agreement with respect to the Property.

5. SURVEY. Tenant may, at Tenant's expense, have the Property accurately surveyed by a Georgia licensed surveyor or engineer reasonably acceptable to Landlord to show the actual boundaries of the Property. Upon receipt of such survey, Tenant shall promptly deliver a print of such survey to Landlord, and such survey shall constitute the "Survey" hereunder.

6. THE CLOSING.

6.1 Closing Date. The Closing shall be held at 2:00 p.m. on the forty-fifth (45th) day after Tenant receives the Exercise Notice, at the offices of King & Spalding, 191 Peachtree Street, N.E., Atlanta, Georgia 30303-1763, or at such earlier time and date and at such other location in the Atlanta, Georgia, area as the parties shall agree.

6.2 Deliveries At Closing. On the Closing Date, the Closing shall occur as follows, subject to satisfaction of all of the terms and conditions of this Agreement:

6.2.1 Landlord shall convey good and marketable title to the Property to Tenant, without exception for any Title Objections other than the Permitted Exceptions, by limited warranty deed containing warranties of title, excepting only the Permitted Exceptions from such warranty, duly executed, witnessed, and notarized and in recordable form.

6.2.2 Landlord shall deliver to Tenant an affidavit addressing such matters the Title Company shall reasonably require in order to insure Tenant's good and marketable title to the Property.

6.2.3 Landlord shall deliver to Tenant copies of such surveys, site plans, and plans and specifications relating to the Property as are in the possession of Landlord or to which Landlord has reasonable access.

6.2.4 Landlord shall deliver to Tenant either (i) a certificate duly executed by Landlord and certifying that Landlord is not a foreign person for purposes of the Foreign Investment in Real Property Tax Act (hereinafter referred to as "FIRPTA"), as amended through the date of Closing, or (ii) a withholding certificate from the Internal Revenue

Service to the effect that Landlord is exempt from withholding tax on the Purchase Price under FIRPTA. If neither of the above certificates is delivered, Tenant shall, at Closing, deduct and withhold such tax amounts as are required under FIRPTA.

6.2.5 Landlord shall deliver to Tenant a certificate in accordance with O.C.G.A. ss. 48-7-128, duly executed by Landlord and certifying that Landlord is a resident of the State of Georgia or is otherwise exempt from Georgia withholding tax.

6.2.6 Concurrently with Landlord's deliveries at the Closing, Tenant shall pay to Landlord the Purchase Price as provided in Paragraph 3.

6.3 Closing Costs. At the Closing, Landlord shall pay any transfer taxes, documentary stamp fees or other similar taxes or fees imposed in connection with the transfer of the Property and/or the recording of the deed. In addition, Landlord and Tenant shall respectively pay the following costs and expenses:

6.3.1 Tenant shall pay (a) rent under the Lease prorated through the date of Closing, (b) the fees and expenses of Tenant's attorneys, (c) all recording and filing fees for all recordable instruments executed and delivered by Landlord or Tenant at the Closing pursuant to the terms hereof, (d) title examination fees or charges incurred by Tenant, (e) premiums for any owner's or lender's title insurance policy or policies obtained by Tenant, (f) the cost of Survey, and (g) any other costs and expenses actually incurred by Tenant.

6.3.2 Landlord shall pay (a) the Georgia real estate transfer tax applicable to the transaction, (b) the fees and expenses of Landlord's attorneys and (c) any other costs and expenses actually incurred by Landlord.

7. CONDEMNATION.

7.1 Condemnation. In the event of any Taking that materially interferes with the use of the Property at that time, at any time after the Exercise Notice and prior to the Closing Date, then Tenant shall have the option, exercisable by notice to Landlord within thirty (30) days after receiving notice from Landlord of such event, to terminate this Agreement notwithstanding any prior exercise of the Put Option, provided that in the absence of such an election by Tenant this Agreement shall continue in full force and effect, the Purchase Price shall not be reduced, and Landlord at Closing shall pay over to Tenant all condemnation awards collected by Landlord and shall assign to Tenant all rights of Landlord in any uncollected condemnation award.

7.2 Notice of Condemnation or Casualty. Landlord shall notify Tenant upon Landlord's receiving notice of the occurrence or existence of any damage, destruction, condemnation, or threat of condemnation affecting the Property.

8. NO BROKER. Tenant and Landlord represent and warrant to each other that they have not discussed this Agreement or the subject matter hereof with any real estate broker, agent, or salesman, so as to create any legal right in any such broker, agent, or salesman to claim a real estate commission or similar fee with respect to the conveyance of the Property and the other transactions contemplated by this Agreement. Tenant and Landlord hereby indemnify each other against, and agree to hold, save, and defend each other harmless from, any liability or claim (and all expenses, including attorney's fees, incurred in defending any such claim or in enforcing this indemnity) for a real estate brokerage commission or similar fee or compensation arising out of or in any way connected with any claimed agency or cooperative relationship with the indemnitor and relating to this Agreement or the purchase and sale of the Property. The foregoing indemnity shall survive the rescission, cancellation, termination, or consummation of this Agreement.

9. DEFAULT.

9.1 Landlord Default. If, after the exercise of the Put Option, the purchase and sale of the Property contemplated by this Agreement is not consummated on account of a Landlord Default, then Tenant shall have the right to pursue any and all rights and remedies available to Tenant at law, in equity, or under this Agreement, including, without limitation, the right to seek specific performance of this Agreement against Landlord.

9.2 Tenant Default. If, after the exercise of the Put Option, the purchase and sale of the Property contemplated by this Agreement is not consummated because of a Tenant Default, then Landlord shall have right to pursue any and all rights available to Landlord at law, in equity, or under this Agreement, including, without limitation, the right to seek specific performance of this Agreement against Tenant. Notwithstanding anything to the contrary contained in this Agreement or the Lease, a Tenant Default shall under no circumstances be or give rise to an Event of Default under the Lease, and the Lease shall remain in full force and effect following a Tenant Default.

9.3 Definition of Landlord Default. "Landlord Default" means the default or failure or refusal of Landlord to perform under this Agreement, and the continuance of such default, failure or refusal to perform for fifteen (15) days after Tenant has given Landlord Notice of such default or failure or refusal to perform.

9.4 Definition of Tenant Default. "Tenant Default" means Tenant's default or failure or refusal to perform under this Agreement, and the continuance of such default or failure or refusal to perform for fifteen (15) days after Tenant has given Landlord Notice of such failure.

10. TERMINATION OF LEASE. Notwithstanding anything contained in this Agreement or the Lease to the contrary, in the event Tenant suffers or causes a default past applicable notice and cure periods under the Lease and Landlord terminates the Lease as a result

of such default, then this Agreement shall terminate and be of no further force and effect from and after the date of such termination of the Lease.

11. MISCELLANEOUS.

11.1 Governing Law. This Agreement shall be construed, interpreted and enforced in accordance with the laws of the State of Georgia.

11.2 Notices. Any notice, request or other communication (a "notice") required or permitted to be given hereunder shall be in writing and shall be delivered by hand delivery, by reputable courier (such as United Parcel Service or Federal Express), by telecopy or mailed by United States registered or certified mail, return receipt requested, postage prepaid and addressed to each party at its address as first set forth below. Any such notice shall be considered given on the date of (i) such hand delivery, (ii) deposit with such courier for same day or next business day delivery, (iii) actual receipt of telecopy or (iv) deposit in the United States mail, but the time period (if any is provided herein) in which to respond to such notice shall commence on the date of hand or courier delivery or on the date received following telecopy or deposit in the United States mail as provided above. Rejection or other refusal to accept or inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice. By giving at least five (5) days' prior written notice thereof, any party may from time to time and at any time change its mailing address hereunder. Any notice, request or other communication hereunder of any party may be given by such party's counsel.

Landlord:

National Service Industries, Inc.
1420 Peachtree Street, N.E.
Atlanta, Georgia 30309-3002
Attn: General Counsel
Telecopy No.: 404-853-1015

Tenant:

Acuity Brands, Inc.
1420 Peachtree Street, N.E.
Atlanta, Georgia 30309-3002
Attn: General Counsel
Telecopy No.: 404-853-1415

11.3 Entire Agreement; Modification. This Agreement supersedes all prior discussions and agreements between Landlord and Tenant with respect to the Put Option and contains the sole and entire understanding between Landlord and Tenant with respect to the Put Option. All promises, inducements, offers, letters of intent, solicitations, agreements, commitments, representations and warranties heretofore made between such parties with regard to the Put Option are merged into this Agreement. This Agreement shall not be modified or amended in any respect except by a written instrument executed by or on behalf of each of the parties to this Agreement.

11.4 Survival. This Agreement shall not be merged into any of the instruments or documents executed and delivered at the Closing, but shall survive the Closing, and the provisions, representations and warranties made herein shall remain in full force and effect.

11.5 Exhibits. Each and every exhibit referred to or otherwise mentioned in this Agreement is attached to this Agreement and is and shall be construed to be made a part of this Agreement by such reference or other mention at each point at which such reference or other mention occurs, in the same manner and with the same effect as if each exhibit were set forth in full and at length every time it is referred to or otherwise mentioned.

11.6 Captions. All captions, headings, Article, Section and subsection numbers and letters and other reference numbers or letters are solely for the purpose of facilitating reference to this Agreement and shall not supplement, limit or otherwise vary in any respect the text of this Agreement.

[SIGNATURES ON THE FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties hereto have duly signed, sealed, and delivered this Agreement.

LANDLORD:

NATIONAL SERVICE INDUSTRIES, INC.,
a California corporation

By: /s/ Brock A. Hattox

Brock A. Hattox
Executive Vice President and
Chief Financial Officer

TENANT:

ACUITY BRANDS, INC.
a Delaware corporation

By: /s/ James S. Balloun

James S. Balloun
Chairman, President and CEO

ACUITY BRANDS
LETTERHEAD

Date:

[NAME*]
[ADDRESS]

Dear [Name]:

The Board of Directors (the "Board") of Acuity Brands, Inc. (the "Company") believes that the threat or occurrence of a Change in Control of the Company may cause you undue concern for your financial security and distract your attention from the operations of our businesses, which would be detrimental to the Company and its shareholders.

In recognition of these concerns, the Board has determined that in order to provide you with some measure of security in the event of a Change in Control (as defined in the Appendix to this letter) of the Company, it has authorized the Company to agree as follows:

The term of this letter agreement shall commence as of the date hereof and shall continue in effect for a period of 48 months; provided, however, that commencing on the first anniversary date and each anniversary date thereafter the term shall be automatically extended for an additional 12 months unless the Company shall have given written notice to you at least 90 days prior thereto that the term of this letter agreement shall not be so extended; provided, further, however, that upon a Change in Control this letter agreement shall in no event be terminated prior to the complete and full satisfaction by the Company (or any successor thereto) of its obligations as set forth herein.

For any fiscal year during which you are in the employ of the Company, on the date of the occurrence of a Change in Control you shall be guaranteed an annual bonus (the "Bonus") for that fiscal year (the "Change in Control Year") in an amount no less than the annual bonus that was paid or payable to you for the most recently ended fiscal year prior to a Change in Control, provided that you are in the employ of the Company (or its successor) on the last day of the Change in Control Year.

The Bonus will be paid to you in cash within five (5) business days following the last day of the Change in Control Year whether or not you are in the employ of the Company on the date of payment.

Sincerely,

James S. Balloun
Chairman, President and
Chief Executive Officer

APPENDIX

CHANGE IN CONTROL

For purposes of this letter, a "Change in Control" shall mean any of the following events:

(a) The acquisition (other than from the Company) by any "Person" (as the term person is used for purposes of Sections 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of twenty percent (20%) or more of the combined voting power of the Company's then outstanding voting securities; or

(b) The individuals who, as of December 1, 2001, are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least two-thirds of the Board; provided, however, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Agreement, be considered as a member of the Incumbent Board; or

(c) A merger or consolidation involving the Company if the stockholders of the Company, immediately before such merger or consolidation do not, as a result of such merger or consolidation, own, directly or indirectly, more than seventy percent (70%) of the combined voting power of the then outstanding voting securities of the corporation resulting from such merger or consolidation in substantially the same proportion as their ownership of the combined voting power of the voting securities of the Company outstanding immediately before such merger or consolidation; or

(d) A complete liquidation or dissolution of the Company or an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur pursuant to (a) above, solely because twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities is acquired by (i) a trustee or other fiduciary holding securities under one or more employee benefit plans maintained by the Company or any of its subsidiaries or (ii) any corporation which, immediately prior to such acquisition, is owned directly or indirectly by the stockholders of the Company in the same proportion as their ownership of stock in the Company immediately prior to such acquisition (hereinafter referred to as "Related Persons").

ACUITY BRANDS SPIN-OFF COMPLETED

ACUITY BRANDS, INC. TO COMMENCE 'REGULAR WAY' TRADING ON THE NEW YORK
STOCK EXCHANGE

ATLANTA, Dec. 3 /PRNewswire/ -- Acuity Brands, Inc. (NYSE: AYI - news) today announced that its spin-off from National Service Industries, Inc. (NYSE: NSI - news) has been completed, effective as of 11:59 p.m. EST on Friday, November 30, 2001. Shares of Acuity Brands common stock will commence trading on a "regular way" basis on the New York Stock Exchange today under the trading symbol "AYI." Acuity Brands is included in the S&P Small Cap 600 Index. NSI's common stock will continue to trade on the New York Stock Exchange under the trading symbol "NSI." Neither NSI nor Acuity Brands will be included in the S&P 500 Index.

Acuity Brands was formed by the spin-off of the lighting equipment and chemicals businesses of NSI. An information statement describing the spin-off and Acuity Brands' businesses was mailed to NSI shareholders beginning November 16, 2001. Each NSI shareholder of record as of November 16, 2001 received a dividend of one share of Acuity Brands common stock for each share of NSI common stock held on that date. An aggregate of approximately 41.3 million shares of Acuity Brands common stock was distributed in the spin-off. Record owners of NSI common stock will receive an account statement showing their ownership of Acuity Brands shares, which initially will be in book-entry form. The account statement will include information on how to request a physical stock certificate. Shareholders who hold their shares through brokers or other nominees will have their shares of Acuity Brands common stock credited to their accounts by their nominees or brokers.

James S. Balloun, Acuity Brands' chairman and chief executive officer, commemorated the launch of the new company by ringing the closing bell at the New York Stock Exchange on Friday, November 30, 2001.

"With the formation of Acuity Brands, our employees and shareholders will have clearer insight into the value of our industry-leading lighting equipment and chemicals businesses," said Balloun. "Our leadership team is focused on continuing its drive to improve cash flow and earnings, while leveraging the strength present in our key brands for continued growth. While we are confident in the potential of our new company, we continue to be concerned about the impact of an economy that is now in recession."

Acuity Brands, Inc., whose businesses had fiscal year 2001 sales of approximately \$2.0 billion, is comprised of the Acuity Lighting Group and Acuity Specialty Products. The Acuity Lighting Group is the world's largest lighting fixture manufacturer and includes brands such as Lithonia(R), Holophane(R), Peerless(R), and Hydrel(R). Acuity Specialty Products is a leading provider of specialty chemicals and includes brands such as Zep(R), Enforcer(R), and Selig(TM).

Headquartered in Atlanta, Georgia, Acuity Brands employs 11,800 people and has operations throughout North America and in Europe.

SOURCE: Acuity Brands, Inc.